



THE STATE OF NEW HAMPSHIRE
DEPARTMENT OF TRANSPORTATION



Handwritten initials and signature: WLS, Sheehan

Victoria F. Sheehan
Commissioner

William Cass, P.E.
Assistant Commissioner

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, NH 03301

Bureau of Turnpikes
May 18, 2017

REQUESTED ACTION

Authorize the Department of Transportation to enter into a contract with Macpage, LLC, South Portland, ME. (Vendor Code #279404) in the amount of \$49,500.00 for performing a limited scope audit of the financial and reporting requirements of the ground lease contract of the developer/operator of the Hooksett Welcome Centers. The contract is effective upon approval of Governor and Council approval through December 31, 2019 with an option to renew, at the sole discretion of the State, for up to two (2) additional two (2) year optional operation periods up to, but not beyond December 31, 2023, subject to Governor and Council approval. 100% Turnpike Funds.

Funds to support this request are anticipated to be available in the following account in State FY 2018, State FY 2019 and State FY 2020 upon the availability and continued appropriation of funds in the future operating budget, with the ability to adjust encumbrances between State Fiscal Years through the Budget Office, if needed and justified.

Table with 4 columns: Description, FY 2018, FY 2019, FY 2020. Row 1: 04-96-96-961017-7022 Administration-Support 404-500879 DOT Audit. Values: \$16,000.00, \$16,500.00, \$17,000.00.

EXPLANATION

On June 19, 2013, the New Hampshire Governor and Council authorized the New Hampshire Department of Transportation (NH DOT) to enter into a ground lease contract with Granite State Hospitality, LLC (Developer/Operator) dba The Common Man Hooksett, Meredith, New Hampshire, in order to re-develop the northbound and southbound Rest Areas in the Town of Hooksett to full service welcome centers with concession sales, fuel sales, visitor centers, and two new State Liquor and Wine Outlet Stores (G&C Item #236). As an element of the Ground Lease Contract (GLC), Developer/Operator retains the exclusive right of lease for a minimum of 35 years under which they are required to share revenue from operations with the State of New Hampshire-Department of Transportation's (DOT) Bureau of Turnpikes (the State Liquor and Wine Outlet is operated separately

and not part of revenue sharing or of this audit effort). The GLC stipulates revenue sharing based upon "gross sales" levels as well as "fuel sales". More specifically, the Developer/Operator must provide a minimum guaranteed rent payment on a monthly basis with additional tiered rent payments based on the sale of gasoline and tiered percentage rent based on gross concession sales due at the conclusion of each State fiscal year (June 30). All rent payments are deposited to the Turnpike Revenue Account. In addition, payments made by the Developer/Operator to the Turnpike Facility Sustainment and Reinvestment Reserve Account are made to a separate restricted revenue account. All Developer/Operator requirements with regard to revenue sharing, reinvestment account payments, timing of payments, and other requirements are documented in the Ground Lease Contract.

The Department advertised for bids in the Manchester Union Leader on April 19, 20 and 21, 2017 and on the Bureau of Turnpikes and Purchase and Property's websites from April 19, 2017 through the bid opening. Invitations to bid were also sent to six (6) New Hampshire audit firms. Only one (1) sealed bid was received on March 10, 2017. Macpage, LLC qualifications were assessed by representatives from the NHDOT Bureau of Turnpikes and Finance and Contracts to confirm that the mandatory minimum qualifications (Section III of the RFB Terms of Agreement) have been met prior to opening the separately sealed cost proposal.

Macpage, LLC bid to perform a limited scope audit at the following rates:

Lump Sum Audit fee for first fiscal year (Audit of Activity from July 1, 2016 thru June 30, 2017):
Sixteen Thousand Dollars and No Cents (\$16,000.00).

Lump Sum Audit fee for second fiscal year (Audit of Activity from July 1, 2017 thru June 30, 2018):
Sixteen Thousand Five Hundred Dollars and No Cents (\$16,500.00).

Lump Sum Audit fee for third fiscal year (Audit of Activity from July 1, 2018 thru June 30, 2019):
Seventeen Thousand Dollars and No Cents (\$17,000.00).

Audit services will begin subsequent to approval by the Governor and Council and end on December 31, 2019 (contract total \$49,500.00).

Macpage LLC bid to perform a limited scope audit at the following rates if the State chooses to extend the contract for a first or second term, each for two (2) years:

Lump Sum Audit fee for fourth fiscal year (Audit of Activity from July 1, 2019 thru June 30, 2020):
Seventeen Thousand Dollars and No Cents (\$17,000.00)

Lump Sum Audit fee for fifth fiscal year (Audit of Activity from July 1, 2020 thru June 30, 2021):
Seventeen Thousand Dollars and No Cents (\$17,000.00)

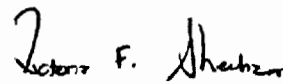
Lump Sum Audit fee for sixth fiscal year (Audit of Activity from July 1, 2021 thru June 30, 2022):
Seventeen Thousand Five Hundred Dollars and No Cents (\$17,500.00)

Lump Sum Audit fee for seventh fiscal year (Audit of Activity from July 1, 2022 thru June 30, 2023):
Seventeen Thousand Five Hundred Dollars and No Cents (\$17,500.00)

The Agreement has been approved by the Attorney General as to form and execution and the Department will verify the necessary funds are available pending enactment of the fiscal year 2018 and 2019 budget. Copies of the fully executed agreement are on file at the Secretary of State's Office and the Department of Administrative Services' Office, and subsequent to Governor and Council approval will be on file at the Department of Transportation.

Your approval of this resolution is respectfully requested.

Sincerely,

A handwritten signature in black ink, appearing to read "Victoria F. Sheehan". The signature is written in a cursive style with a large initial "V".

Victoria F. Sheehan
Commissioner

Attachments


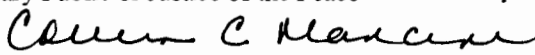
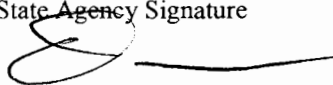
Notice: This agreement and all of its attachments shall become public upon submission to Governor and Executive Council for approval. Any information that is private, confidential or proprietary must be clearly identified to the agency and agreed to in writing prior to signing the contract.

AGREEMENT

The State of New Hampshire and the Contractor hereby mutually agree as follows:

GENERAL PROVISIONS

1. IDENTIFICATION.

| | | | |
|--|---|--|-------------------------------------|
| 1.1 State Agency Name Department of Transportation | | 1.2 State Agency Address PO Box 483, Concord NH 03302-0483 | |
| 1.3 Contractor Name Macpage LLC | | 1.4 Contractor Address 30 Long Creek Drive, South Portland ME 04106-2437 | |
| 1.5 Contractor Phone Number 207-774-5701 | 1.6 Account Number See Exhibit B, Paragraph 10 | 1.7 Completion Date December 31, 2019 | 1.8 Price Limitation \$49,500.00 |
| 1.9 Contracting Officer for State Agency David P. Rodrigue, PE, Director of Operations | | 1.10 State Agency Telephone Number 603-271-1486 | |
| 1.11 Contractor Signature  Christian A. Smith, CPA, CFE | | 1.12 Name and Title of Contractor Signatory Christian A. Smith, CPA, ^{CFE} Principal | |
| 3 Acknowledgement: State of <u>Maine</u> , County of <u>Cumberland</u> On <u>May 16, 2017</u> , before the undersigned officer, personally appeared the person identified in block 1.12, or satisfactorily proven to be the person whose name is signed in block 1.11, and acknowledged that s/he executed this document in the capacity indicated in block 1.12. | | | |
| 1.13.1 Signature of Notary Public or Justice of the Peace  [Seal] | | COLLEEN C MANCINI NOTARY PUBLIC State of Maine My Commission Expires MAY 12, 2023 | |
| 1.13.2 Name and Title of Notary or Justice of the Peace | | David Rodrigue Director of Operations | |
| 1.14 State Agency Signature  Date: <u>5/10/17</u> | | 1.15 Name and Title of State Agency Signatory David Rodrigue Director of Operations | |
| 1.16 Approval by the N.H. Department of Administration, Division of Personnel (if applicable) By: _____ Director, On: _____ | | | |
| 1.17 Approval by the Attorney General (Form, Substance and Execution) (if applicable) By: <u>Deanne Martin</u> On: <u>6/5/17</u> | | | |
| 1.18 Approval by the Governor and Executive Council (if applicable) By: _____ On: _____ | | | |

2. EMPLOYMENT OF CONTRACTOR/SERVICES TO BE PERFORMED. The State of New Hampshire, acting through the agency identified in block 1.1 ("State"), engages contractor identified in block 1.3 ("Contractor") to perform, and the Contractor shall perform, the work or sale of goods, or both, identified and more particularly described in the attached EXHIBIT A which is incorporated herein by reference ("Services").

3. EFFECTIVE DATE/COMPLETION OF SERVICES.

3.1 Notwithstanding any provision of this Agreement to the contrary, and subject to the approval of the Governor and Executive Council of the State of New Hampshire, if applicable, this Agreement, and all obligations of the parties hereunder, shall become effective on the date the Governor and Executive Council approve this Agreement as indicated in block 1.18, unless no such approval is required, in which case the Agreement shall become effective on the date the Agreement is signed by the State Agency as shown in block 1.14 ("Effective Date").

3.2 If the Contractor commences the Services prior to the Effective Date, all Services performed by the Contractor prior to the Effective Date shall be performed at the sole risk of the Contractor, and in the event that this Agreement does not become effective, the State shall have no liability to the Contractor, including without limitation, any obligation to pay the Contractor for any costs incurred or Services performed. Contractor must complete all Services by the Completion Date specified in block 1.7.

4. CONDITIONAL NATURE OF AGREEMENT.

Notwithstanding any provision of this Agreement to the contrary, all obligations of the State hereunder, including, without limitation, the continuance of payments hereunder, are contingent upon the availability and continued appropriation of funds, and in no event shall the State be liable for any payments hereunder in excess of such available appropriated funds. In the event of a reduction or termination of appropriated funds, the State shall have the right to withhold payment until such funds become available, if ever, and shall have the right to terminate this Agreement immediately upon giving the Contractor notice of such termination. The State shall not be required to transfer funds from any other account to the Account identified in block 1.6 in the event funds in that Account are reduced or unavailable.

5. CONTRACT PRICE/PRICE LIMITATION/PAYMENT.

5.1 The contract price, method of payment, and terms of payment are identified and more particularly described in EXHIBIT B which is incorporated herein by reference.
5.2 The payment by the State of the contract price shall be the only and the complete reimbursement to the Contractor for all expenses, of whatever nature incurred by the Contractor in the performance hereof, and shall be the only and the complete compensation to the Contractor for the Services. The State shall have no liability to the Contractor other than the contract price.

5.3 The State reserves the right to offset from any amounts otherwise payable to the Contractor under this Agreement those liquidated amounts required or permitted by N.H. RSA 80:7 through RSA 80:7-c or any other provision of law.

5.4 Notwithstanding any provision in this Agreement to the contrary, and notwithstanding unexpected circumstances, in no event shall the total of all payments authorized, or actually made hereunder, exceed the Price Limitation set forth in block 1.8.

6. COMPLIANCE BY CONTRACTOR WITH LAWS AND REGULATIONS/ EQUAL EMPLOYMENT OPPORTUNITY.

6.1 In connection with the performance of the Services, the Contractor shall comply with all statutes, laws, regulations, and orders of federal, state, county or municipal authorities which impose any obligation or duty upon the Contractor, including, but not limited to, civil rights and equal opportunity laws. This may include the requirement to utilize auxiliary aids and services to ensure that persons with communication disabilities, including vision, hearing and speech, can communicate with, receive information from, and convey information to the Contractor. In addition, the Contractor shall comply with all applicable copyright laws.

6.2 During the term of this Agreement, the Contractor shall not discriminate against employees or applicants for employment because of race, color, religion, creed, age, sex, handicap, sexual orientation, or national origin and will take affirmative action to prevent such discrimination.

6.3 If this Agreement is funded in any part by monies of the United States, the Contractor shall comply with all the provisions of Executive Order No. 11246 ("Equal Employment Opportunity"), as supplemented by the regulations of the United States Department of Labor (41 C.F.R. Part 60), and with any rules, regulations and guidelines as the State of New Hampshire or the United States issue to implement these regulations. The Contractor further agrees to permit the State or United States access to any of the Contractor's books, records and accounts for the purpose of ascertaining compliance with all rules, regulations and orders, and the covenants, terms and conditions of this Agreement.

7. PERSONNEL.

7.1 The Contractor shall at its own expense provide all personnel necessary to perform the Services. The Contractor warrants that all personnel engaged in the Services shall be qualified to perform the Services, and shall be properly licensed and otherwise authorized to do so under all applicable laws.

7.2 Unless otherwise authorized in writing, during the term of this Agreement, and for a period of six (6) months after the Completion Date in block 1.7, the Contractor shall not hire, and shall not permit any subcontractor or other person, firm or corporation with whom it is engaged in a combined effort to perform the Services to hire, any person who is a State employee or official, who is materially involved in the procurement, administration or performance of this

Agreement. This provision shall survive termination of this Agreement.

7.3 The Contracting Officer specified in block 1.9, or his or her successor, shall be the State's representative. In the event of any dispute concerning the interpretation of this Agreement, the Contracting Officer's decision shall be final for the State.

8. EVENT OF DEFAULT/REMEDIES.

8.1 Any one or more of the following acts or omissions of the Contractor shall constitute an event of default hereunder ("Event of Default"):

8.1.1 failure to perform the Services satisfactorily or on schedule;

8.1.2 failure to submit any report required hereunder; and/or

8.1.3 failure to perform any other covenant, term or condition of this Agreement.

8.2 Upon the occurrence of any Event of Default, the State may take any one, or more, or all, of the following actions:

8.2.1 give the Contractor a written notice specifying the Event of Default and requiring it to be remedied within, in the absence of a greater or lesser specification of time, thirty (30) days from the date of the notice; and if the Event of Default is not timely remedied, terminate this Agreement, effective two (2) days after giving the Contractor notice of termination;

8.2.2 give the Contractor a written notice specifying the Event of Default and suspending all payments to be made under this Agreement and ordering that the portion of the contract price which would otherwise accrue to the Contractor during the period from the date of such notice until such time as the State determines that the Contractor has cured the Event of Default shall never be paid to the Contractor;

8.2.3 set off against any other obligations the State may owe to the Contractor any damages the State suffers by reason of any Event of Default; and/or

8.2.4 treat the Agreement as breached and pursue any of its remedies at law or in equity, or both.

9. DATA/ACCESS/CONFIDENTIALITY/PRESERVATION.

9.1 As used in this Agreement, the word "data" shall mean all information and things developed or obtained during the performance of, or acquired or developed by reason of, this Agreement, including, but not limited to, all studies, reports, files, formulae, surveys, maps, charts, sound recordings, video recordings, pictorial reproductions, drawings, analyses, graphic representations, computer programs, computer printouts, notes, letters, memoranda, papers, and documents, all whether finished or unfinished.

9.2 All data and any property which has been received from the State or purchased with funds provided for that purpose under this Agreement, shall be the property of the State, and shall be returned to the State upon demand or upon termination of this Agreement for any reason.

9.3 Confidentiality of data shall be governed by N.H. RSA Chapter 91-A or other existing law. Disclosure of data requires prior written approval of the State.

10. **TERMINATION.** In the event of an early termination of this Agreement for any reason other than the completion of the Services, the Contractor shall deliver to the Contracting Officer, not later than fifteen (15) days after the date of termination, a report ("Termination Report") describing in detail all Services performed, and the contract price earned, to and including the date of termination. The form, subject matter, content, and number of copies of the Termination Report shall be identical to those of any Final Report described in the attached EXHIBIT A.

11. **CONTRACTOR'S RELATION TO THE STATE.** In the performance of this Agreement the Contractor is in all respects an independent contractor, and is neither an agent nor an employee of the State. Neither the Contractor nor any of its officers, employees, agents or members shall have authority to bind the State or receive any benefits, workers' compensation or other emoluments provided by the State to its employees.

12. **ASSIGNMENT/DELEGATION/SUBCONTRACTS.** The Contractor shall not assign, or otherwise transfer any interest in this Agreement without the prior written notice and consent of the State. None of the Services shall be subcontracted by the Contractor without the prior written notice and consent of the State.

13. **INDEMNIFICATION.** The Contractor shall defend, indemnify and hold harmless the State, its officers and employees, from and against any and all losses suffered by the State, its officers and employees, and any and all claims, liabilities or penalties asserted against the State, its officers and employees, by or on behalf of any person, on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the Contractor. Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of the sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant in paragraph 13 shall survive the termination of this Agreement.

14. INSURANCE.

14.1 The Contractor shall, at its sole expense, obtain and maintain in force, and shall require any subcontractor or assignee to obtain and maintain in force, the following insurance:

14.1.1 comprehensive general liability insurance against all claims of bodily injury, death or property damage, in amounts of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate; and

14.1.2 special cause of loss coverage form covering all property subject to subparagraph 9.2 herein, in an amount not less than 80% of the whole replacement value of the property.

14.2 The policies described in subparagraph 14.1 herein shall be on policy forms and endorsements approved for use in the State of New Hampshire by the N.H. Department of Insurance, and issued by insurers licensed in the State of New Hampshire.

14.3 The Contractor shall furnish to the Contracting Officer identified in block 1.9, or his or her successor, a certificate(s) of insurance for all insurance required under this Agreement. Contractor shall also furnish to the Contracting Officer identified in block 1.9, or his or her successor, certificate(s) of insurance for all renewal(s) of insurance required under this Agreement no later than thirty (30) days prior to the expiration date of each of the insurance policies. The certificate(s) of insurance and any renewals thereof shall be attached and are incorporated herein by reference. Each certificate(s) of insurance shall contain a clause requiring the insurer to provide the Contracting Officer identified in block 1.9, or his or her successor, no less than thirty (30) days prior written notice of cancellation or modification of the policy.

15. WORKERS' COMPENSATION.

15.1 By signing this agreement, the Contractor agrees, certifies and warrants that the Contractor is in compliance with or exempt from, the requirements of N.H. RSA chapter 281-A ("*Workers' Compensation*").

15.2 To the extent the Contractor is subject to the requirements of N.H. RSA chapter 281-A, Contractor shall maintain, and require any subcontractor or assignee to secure and maintain, payment of Workers' Compensation in connection with activities which the person proposes to undertake pursuant to this Agreement. Contractor shall furnish the Contracting Officer identified in block 1.9, or his or her successor, proof of Workers' Compensation in the manner described in N.H. RSA chapter 281-A and any applicable renewal(s) thereof, which shall be attached and are incorporated herein by reference. The State shall not be responsible for payment of any Workers' Compensation premiums or for any other claim or benefit for Contractor, or any subcontractor or employee of Contractor, which might arise under applicable State of New Hampshire Workers' Compensation laws in connection with the performance of the Services under this Agreement.

16. WAIVER OF BREACH. No failure by the State to enforce any provisions hereof after any Event of Default shall be deemed a waiver of its rights with regard to that Event of Default, or any subsequent Event of Default. No express failure to enforce any Event of Default shall be deemed a waiver of the right of the State to enforce each and all of the provisions hereof upon any further or other Event of Default on the part of the Contractor.

17. NOTICE. Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by certified mail, postage prepaid, in a United States Post Office addressed to the parties at the addresses given in blocks 1.2 and 1.4, herein.

18. AMENDMENT. This Agreement may be amended, waived or discharged only by an instrument in writing signed by the parties hereto and only after approval of such amendment, waiver or discharge by the Governor and Executive Council of the State of New Hampshire unless no

such approval is required under the circumstances pursuant to State law, rule or policy.

19. CONSTRUCTION OF AGREEMENT AND TERMS.

This Agreement shall be construed in accordance with the laws of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective successors and assigns. The wording used in this Agreement is the wording chosen by the parties to express their mutual intent, and no rule of construction shall be applied against or in favor of any party.

20. THIRD PARTIES. The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit.

21. HEADINGS. The headings throughout the Agreement are for reference purposes only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Agreement.

22. SPECIAL PROVISIONS. Additional provisions set forth in the attached EXHIBIT C are incorporated herein by reference.

23. SEVERABILITY. In the event any of the provisions of this Agreement are held by a court of competent jurisdiction to be contrary to any state or federal law, the remaining provisions of this Agreement will remain in full force and effect.

24. ENTIRE AGREEMENT. This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto.

FORM P37 EXHIBIT A - SCOPE OF SERVICES

SECTION I: Introduction

On June 19, 2013, the New Hampshire Governor and Council authorized the New Hampshire Department of Transportation (NHDOT) to enter into a ground lease contract with Granite State Hospitality, LLC (Developer/Operator) dba The Common Man Hooksett, Meredith, New Hampshire, in order to re-develop the northbound and southbound Rest Areas in the Town of Hooksett to full service welcome centers with concession sales, fuel sales, visitor centers, and two new State Liquor and Wine Outlet Stores. As an element of the Ground Lease Contract (GLC), Developer/Operator retains the exclusive right of lease for a minimum of 35 years under which they are required to share revenue from operations with the State of New Hampshire-Department of Transportation's (DOT) Bureau of Turnpikes (the State Liquor and Wine Outlet is operated separately and not part of revenue sharing or of this audit effort). The GLC stipulates revenue sharing based upon "gross sales" levels as well as "fuel sales". More specifically, the Developer/Operator must provide a minimum guaranteed rent payment on a monthly basis with additional tiered rent payments based on the sale of gasoline and tiered percentage rent based on gross concession sales due at the conclusion of each State fiscal year (June 30). All rent payments are deposited to the Turnpike Revenue Account. In addition, payments for the Facility Sustainment and Reinvestment Reserve Account are made to a separate restricted revenue account by the Developer/Operator. All Developer/Operator requirements with regard to revenue sharing, reinvestment account payments, timing of payments, and other requirements are documented in RFB TPK 2017-02 Exhibit B – Ground Lease Contract.

SECTION II: Background

The State shall have the right by its contracted accountants to audit all statements of Gross Sales and Fuel Sales from the Leased Premises and in connection with such audits to examine all of the Developer/Operator's records at their place of operation in the Hooksett Welcome Center along I-93 Northbound and Southbound (including all supporting data from which such Gross Sales and Fuel Sales may be tested or determined).

SECTION III: TERMS OF AGREEMENT: The CONTRACTOR agrees to the following:

1. The CONTRACTOR shall review the Ground Lease Contract (RFB TPK 2017-02 Exhibit B) in its entirety to ensure a working knowledge of its components, including Form P37 Exhibit D – Financial and Reporting Requirements, which reflects the specific elements to be addressed with section reference.
2. The CONTRACTOR shall also review the Ground Lease Contract for fiscal requirements (gross revenue and fuel sales). (See RFB TPK 2017-02 Exhibit B – Ground Lease Contract and Form P37 Exhibit E – Rent Recalculation Worksheet.)
3. The CONTRACTOR shall perform a limited scope financial audit to confirm that Granite State Hospitality LLC dba as The Common Man (GSH) is meeting the financial and reporting requirements in accordance with the Ground Lease Contract as identified in Form P37 Exhibit D.
4. The CONTRACTOR shall prepare Draft and Final Summary reports listing the procedures and findings with supporting documentation.
5. The CONTRACTOR shall schedule meetings and calls with NHDOT Bureau of Turnpike Staff and other State staff.

Contractor initials: CAS

Date: 5/16/17

6. The CONTRACTOR shall prepare an assessment document on Developer/Operator response to findings and meeting to discuss with Department.

SECTION IV: DETAILED SCOPE OF SERVICES:

1. Perform a Limited Scope Financial Audit. The CONTRACTOR shall perform the limited scope financial audit to confirm that GSH is meeting the financial requirements in accordance with the Ground Lease Contract dated May 30, 2013 between the State and Granite State Hospitality, LLC dba as The Common Man (GSH).

It is the desire and intent of the Department of Transportation that an expression of opinion be made based on an audit of GSH records.

GSH is responsible for internal control and financial reporting over the financial information and will need to provide certifications and representations to the audit firm accordingly as part of the audit process as it is an audit of GSH's records. GSH is responsible for internal control and financial reporting over the financial information and will need to provide certifications and representations to the audit firm accordingly as part of the audit process as it is an audit of GSH's records.

The audit shall be done in accordance with: generally accepted auditing standards; applicable Government Auditing Standards issued by the Comptroller General of the United States; and any applicable AICPA audit and accounting guides.

The CONTRACTOR shall express an opinion on whether Gross Sales and Fuel Sales (gallons sold) are reported accurately, all subsequent receipts to the Turnpike Revenue Account are deposited accurately and timely and that all the requirements noted in the GLC are upheld.

The audit as a result of sales remittals as prescribed by contract, shall report on such funds deposited to the Turnpike Revenue Account, Sustainment and Reinvestment Reserve Account and applicable escrow accounts (if any).

The audit shall be performed for three (3) consecutive fiscal years, each beginning July 1 and ending June 30, from July 1, 2016 through June 30, 2019, with an option to renew, at the sole discretion of the State, for up to two (2) additional two (2) fiscal year periods, but not beyond June 30, 2023. The contract shall end on December 31, 2019, with renewals ending on December 31, 2021 and December 31, 2023 to allow for the issuance of the final audit report.

2. Prepare Draft and Final Report. Using the information and findings from the limited scope financial audit, The CONTRACTOR shall prepare a Draft and Final Audit Procedures Report for the NHDOT Bureau of Finance & Contracts for each fiscal year audited. The following items will be included in this effort:
 - Prepare Draft Report for NHDOT Bureau of Finance & Contracts (assumed ten (10) hard copies plus PDF-compatible electronic version)
 - Prepare Final Report incorporating NHDOT Bureau of Turnpike and Developer/Operator comments (assumed ten (10) hard copies plus PDF-compatible electronic version)

Contractor initials: CAS

Date: 5-16-17

The audit report must include the following:

- Findings, recommendations, and Operator response, and
- Instances of fraud, illegal acts, or indications of such, including all questioned receipts.

The audit report shall be addressed to the following:

Leonard Russell, Administrator
leonard.russell@dot.nh.gov
Bureau of Finance and Contracts
State of New Hampshire, Department of Transportation
Concord, New Hampshire
(603) 271-0167

3. Meetings with NHDOT. The CONTRACTOR shall schedule the following meetings with NHDOT and the State for this effort:

- One (1) kick-off Meeting at NHDOT with State to verify work efforts.
- One (1) meeting with State and GSH personnel.
- One (1) meeting at NHDOT with State and Developer/Operator to present Draft Report and Findings.
- Conference calls and coordination with NHDOT, State, and GSH as required.

Contact:

Margaret Blacker, Business Administrator
margaret.blacker@dot.nh.gov
Bureau of Turnpikes
State of New Hampshire, Department of Transportation
Hooksett, New Hampshire
(603) 485-3806

SECTION V: SCHEDULE

Based on the above tasks and approximate duration, the Department estimates the services for the limited scope financial audit procedures of the Hooksett Welcome Centers will take approximately 12 weeks. Breakdown of this schedule is as follows:

- Governor & Council Approval and Notice to Proceed – Anticipated June 21, 2017
- Kick-off meeting – anticipated end of June/beginning of July, 2017
- Financial audit procedures – 8 to 10 weeks, including meetings
- Prepare and Submit Final Report – no later than close of business September 1 (or subsequent workday if falling on weekend) each fiscal year
- Department will prepare Response to Developer/Operator Rebuttal by December 1 each fiscal year

This schedule assumes that records are complete and provided to the CONTRACTOR no later than August 1, each fiscal year.

Contractor initials: CAS

Date: 5-16-17

FORM P37 EXHIBIT B - CONTRACT PAYMENTS

1. Payment for services will be made annually in stages:
 - a. thirty-three percent (33%) of lump sum upon submittal and acceptance of the "memorandum of protocol"
 - b. thirty-three percent (33%) upon submittal and acceptance of the Final summary Report by the DOT and
 - c. the remainder of the lump sum subsequent to the submittal and acceptance of the assessment of the "response to findings" by the Developer/Operator. Invoices shall be submitted in triplicate bill submitted to Margaret Blacker.

2. Lump Sum Audit fee for first fiscal year (Audit of Activity from July 1, 2016 thru June 30, 2017) (in words and numbers):

Sixteen Thousand Dollars and No Cents: \$16,000.00

3. Lump Sum Audit fee for second fiscal year (Audit of Activity from July 1, 2017 thru June 30, 2018) (in words and numbers):

Sixteen Thousand Five Hundred Dollars and No Cents: \$16,500.00

4. Lump Sum Audit fee for third fiscal year (Audit of Activity from July 1, 2018 thru June 30, 2019) (in words and numbers):

Seventeen Thousand Dollars and No Cents: \$17,000.00

5. Total Three (3) Year Cost July 1, 2016 through June 30, 2019:

Forty-Nine Thousand Five Hundred Dollars and No Cents: \$49,500.00

Contract will be awarded on the basis of the low bid total of fiscal years 2017, 2018 and 2019. The following bid is for services provided if the State chooses to extend the contract for a first or second term, each for two (2) years:

6. Lump Sum Audit fee for fourth year (Audit of Activity from July 1, 2019 thru June 30, 2020) (in words and numbers):

Seventeen Thousand Dollars and No Cents: \$17,000.00

7. Lump Sum Audit fee for fifth fiscal year (Audit of Activity from July 1, 2020 thru June 30, 2021) (in words and numbers):

Seventeen Thousand Dollars and No Cents: \$17,000.00

Contractor initials: CAS

Date: 9-16-17

8. Lump Sum Audit fee for sixth fiscal year (Audit of Activity from July 1, 2021 thru June 30, 2022) (in words and numbers):

Seventeen Thousand Five Hundred Dollars and No Cents: \$17,500.00

9. Lump Sum Audit fee for seventh fiscal year (Audit of Activity from July 1, 2022 thru June 30, 2023) (in words and numbers):

Seventeen Thousand Five Hundred Dollars and No Cents: \$17,500.00

10. The Department shall make payments out of the following account numbers:

017-096-7022-404-500879 Turnpikes Administration – DOT Audit

11. The preceding service and contract agreement shall begin subsequent to Governor and Council approval and will end December 31, 2019 subject to Governor and Council approval. Subsequent to the expiration of the initial 3-year term of the contract, it will be necessary to proceed through Governor and Council approval for each of the two 2-year extensions.

Contractor initials: CAS

Date: 5-16-17

FORM P37 EXHIBIT C - SPECIAL PROVISIONS

1. Termination of Contract for Convenience

The STATE reserves the right to terminate the work required of the CONTRACTOR by this contract at its convenience, and without cause, by written notice thereof provided to the CONTRACTOR. In the event of a termination of this contract for the STATE'S convenience, and without fault on the part of the CONTRACTOR, the CONTRACTOR shall be entitled to compensation for the full cost of its services for the work completed prior to the date of written notice of termination.

Contractor initials: CAS

Date: 5/16/17

**FORM P37 EXHIBIT D
FINANCIAL AND REPLACING REQUIREMENTS
HOOKSETT WELCOME CENTERS**

| RENT PAYMENTS | | | | |
|-----------------------|-------------------------|--|----------------------|---|
| Responsibility | Frequency (M/Q/A/O*) | Contract Requirements | Section Reference | Task/Responsibility |
| Pay Fixed Rent | M | Each calendar month during the Term of the Contract, the Developer/Operator shall pay the Fixed Rent (described in Exhibit D of the Ground Lease Contract) in the amount of one twelfth of the Fixed Rent for the corresponding lease year, payable on or before the first (1st) day of each calendar month. | 9.2 | See #3 above. |
| Pay Tiered Rent | A | Tiered Rent in excess of the Fixed rent shall be due and payable on the Twentieth (20th) day of July of each calendar year. | 9.3 | See #4 above. |
| Gross Sales Statement | M | Within twenty (20) days after the end of each calendar month, or portion thereof, the Developer/Operator shall furnish to the State a statement signed and verified by an authorized officer of the Developer/Operator of the gross Sales transacted during such month or portion thereof | 9.3 | Will be evaluated as part of financial audit procedures as noted in #2 above. |
| Fiscal Year Statement | A | Beginning in 2015, on or before the 20th of July in each calendar year and within sixty (60) days after the end of the Term, the Developer/Operator shall furnish to the State a statement, hereinafter called the Fiscal Year Statement, certified to the State by an officer of the Developer/operator, of Gross sales transacted during the preceding Lease Year included in the Term | 9.3 | Will be evaluated as part of financial audit procedures as noted in #2 above. |

Initials: CAAS

Date: 5-16-17

| | | | | |
|---|---|---|-------|---|
| Facility Sustainment and Reinvestment Reserve Account (Reserve Account) payment | M | Beginning July 20, 2016, and continuing the same day of each month thereafter, the Developer/Operator shall pay one (1%) of the previous month's Gross Sales to the State into a separate interest-bearing fund account, known as the facility Sustainment and Reinvestment Reserve Account (Reserve Account) | 17 | See #5 above. |
| Financial Guarantee Bond | O | Prior to commencing operations at the Service Areas, the Developer/Operator will furnish to the State as oblige, a financial guarantee bond issued by a company licensed to do business in the state of New Hampshire with a rating of no less than B+ based on the Current A.M. Best rating guide, and with a Department of Treasury listing sufficient to cover a \$5,000,000 (five million dollar) obligation, assuring the Developer/Operator's prompt payment of Percentage Rent which is due to the State hereunder during the first five (5) years of the Contract as shown in Exhibit D of the Ground Lease Contract..... This financial guarantee bond shall be issued for each successive five-year period of the Contract until expiration the Contract. The Developer/Operator shall pay the premium on any such successor bond. | 25.2A | Request confirmation from GSH that Financial Guarantee Bond has been furnished to State as required. |
| Certificate of Renewal | O | The Developer/Operator and/or its general contractor/construction manager shall furnish to the State certificates of insurance for all renewals of the insurance required under the Contract no later than thirty (30) Days prior to the expiration date of each of the insurance policies. All deductibles and self-insured retentions are the sole responsibility of the Developer/Operator or its general contractor/construction manager. | 25.3 | Request confirmation from GSH that all certificates of insurance for all renewals have been furnished to the State as required. |

Initials: CAS

Date: 5/16/17

TAXES

| Responsibility | Frequency (M/Q/A/O*) | Contract Requirements | Section Reference | Task/Responsibility |
|---|-------------------------|--|----------------------|--|
| Pay Taxes, Assessments & Charges | O | The Developer/Operator shall duly pay or cause to be paid all taxes, assessments and governmental charges of any kind that may at any time be lawfully assessed or levied against or with respect to the Developer/Operator's leasehold interest (whether real or personal) hereunder, or its property and improvements located on the Leased Premises of any construction materials or equipment incorporated or installed on the Leased Premises | 11 | Request confirmation from GSH that real estate and personal property taxes are being paid to Town of Hooksett |
| Pay Utilities and Other Charges | O | Except as otherwise identified or provided herein, the Developer/Operator shall also duly pay or cause to be paid all utility and other charges incurred in the operation, maintenance, use, occupancy, and upkeep of the Leased Premises | 11 | Request confirmation from GSH that utilities and other charges have been paid. |
| Records Retention and Access Requirements | O | The Developer/Operator shall abide by the conditions of all applicable State laws and regulations , which are incorporated herein by this reference, regarding retention in access requirements relating to all records relating to this Contract. Upon prior notice and subject to reasonable time frames, all such records shall be subject to inspection, examination, audit and copying by personnel so authorized by the State and federal officials so authorized by law, rule, regulation or contract, as applicable. | 22 | No level of effort required. This requirement will be confirmed upon compliance by GSH for financial audit procedures. |

Initials: CAS

Date: 5-16-17

| | | | | |
|--------------------------|---|---|----|---|
| Accounting Requirement's | O | <p>The Developer/Operator shall maintain an accounting in accordance with generally accepting accounting principles (GAAP). The revenue and costs applicable to the Contract shall be ascertainable from the accounting and the Developer/operator shall maintain records pertaining to the services, costs, expenditures and revenue.</p> | 22 | <p>No level of effort required. This requirement will be confirmed upon compliance by GSH for financial audit procedures.</p> |
|--------------------------|---|---|----|---|

Frequency (M/Q/A/O*):

M = Monthly

Q = Quarterly

A = Annually

O = Other

Initials: CAJ

Date: 5-16-17

FORM P37 EXHIBIT E
 RENT RECALCULATION ACTUAL THROUGH JUNE 30, 2016
 HOOKSETT WELCOME CENTERS

Hooksett Welcome Center Tiered Rent Assessment (Based on Fiscal Year 2016)

| Tiered Gross Sales Rent (millions) | Effective % Rent | Actual Rent Due (millions) | Actual Rent Due (thousands) | Subtotals/Totals |
|------------------------------------|------------------|----------------------------|-----------------------------|------------------|
| | 3.00% | \$398,715.21 | \$398,715.21 | |

| Tiered Fuel Rent | | | | |
|---------------------|-----------------------------------|----------------|----------------|--------------|
| Actual gallons sold | Upper Threshold (million gallons) | Revenue/Gallon | Fuel Revenue | |
| | 7,700,000 | \$0.09 | \$37,851.48 | |
| Other Lower Tiers | | | | |
| | 7,200,001-7,700,000 | \$0.08 | \$40,000.00 | |
| | 6,700,001-7,200,000 | \$0.06 | \$30,000.00 | |
| Base Fuel Rent | 0-6,700,000 | \$0.04 | \$268,000.00 | |
| | | | Total Rent due | \$774,566.69 |

| | | | | |
|---------------------------|----|-------------|-----------------------|--------------|
| | | | Less Yearly Rent Paid | |
| Rent Total paid (monthly) | 12 | \$41,666.67 | | |
| | | | Actual Net Rent Due | \$274,566.69 |

Initials: CAS
 Date: 5-16-17




Accessible
Approachable
Accountable

CERTIFICATE OF AUTHORITY (OR CERTIFICATE OF VOTE)

Christian A. Smith, CPA, CFE is a Principal at Macpage LLC and has full authority to sign for Macpage LLC in any capacity.

I hereby further certify and acknowledge that the State of New Hampshire will rely on this certification as evidence that Christian A. Smith, CPA, CFE, Principal has full authority to bind Macpage LLC and that no corporate resolution, shareholder vote or other document or action is necessary to grant such authority.


_____, President
Graham M. Smith, CPA, CGMA
Macpage LLC

May 16, 2017

Macpage LLC

30 Long Creek Drive, South Portland, ME 04106-2437 | 207-774-5701 | 207-774-7935 fax | cpa@macpage.com
One Market Square, Augusta, ME 04320-4637 | 207-622-4766 | 207-622-6545 fax

macpage.com





CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
5/11/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES ELLOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

| | | |
|---|--|--------------------------------------|
| PRODUCER GHM Agency 51 Main Street PO Box 649 Waterville ME 04903-0649 | CONTACT NAME: Laura Rowe PHONE (A/C, No, Ext): (207) 873-5101 E-MAIL ADDRESS: laura@ghmagency.com | FAX (A/C, No): (207) 873-5784 |
| | INSURER(S) AFFORDING COVERAGE | |
| INSURED MACPAGE, LLC MACDONALD PAGE & CO LLC 30 LONG CREEK DRIVE SOUTH PORTLAND ME 04106 | INSURER A: Citizens Insurance Co NAIC # 31534 | |
| | INSURER B: Maine Employers Mutual Ins Co 11149 | |
| | INSURER C: Lloyds London | |
| | INSURER D: | |
| | INSURER E: | |
| | INSURER F: | |

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

| INSR LTR | TYPE OF INSURANCE | ADDL INSD | SUBR WVD | POLICY NUMBER | POLICY EFF (MM/DD/YYYY) | POLICY EXP (MM/DD/YYYY) | LIMITS | | | | |
|----------|---|-----------|----------|---------------|-------------------------|-------------------------|---|--------|-----------|-----------|--------------|
| A | <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GENL AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER: | X | | OBP9412135 | 1/1/2017 | 1/1/2018 | EACH OCCURRENCE \$ 1,000,000 | | | | |
| | DAMAGE TO RENTED PREMISES (Ea occurrence) \$ | | | | | | | | | | |
| A | <input type="checkbox"/> ANY AUTO ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS | | | OBP9412135 | 1/1/2017 | 1/1/2018 | COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 | | | | |
| | | | | | | | BODILY INJURY (Per person) \$ | | | | |
| | | | | | | | BODILY INJURY (Per accident) \$ | | | | |
| | | | | | | | PROPERTY DAMAGE (Per accident) \$ | | | | |
| A | <input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$ 0 | | | OBP9412135 | 1/1/2017 | 1/1/2018 | EACH OCCURRENCE \$ 10,000,000 | | | | |
| | AGGREGATE \$ | | | | | | | | | | |
| B | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below | Y/N | N/A | 5101800591 | 1/1/2017 | 1/1/2018 | <input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 500,000 E.L. DISEASE - EA EMPLOYEE \$ 500,000 E.L. DISEASE - POLICY LIMIT \$ 500,000 | | | | |
| | C | | | | | | Cyber Liability | 493264 | 3/19/2017 | 3/19/2018 | \$ 5,000,000 |

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
General Liability: Blanket Additional insured status for ongoing operations with signed contract.

| | |
|--|---|
| CERTIFICATE HOLDER State of New Hampshire Department of Transportation 7 Hazen Dr Concord, NH 03301 | CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. |
| | AUTHORIZED REPRESENTATIVE Laura Rowe, AAI/LAURA |

For additional information please contact the Board office at julie.stpierre@nh.gov
or visit our web site at <http://www.nh.gov/jtboard/boa.htm>

State of New Hampshire
BOARD OF ACCOUNTANCY
FOREIGN ACCOUNTS PRACTICE PERMIT

ISSUED TO: MACPAGE LLC
SOUTH PORTLAND, ME



FIRM LICENSE NUMBER: 00727

EXPIRATION DATE: 06/30/2017

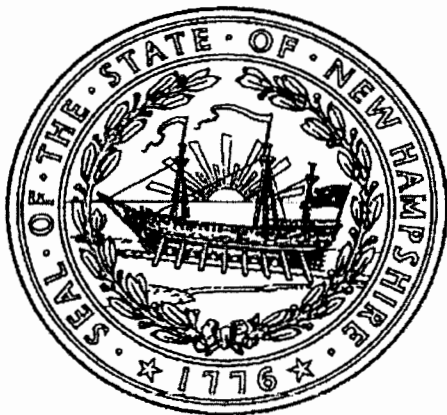
State of New Hampshire

Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify that MACPAGE LLC is a Maine Professional Limited Liability Company registered to transact business in New Hampshire on May 08, 1998. I further certify that all fees and documents required by the Secretary of State's office have been received and is in good standing as far as this office is concerned.

Business ID: 290856



IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed
the Seal of the State of New Hampshire.
this 15th day of May A.D. 2017.

A handwritten signature in cursive script, appearing to read "Wm Gardner".

William M. Gardner
Secretary of State



**THE STATE OF NEW HAMPSHIRE
DEPARTMENT OF TRANSPORTATION**



**CHRISTOPHER D. CLEMENT, SR.
COMMISSIONER**

**JEFF BRILLHART, P.E.
ASSISTANT COMMISSIONER**

June 5, 2013
Bureau of Turnpikes

Her Excellency, Governor Margaret Wood Hassan
and The Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

1. Authorize the New Hampshire Department of Transportation (NHDOT), New Hampshire Liquor Commission (NHLC) and New Hampshire Department of Resources and Economic Development (DRED) to enter into a 35-year ground lease contract with Granite State Hospitality, LLC dba The Common Man Hooksett, Meredith, New Hampshire, Vendor No. 249523, in order to re-develop the northbound and southbound Rest Areas in the Town of Hooksett to full service welcome centers with concession sales, fuel sales, visitor centers, and two new state Liquor and Wine Outlet Stores for a minimum guaranteed rent of \$23,236,301 over the 35-year term with tiered rent payments based on the sale of gasoline and tiered percentage rent based on gross concession sales to be effective upon Governor and Council approval or July 1, 2013, whichever date is later, through June 30, 2048 with an option to renew for up to two 5-year options at the sole discretion of the State, subject to Governor and Council approval. Rent payments will be deposited to the Turnpike Revenue Account.

*000-000017 Turnpike Fund
009-406922 Rental Income - Turnpike*

2. Authorize the New Hampshire Liquor Commission (NHLC) to pay Granite State Hospitality, LLC dba The Common Man Hooksett and the Department of Administrative Services, Bureau of Public Works in the amount not to exceed \$8,400,000 for the construction of two new state liquor and wine outlet stores that will be co-joined with the new full service northbound and southbound welcome centers in the Town of Hooksett. Up to \$250,000 will be deducted from the construction fund to pay for inspection services to be performed by the Bureau of Public Works (Requested Action No. 3). 100% NHLC Funds.

Funding is available as follows:

| | |
|-----------------------------|----------------|
| <u>Account:</u> | <u>FY 2014</u> |
| 030-077-09840000 | |
| Hooksett N/S Adds | |
| 034-500161 New Construction | \$8,400,000.00 |

3. The Liquor Commission will pay for inspection services payable to be conducted by the Department of Administrative Services, Bureau of Public Works (Vendor Code 177875) in an amount not to exceed \$250,000. The funds for inspection services will be deducted from the cost of construction payable to Granite State Hospitality, LLC d/b/a The Common Man Hooksett (Requested Action No. 2). Any

unused portion of the inspection services fees are to be dedicated to fund the construction of the new state liquor and wine outlet stores. 100% NHLC Funds.

4. Authorize the New Hampshire Department of Transportation (NH DOT) to pay for inspection services of the northbound and southbound welcome centers to be conducted by the Department of Administrative Services, Bureau of Public Works (Vendor Code 177875) in an amount not to exceed \$100,000. 100% Turnpike Funds.

Funding for inspection services are available as follows:

| | |
|--|----------------|
| <u>Account:</u> | <u>FY 2014</u> |
| 04-96-96-961017-7507 | |
| Improvements to Central New Hampshire Turnpike | |
| 400-500875 | \$100,000.00 |
| Construction Repair Materials, New Buildings - DOT | |

EXPLANATION

Pursuant to State Law Chapter 144, Laws of 2009, which authorized the Commissioner of the Department of Transportation to request proposals to commercialize rest areas, welcome centers, and state liquor and wine outlet stores along the highways and turnpikes, the New Hampshire Department of Transportation, in coordination with the New Hampshire Liquor Commission (NHLC), New Hampshire Department of Resources and Economic Development (DRED) and New Hampshire Department of Administrative Services, Bureau of Public Works, issued a Request for Qualifications (RFQ) on July 17, 2012 and a Request for Proposals (RFP) on October 15, 2012.

The Long Range Capital Planning and Utilization Committee, at their May 28, 2013 meeting, approved this request to enter into a 35-year ground lease contract (the "contract"), with two 5-year options, exercised at the sole discretion of the State. Under the contract, the Developer/Operator, Granite State Hospitality, LLC dba The Common Man Hooksett ("Common Man") shall redevelop both the northbound and southbound rest areas along Interstate 93 in the Town of Hooksett into full service welcome centers with concession sales, fuel sales, visitor centers, and new state liquor and wine outlet stores for a minimum guaranteed rent paid to the State of \$23,236,301 over the 35-year term with tiered rent payments based on the fuel sales and tiered percentage rent based on gross concession sales to be paid by the Common Man, subject to the terms of the revenue sharing and conditions of the ground lease and concession agreement.

The contract requires the Common Man to design, build, finance, maintain and operate the service areas, with the exception of the new state Liquor and Wine Outlet Stores, which will be financed, owned and operated by the New Hampshire Liquor Commission.

Both the RFQ and RFP identified three specific goals for the 35-year ground lease contract that guided both the criteria used to select the Developer/Operator (D/O) and to measure the success of the venture itself. The three goals are:

- Obtain new, high quality facilities to replace the existing Rest Areas and state liquor and wine outlet stores.
- Ensure that the facility design and operation will provide a positive customer experience for the commuter, recreational traveler, and state liquor and wine outlet store patron.
- Provide a fair return to the Turnpike System and provide for the transfer of the facilities in satisfactory condition to the State at the end of the lease term.

The RFQ, which was issued on July 17, 2012, solicited interest in the re-development project and evaluated the interested Developer/Operator (D/O) teams' qualifications, experience, and financial

aptitude in order to be invited to participate in the RFP. Three D/O teams submitted qualifications packages with all three invited to submit proposals. The following D/O groups responded to and were approved for inclusion in the RFP phase:

VENDOR NAME

- First Equity Group, LLC (office based in Chicago, IL)
- The Common Man, Inc. (office based in Ashland, NH)
- Host International, Inc. (office based in Bethesda, MD)

On October 15, 2012, the Department publicly advertised the RFP. Proposals were received from the following two vendors in accordance with the requirements for submission, including the stipulated deadline of January 29, 2013 (per Addendum #1):

VENDOR NAME

- First Equity Group, LLC (office based in Chicago, IL)
- Granite State Hospitality, LLC dba The Common Man Hooksett. (an affiliated entity of the Common Man family of restaurants and real estate holdings in partnership with Edward J. McLearn, a participant in Hampshire Hospitality Holdings, Inc.)

Proposals from each D/O team were reviewed by a Selection Committee, comprised of three Department of Transportation representatives, three NH Liquor Commission representatives, and one representative each from the Department of Administrative Services Bureau of Public Works and Department of Resources and Economic Development Division of Travel and Tourism, along with review and support by a Technical Committee formed for the project. On February 26, 2013, the Selection Committee held interviews with the D/O teams, where each group provided a detailed presentation describing their team, capabilities, and pertinent aspects of their proposal; provided answers to a specific set of questions targeting each proposal; and participated in an open question and answer period. Following the interviews, the Selection Committee met to discuss the interviews, develop the preliminary rating of the proposals and the necessity for requesting a "Best and Final Offer" (BAFO). The BAFO, which was sent to the D/Os, asked the D/O teams to consider enhancements to both the technical and financial aspects of the proposals. Both D/O teams responded to the BAFO request and submitted their BAFO documents on March 25th, 2013.

The Selection Committee used the table below to rate the technical aspects of each proposal taking into account the proposed technical designs and schedule, revenue proposal, the firm's qualifications, project team and capabilities. The technical aspect accounted for 65 of the total 100 maximum points, while the revenue proposal attributed to 35 or the total 100 points.

| CATEGORIES | POINTS |
|--|---------------|
| TECHNICAL PROPOSAL | 65 |
| <i>Approach to Design and Construction</i> | |
| <i>Development Concept</i> | |
| <i>Facilities Management Plan</i> | |
| <i>Operation and Maintenance Plan</i> | |
| <i>Project Management Plan</i> | |
| <i>Overall ability to meet stated Goals and Criteria</i> | |
| REVENUE PROPOSAL POTENTIAL MAXIMUM POINTS | 35 |
| <i>Rent</i> | |
| <i>Fuel Rent</i> | |
| TOTAL POTENTIAL MAXIMUM POINTS | 100 |

Based on the above-mentioned analysis, in reviewing the RFP and BAFO submitted by each potential D/O, the Selection Committee scored as denoted in the following table:

| Vendor | Technical Score (max. 65 points) | Revenue Proposal (max. 35 points) | Total Score |
|--------------------|----------------------------------|-----------------------------------|-------------|
| The Common Man | 56.5 | 35 | 91.5 |
| First Equity Group | 45.4 | 23.4 | 68.8 |

Based on the above-mentioned analysis and the scoring denoted above, The Department of Transportation, New Hampshire Liquor Commission (NHLC) and Department of Resources and Economic Development (DRED) request approval to enter into the 35-year ground lease contract with Granite State Hospitality, LLC dba The Common Man Hooksett (aka The Common Man) to design, build, finance, maintain, and operate the Service Areas sites with the exception of the two new state liquor and wine outlet stores, which will be financed, owned, and within their interior maintained by the NHLC.

The 35-Year Ground Lease Contract includes the following:

- Construction of a single structure on both the northbound and southbound sites to house both a 16,000 square foot Welcome Center and 20,000 square foot state Liquor & Wine Outlet Store. The building will exhibit a New Hampshire "mill building architectural style" and will include a 1950's style diner, Italian farmhouse, old-time dell, coffee and breakfast shop, country style convenience store, state Liquor and Wine Outlet Store, and an interactive and informative visitor center.
- Other amenities include 20 fuel stations for passenger vehicles, ample rest rooms, bank, vending space, drive-thru window, pet walk area, and generous landscaping on each side. Within the Welcome Center there will be a DRED operated Visitor Information Center. DRED and Granite State Hospitality, LLC dba The Common Man Hooksett will also coordinate the content to be displayed in the Visitor Concourse within the Welcome Center.
- Parking will be provided for passenger vehicles, trucks, and buses. Approximately 310 parking spaces will be provided on the northbound site and 240 parking spaces will be provided on the southbound site.
- Granite State Hospitality, LLC dba The Common Man Hooksett will finance the total estimated project costs of \$32.0 million with up to \$8.4 million of the funding coming from the NHLC for the construction of and inspection services for the two state liquor and wine outlet stores.
- Granite State Hospitality, LLC dba The Common Man Hooksett estimates to expend nearly \$38 million over the 35-year term in operation, maintenance, and refurbishment costs.
- Granite State Hospitality, LLC dba The Common Man Hooksett proposes a guaranteed minimum rent of \$23.2 million over the 35-year term and a tiered percentage rent based on gross sales and gallons of fuel sold. The State may receive more than \$38.9 million in rent payments over the 35-year term based on forecasted sales.
- Granite State Hospitality, LLC dba The Common Man Hooksett brings a solid NH team, experience, and approach.
- Granite State Hospitality, LLC dba The Common Man Hooksett proposed schedule (based on June 19, 2013 G&C approval) is as follows:
 - Architectural/Engineering Design & Permit Approvals: June 2013 – January 2014
 - Northbound (NB) Site Construction: October 2013 – April 2015
 - **NB Liquor Store Completion: November 2014**
 - **NB Service Area Completion: April 2015**
 - Southbound (SB) Site Construction: January 2014 – April 2015
 - **SB Liquor Store Completion: March 2015**
 - **SB Service Area Completion: April 2015**

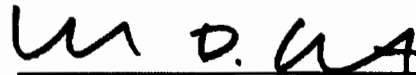
- The state liquor and wine outlet stores will be built on 20,000 square foot pad sites currently owned by the New Hampshire Liquor Commission (NHLC). Upon completion of each state liquor and wine outlet store, the NHLC will purchase each facility and ownership of the structures will be conveyed to the NHLC. During the term of the lease with Granite State Hospitality, title to all other land will remain with the State, while title to the non-liquor store structures will be held by Granite State Hospitality, LLC dba The Common Man Hooksett. At the termination of the 35-year term, title to those structures will automatically revert to the State.

The NHDOT acquired the Hooksett Rest Areas with Turnpike funds pursuant to State Law Chapter 1, Laws of 2010 Special Session, whereas the Commissioner of the New Hampshire Department of Transportation was authorized to acquire land as required for the purposes of constructing, operating, and maintaining turnpike service plazas for motorists at the existing northbound and southbound rest areas in the town of Hooksett with each turnpike service plaza intended to be a full service rest area that include a fueling station, food and beverage service, a convenience store, and a state liquor and wine outlet store.

The contract has been approved by the Attorney General as to form and execution. Funding is available for Fiscal Year 2014 for the construction of the new state liquor and wine outlet stores. Copies of the fully executed contract are on file at the Secretary of State's Office and the New Hampshire Department of Administrative Services, and subsequent to Governor and Council approval will be on file at the New Hampshire Department of Transportation, New Hampshire Liquor Commission (NHLC) and New Hampshire Department of Resources and Economic Development (DRED).

It is respectfully requested that this resolution be approved.

Sincerely,



Christopher D. Clement, Sr.
Commissioner,
Department of Transportation

Attachments: Long Range Planning and Utilization Committee Approval Letter

cc: C. Waszczuk, NHDOT- Turnpikes
J. Mollica - NHLC
J Rose, NHDRED

MAY 30 2013

RECEIVED

LRCP 13-023
Replacement #2



State of New Hampshire

OFFICE OF LEGISLATIVE BUDGET ASSISTANT
State House, Room 108
Concord, New Hampshire 03301

JEFFRY A. PATTISON
Legislative Budget Assistant
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May 29, 2013

Charles R. Schmidt, P.E., Administrator
Department of Transportation
Bureau of Right-of-Way
John O. Morton Building
Concord, New Hampshire 03301

Christopher M. Waszczuk, P.E., Administrator
Department of Transportation
Bureau of Turnpikes
John O. Morton Building
Concord, New Hampshire 03301

Dear Mr. Schmidt and Mr. Waszczuk,

The Long Range Capital Planning and Utilization Committee, pursuant to the provisions of RSA 4:39-c, on May 28, 2013, approved the request of the Department of Transportation, Bureau of Right-of-Way and Bureau of Turnpikes, to enter into a 35-year ground lease contract with two 5-year options at the sole discretion of the State in order to re-develop the northbound and southbound Rest Areas in the Town of Hooksett to full service welcome centers with concession sales, fuel sales, visitor centers, and new liquor stores, for a minimum guaranteed rent of \$23,236,301 over the 35-year term with tiered rent payments based on the sale of gasoline and tiered percentage rent based on gross concession sales to be paid by the Developer/Operator, Granite State Hospitality, LLC dba the Common Man Hooksett (aka The Common Man), subject to the terms of the revenue sharing and conditions of the ground lease and concession agreement as specified in the request dated May 20, 2013.

The contract requires the Developer/Operator to design, build, finance, maintain and operate the service areas with the exception of the new Liquor Stores, which will be financed, owned, and operated by the New Hampshire Liquor Commission.

Sincerely,

Jeffrey A. Pattison
Legislative Budget Assistant

JAP/pc
Attachment