



State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
25 Capitol Street - Room 120
Concord, New Hampshire 03301
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MLC

Charles M. Arlinghaus
Commissioner
(603) 271-3201

Joseph B. Bouchard
Assistant Commissioner
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Catherine A. Keane
Deputy Commissioner
(603) 271-2059

August 5, 2019

The Honorable Mary Jane Wallner, Chairman
Fiscal Committee of the General Court
State House
Concord, New Hampshire 03301

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

REQUESTED ACTION

Pursuant to the provisions of Chapter 145, sub-paragraph I, (a), Laws of 2019, the Department of Administrative Services (DAS) requests authorization to exceed the 3/12 limitation of said resolution for the accounts listed below in the total amount of \$529,700 to the extent shown as projected deficits, for the period of Fiscal Committee and Governor and Council approval through September 30, 2019. **Funding Source: 100% Transfer Other Agencies**

01-14-14-141510-20300000, Department of Administrative Services, DES/HHS Bldg 27-29 Hazen Dr

Acct Unit	Class	Account	Class Description	Current FY20 Budget	Requested Action	Revised FY20 Budget
20300000	001	MISC	TRANSFERS FROM OTHER AGENCY	\$ (1,438,466)	\$ (485,300)	\$ (1,923,766)
20300000	010	500100	PERSONAL SERVICES PERM CLAS	\$ 106,164	\$ -	\$ 106,164
20300000	018	500106	OVERTIME	\$ 5,632	\$ -	\$ 5,632
20300000	020	500200	CURRENT EXPENSES	\$ 40,051	\$ -	\$ 40,051
20300000	023	500291	HEAT ELECTRICITY WATER	\$ 550,026	\$ 485,300	\$ 1,035,326
20300000	030	500300	EQUIPMENT NEW REPLACEMENT	\$ 18,418	\$ -	\$ 18,418
20300000	037	500173	TECHNOLOGY-HARDWARE	\$ 625	\$ -	\$ 625
20300000	039	500191	TELECOMMUNICATIONS	\$ 1,941	\$ -	\$ 1,941
20300000	047	500240	OWN FORCES MAINT BUILD-GRN	\$ 4,209	\$ -	\$ 4,209

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20300000	048	500226	CONTRACTUAL MAINT BUILD-GRN	\$ 342,289	\$ -	\$ 342,289
20300000	060	500602	BENEFITS	\$ 70,235	\$ -	\$ 70,235
20300000	070	500704	IN STATE TRAVEL REIMBURSEME	\$ 39	\$ -	\$ 39
20300000	103	500741	CONTRACTS FOR OP SERVICES	\$ 54,116	\$ -	\$ 54,116
20300000	200	509200	BUILDING USE ALLOWANCE	\$ 244,722	\$ -	\$ 244,722
				\$ 1,438,466	\$ 485,300	\$ 1,923,766

01-14-14-141510-29510000, Department of Administrative Services, Dept of Safety/DMV Facility

Acct Unit	Class	Account	Class Description	Current FY20 Budget	Requested Action	Revised FY20 Budget
29510000	001	482823	TRANSFERS FROM OTHER AGENCY	\$ (526,335)	\$ (26,700)	\$ (553,035)
29510000	010	500100	PERSONAL SERVICES PERM CLAS	\$ 102,825	\$ -	\$ 102,825
29510000	018	500106	OVERTIME	\$ 7,198	\$ -	\$ 7,198
29510000	020	500200	CURRENT EXPENSES	\$ 14,490	\$ -	\$ 14,490
29510000	022	500257	RENTS-LEASES OTHER THAN STA	\$ 27	\$ -	\$ 27
29510000	023	500291	HEAT ELECTRICITY WATER	\$ 143,643	\$ 26,700	\$ 170,343
29510000	024	500225	MAINT OTHER THAN BUILD-GRN	\$ 188	\$ -	\$ 188
29510000	030	500300	EQUIPMENT NEW REPLACEMENT	\$ 42,664	\$ -	\$ 42,664
29510000	039	500191	TELECOMMUNICATIONS	\$ 877	\$ -	\$ 877
29510000	047	500240	OWN FORCES MAINT BUILD-GRN	\$ 643	\$ -	\$ 643
29510000	048	500226	CONTRACTUAL MAINT BUILD-GRN	\$ 87,026	\$ -	\$ 87,026
29510000	050	500109	PERSONAL SERVICE TEMP APPOI	\$ 25,103	\$ -	\$ 25,103
29510000	060	500602	BENEFITS	\$ 86,447	\$ -	\$ 86,447
29510000	070	500704	IN STATE TRAVEL REIMBURSEME	\$ 133	\$ -	\$ 133
29510000	103	500741	CONTRACTS FOR OP SERVICES	\$ 15,071	\$ -	\$ 15,071
				\$ 526,335	\$ 26,700	\$ 553,035

01-14-14-141510-29520000, Department of Administrative Services, DOT Buildings

Acct Unit	Class	Account	Class Description	Current FY20 Budget	Requested Action	Revised FY20 Budget
29520000	001	482896	TRANSFERS FROM OTHER AGENCY	\$ (505,341)	\$ (17,700)	\$ (523,041)
29520000	010	500100	PERSONAL SERVICES PERM CLAS	\$ 82,324	\$ -	\$ 82,324
29520000	018	500106	OVERTIME	\$ 3,193	\$ -	\$ 3,193
29520000	020	500200	CURRENT EXPENSES	\$ 20,264	\$ -	\$ 20,264

29520000	022	500257	RENTS-LEASES OTHER THAN STA	\$ 50	\$ -	\$ 50
29520000	023	500291	HEAT ELECTRICITY WATER	\$ 164,694	\$ 17,700	\$ 182,394
29520000	030	500300	EQUIPMENT NEW REPLACEMENT	\$ 11,117	\$ -	\$ 11,117
29520000	039	500191	TELECOMMUNICATIONS	\$ 1,219	\$ -	\$ 1,219
29520000	047	500240	OWN FORCES MAINT BUILD-GRN	\$ 1,228	\$ -	\$ 1,228
29520000	048	500226	CONTRACTUAL MAINT BUILD-GRN	\$ 123,711	\$ -	\$ 123,711
29520000	050	500109	PERSONAL SERVICE TEMP APPOI	\$ 26,686	\$ -	\$ 26,686
29520000	060	500602	BENEFITS	\$ 61,966	\$ -	\$ 61,966
29520000	070	500704	IN STATE TRAVEL REIMBURSEME	\$ 41	\$ -	\$ 41
29520000	103	500741	CONTRACTS FOR OP SERVICES	\$ 8,847	\$ -	\$ 8,847
				\$ 505,341	\$ 17,700	\$ 523,041

EXPLANATION

On February 11, 2015 (Item #55) Governor and Executive Council approved an agreement for repayment to Banc of America Public Capital Corp for construction financing of a contract with Consolidated Edison Solutions, Inc. to install energy and fossil fuel energy conservation measures at four state owned buildings located on Hazen Drive in Concord. The FY20 payment of \$949,508 is due on September 21, 2018. The Continuing Resolution does not provide sufficient funds to make this payment.

Listed below are answers to standard questions required of all Fiscal Committee item requests, related to RSA 9:16-a, "Transfers authorized", RSA 14:30-a, VI "Expenditure of funds over \$100,000 from any Non State Source", or RSA 124:15, "Positions Authorized", or both, and all emergency requests pursuant to " Chapter 145, subparagraph I, (a), Laws of 2019, making temporary appropriations for the expenses and encumbrances of the State of New Hampshire":

1. Is the action required of this request a result of the Continuing Resolution for FY 2020?

This request is a result of the continuing resolution.

2. If this request is **retroactive** what is the significance and importance of the action being effective from an earlier date?

The request is not retroactive.

3. Is this a previously funded and ongoing program established through Fiscal Committee and Governor and Executive Council action? (If so, include as an attachment the original documents as approved and cite the specific dates of authorization and end dates for each action as part of your answer to this question.)

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Yes, this was previously funded and is an ongoing contract that was approved by Governor and Council on February 11, 2016 (item #55) for yearly payments to the Banc of America Public Capital Corp starting in FY2017 and ending in FY 2033.

4. Was funding for this program included in the FY 2018-2019 enacted Budget or requested and denied?

Yes, funding for this was included in the FY2018 – 2019 Budget.

5. Is this program in total or in part, included in the vetoed FY 2020-2021 Operating Budget proposal currently pending for your department, or was it requested and denied?

Yes, funding for this is included in the FY 2020-2021 Operating Budget proposal.

6. Does this program include, either positions or consultants, and if so are the positions filled, vacant, or have offers pending? (Please provide details for each position and note whether consultant contracts have been awarded.)

No, this does not include positions or consultants.

7. What would be the effect should this program be discontinued or not initiated as a result of this request being denied?

This payment represents the annual lease payment for a financing agreement entered into in February 2015 to fund energy conservation upgrades at 4 state-owned buildings, all of which have been completed. Failure to make payment on any lease financing agreement to the Lessor by the payment due date could result in multiple detrimental consequences including, assessment of late fees, jeopardizing competitive rates received in current and future bids to the State for similar financings, resulting in higher financing costs going forward, and generally increased negative scrutiny with respect to the State's ability and willingness to honor its debt obligations.

Your approval of this item is respectfully requested.

Respectfully submitted,



Charles M. Arlinghaus
Commissioner



State of New Hampshire

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DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF THE COMMISSIONER
25 Capitol Street - Room 120
Concord, New Hampshire 03301

LINDA M. HODGDON
Commissioner
(603) 271-3201

JOSEPH B. BOUCHARD
Assistant Commissioner
(603) 271-3204

January 30, 2015

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

Requested Action

- (1) Authorize the Office of the State Treasurer, acting on behalf of the Department of Administrative Services and pursuant to RSA 6:35 and RSA 21-1:19 a-e, to enter into an Equipment Lease/Purchase Agreement dated as of February 11, 2015 with Banc of America Public Capital Corp in an amount not to exceed \$12,691,282.00 and to enter into an Escrow and Account Control Agreement dated as of February 11, 2015 by and among the State, Banc of America Public Capital Corp and Bank of America, National Association, as escrow agent, with such authorization effective upon Governor and Executive Council approval.
- (2) Authorize the Department of Administrative Services to encumber funds for repayment to Banc of America Public Capital Corp for the payment of construction financing of a contract with Consolidated Edison Solutions, Inc. to install energy and fossil fuel energy conservation measures at four state owned buildings located on Hazen Drive in Concord as follows:

	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	FY 23
010-014-141510-2030-023-500291	\$762,656.04	\$762,656.04	\$762,656.04	\$762,656.04	\$762,656.04	\$762,656.04	\$762,656.04
010-014-151510-2951-023-500291	\$92,668.35	\$92,668.35	\$92,668.35	\$92,668.35	\$92,668.35	\$92,668.35	\$92,668.35
010-014-141510-2952-023-500291	\$94,183.61	\$94,183.61	\$94,183.61	\$94,183.61	\$94,183.61	\$94,183.61	\$94,183.61
	<u>\$949,508.00</u>	<u>\$949,508.00</u>	<u>\$949,508.00</u>	<u>\$949,508.00</u>	<u>\$949,508.00</u>	<u>\$949,508.00</u>	<u>\$949,508.00</u>
	FY 24	FY 25	FY 26	FY 27	FY 28	FY 29	FY 30
010-014-141510-2030-023-500291	\$762,656.04	\$762,656.04	\$762,656.04	\$762,656.04	\$762,656.04	\$762,656.04	\$762,656.04
010-014-151510-2951-023-500291	\$92,668.35	\$92,668.35	\$92,668.35	\$92,668.35	\$92,668.35	\$92,668.35	\$92,668.35
010-014-141510-2952-023-500291	\$94,183.61	\$94,183.61	\$94,183.61	\$94,183.61	\$94,183.61	\$94,183.61	\$94,183.61
	<u>\$949,508.00</u>	<u>\$949,508.00</u>	<u>\$949,508.00</u>	<u>\$949,508.00</u>	<u>\$949,508.00</u>	<u>\$949,508.00</u>	<u>\$949,508.00</u>
	FY 31	FY 32	FY 33				
010-014-141510-2030-023-500291	\$762,656.04	\$762,656.04	\$722,046.74				
010-014-151510-2951-023-500291	\$92,668.35	\$92,668.35	\$87,734.02				
010-014-141510-2952-023-500291	\$94,183.61	\$94,183.61	\$89,168.60				
	<u>\$949,508.00</u>	<u>\$949,508.00</u>	<u>\$898,949.36</u>				

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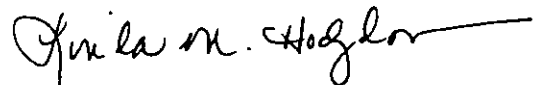
Explanation

Under the authority of New Hampshire Revised Statutes Annotated (NH RSA) 21-I:19 a-e, state agencies may enter into an energy performance contract agreement for the purpose of implementing energy and fossil fuel conservation measures in state-owned facilities. Pursuant to RSA 21-I:19-d, the cost of the energy and fossil fuel energy conservation measures may be financed through a lease agreement, the term of which is not to exceed 20 years.

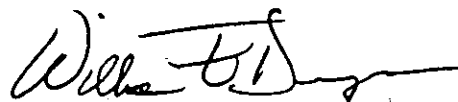
State officials, with the assistance of Locke Lord Edwards, successor by merger to Edwards Wildman Palmer LLP (the State's bond counsel), and Public Resources Advisory Group (the State's financial advisor), prepared and released a Request for Proposal to Provide Tax-Exempt Financing Pursuant to an Energy Performance and Efficiency Project (the "RFP"). Responses were evaluated on the basis of cost, experience with energy efficiency improvement financing, background and financial strength of the firm, and proposed terms of lease and escrow agreements. Treasury staff, in collaboration with the State's financial advisor and bond counsel, determined which bidder offered the most attractive financing terms to the State. The State received four responses. After reviewing all bids/responses, the State selected Banc of America Public Capital Corp as the Lessor for the Hazen Project.

Approval of the Equipment Lease/Purchase Agreement (the "Lease Agreement") and the Escrow and Account Control Agreement does not entail a financial obligation or pledge of the State. The contractual requirement of the State to make lease payments under the Lease Agreement shall constitute a current expense of the State subject to legislative appropriation and, as contemplated in RSA 21-I: 19, a-e, shall be payable from the energy savings realized annually from the project. The interest component of the rental payments under the Lease Agreement will be tax exempt to the lessor.

Respectfully submitted,



Linda M. Hodgdon
Commissioner



William F. Dwyer
State Treasurer

Attachments

**EXHIBIT B
PAYMENT SCHEDULE**

<u>Rental Payment Date</u>	<u>Rental Payment Amount</u>	<u>Interest Portion</u>	<u>Principal Portion</u>	<u>Outstanding Balance</u>	<u>Termination Value (including prepayment premium, if applicable)</u>
2/13/2015				12,691,282.00	
9/21/2016	949,508.00	528,873.57	420,634.43	12,270,647.57	12,516,060.52
9/21/2017	949,508.00	318,484.66	631,023.34	11,639,624.23	11,872,416.71
9/21/2018	949,508.00	302,106.45	647,401.55	10,992,222.68	11,212,067.13
9/21/2019	949,508.00	285,303.14	664,204.86	10,328,017.82	10,534,578.17
9/21/2020	949,508.00	268,063.70	681,444.30	9,646,573.52	9,839,504.99
9/21/2021	949,508.00	250,376.82	699,131.18	8,947,442.33	9,126,391.18
9/21/2022	949,508.00	232,230.87	717,277.13	8,230,165.20	8,394,768.50
9/21/2023	949,508.00	213,613.94	735,894.06	7,494,271.14	7,644,156.56
9/21/2024	949,508.00	194,513.81	754,994.19	6,739,276.94	6,874,062.48
9/21/2025	949,508.00	174,917.93	774,590.07	5,964,686.88	6,083,980.61
9/21/2026	949,508.00	154,813.45	794,694.55	5,169,992.33	5,273,392.17
9/21/2027	949,508.00	134,187.15	815,320.85	4,354,671.48	4,441,764.91
9/21/2028	949,508.00	113,025.50	836,482.50	3,518,188.97	3,588,552.75
9/21/2029	949,508.00	91,314.59	858,193.41	2,659,995.57	2,713,195.48
9/21/2030	949,508.00	69,040.18	880,467.82	1,779,527.75	1,815,118.31
9/21/2031	949,508.00	46,187.64	903,320.36	876,207.40	893,731.54
9/21/2032	898,949.36	22,741.96	876,207.40	(0.00)	(0.00)
	<u>16,091,077.36</u>	<u>3,399,795.36</u>	<u>12,691,282.00</u>		