

**Rochester City Council Special Meeting
October 15, 2019
Council Chambers
7:07 PM**

COUNCILORS PRESENT

Councilor Abbott
Councilor Bogan
Councilor Gray
Councilor Hamann
Councilor Hutchinson
Councilor Keans
Councilor Lachapelle
Councilor Lauterborn
Councilor Torr
Councilor Walker
Deputy Mayor Varney
Mayor McCarley

OTHERS PRESENT

Blaine Cox, City Manager
Terence O'Rourke, City Attorney
Mike Scala, Dir. Economic Development
Lou LaMarca, CEO of LDI Solutions
Mark Sullivan, Deputy Finance Director

COUNCILORS EXCUSED/ABSENT

Councilor Gates

Minutes

1. Call to Order

Mayor McCarley called the City Council Special Meeting to order at 7:07 PM. Deputy City Clerk Cassie Givara took a silent roll call. All Councilors were present except for Councilor Gates, who was excused.

2. Resolution Confirming Results of the October 5, 2019 Public Auction *first reading, consideration for second reading and adoption*

Councilor Lachapelle **MOVED** to read the resolution for a first time by title only. Councilor Walker seconded the motion. The **MOTION CARRIED** by a unanimous voice vote. Mayor McCarley read the resolution for a first time by title only as follows:

Resolution Confirming Results of the October 5, 2019 Public Auction

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER, AS FOLLOWS:

That the following results of the October 5, 2019 Public Auction are confirmed as follows:

<u>Property</u>	<u>Purchaser</u>	<u>Amount</u>
0 Old Wakefield Road	Robert DeButts	\$400.00
0 Broadway Street	Kurt MacVitte	\$700.00
10 Lanai Drive	Affordable Mobiles, LLC	\$70,000.00
35 Linden Street	Matthew Spellissy	\$5,000.00
12 Downfield Lane	Timothy Wilder	\$100.00
0 Dora Drive	David Lemieux	\$8,100.00
5 Lois Street	Bernier Real Estate, LLC	\$31,000.00
24 D'Amours Avenue	Danziger Properties	\$500.00
19 Main Street	Henry Demers	\$72,000.00

Councilor Lachapelle **MOVED** to suspend the rules and read the resolution for a second time by title only. Councilor Walker seconded the motion. The **MOTION CARRIED** by a majority voice vote. Mayor McCarley read the resolution for a second time by title only.

Councilor Lachapelle **MOVED** to **ADOPT** the resolution. Councilor Walker seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

Councilor Varney inquired if the East Rochester fire station had been sold. City Manager Cox confirmed that the fire station had been sold.

3. Supplemental Appropriation to the Rochester Economic Development Commission Fund in an amount of \$3,000,000.00 for the 145 Airport Drive Development Project and Borrowing Authority pursuant to RSA 33:9 *second reading and consideration for adoption*

Councilor Lachapelle **MOVED** to read the resolution for a second time by title only. Councilor Walker seconded the motion. The **MOTION CARRIED** by a unanimous voice vote. Mayor McCarley read the resolution for a second time by title only as follows:

Supplemental Appropriation to the Rochester Economic Development Commission Fund in an amount of \$3,000,000.00 for the 145 Airport Drive Development Project and Borrowing Authority pursuant to RSA 33:9

BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL OF THE CITY OF ROCHESTER:

That the amount of Three Million Dollars (\$3,000,000.00) is hereby appropriated as a supplemental appropriation to the Rochester Economic Development Commission Fund for the purpose of paying costs associated with the 145 Airport Drive development project.

Further, in accordance with the provisions of RSA 33:9 and in conjunction with this supplemental appropriation, the City Treasurer, with the approval of the City Manager, be, and hereby is authorized to borrow the sum of Three Million Dollars (\$3,000,000.00) through the issuance of bonds and/or notes, and/or through other legal form(s), such borrowing to be on such terms and conditions as the said Treasurer and City Manager may deem to be in the best interest of the City of Rochester. Such borrowing is authorized subject to compliance with the provisions of RSA 33:9 and Section 45 of the Rochester City Charter to the extent required, necessary and/or appropriate. The entirety of the borrowing authority shall be exercised in regards to a loan from the New Hampshire Business Finance Authority.

Still further, the City Manager is hereby authorized to execute all documents necessary to complete the above transactions on behalf of the City.

To the extent not otherwise provided for in this Resolution, the Finance Director is hereby authorized to establish a new fund named Rochester Economic Development Commission (REDC) Fund and designate such accounts and/or account numbers as are necessary to implement the transactions contemplated in this Resolution.

Councilor Lachapelle **MOVED** to **ADOPT** the resolution. Councilor Walker seconded the motion.

Councilor Keans expressed reservations regarding the City loaning \$3 million dollars to a company which, by all accounts, is well managed and doing well financially. Councilor Keans felt that this company could likely approach a bank and get a loan without a problem and the taxpayers of Rochester should not be responsible for this funding.

Councilor Torr requested a roll call vote. The **MOTION FAILED** by a roll call vote of 7 to 5 with Councilors Varney, Hutchinson, Lachapelle, Gray, Bogan, Lauterborn and Mayor McCarley voting in favor and Councilors Torr, Abbott, Walker, Hamann and Keans voting opposed. Attorney O'Rourke reported that in order to pass, the resolution would need a 2/3 majority vote.

Mayor McCarley asked if, per Robert's Rules, any of the Councilors who voted in favor would like to reconsider the motion. Councilor Lauterborn **MOVED** to reconsider the motion. Councilor Lachapelle seconded the motion. The **MOTION CARRIED** by a 9 to 2 hand count.

Mayor McCarley invited Mike Scala, Director of Economic Development, and Lou LaMarca, CEO of LDI Solutions, to approach the podium and address the Council.

Director Scala invited Mark Sullivan, Deputy Finance Director, to give an explanation of how the bonding process works for this supplemental appropriation and to explain the financial aspects of the agreement. Mr. Sullivan explained this agreement which he explained would work like any other bonded projects or borrowing mechanism in the City; although it is LDI who would be paying the principal and interest. Mr. Sullivan clarified the process and how the money would be paid back by LDI without any tax increases for residents.

Lou LaMarca, CEO of LDI Solutions, addressed the Council regarding the eco-friendly and sustainable products his company develops and the types of organizations they service. Mr. LaMarca also gave a brief overview of his company's history and growth and the reasons they wanted to relocate back to Rochester.

Councilor Keans applauded the work of Mr. LaMarca's company, but asked for the reasoning behind the City being financially responsible for building a facility for an already successful company. Ms. LaMarca answered that LDI is a small company and that they are investing their earned money into inventory and growth of the business. He also spoke about the potential transition of LDI from the existing facility into a new location and the costs of this transition and operating in two locations during this transition.

Mr. LaMarca ensured that his company intends to settle in Rochester permanently and they have sufficient assets to carry out the terms of the agreement with little risk to the City.

Councilor Varney compared this supplemental appropriation to the part

the City played with Safran. He stated that the risk is far lower with this project and the City is committed for a much shorter term and for less money. Councilor Varney stated that LDI is a successful business which would be a good addition to the Granite State Business Park.

Councilor Abbott asked if the personal guarantees are tied only to the 5-year lease or to the acquisition of the property after the 5-year term as part of the agreement. He also asked if the personal assets of the business would be at risk if they choose not to continue in Rochester after the 5-year term. It was clarified that it is tied to the acquisition; that LDI is committing to purchase the building at the close of the 5-year lease.

Councilor Walker **MOVED** for a roll call vote. Councilor Torr seconded.

The **MOTION CARRIED** by a 10 to 2 roll call vote with Councilors Torr, Abbott, Varney, Hutchinson, Lachapelle, Gray, Walker, Bogan, Lauterborn and Mayor McCarley voting in favor and Councilors Keans and Hamann voting opposed.

4. Adjournment

Councilor Lachapelle **MOVED** to **ADJOURN** the Special City Council Meeting at 7:29 PM. Councilor Walker seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

Respectfully Submitted,

Cassie Givara
Deputy City Clerk