

City of Keene
New Hampshire

FINANCE, ORGANIZATION AND PERSONNEL COMMITTEE
MEETING MINUTES

Tuesday, January 8, 2019

6:30 PM

Council Chambers

Members Present:

Mitchell H. Greenwald, Chair
Carl Jacobs
Thomas F. Powers
Bettina A. Chadbourne
Terry M. Clark

Staff Present:

City Manager, Elizabeth Dragon
City Attorney, Thomas Mullins
City Assessor, Daniel Langille
Library Services, Gail Zachariah
Public Works Director, Kurt Blomquist

Chair Greenwald called the meeting to order at 6:30 PM.

1) Acceptance of Donations to Library Computer Fund – Keene Library

Gail Zachariah , from the Library Department stated she was before the committee regarding a donation \$10,195.96 from the Trustees of the Keene Public Library the Friends of the Keene Public Library to be used to purchase five laptop computers. The Chair noted this donation is from the American Library Association and the Dollar General Literacy Foundation. This is the first time for this donation.

Councilor Powers made the following motion which was seconded by Councilor Chadbourne.

On 5-0 vote, the Finance, Organization and Personnel Committee recommends that the City Manager be authorized to do all things necessary to accept a donation of \$10,195.96 from the Trustees of the Keene Public Library and the Friends of the Keene Public Library to be used to purchase five laptop computers.

2) Acceptance of Donations to Library Renovation Project - Campaign Managers for the Next Chapter

Ms. Judy Putnam, Co-Chair of the Library Capital Campaign was the next speaker. Ms. Putnam brought before the committee \$219,201.66 in donations as listed in the 7/19/18 to the 12/21/18 Cambridge Trust report. The Chair made note of the varied amounts of generous donations this campaign keeps bringing in.

Councilor Jacobs made the following motion which was seconded by Councilor Chadbourne.

On 5-0 vote, the Finance, Organization and Personnel Committee recommend acceptance of donations in the amount of \$219,201.66 as listed in the July 19, 2018 to the December 21, 2018 Cambridge Trust report with the donations deposited into the Library Renovation Temporarily Restricted City Trust as part of the Next Chapter Campaign Drive.

3) Pamela Russell Slack - Public Restrooms at Former Transportation Center

The Chairman pointed to the need for public restrooms downtown – he referred to the letter from Pamela Russell Slack regarding this matter and Ms. Russell Slack’s request for putting this item on more time to allow her to attend when the matter is discussed.

Chair Greenwald made the following motion which was seconded by Councilor Chadbourne.

On 5-0 vote, the Finance, Organization and Personnel Committee recommends that this item be placed on more time.

4) Tara Reardon, NH Community Loan Fund - CDBG Application for the Acquisition and Maintenance of Tanglewood Park

Ms. Tara Reardon stated she is from the NH Community Loan Fund who specifically works for a Program known as ROC (Resident Owned Communities) NH. Ms. Reardon noted this program has been around since 1984 and there are now 127 resident owned communities in New Hampshire. This entity helps manufactured-housing parks with things like organizing residents when parks become available, provides technical assistance, as well as lending them money.

Ms. Reardon referred to NH RSA 205-A which states that when a manufactured home community becomes available for sale, the residents have 60 days to match this offer. This is the scenario before the committee today. She noted the pro forma in the committee’s packet has since changed; the pro forma without the CDBG Grant shows a \$10 rent increase to put toward the 20 million dollar purchase price.

She noted the CDBG Application is due on January 28, which gives them just enough time to get a public notice in and conduct a public hearing.

Mr. Christopher Villeneuve, President of the Tanglewood Park Board stated he moved to Keene as a single parent because of the positive things he had heard about Keene. He stated that Tanglewood Park has been a source of affordable housing for working class people in Keene. He talked about his children’s success in Keene schools. He stressed the

importance of keeping this park locally owned and affordable for the working class people who live in Keene.

Chair Greenwald clarified the water and sewer is owned by the city and the roads are owned by the association and asked how the maintenance of such would be handled. Mr. Villeneuve stated there would be systems in place to take care of such things and noted this is where ROC NH's assistance would be vital for the owners. Ms. Reardon added this group is organized as a Consumer Cooperative under NH RSA 301-A which is a not for profit organization, and this is what helps keep the rents down. She added that prior to purchase ROC NH requires an engineering and property conditions report and an environmental assessment and from that report the engineers build a capital improvements plan for ten years and the owners are required to put aside reserves, which reserves are front loaded by ROC NH. Under the purchase and sales agreement that is being discussed with Mr. Hynes, they are requiring property management be in place, this would also be the request for this group if they were able to go forward.

Councilor Chadbourne felt this was a great idea. Councilor Clark stated over the years the cooperation of the residents has been exemplary.

Mr. Villeneuve added that since they would be a non-profit, there would be made available various grants over the years from USDA to assist with water, infrastructure and other things of that sort. Ms. Reardon added that even though Tanglewood is a not for profit organization, they would still be required to pay property taxes.

The City Manager asked the presenters to talk about how the 20 million dollars will be raised as well as the CDBG grant for \$500,000. She also asked about the lot rent increase because of this purchase. Ms. Reardon stated the mortgage Mr. Hynes currently has on the property has to be assumed which is about 11 million dollars (this is with P&C Bank through Freddie Mac). This will happen after the Purchase and Sales Agreement is signed. With Freddie Mac there is the option referred to as stepped-up where you can borrow up to 70%, this is the first option which would be looked at. Freddie Mac however, does not permit subordinated debt; ROC NH would become the equity partner with Tanglewood and are willing to enter into a refinance. She added they were not sure what their investors would be looking for – all of these questions need to be answered to determine the rent increase. The plan is to minimize the increase or to phase it in. She added Mr. Hynes has the highest lot rent in NH but this is what makes this park worth 20 million dollars. Ms. Dragon felt the lot rent increase would be an important issue to the property owners so it can be compared to the other company that has made a proposal to purchase this park.

Ms. Dragon asked how ROC NH would deal with any capital improvement issues that might happen within the first two years. Ms. Reardon stated this is something they have encountered in the past and rely a lot on the property conditions report prepared by the engineers. The allocation of \$50,000 to start could change depending on what the report says; there are also emergency community development (United States Department of Agriculture Rural Development) monies available and ROC NH has also stepped in in

the past, New Hampshire Department of Environmental Services has a state revolving fund which has a low interest rate. Ms. Dragon asked whether this is the largest park ROC NH has taken on. Ms. Reardon stated there is a park in Exeter NH which has 391 homes in it.

Chair Greenwald asked the City Manager what impact this purchase would have on the tax payer. Ms. Dragon stated what the Council is voting on is whether to support a \$500,000 CDBG Application to help with the purchase of this park. The CDBG Application can be processed through the city or the county but because of the timing the proposal is to process this application through the county. This grant has no impact on the city budget. The reason the City Manager posed these questions is to make sure the Park is going to be successful in the future.

Mr. Villeneuve stated his mission as the Board President is to make sure the rent increase does not cause a family to be required to move out.

Kurt Blomquist, Public Works Director, addressed the committee and stated his department has worked with owners of this park in the past and complimented the steps taken recently to bring the operations under control. He noted the pro forma does not address the full amount charged to the entity (\$34,000 per quarter as an example for water and sewer). Ms. Reardon stated the pro forma does not outline the annual operating budget for the park in details with each debit and credit, it merely shows the what they would be responsible for in terms of the park during the acquisition process.

Mr. Blomquist stated his department could be of assistance with the engineering report. Ms. Reardon stated they welcome any outside opinion.

The Chairman asked for public comment next.

Chris Coates, County Administrator, addressed the Committee and stated the county has just been brought into this transaction. The matter is going to be presented to the commissioners in the next few days where the commissioners would also have the opportunity to look over the minutes from today's meeting. Mr. Coates expressed concern about the consistency in leadership at the park – he asked how long ROC NH could remain with this group as they move forward. Ms. Reardon stated as long as Tanglewood is their borrower they would remain with the park (term of the loan is 20 plus 20) and with 300 plus households the likelihood of participation is great. Education, training, annual meetings are some of the things ROC NH has in place.

Mr. Coates asked should there be any short term costs outside the park's projected price range whether ROC NH would support the park through same. Ms. Reardon answered in the affirmative.

Mr. Coates asked the City Attorney what the city's liability would be should the city move forward with this CDBG application. The City Attorney stated the city seeks outside counsel for block grant applications and noted he was not ready to discuss the

city's liability at this time. Mr. Coates posed the same question to Rebecca Bullock from the Southwest Regional Planning Commission. Ms. Bullock stated her understanding is the liability for grantees is fairly well maintained through the contracts and this is a question which would need to be presented to their legal counsel. City Manager noted in this scenario there is no liability for the city as the application is being presented through the county.

Mr. Coates asked whether the city has had any issues with applications it has taken on. The City Manager stated she has been with the city only for a short period of time and the City Attorney did not recall any issues in the past with other entities but noted this is what the Public Works Director had eluded to where the city might be that entity which might need to step in and provide assistance as a last resort.

Ms. Reardon stated with respect to liability there are two forms; one with respect to auditing which is ongoing and is covered by the grant and the other is the liability for the funds expended. Ms. Reardon stated what she has always seen is a lien placed by Council of Development Finance Agencies to secure the loan. Ms. Bullock stated in this instance it would be the county who would be placing the mortgage lien on the cooperative.

Ms. Sharon Harper, Secretary of the Board of Tanglewood Park, stated she was a member of the cooperative in Swanzy and has had experience with ROC and made note of the training they provide. She indicated the residents want things to stay the same and expressed her appreciation for ROC.

Councilor Chadbourne made the following motion which was seconded by Councilor Jacobs.

On 5-0 vote, the Finance, Organization and Personnel Committee recommends the Keene City Council supports a CDBG application through Cheshire County for the purchase of Tanglewood Manufactured Housing Park by an owner cooperative.

5. Requesting Authorization to Dispose of City Property - City Assessor

Dan Langille, City Assessor, stated that the City took ownership of property located at 0 off Wetmore Street on October 7, 2016 via a tax deed (taxes were unpaid for a period of three years). The property is about .12 acres in size and the property is currently vacant and is a land-locked parcel. Two owners own the rest of the property in the area. Mr. Langille stated the reason the city is looking to sell this property is because the city does not own any other property in the area and would release the city of any liability of maintaining this property and the property would be put back on the tax rolls.

Mr. Langille explained when a property is taken by tax deed the sale needs to happen through an auction or through a sealed bid process. However, state law permits the city to dispose of the property through other means as long as City Council approves of such sale and it is deemed to be in the best interest of the public. Mr. Langille stated staff

would like authority to approach the other two owners with respect to acquiring this property.

Councilor Clark asked whether there was ever a proposal for this property to be laid out. The City Attorney stated there is a large piece of property to the left, on the map, which is developed and the city was under the impression a road might be created here but this never happened.

Councilor Clark made the following motion which was seconded by Councilor Powers.

On 5-0 vote, the Finance, Organization and Personnel Committee recommends that the City Manager be authorized to do all things necessary to dispose of City owned property, as justice may require, for property known as 0 off Wetmore Street, located on Map 116 Lot 18.

The meeting adjourned at 7:25 PM.

Respectfully submitted by,
Krishni Pahl, Minute Taker

Additional Edits by,
Terri M. Hood, Assistant City Clerk