



FIS 17 06254
JDR

STATE OF NEW HAMPSHIRE
DEPARTMENT of RESOURCES and ECONOMIC DEVELOPMENT
DIVISION OF ECONOMIC DEVELOPMENT

172 Pembroke Road Concord, New Hampshire 03301
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March 22, 2017

The Honorable Neal M. Kurk, Chairman
Fiscal Committee of the General Court
and
His Excellency, Governor Christopher T. Sununu
and the Honorable Executive Council
State House
Concord, New Hampshire 03301

Approved by Fiscal Committee Date 4/14/17

REQUESTED ACTION

1. Pursuant to RSA 124:15, authorize the Department of Resources and Economic Development, Division of Economic Development, Office of International Commerce (Department) to establish a consultant class (046) expense for the purpose of contracting with a Consortium Manager effective upon Fiscal Committee and Governor and Executive Council approval through June 30, 2017 and contingent on Governor and Executive Council approval of Action number two. **100% Federal Funds**
2. Authorize the Department to accept and expend grant funds in the amount of \$47,294 awarded by the US Department of Defense through the Office of Economic Adjustment effective upon Governor and Executive Council approval through June 30, 2017. **100% Federal Funds**

Funding to be budgeted as follows:

| OEA Grant | | | |
|---------------------------------|--------------------------------|----------------|------------------------------|
| 03-35-35-350510-52700000 | | | |
| Class | Description | Account | 2017 Requested Budget |
| Revenue | | | |
| 000 | Federal Funds | 403944 | (\$47,294) |
| Expense | | | |
| 040 | Indirect Costs | 500800 | \$ 4,794 |
| 046 | Consultants | 500464 | 10,000 |
| 102 | Contracts for Program Services | 500731 | 32,500 |
| <i>Total:</i> | | | \$47,294 |

EXPLANATION

The US Department of Defense, through its Office of Economic Adjustment (OEA), assists communities impacted by program changes. Founded in 1961, OEA has helped communities in all 50 states and major United States territories develop comprehensive strategies to adjust to defense industry cutbacks, base closures, personnel and logistical realignments, and incompatibilities between military operations and local development. The recently launched grant program provides states with the resources to provide technical assistance for growth and diversification opportunities for manufacturers serving the defense sector.

Aerospace and defense constitutes two of New Hampshire's largest manufacturing sectors, both of which have experienced diminished sales and activity due to the previous recession and impacts from sequestration. One solution to counter the downturn in military contracts available for New Hampshire companies is to provide businesses with the information and resources necessary so that they can expand their market base. This is achieved through the creation of an international aerospace and defense strategy, assistance with commercialization of products and ideas with military applications, and access to key market research and business-to-business networking services for global geographic markets and products. All of these strategies lead to entry and expansion opportunities in the global marketplace, and all of which are addressed in the grant's scope of work.

The New Hampshire Aerospace and Defense Export Consortium (NHADEC) was established in 2013 by the Office of International Commerce (OIC). In partnership with OIC, NHADEC focuses on fostering the most opportune foreign markets for its members through collaborative efforts and global brand messaging and awareness. In less than four years, the consortium developed programs, technical assistance and expertise to support and expand export activities of its members. The programs have included regular training sessions on export compliance, domestic and international trade shows, presentations by global market experts and business-to-business matchmaking. The focus of OIC's and NHADEC's efforts is on export capacity building for NH businesses-increasing sales by diversifying and building new markets. The grant will assist OIC and NHADEC in meeting this goal.

Each activity in the grant will provide NH aerospace and defense businesses with vital tools and resources that will assist them to diversify their products, elevate their position in the international market, and ultimately, be less dependent on fluctuations in US defense spending levels. As a result, these businesses will become more sustainable and will contribute to the growth of NH's overall economy. The OEA grant funds will also provide funding to hire a Consortium Manager consultant who will be tasked with growing the consortium, transitioning the organization to a sustainable non-profit organization, and growing the capacity of its membership.

The total grant amount awarded to OIC is \$334,464. At this time, OIC is only requesting to accept and expend \$47,294 which is the portion of the grant award expected to be expended by the end of Fiscal Year 2017. A request to accept and expend the balance of \$287,177 for Fiscal Year 2018 will be submitted to Fiscal Committee and the Governor and Executive Council for approval at a later date.

The following appropriations are being requested for Fiscal Year 2017:

| Class | Description | Amount | Purpose |
|--------------|----------------------------|---------------|--------------------------------------------------------------------------------------------------------|
| 040 | Indirect Costs | \$4,794 | Amount budgeted by OEA to cover FY17 portion of indirect cost rate (11.28%) |
| 046 | Consultants | \$10,000 | Amount needed to cover FY17 portion of a consultant contract for consortium organization and expansion |
| 102 | Contracts for Program Svcs | \$32,500 | Amount needed to cover FY17 portion of contractual and other services as specified in the grant award |

The following information is provided in accordance with the Comptroller's instructional memorandum dated September 21, 1981.

- List the personnel involved:** Class 046 – a contract with a consultant to provide consortium organization and expansion.
- Nature, need, and duration:** The consultant contract will be in effect for a period effective upon Governor and Executive Council approval through April 30, 2018, pending approval to expend the grant funds through Fiscal Year 2018.

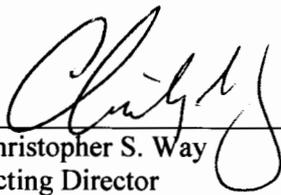
3. **Relationship to existing agency programs:** This grant funding is to be utilized specifically to contract with a Consortium Manager consultant.
4. **Has a similar program been requested of the legislature and denied?** No similar program has been requested or denied.
5. **Why wasn't funding included in the agency's budget request?** This project was not included in the Department's budget request because the funds were not available at the time the budget was crafted, nor were the funds expected to be available with any degree of certainty.
6. **Can portions of the grant funds be utilized?** No portion of these grant funds can be used for any other purpose.
7. **Estimate the funds required to continue this position:** It is estimated that it will cost \$58,500 for the contractual services to complete the project.

In the event that Federal Funds are no longer available, General Funds will not be requested to continue the support of this program.

Respectfully submitted,

Concurred,





Christopher S. Way
Acting Director



Jeffrey J. Rose
Commissioner

State of New Hampshire
Department of Resources and Economic Development

FISCAL SITUATION

**OEA Grant
03-35-35-350510-52700000**

| | |
|--------------------------------------------|------------------|
| Total Grant Award | \$334,464 |
| Appropriation Request for Fiscal Year 2017 | <u>\$ 47,294</u> |
| Amount Reserved for Fiscal Year 2018 | \$287,170 |

Office of Economic Adjustment

Department of Defense

Notice Of Award

1.FEDERAL AWARDING AGENCY

U.S. DEPARTMENT OF DEFENSE
OFFICE OF ECONOMIC ADJUSTMENT
2231 CRYSTAL DRIVE, SUITE 520
ARLINGTON, VA 22202

2.INSTRUMENT TYPE:

Grant Agreement

3.AWARD TYPE

Non-Construction

4.TYPE OF ACTION:

New Award

5.FEDERAL AWARD DATE:

2017-03-03

6.AWARDED TO:

State of New Hampshire
172 Pembroke Road
Concord NH
03302-1856

7.PRINCIPAL INVESTIGATOR

Nathaniel Nelson
International Trade Officer
172 Pembroke Road Concord
Nathaniel.Nelson@dred.nh.gov

8.UNIQUE ENTITY IDENTIFIER:

787504158

9.OEA AWARD NUMBER:

ST1521-17-02

10.FEDERAL AWARD IDENTIFICATION NUMBER:

HQ00051710013

11.PROGRAM TYPE:

Defense Industry Adjustment

12.AMENDMENT NUMBER:**13.REGULATORY AUTHORITY:**

2 CFR 200

14.PERIOD OF PERFORMANCE:

03/01/2017 - 04/30/2018

15.STATUTORY AUTHORITY:

10. U.S. Code § 2391

16.CFDA NUMBER AND TITLE:

12.617 Economic Adjustment Assistance for State Governments

17.TITLE AND DESCRIPTION:

18.BUDGET SUMMARY

| | FY 2017 | FY 2018 | FY 2019 |
|----------------------------|--------------|-------------|--------------|
| PREVIOUSLY OBLIGATED | \$0.00 | \$0.00 | \$0.00 |
| OBLIGATED BY THIS ACTION | \$334,464.00 | \$34,528.00 | \$368,992.00 |
| INDIRECT COST RATE IS: 11% | \$33,873.00 | \$0.00 | \$33,873.00 |
| TOTAL OBLIGATED ON AWARD | \$334,464.00 | \$34,528.00 | \$368,992.00 |
| GRANT TOTAL | \$334,464.00 | \$34,528.00 | \$368,992.00 |

19.FEDERAL AGENCY POINTS-OF-CONTACT

Michael Wilson
michael.a.wilson179.civ@mail.mil
703-697-2146

Margit Myers
margit.a.myers.civ@mail.mil
(703) 697-2119

20.TERMS AND CONDITIONS

The following terms and conditions are incorporated herein by reference with the same force and effect as if they were given in full text. Upon request the Federal awarding agency will make the full text available, or they can be found as described below.

The following documents may be found at:
<http://www.oea.gov/grants/grant-terms-and-conditions>.

National Policy Requirements
General OEA Terms and Conditions
Program-Specific Terms and Conditions

Special Conditions

Reimbursement for an indirect cost rate of 11% is allowable to June 30, 2017. No reimbursements for indirect costs will be allowed past this date until a new negotiated rate has been submitted.

The grant period is from March 1, 2017, through April 30, 2018. Eligible costs incurred between March 1, 2017, and the date of this agreement are allowable and reimbursable.

21.AWARD PERFORMANCE GOALS



| | | |
|--------------------------|-------------|------------|
| Performance Report | Semi-Annual | 2017-09-30 |
| Performance Report | Semi-Annual | 2018-07-31 |
| Federal Financial Report | Semi-Annual | 2018-07-31 |
| Final Performance Report | Semi-Annual | 2018-07-31 |

22.AFFIRMATION OF AWARD

By signing this agreement, the Authorized Representative assures that the recipient will carry out the project/program described in its application and will comply with the terms and conditions and other requirements of this award.

FOR THE RECIPIENT

FOR THE UNITED STATES OF AMERICA

Name *Tina Kasim* Date Signed
Title *Program Manager* *2017-03-10*

Patrick O'Brien
Award Official

Date Signed
2017-03-03