JOINT LEGISLATIVE FISCAL COMMITTEE
One Granite Place, Room 230
Concord, NH
Friday, January 23, 2026

MEMBERS PRESENT:

Representative Kenneth Weyler, Chair
Representative Gerald Griffin
Representative Maureen Mooney
Representative Mary Jane Wallner
Representative Peter Leishman
Representative Karen Ebel (Alt.)
Senator James Gray
Senate President Sharon Carson
Senator Howard Pearl (Alt.)
Senator Cindy Rosenwald
Senator David Watters

(1) Acceptance of Minutes of December 19, 2025 meeting.

KENNETH WEYLER, State Representative, Rockingham County, District #14 and Chairman: We'll call the Fiscal Committee meeting to order on February 23rd -- January 23rd, 1920 -- 20 -- let's try it all over again. Calling the Fiscal Committee meeting to order on January 23rd, 2026. And recognize that Senator Pearl is sitting in for Senator Birdsell, and Senator Carson is expected momentarily. Um --

JAMES GRAY, State Senator, Senate District #06: And if she doesn't make it -- and if she doesn't make it, I'm sure she's one extremely important Senate business.

CHAIRMAN WEYLER: I know she is.

SEN. GRAY: I would request that she be excused if she doesn't arrive.

CHAIRMAN WEYLER: So item number one is the acceptance of the minutes of December 19, 2025.

** SEN. GRAY: So moved.

CHAIRMAN WEYLER: Motion by Senator Gray. Is there a second?

CINDY ROSENWALD, State Senator, Senate District #13: Second.

CHAIRMAN WEYLER: Second by.

SEN. GRAY: Senator Rosenwald.

CHAIRMAN WEYLER: Senator Rosenwald. Further discussion? Any additions or corrections? Seeing none. All in favor say aye? Opposed no?

HOWARD PEARL, State Senator, Senate District #17: I'll abstain.

CHAIRMAN WEYLER: And one abstention.

(2) Old Business:

CHAIRMAN WEYLER: All right. Old Business. There is none. All right. And here's Senator Carson, hasn't missed much.

(Senator Carson enters the Committee Room.)

CONSENT CALENDAR

(3) **RSA 9:16-a, Transfers Authorized**:

(4) **RSA 9:17-d, Transfer of Appropriations, Judicial Branch**:

(5) **RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over $100,000 from Any Non-State Source**:

(6) **RSA 14:30-a, VI Fiscal Committee Approval Required for Acceptance and Expenditure of Funds Over $100,000 from Any Non-State Source**:

CHAIRMAN WEYLER: Okay. So there is a Consent Calendar that covers Tabs 3 through 6, and these following items have already been withdrawn under Tab 5, 26-007, withdrawn by the Senate. Item -- FIS 26-008 has been asked to be withdrawn by the Department.

Under Tab 6, FIS 26-003 has been withdrawn by the Senate, and 26-004 has been withdrawn by the Senate. For the items that were not withdrawn, I'll entertain a motion to adopt the other items on the Consent Calendar.

** SEN. GRAY: So moved.

CHAIRMAN WEYLER: Motion by Senator Gray.

SEN. ROSENWALD: I'm sorry, what was the last item? It sounded like 004.

CHAIRMAN WEYLER: 005.

SEN. ROSENWALD: Five.

CHAIRMAN WEYLER: Was withdrawn by the Senate and also 003.

SEN. GRAY: Under Tab 5.

CHAIRMAN WEYLER: Yeah. That was -- they were under tab --

SEN. ROSENWALD: Withdrawn or removed?

CHAIRMAN WEYLER: Under Tab 6. You want to know what was withdrawn under Tab 5 was 007 and 008.

SEN. GRAY: All of Tab 6 is -- is withdrawn.

SEN. ROSENWALD: Withdrawn or removed?

SEN. GRAY: Excuse me, removed.

SEN. ROSENWALD: Thank you.

CHAIRMAN WEYLER: Yeah, that's true. Nothing on Tab 6. Okay. So we have a motion and a second to adopt the rest of the Consent Calendar. Any further discussion? Seeing none, you ready for the question? All in favor say aye? Opposed no? The rest of it is adopted. And --

GERALD GRIFFIN, State Representative, Hillsborough County, District #42: Who did the motion?

CHAIRMAN WEYLER: Motion by Senator Gray. Second by -- Senator Rosenwald, did you second?

SEN. GRAY: Say yes. You seconded.

CHAIRMAN WEYLER: To adopt the rest of the

Consent Calender.

SEN. ROSENWALD: Yes, absolutely.

REP. GRIFFIN: Thank you.

CHAIRMAN WEYLER: Thank you.

*** **{MOTION ADOPTED}**

CHAIRMAN WEYLER: All right. So we'll move on to Tab 5, and we'll take a look at item 26-004, and that deals with the New Hampshire Fish and Game.

MICHAEL KANE, Legislative Budget Assistant, Office of Legislative Budget Assistant: Excuse me, Mr. Chair. You can go right to 26-007. 004 has been adopted, so.

CHAIRMAN WEYLER: Oh, what am I doing? All right. Let's -- let's go to 26-007. Thank you. And that's with the Department of Safety. Thank you for coming. Let you introduce yourselves.

AMY NEWBURY, Director of Administration, Department of Safety: Good afternoon. I'm Amy Newbury. I'm the Director of Administration at the Department of Safety.

CHAIRMAN WEYLER: Welcome.

BRENDAN DAVEY, State Trooper, Department of Safety: Good afternoon. My name is Brendan Davey. I'm the Major in charge of the Operations Bureau with the New Hampshire

State Police.

CHAIRMAN WEYLER: Thank you. And was it Senator Rosenwald had a question?

SEN. ROSENWALD: I did. I have a couple of questions. Um -- does any of this funding that you're asking for contemplate enforcement of federal civil immigration law? And I ask because I know ICE had been in at least Portsmouth this week and maybe some other places in New Hampshire. So, that -- does any of it contemplate enforcement of federal civil immigration law, and will any of the equipment be shared or loaned or jointly operated with federal agencies?

MS. NEWBURY: Thank you for your question. So this funding comes directly from Homeland Security and FEMA. When they release the funding, they set the parameters. So the national parameters for Fiscal Year 25 includes enhancing the protection of soft targets in crowded places, supporting Homeland Security task forces, enhancing the -- um -- cyber security, enhancing election security. And the one I think you wanted to know most of it was border crisis response and enforcement support. They dictate how much of that funding is used for those activities. And then the remainder is -- um -- the 20% remainder is used by -- um -- State Agencies.

CHAIRMAN WEYLER: Further question.

SEN. ROSENWALD: Yes. Thank you. So is this the portion that is only used by State Agencies?

MS. NEWBURY: Yes.

SEN. ROSENWALD: Okay. Can I ask a separate question?

CHAIRMAN WEYLER: Certainly.

SEN. ROSENWALD: Thank you very much. Um -- there are concerns that there would be an accumulation of data from the UAS Project that you're running -- um -- that could accumulate data on individual users into an ongoing state-wide database of individuals' properties and activities. So my question is what privacy regulations exist in either rule or statute that are protections of individual privacy?

TROOPER DAVEY: Madam Senator, I will -- uh -- answer that by saying that I -- I can't answer it in -- uh -- in great detail. Uh -- this is an area of evolving law, and our state has pretty robust protections on personal privacy. Uh -- UAS is a matter under a great deal of scrutiny and current and ongoing legislative efforts. So -- um -- I -- I don't have an answer with particularized.

SEN. ROSENWALD: Could you get us one?

TROOPER DAVEY: I could certainly work on that. Yes, ma'am.

SEN. ROSENWALD: Thank you.

TROOPER DAVEY: Yes, ma'am.

SEN. ROSENWALD: Thank you, Mr. Chairman.

CHAIRMAN WEYLER: Representative Wallner for a question.

MARY JANE WALLNER, State Representative, Merrimack County, District #19: Thank you. Thank you for being here. So, I am looking at the budget pages, and it looks like that during the budget sessions and what passed in last spring for the budget for this year, it was -- uh -- you had $726,000, and now we're receiving almost double what you had anticipated, and I wondered how that came about. Did we apply for these funds? Did -- was this something that the federal government just decided to give us or how did we -- how did we go from 726,000 to 1.9 million?

MS. NEWBURY: That's a great question. So the -- this was an award. It was an application process during the budget process. During the budget hearings and process, we didn't have the information on this grant. So it was an -- it was application afterwards.

REP. WALLNER: So during the budget sessions -- um -- that you had with, I guess, Division II?

MS. NEWBURY: Hm-hum.

REP. WALLNER: Did you point out to them that -- that you were going to be applying for more than you had allocated in the budget?

MS. NEWBURY: We did address in Division II all of the grant programs. This was one of them. And so typically -- um -- we only can bring to Division II and talk about the -- um -- the -- the funding that we have, and we can talk about what we're going to apply for. But there's never a guarantee of what we're going to receive. And in this particular grant, the Homeland Security and FEMA ensure that every state -- they go through a process and make sure that every state gets a minimum allotment. So it's really hard to say how much we, the State of New Hampshire, will receive.

REP. WALLNER: Thank you.

CHAIRMAN WEYLER: All right. We have questions from Representative Leishman and Senator Carson. Senator Leishman. Oh, Representative Leishman, go ahead.

PETER LEISHMAN, State Representative, Hillsborough County, District #33: Thank you, Mr. Chairman. So, on Page 2, I noticed you had 60 riot helmets and 60 gas masks. It's caught my eye. Are we anticipating riots or why the need of so many gas masks and riot gear?

TROOPER DAVEY: Yes, sir. Fair question. Um --

in consulting with our regional, as well as national peers in law enforcement -- uh -- what we found was that we in New Hampshire were under equipped for special events response teams capabilities. We have 35 -- uh -- or had until this year 35 of our members operational and fully trained in those disciplines and properly equipped in those disciplines.

At the same time that that's true -- um -- we recognized that there may be a need for multiple, simultaneous events and therefore responses. And, along with that, that set of 35 or the 35 sets of gear are very quickly approaching their expiration -- uh -- for NIJ ballistic protections and other -- uh -- other capabilities. And so to -- to establish uniformity and best protection for our people -- uh -- and having increased our complement to 60 -- um -- that's the -- the reason for the request.

REP. LEISHMAN: Thank you. Thank you, Mr. Chairman.

CHAIRMAN WEYLER: President Carson for a question.

SHARON CARSON, State Senator and Senate President, Senate District #14: Thank you, Mr. Chairman. It's not really a question. Um -- the Department of Safety when questioned about drones, it's very interesting for me because

of chairing Senate Judiciary for a number of years, and we always get questions about drones. And -- and I would like the public to know that the Department of Safety is not avoiding the question -- um -- by not answering it. It -- people need to understand that we do not control the air space above us. That is the purview of the federal government. So no matter what kind of law we pass, the federal government supersedes whatever we do. We try very hard to protect individuals' privacies -- um -- where drones are concerned; but there's just some places that we cannot step into and this is one of those spaces.

Um -- I agree with the Department. It is evolving -- evolving law. As with any piece of advanced technology, the technology goes out ahead of us first, and then we have to catchup to it. And I think we're in the catching up phase.

So my point is really just assuring the public that the Department of Safety is not evading the question. I believe -- uh -- the Department answered the question truthfully. Um -- it is a little complicated and it's complicated because of the federal government. So, thank you.

TROOPER DAVEY: Thank you, ma'am. And I -- I confess, I'm far from our subject matter expert on this. I

know exactly who that is and I will be reaching out to him forthwith.

SENATE PRESIDENT CARSON: Okay. Thank you.

TROOPER DAVEY: Thank you.

CHAIRMAN WEYLER: Any further questions on the item from Committee Members? I'll entertain a motion to adopt FIS 26-007.

** SEN. GRAY: So moved.

SENATE PRESIDENT CARSON: Second.

CHAIRMAN WEYLER: Motion by Senator Gray, second by Senator Carson to adopt 26-007. Further discussion? Seeing none. All in favor say aye? Opposed no? How many? Your nos wish to be recorded? Two.

(Representative Leishman and Representative Wallner voted no.)

CHAIRMAN WEYLER: All right. Eight to two. The item is adopted.

*** **{MOTION ADOPTED}**

MS. NEWBURY: Thank you.

CHAIRMAN WEYLER: Moving on to -- um --

SEN. GRAY: Tab 6.

CHAIRMAN WEYLER: Tab 6. We got two items there we're going to discuss. We'll start with 26-003 from the Department of Environmental Services. Thank you both.

ADAM CREPEAU, Assistant Commissioner, Department of Environmental Services: Good afternoon, Members of the Committee. I'm Adam Crepeau. I'm the Assistant Commissioner of the Department of Environmental Services, and I have Sue Carlson here who's our Chief Operating Officer at the Department.

CHAIRMAN WEYLER: Thank you. Senate withdrew this. Any Senate Member wish to ask the first question? Senator Lang.

SEN. PEARL: Senator Pearl.

CHAIRMAN WEYLER: Senator Pearl.

SEN. PEARL: Thank you. So my question was going to be on using these funds for a different project; but I did have an opportunity to speak -- speak with Commissioner Scott last night, and I understand the constraints that the ARPA funds are under. So I believe my question has been answered. Thank you.

MR. CREPEAU: Thank you.

CHAIRMAN WEYLER: Okay.

** SEN. GRAY: Move to approve.

SENATE PRESIDENT CARSON: Second.

CHAIRMAN WEYLER: Motion to approve item 26-003 by Senator Gray, second by Senator Carson. Is there any further discussion on the item? Seeing none, are you ready for the question? All in favor say aye? Opposed no? The item is adopted.

*** **{MOTION ADOPTED}**

CHAIRMAN WEYLER: Moving on to item 26-005. This is the Department of Health and Human Services. Good morning.

LORI WEAVER, Commissioner, Department of Health and Human Services: Good morning. Lori Weaver, Commissioner of Health and Human Services, and my colleague.

CHARLIE ARLINGHAUS, Commissioner, Department of Administrative Services: Charlie Arlinghaus, the Commissioner of DAS.

CHAIRMAN WEYLER: Thank you for coming. Um -- does a Senate Member wish to ask the first question? Senator Rosenwald.

SEN. ROSENWALD: Thank you, Mr. Chairman. Thanks for coming. Um -- I think -- um -- I'm probably not the

only person in the room who's surprised by how expensive this project is for twelve children. Um -- and it's coming in bits and pieces. So, I wonder if you could just tell us a little bit more about why you're coming in time and time again, rather than all at once to ask for the other 20 million that we ended up appropriating? Almost 20 million.

COMMISSIONER WEAVER: Sure. So the reason I've asked Charlie up here is to explain the bid strategy when we went out to RFP, and the amount of money that we had, and where we are today to explain why we keep coming back. And, hopefully, this is the last time you see {Inaudible}.

COMMISSIONER ARLINGHAUS: I also hope it's the last time we -- we see her on this -- um -- -- um -- as well.

Now, the -- so the -- so the project it is expensive, and -- and building these sorts of facilities is apparently remarkably expensive. And -- and -- um -- um -- for the last three years or whatever it is, I've been surprised by it; but it is in line with costs around the country.

Um -- when we did the bid strategy, we knew how much money we had at the time, had been allocated to the project at the time, and knew that the bids were likely going to come in higher than that for the programming requirements -- um -- uh -- determined by the agency and -- and partners and/or

stakeholders and all of that. Um -- so we did an iterative bid process. People have heard this before. It was a whole bunch of alternates as part of it.

As we've gone through the process time and time again, we've talked with the construction team about this may be all we have. And so we're going to sort of pick and choose. And -- but as we're designing it and as we're working on it, let's -- let's keep in mind that if other money does become available, there -- there's been sort of a commitment on the part of various policy makers -- um -- to -- to try to find that if -- if -- if we can within the constraints that we're under.

And so what we've done is the reason we've come, that it keeps coming to you iteratively is that there hasn't been the money. Like, if we came once for all the extra money, you'd say, well, you want us to appropriate $10 million but we only have two and/or whatever the number was. And so -- so, you know, bit by bit. And -- and every time we do -- we have a meeting afterwards to say, okay -- um -- cuz somebody will say, well, you know, we're -- we're still going to have trouble with -- with -- I'm not even going to pick a thing -- this programming or that programming. And -- and, you know, I'm always the wet blanket on the call who says something, like,

let's proceed as if -- what if nothing else comes and there's been that potential all along.

And -- and, you know, Lori and I talk, the Commissioner and I talk frequently just about this and where we're going with it, and why we're -- why we're going this way. And -- and then the question is, you know, when is it -- when is it done. There's really no additional opportunity after this to come back to you again just because of construction is progressing and it is what it is, and -- and everything else is what it is. But this is sort of the last one. And you might say it's 700 grand which isn't, you know, compared to some of the other asks that's not a ton of money. Why didn't you just say the heck with it. We're not going to do this. And those answers are always related to programming. That while the facility is -- is -- um -- not a cheap facility, that's all related to -- um -- things that I don't understand related to therapy and -- and how you -- how you program for things like this. I hope that helps a little.

CHAIRMAN WEYLER: Further question.

SEN. ROSENWALD: Thank you. So, specifically, on the outdoor playground, which the Department was here in the fall to ask for, I think, $600,000 on, that's a federal requirement, and yet it was not included in the original scope

of the project. We did approve that money, and now I think you're asking for some more money for the playground.

COMMISSIONER WEAVER: No, not specifically for the playground. So all of the add alternates I think that we listed in the question, the pre -- pre-meeting question for you identified to Charlie's point what were all the things that we didn't have money for that we had hoped to be able to have money for and add back in, and that's what we've done and come to you to add those pieces back in. When we look at the total dollar amount, so the large muscle movement area -- um -- being able to have that has been helpful. But the -- the -- between the contingencies on the construction side, some of the electric work, all the pieces there was about 700,000 remaining that this past legislative session there was a bill that allowed us to use general fund dollars for any -- if there was anything that was going to be left over, and that was the original intent to be able to do that. But some of the scrubbing of all of the ARPA money that's constantly happening as we near the end of that time, there's been a little bit to be able to put into that so that we don't have to use the general funds.

So this isn't necessarily for one particular thing. It's the amount of money that's left over of those add

alternates. So we're asking to be able to use the last part of ARPA money that we have for that. So we have all of the pieces. We just need the 700,000 to finish the -- the financial part of it.

SEN. ROSENWALD: Thank you.

CHAIRMAN WEYLER: Further discussions from any other Member of the Committee? Senator Carson.

SENATE PRESIDENT CARSON: Thank you, Mr. Chairman. Good afternoon. Oh, sorry. Thank you, Mr. Chairman, and good afternoon. Um -- I'm a little concerned here because -- um -- as -- um -- someone who's been involved with this for -- for quite a while -- um -- I'm -- I, too, am concerned about keep coming back for more, more money, more money, more money. Um -- and could you -- could you tell me what happens if we just say no, we're not going to give you anymore?

COMMISSIONER WEAVER: Sure. I -- I just -- I just would like to be clear though from the start I didn't have enough money to build the building to begin with. So when we did our bid strategy, it was for the very reason that if more funding becomes available, that we can add it. So to Charlie's point, we built out as much of the infrastructure that we could, and then it was sort of flexing as we go along with what

we get.

So, we may not have had -- I mean, there were things in there like some of the classroom space. We would have had to figure out if we didn't have money for that what would be the double sizing or doubling down or repurposing in that small space. I've been to the facility a couple of times. It's a pretty, you know, it's -- it's not an expansive space. It's nowhere as big as the facility that it is now. It's adequate probably for the number of youth that will be there, which is twelve. Um -- but still, it's a relatively tight space.

So it was really about building up a shell and if we didn't have it, then not being able to finish out building out that space until such time I could find money to do that. So we would have done the infrastructure, let's just say for the classroom, in the -- in the interim find a way to make it work until I could find money to build up that space.

SENATE PRESIDENT CARSON: {Inaudible} Mr. Chairman.

CHAIRMAN WEYLER: Further question.

SENATE PRESIDENT CARSON: Thank you. I believe Senator Rosenwald and I were both on the Committee of Conference with the House, yeah, that dealt with this, and we

were repeatedly assured this is how much we need in order to do this. Um -- and, then again, you later on, you and I had a conversation because -- um -- during the budgeting process you came in and asked for more money for this particular project.

Um -- I -- I understand this; but at some point -- um -- I -- I -- I -- I'm just surprised that you just keep coming back and asking for more, and more, and more, when we were originally promised at the time this went through, and it took a while because the first year -- um -- with the first Committee of Conference, the House and the Senate couldn't agree on the number of -- uh -- children that were going to be at this facility. It took another year and everything was delayed a year for us to come up with a compromise that everybody could live with. But, again, we were constantly assured this is how much we need. We're going to have to do, you know, this is what we need.

My -- my other question to you, if I may, Mr. Chairman?

CHAIRMAN WEYLER: Certainly.

SENATE PRESIDENT CARSON: One of the biggest issues with this is security. Are you going to have the money to put the security in that we were told must be in place?

COMMISSIONER ARLINGHAUS: Let me -- I'll defer

the security question to you; but I'll just say on the -- on the amount of money for the -- for the project, I know there have been, and I was not part of the Committees of Conference that -- that -- so I don't know exactly what went on in those. But the -- at every step in the process, the -- the -- so before a bid happens, every -- every discussion of money is that this is what -- this is our estimate. And it is an estimate, not of what -- what I think it would cost me to build the project. It's an estimate of what we would anticipate based on professional estimators doing an analysis of the plans that bids are likely to come in at. And I always say to people when we're doing projects and, you know, whether it's a -- whether it's an office building or a garage or whatever, it's an estimate of what we -- what we think bids should come in at. Every company that bids will decide what they're willing to bid. And so you don't actually know what a project is going to cost until the bids come in, and then you start negotiating. In the course of -- in the course of building it, obviously, that changes too. I -- I would say that from the time that the original bids came in -- um -- in -- in I think it would have been October of '24.

COMMISSIONER WEAVER: Hm-hum.

COMMISSIONER ARLINGHAUS: Or something like

that. We've sort of been upfront. Like every time that -- that -- that the Commissioner and I are here together, it's literally the same mantra. There's nothing inconsistent with what we're testifying today about. This is what we did. And this is what we awarded the bid based on funds appropriated, not how much the building would -- would cost to do everything that -- that the stakeholders and the programming people think needs to be done; but this is what we're going to do within. And if money becomes available, and -- and we said that, and I think, for example, I think last time -- last time this came up -- um -- somebody said is this the last time you're coming here. And I think the Commissioner said probably not the last time. It might be, but I'm hoping to come one more time. And -- and I think that's where we've been from the beginning that there's always been this notion that -- that -- um -- at every step of the way there are things we're leaving out. And at this point that's not the case. But -- but -- but there's been sort of a clarity from the beginning. And on security, I can't address that.

COMMISSIONER WEAVER: {Inaudible}.

COMMISSIONER ARLINGHAUS: I mean, then there's some little things that happened, right, that -- that -- like with any project with site work and where the electrical is and

where some of the water is and the water hook-ups to the -- and the water towers, and that's, you know, and I've been on, you know, calls with the electric company that, you know, 80% of which I don't understand, but somebody on the call does. And about, you know, we're doing a loop around the back. We're doing a loop around the front. Can we go this way? Can we go that way? And some of that involves -- most of what happens when you bid a project is in the plans; but some of it isn't in the plans. It relates to -- to, you know, the hook-ups with the electric company. The hook-ups with the water company or everything like that. And those are -- those are tweaks. They're in the big picture, not big dollars; but they -- they amount to -- they amount to things. It's not a big percentage of the project, but they amount to small things. We do know what all those are now but those come up.

COMMISSIONER WEAVER: Those dollars take away from some of the other dollars. I guess that was my point. I know we ran into some underground with the electrical. I mean, all of that adds up money that I only have a finite amount of money, so.

SENATE PRESIDENT CARSON: Hm-hum. Follow-up, Mr. Chairman.

CHAIRMAN WEYLER: Certainly.

SENATE PRESIDENT CARSON: Thank you. Thank you again, Mr. Chairman. Um -- I just -- I remember having conversations with our former Governor about this, because there was some consternations about Hampstead. And I know that you're -- you're aware of those conversations. Um -- we went through a site selection process. And I believe there were a number of sites that they were looked at. And in that site selection process, wouldn't they have addressed the issue about water and electrical and how -- which -- which would be the best place -- um -- and is it suitable for our needs. And so I -- I'm just wondering why, you know, wouldn't we have gotten some sort of estimate about what we would need to do just for basic services, water, sewer, drainage, electrical hook-ups. You know, all those things that anybody has to go through when they buy a piece of property, and they're going to build. I'm sorry.

COMMISSIONER ARLINGHAUS: So I had conversations with that -- that same guy -- um -- about the -- about the issues as well.

SENATE PRESIDENT CARSON: Hm-hum.

COMMISSIONER ARLINGHAUS: And the very sites they selected. I think a lot of consideration is going to picking what site you pick.

SENATE PRESIDENT CARSON: Hm-hum.

COMMISSIONER ARLINGHAUS: And at the site selection stage there's a level of analysis you do that doesn't involve the same -- um -- degree of certainty. There's a risk order, right? If you don't -- if you don't dig down a lot, you don't find things. And every project the State does there are things where we -- where we guess -- um -- based on our -- based on the data we have and we use the garage. And I was going to point over there, but we're not there -- um -- as an example. Where, you know, we did some -- we did some test samples and we did an estimate of what we thought the asbestos remediation was, and then it turns out that -- that there's a piece of the site they buried a school on in 1952 or whenever it was. And it turned out to be more than -- more than we thought.

SENATE PRESIDENT CARSON: Hm-hum.

COMMISSIONER ARLINGHAUS: Um -- we did what's reasonable for a project, but the costs come in higher than that.

When they -- when they picked this site -- um -- and I don't know what was runner up, and I don't know -- I don't know who made the final call this is the right site and why. Um -- but the -- the site work on the construction side,

which we would have talked to them about involves, well, you would have to do this. You would have to do this. These are some of the uncertainties that are baked into it. I think because it's not an enormous percentage of the cost of the final project that that corridor -- um -- is acceptable for them. And it -- and it may be that there were other sites where the site work was a lot cheaper. There probably were, right, just because of the nature of the site. But whoever -- whatever considerations went into picking the site, it's more than just how much the electric was going to cost.

SENATE PRESIDENT CARSON: Hm-hum.

COMMISSIONER ARLINGHAUS: And -- and there's only so much work you can ask the utility companies to do for free. And so you base it on whatever plans you have. And those costs go up and down a little bit. I would say they weren't extraordinary here, but to get it right and now you're going to have two significant facilities on the same site. There was some costs that went up and they weren't -- they weren't crazy.

SENATE PRESIDENT CARSON: Okay.

COMMISSIONER ARLINGHAUS: I mean, it didn't make us happy, but they weren't crazy.

SENATE PRESIDENT CARSON: One last.

CHAIRMAN WEYLER: Sure.

SENATE PRESIDENT CARSON: Thank you again for indulging me. Next month we are going to be inviting Hampstead Hospital to come into the Oversight for Children Services. I think this is worth a discussion, because if there are now some financial constraints here, because it was our -- I think everybody who was involved in this that this is -- this is what you need and all these things are going to get done. And if we're looking at piecemealing some of these, we need to know what are you going to be able to do and what are you not going to be able to do.

Um -- so -- um -- I mean, we saw they brought in photos this week and showed us the construction -- last Friday, the construction and what's being done, and I know progress is being made. But if there are going to be parts of it that are going to be delayed because you don't have the money, I think we should have -- I think we can have a really good discussion and Hampstead Hospital folks will be there as well, so.

COMMISSIONER WEAVER: Sure.

SENATE PRESIDENT CARSON: Thank you.

COMMISSIONER WEAVER: Be happy to do that. Just to answer your question. Yes, we are going to have the required security.

SENATE PRESIDENT CARSON: Okay. All right. Thank you.

COMMISSIONER WEAVER: Thank you.

CHAIRMAN WEYLER: Just in what I've been involved in, I know that the neighbors didn't think the fencing was adequate. So more money was added to put up a higher fence and so on. And as well as the fact that the Hampstead Police felt they needed more personnel because of the amount of calls they had to respond to this. And those things went on and on. Plus the fact that this is transfers from other ARPA funds that were either cancelled or didn't make it. So this is the last shot for some of these funds on the ARPA funds. And, you know, I know that there were other things that were added along the way, and some of the Hampstead neighbors insisted that they had lowballed the costs to make it look like Hampstead was a better place to do it than what the neighbors would have approved.

So all these things are going on and -- and I think it's important that we do have a YDC. And as far as we've gone on this one, I hope we can continue further, even though it's not that popular in Hampstead; but I don't see any other alternative at this point.

COMMISSIONER WEAVER: I would just like to add. I think we don't have anymore to come back to add things to.

We have the pieces, and we are moving towards finishing that up for an occupancy late this year. So I think, you know, we've rounded the corner. This is sort of the clean-up of some of the financial pieces so, and we'd be happy to have you all come out for tour whoever's interested when it's complete, if you'd like to do that as well.

CHAIRMAN WEYLER: Senator Rosenwald.

SEN. ROSENWALD: Thank you. So thank you for taking my question. If there's occupancy later this year, is that going to change the operating cost up or down from the current facility versus what we've budgeted?

COMMISSIONER WEAVER: Yeah. Really, I mean, we're looking at it. Depends when the move happens. And so I said later this year which is really ambiguous, right, like later this year could be six months, nine months, twelve months. Um -- and we're waiting on all the pieces to lineup. So I think what we're saying is we're still working on that, figuring that out.

SEN. ROSENWALD: Could we ask the Department to let the Fiscal Committee and the two Finance Committees know?

CHAIRMAN WEYLER: Is there a motion?

SEN. ROSENWALD: You mean to approve the item?

CHAIRMAN WEYLER: To approve the item.

** SEN. ROSENWALD: Well, I move to approve the item, but.

SEN. GRAY: I'll move or she can move to approve the item and {Inaudible} seconded, not ignoring all the comments that were made. Uh -- certainly, we can ask the Chair to add an ongoing line item in the agenda --

CHAIRMAN WEYLER: Yeah.

SEN. GRAY: -- to -- uh -- to have regular updates on the project.

CHAIRMAN WEYLER: I agree. That would be -- that would be appropriate in our -- in our schedule.

So there is a motion and a second to approve the item. Any further discussion from Committee Members? Seeing none. All in favor say aye? Opposed no? The item is adopted. Thank you very much.

COMMISSIONER WEAVER: Thank you.

CHAIRMAN WEYLER: And keep us updated.

*** **{MOTION ADOPTED}**

REGULAR CALENDAR

(7) RSA 106-H:9-I(e) Funding; Fund Established:

CHAIRMAN WEYLER: All right. Moving on to the Regular Calendar. We'll go to Tab 7 and Department of Safety. Item 26-009. This is for the new 9-1-1 Center. Thank you. Please introduce yourself again.

MS. NEWBURY: Good afternoon. Amy Newbury. I'm the Director of Administration at the Department of Safety.

CHAIRMAN WEYLER: Thank you. Committee Members, anyone want to have information on this?

** REP. LEISHMAN: Move the item.

SEN. GRAY: Second.

CHAIRMAN WEYLER: Representative Leishman moves the item. Senator Gray seconds. Is there any further discussion? Seeing none. All in favor say aye? Opposed no. The item is adopted.

*** **{MOTION ADOPTED}**

(8) RSA 604-A:1-b Additional Funding:

CHAIRMAN WEYLER: Moving on to Tab 8. Um -- 26-013. This is the Judicial Council with a revised budget. This Mr. Buckey.

JAY BUCKEY, Executive Director, Judicial Council: Good afternoon. Jay Bucky, Executive Director of the

Judicial Council.

CHAIRMAN WEYLER: Okay. Any questions on this item?

** DAVID WATTERS, State Senator, Senate District #04: Move to approve.

SEN. GRAY: Second.

CHAIRMAN WEYLER: Okay. Senator Pearl moves to approve.

SEN. GRAY: Senators Watters.

CHAIRMAN WEYLER: Was it Senator Watters? I heard a voice over there. Senator Watters moves to approve. Senator Gray seconds to adopt the item 26-013. Any further discussion from the Committee? Seeing none. All in favor say aye? Opposed no? That item is adopted.

*** **{MOTION ADOPTED}**

(9) RSA 228:12 Transfers from Highway Surplus Account:

CHAIRMAN WEYLER: Moving on to Tab 9, Transfer From the Highway Fund to cover winter maintenance. And I guess we are going to have a discussion about this.

DANIELLE CHANDONNET, Director of Finance, Department of Transportation: Good afternoon. Danielle

Chandonnet, Director of Finance for Department of Transportation.

SUSAN KLASEN, Director of Operations, Department of Transportation: Susan Klasen, Director of Operations for DOT.

CHAIRMAN WEYLER: Thank you. You have a prepared statement or you just ready to answer questions?

MS. CHANDONNET: We're ready to answer questions. We do have presentation materials if you're interested in.

CHAIRMAN WEYLER: Okay. The question was it seems a little higher than normal increases for winter maintenance. Is this -- is this the prediction that's coming?

MS. CHANDONNET: Yes. Uh -- I believe that winter started earlier this year. And so we've had more costs earlier. We've also had storms that are hitting holidays and on weekends, which are also costlier, more costly. And the predictions that are going out into March, April, looks like it will continue to be active. So this may not be our last ask.

CHAIRMAN WEYLER: Let's hope this covers it.

MS. CHANDONNET: Me, too.

CHAIRMAN WEYLER: Further from the Committee Members? Senator Carson.

SENATE PRESIDENT CARSON: Thank you, Mr. Chairman. Good afternoon. Um -- it's interesting this came up because one of the things I said today is, oh, my God, what -- what is our budget for the icing materials look like. Because as we all know, we're -- we're going to get a big storm this weekend. Um -- you have about increased current expense by three million. Do you think that's going to be adequate?

MS. CHANDONNET: For which line?

SENATE PRESIDENT CARSON: For this -- this anticipated increase to cover anti-icing material uses. It's Class 020.

MS. CHANDONNET: So we may not. Um -- it is for now and based on the predictions that we had when we put this together -- uh -- we thought it would cover it. Um -- but, of course, those predictions change as weather patterns change and as the weather comes through. So we may be coming back again. You may know that we tried to fill up the salt sheds at the end of the season as well. So we try to do that. Usually the pricing is usually better when we do that in the spring than we do in the fall. Sometimes that's not true, but for the majority of the time it is.

SENATE PRESIDENT CARSON: Okay. So we can -- if we get a lot of snow, we can -- we'll see you again.

MS. CHANDONNET: You might.

SENATE PRESIDENT CARSON: Well, that's good. Well, at least we'll be prepared. So it's -- it's good to know. Thank you, Mr. Chairman. Thank you very much.

CHAIRMAN WEYLER: Senator Pearl for a question.

SEN. PEARL: Thank you. I -- I understand the cost of salt is increasing. Is the supply sufficient now? I know there was a shortage for a while. Do you have any updates on that?

MS. CHANDONNET: Yeah. So the supply, we have an adequate supply for right now. We have experienced some delays in shipments of salt, like others have. Um -- I'll let the Director of Operations speak more to that.

MS. KLASEN: Yeah. So we had about 80,000 tons of salt right now. Our capacity is around 200,000. And -- um -- we have experienced some delays. Uh -- right now we are right on the cusp of having to cross haul between sheds, which is not something that we ever want to do. Um -- but we've been working with the salt suppliers; but it sounds like a lot of people are in the same situation.

Luckily, this weekend it's going to be a lot of snow, so we'll just be able to plow. And --um -- you know, we'll continue to work through that. But right now we're okay.

And to answer your question regarding the dollar amounts, that three million -- um -- we think that is going to be enough. Um -- if we experience a lot more ice storms, we will be back for that as well.

SEN. PEARL: I think the good news is there are more boats coming in shortly with some more. So, hopefully, you can get over the hump.

CHAIRMAN WEYLER: Further questions from the Committee Members? I'll entertain a motion to adopt the item.

** SEN. GRAY: So move.

CHAIRMAN WEYLER: Okay. I guess it's --

SEN. GRAY: She can move.

CHAIRMAN WEYLER: All right. Senator Rosenwald moves, Senator Gray seconds to adopt item 26-016. Is there any further discussion? Seeing none. All in favor say aye? Opposed no? The item is adopted. Thank you, and let's hope for good weather.

*** **{MOTION ADOPTED}**

(10) Miscellaneous:

(11) Informational Materials:

CHAIRMAN WEYLER: All right. Miscellaneous. Is

there any items that people want to question on the informational items or on the -- or in the miscellaneous items? Any questions on any of the information material while we have people here to answer it? Yes.

SEN. ROSENWALD: I -- um -- 26-010, DAS {Inaudible}.

CHAIRMAN WEYLER: What's the item number?

SEN. ROSENWALD: Ten.

SEN. GRAY: 26-010.

CHAIRMAN WEYLER: 26-010. Okay.

SEN. GRAY: Top of Page 3.

CHAIRMAN WEYLER: Yep. This is Division of Administrative Services, Division of Risk and Benefits. See Commissioner Arlinghaus here to answer questions.

SEN. ROSENWALD: Thank you. Yeah, I noticed that -- um -- there were modest increases, sort of modest increases in the active employee premium cost, but nearly a 30 -- over a 30% --

COMMISSIONER ARLINGHAUS: Over 30, yeah.

SEN. ROSENWALD: -- increase in the Medicare retirees from the same carrier.

COMMISSIONER ARLINGHAUS: Yes. Um -- let me explain it.

SEN. ROSENWALD: {Inaudible} some claim experience.

COMMISSIONER ARLINGHAUS: It's -- it's more complicated than that. It's -- it's -- it's basically it's not really claim experience. Um -- and -- uh -- Joyce would be here, but she just had surgery, so I'm on my own. So wish me luck.

Um -- the -- um -- so the active plan, the active plan, the Trooper Plan and the -- the under 65 retirees are all -- um -- self-insured with Anthem as our third-party administrator. And -- and claims experience is a is -- is a giant factor in that, and we base everything on that.

The -- the over 65 retirees, that plan, which is a Medicare Advantage Plan, a group Medicare Advantage Plan, important -- um -- is different. Because it's now fully insured as opposed to the State self-insuring that plan. We -- we switched to that to take advantage of federal money.

Um -- uh -- in that -- in that plan, the -- the way plans like that nationally are bid these days is there are contingencies in the bid. You can't bid a straight up plan anymore. And it's largely because of the uncertainty around federal regulations. The Feds change their regulatory structure basically every year as the Medicaid -- Medicare,

excuse me -- call letter that comes out in -- don't hold me to this -- but I think it's April and that -- and that changes what we're doing every year.

So there are risk corridors built in there. There are factors that are built into it. Um -- the most obvious one the people will have heard about is the GLP-1 issue, which is driving healthcare costs nuts lately, and it is a big issue. The Feds had changed their regulatory environment on that. We -- frankly, the bid was -- um -- we'll charge you this much per member, unless the GLP-1 changes, then this is much more per member. But in addition to that, there are other things that are built in if certain changes are made into the -- into the way the Feds are regulating. And there were significant changes made as part of the so-called Inflation Reduction Act, the IRA Act -- um -- that affected how -- how prescription drugs are done.

Um -- Anthem believed they were entitled to a cost increase based on that and some other things. Um -- they deferred their request on that -- um -- for a year -- uh -- largely because you may recall that at the beginning of their prescription drug implementation they didn't -- they weren't great. And so they quite sensibly delayed asking for a year, yes. Um -- but they came to us and said we think contractually

we're entitled to X, Y and Z. And as part of that process, we negotiated. And I'm not apparently meant to divulge the details of the contract negotiations and how that works. We knew going in we would be expected to increase our rates, and we built into the budget process that, in fact, that that discussion about how much would increase. We actually built into the budget process our estimate of how much we thought they were going to go up. It's greater than how much they did. Um -- because the negotiations ended and without going into details, we were happier with how the negotiations ended than Anthem was. But they are entitled to increases because of the changes in federal law, and this will increasingly be an issue with how we procure retiree health, particularly while we're using a fully insured product to take advantage of federal reimbursements. And it's because the continual changing regulatory environment in Washington which, you know, let's be honest, isn't going to end in the next century -- um -- uh -- is an issue and will be an issue.

We are -- so we need strategies, right, to deal with that. And -- and -- and we're always looking at that. I have remarkable staff that -- that deals with this particular set of issues. Um -- our current contract for the fully insured MA-PD product ends at the end of this calendar year,

and we're procuring. And one of the things we're looking at is structuring the procurement in different ways. Um -- bid on doing everything together and bid on doing everything separately. It's slightly more complicated than that because of the federal regulations, but it would be basically can we save money if we decouple? Can we save money if we couple? And we're going to bid them both ways.

The good news for the State is that in this realm, you know, on the State side and on the active employee benefits side, we don't typically get very many bidders. The last time we bid active employee health care plan we had -- we had one qualified bidder with somebody else who bid, but they said, yeah, but we can't meet your requirements. Um -- and on that -- on the -- because Medicare Advantage is a national product, we get multiple bidders. We could get four or five bidders and, you know, we had AEtna, we went to Anthem. We expect that when we go out to bid, AEtna will bid again. All the big players will bid. So we'll have significant a competition, which we hope will restrain rate increases. But if I'm honest, it's healthcare. Rates aren't going down. And -- and -- um -- and this is an issue that the State has very limited ability to affect and is really a Washington issue.

Sadly, there's not a lot we can do about it.

What we can do is bid aggressively, and we -- our procurement strategies over the years have been very beneficial to the State -- um -- and -- and we're -- we're banking as hard as we can on that.

SEN. ROSENWALD: Follow-up.

CHAIRMAN WEYLER: Follow-up.

SEN. ROSENWALD: So I'm happy to hear you're going to do a reprocurement; but during this plan year, are you confident that the current carrier's pharmacy fulfillment program will function better?

COMMISSIONER ARLINGHAUS: Um -- in the trust but verify category -- um -- I think that we are -- we believe it's very important for us to keep a very close eye on them. And we're keeping a remarkably close eye on them as you know. Um -- I feel like the biggest problems and -- and, you know, if Joyce were here she would tell you the same thing, the biggest problems we think are under control. We -- honestly, we believe we made them a better company as a state, which is pathetic. But we believe we've made them a better company. And -- um -- that doesn't mean there aren't going to be mistakes, and it doesn't mean we're going to, you know, not stay on them like a monkey on a cheeto. I mean, we have to -- we have to be careful and vigilant on -- on what -- on what

we're doing. And -- but -- um -- but the -- the nightmare at the beginning is gone, and we just want to make sure we don't have any bad dreams.

CHAIRMAN WEYLER: Anything further from the Committee? Any anticipation that what'll happen in Washington will -- might save us money?

COMMISSIONER ARLINGHAUS: I -- um -- I'm 60 years old, and I've not ever anticipated that anything in Washington was going to save me money. I think -- I think that's bad planning.

CHAIRMAN WEYLER: Thank you. Does the Committee wish to proceed? I guess we don't need to vote on this because it's just an informational item. All right.

SEN. GRAY: Senator Watters.

CHAIRMAN WEYLER: Senator Watters.

SEN. WATTERS: {Inaudible}.

CHAIRMAN WEYLER: Just about to be. Senator Leishman or Representative Leishman.

REP. LEISHMAN: {Inaudible}.

CHAIRMAN WEYLER: Okay. The Youth Development Center. You want to go back to that again? Oh, no. The report we have further on. Okay.

SEN. GRAY: Twenty-six --

CHAIRMAN WEYLER: 26-018, Youth Development Center claims. All right. We have some questions on that. And who do we have here representing it?

JACKIE CURRAN-STUART, YDC Senior Investigative Paralegal, YDC Claims Administration: Hi. My name is Jackie Curran-Stuart. I'm Senior Paralegal for the YDC Claims Administration.

TOM KAEMPFER, ESQ., Deputy Director of Administration, Attorney General's Office, Department of Justice: Good afternoon. I'm Tom Kaempfer. I'm the Deputy Director of Administration at the Department of Justice.

CHAIRMAN WEYLER: Representative Leishman is recognized for questions.

REP. LEISHMAN: Thank you, Mr. Chairman. So a couple of things stuck out to me when I looked at this. The number of claims that were dismissed last year were like seven. And in this period of like six months have been 71 claims, I think, dismissed. I was just curious who's making that decision? Is it the AG assigned counsel or -- because you don't have a new administrator, right?

MS. CURRAN-STUART: That's correct. Those dismissals, some of those did happen prior to the administrator and some of them are happening currently. Um -- those

dismissals are primarily due to the fact that we -- when we launched our CMS system in late September -- uh -- 2024, it did make filing easier. Um -- and that meant a lot more claims were filed that either weren't complete and -- um -- after reaching out to those claimants were never completed. So that will lead into a dismissal -- um -- or, you know, that they weren't eligible. They -- they requested a facility that wasn't eligible under the fund.

So some of -- a lot of those dismissals that have happened more recently -- um -- are because of that CMS system. And after the filing period closed, we took a look at open claims, ones that had been sitting for a while. And the statute does require that we notify people at least 30 days prior to dismissing a claim -- um -- and give them a chance to rectify. And so we gave them ample notice -- um -- before and, you know, we even gave them notice before that 30-day requirement and tried to help people get their claims complete. But these dismissals, the increase you're seeing is really due to, you know, at the end of that period -- um -- we dismissed claims that were -- had not been complete and had been given the opportunity to be complete; and as well as, like I said, the -- um -- increase in some claims that were not eligible from the -- uh -- electronic filing.

REP. LEISHMAN: Thank you. I just have one other, Mr. Chairman.

CHAIRMAN WEYLER: Further question.

REP. LEISHMAN: Thank you. So where do things stand with the appointment of a new administrator? Are there people being interviewed or --

ATTORNEY KAEMPFER: I can say that this past Wednesday, I sent an e-mail out to all counsel that are representative of claimants of the fund to set up a meeting sometime next month to seek their approval -- I'm sorry, not approval -- their input on what they're looking for in an administrator. As per the statute, it says the Attorney General's Office has to confer with outside counsel. That's a first step. And then from there we're going to proceed to see if they have specific people in mind and/or if we're just going to continue our search.

REP. LEISHMAN: Okay. Thank you. Thank you, Mr. Chairman.

CHAIRMAN WEYLER: Anyone else on the item? Okay. If there's no further questions on that item, we'll be ready to move on to the audits, unless Mr. Kane has anything further we should discuss before the audits.

MR. KANE: No.

CHAIRMAN WEYLER: All right. We'll welcome the audit staff. There's plenty for them to discuss.

AUDITS:

SEN. GRAY: There is another desk and another microphone over there, too, so.

CHAIRMAN WEYLER: All right. If Charlie thinks he's going to be talking a lot, you may -- here use that one. Miss Young, what do have you as number one?

CHRISTINE YOUNG, Director, Audit Division, Office of Budget Assistant: The State Annual Comprehensive Report.

CHAIRMAN WEYLER: Okay.

MS. YOUNG: Good afternoon, Mr. Chairman, and Committee Members. For the record, I'm Christine Young, Director of Audits for the LBA. Uh -- as you know, we contract with KPMG for the state-wide audit of the financial statements. And joining us from KPMG is Marie Zimmerman, the Partner, and the preparers of the Annual Comprehensive Financial Report -- um -- Charlie Arlinghaus, the Commissioner of Administrative Services; and Dana Call, the State Comptroller. And with that, I will turn it over to Marie for the presentation.

MARIE ZIMMERMAN, Lead Audit Partner, KPMG: Thank you, Christine. Good afternoon, Commissioner and Fellow

Members. Um -- as Christine noted, my name is Marie Zimmerman. I'm the Lead Audit Partner from KPMG, and we conducted the -- um -- 2025 Annual Financial Statement Audit.

I would like to -- um -- thank Charlie, Dana, and Scott for all of their support throughout the audit. I know that an audit is always very challenging to conduct, and I'm proud to report that we were able to complete our audit and provide our opinion on time.

I'd also like to thank Christine and LBA for all of their support as they are a key integral part of our team. We work side by side as we go through the audit, and I'd like to thank them for all their support.

Um -- today I am proud to present that we provided a unmodified opinion in accordance with Governmental Auditing Standards. An unmodified opinion is the best opinion you can receive, and it states that the basic financial statements are fairly presented in all material respects.

The basic financial statements include the governmental activities, the business type activities, and the aggregated discretely presented component units, as well as each major fund and the aggregate remaining funds. So when we say we provided an opinion, we provided an opinion over each of those individual funds.

Our opinion also incorporates other references to other auditors, the largest reference being the Pension Trust Funds, which were audited by other auditors.

We also provide an in relation to opinion on the required supplementary schedules within the ACFR. Those schedules include the MDNA and required pension and OPED schedules. We provided a clean opinion on that -- on those required supplementary schedules stating that they were presented fairly in relation to the basic financial statements.

In addition, your package includes our required communication. I just want to highlight a few aspects within those required communications, those that we did not identify or have any corrected or uncorrected audit misstatements. Um we also did not identify any material weaknesses or significant deficiencies in internal controls as they relate to financial reporting. Again, a testament to management -- um -- conducting the financial reporting process.

We have issued and included also in your package is the report on internal controls over financial reporting in compliance with other matters on the audits of the financial statements performed in Government Auditing Standards. And that summarizes and notes that there were no material weaknesses or significant deficiencies.

And, lastly, we did not have any disagreements with management, nor significant difficulties encountered while completing our audit. And we also did not have any changes in our planned audit approach from those initially planned back in -- um -- May of last -- of last calendar year.

With that, I'd like to offer is there any questions as relates to this year's annual financial statements of your ACFR?

CHAIRMAN WEYLER: Senator Watters has a question.

SEN. WATTERS: Thank you, Mr. Chairman. I -- actually, I think your statement may have addressed my question; but I was looking at Page 2 on your letter. And I -- is that last issue mentioned, the -- um -- risk of management override of controls.

MS. ZIMMERMAN: Yes.

SEN. WATTERS: That section. So I guess what you have told us is that -- um -- there's no changes to the risk assessment, but is there a risk of management override controls in your perception?

MS. ZIMMERMAN: Yes. So the risk management override of controls is inherent in every single audit, right, as you have manual controls in place. So as it relates to the

financial statement, we do look at manual and automated controls. We reported that we did not have any breakdown of internal controls, as well as when we perform our substandard procedures over the audit. We'll look at areas that could have a risk of management override, such as journal entries. We do conduct a risk-based sample. We test journal entries and ensure that there was no management override of controls as it relates to those.

So as a result of our audit, we do not believe there was any management override of controls that we -- that was performed -- um -- in relation to those -- of the financial reporting. So and that is inherent in every single audit of every entity, and we do design those procedures to mitigate -- to ensure that risk is mitigated.

SEN. WATTERS: Thank you and {Inaudible}.

MS. ZIMMERMAN: Thank you for your question.

CHAIRMAN WEYLER: Have we made any progress on closing the gap on the -- the lack of full funding on the retirement system?

COMMISSIONER ARLINGHAUS: I think probably you would want to have the Retirement System come in and chat about that. It's much more complicated than our small minds can grasp.

CHAIRMAN WEYLER: All right.

COMMISSIONER ARLINGHAUS: So, I -- it's -- it's not a primary subject of the -- the audit. It's a primary subject of the retirement audit. That's all.

CHAIRMAN WEYLER: Thank you. Questions from Committee Members? I guess we've already had a motion to adopt this and place it on file. So if there are no further questions on the Annual Comprehensive Financial Report, then we will be happy to move on to the next one. Thank you very much. Some of you will still be here for the next ones.

Miss Young, what will be the next subject?

MS. YOUNG: {Inaudible}.

CHAIRMAN WEYLER: Turnpike. Thank you.

MS. YOUNG: Okay. So Turnpike System is next, and KPMG conducted this audit. Um -- the Managing Director, Jeffrey Koch, will present the report. And -- uh -- also joining us is Danielle Chandonnet from the Department of Transportation.

So, with that, I'll turn it over to Jeff for the presentation.

JEFFREY KOCH, Managing Director, KPMG: Thank you. Good afternoon, everybody. Thanks for having us. Just to summarize, the audit was completed under Generally Accepted

Auditing Standards and Government Auditing Standards for the year ending June 30, 2025. We did issue an unmodified or clean audit opinion. The financial reporting was -- uh -- consistent, transparent, and aligned with all U.S. Generally Accepted Accounting principles.

As part of the audit and in the documentation required communications provided, we did identify no significant unusual transactions. We did not have any uncorrected or corrected misstatements throughout the audit. That's an indication of some good, strong financial controls and accurate reporting by management. There were no material weaknesses or significant deficiencies identified as the part of our audit.

Um -- from a fraud risk standpoint, similar to what we just talked about with the ACFR audit, we did identify as all audits do management override of control. There were no indications of fraud or irregularities as part of that. We did not identify any instances of non-compliance with laws or regulations. There were no significant deficiencies encountered during the audit. We received the full cooperation of management. Danielle and her team were very instrumental in the timeliness of completing the audit this year. Um -- and that's kind of all we have prepared for remarks. So we'll open

it up if there are any questions from the group.

CHAIRMAN WEYLER: Questions from Committee Members. Seeing none. All right. We'll move on to the next one. What's next, Miss Young?

MS. YOUNG: Okay. Great. Uh -- Liquor Commission will be next.

(Senator Watters leaves the Committee Room.)

CHAIRMAN WEYLER: Welcome.

MS. YOUNG: Okay. Liquor Commission Audit was performed by our office. And with me to present the report is Jim LaRiviere. He was the Senior Manager from our office who was responsible for managing this audit. And joining us from the Liquor Commission is Chairman Mollica and Chief Financial Officer Tina Demers. And, with that, I'll turn it over to Jim.

JIM LARIVIERE, Senior Audit Manager, Audit Division, Office of Legislative Budget Assistant: Good afternoon, Chairman Weyler, and Members of the Committee. We are here to report on the results of our audit, the financial statements contained in the New Hampshire Liquor Commission's Annual Comprehensive Financial Report for the Fiscal Year ended June 30th, 2025. The financial statements begin on Page 25.

Liquor Commission management is responsible for the preparation and fair presentation of these financial

statements in accordance with generally accepted accounting principles. Our Auditor's Report and opinion dated December 22nd, 2025, can be found on Page 15 through 18 in the financial section of the report.

As noted in the opinion paragraph on Page 15, we issued an unmodified or clean opinion on the Liquor Commission's financial statements, which also includes the notes to the financial statements.

While our opinion speaks directly to the basic financial statements and notes, no matters came to our attention that caused us to believe that the required supplementary information and other information in the financial section of the report was inconsistent with the basic financial statements.

Auditing standards require that we make a number of disclosures to you. These required disclosures are included as an insert in the copy of your report. I will not go through each of these disclosures individually. However, I'd like to bring a few items to your attention.

On Page 2 of the insert, we report on significant unusual transactions in the amount of $84 million consisting of phantom purchasing transactions that were automatically posted from the Liquor Commission's NextGen

System to the State's accounting system, NHFirst. The Liquor Commission corrected the errors but was unable to determine the cause of these significant, unusual transactions.

We discussed with management certain financial statement misstatements that have not been corrected in the Liquor Commission's books and records. We reported the uncorrected misstatements to the Liquor Commission management and received their written representation that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Also, on Page 2, in the Audit Risk Assessment section, we identified two significant financial statement level risks, one of which included risk of errors in financial accounting and reporting due to NextGen System implementation resulting from the -- from the Liquor Commission replacing its Legacy computer system on March 29th, 2024.

During the audit period, the Liquor Commission continued to experience difficulties performing timely reconciliations of its financial activity in the new system to NHFirst. Due to the increased risk of errors, we increased our testing sample size for certain accounts.

Also, as noted on Page 4 of the insert, on

August 27th, 2025, the Liquor Commission contracted with an independent certified public accounting firm for audit support and accounting services, which in our view provided assistance to the Liquor Commission for completion of its financial statements and helped to facilitate our audit. Services provided are noted in the bulleted list on the top of Page 5.

In accordance with Government Auditing Standards, we will be issuing a report on our consideration of the Liquor Commission's internal controls over financial reporting and compliance and other matters as a byproduct of our audit of the financial statements. That report will be included in the Management Letter, which will be presented to this Committee at a future meeting.

This concludes my presentation. I'd like to thank the Liquor Commission Management and staff for their assistance and cooperation throughout the whole with the audit. Thank you.

CHAIRMAN WEYLER: Thank you. Commissioner Mollica.

JOSEPH MOLLICA, Chairman, New Hampshire Liquor Commission: Good afternoon, Chairman Weyler, Members of the Committee. Joseph Mollica, Chairman of the Liquor Commission. CFO, Tina Demers, is with me. We'd just like to thank

Christine, Jim, and Jean and the whole LBA team for their --the audit, efficient audit, and we'd be happy to answer any questions that you might have.

CHAIRMAN WEYLER: Questions from Committee Members. Representative Leishman.

REP. LEISHMAN: Thank you, Mr. Chairman. Thanks for being here.

MR. MOLLICA: My pleasure.

REP. LEISHMAN: How are you?

MR. MOLLICA: I'm great. How you doing?

REP. LEISHMAN: Can't complain. I guess. Um -- so on Page 61, I was just looking at the comparisons between last year and this year, and I noticed a number of stores we're seeing some decline. On 61 it caught my eye that Tilton said had a $22 million shortfall; but I'm guessing that's just the way the numbers lined up because if you look at -- you go up the chart, Hooksett shows a $3.2 million decline, which doesn't really add up with the numbers across the sheet, so. But my real question is all these stores that are showing a decline in revenue, are you looking to close stores or how we going to address the declining? I know you've got issues with Total Wines and other competition. People aren't drinking. But with the number of stores that is showing some decline in revenue

over the past year, just kind of curious on how you might be handling that.

MR. MOLLICA: Sure. We're happy to -- we'll hand this out, and we'll show you a nationwide chart of what's happening in the liquor industry. It's broken down. These are industry trends -- uh -- from November of 2025. So it takes into account all of the regions across the United States. From the Pacific Region to the Northeast. So, I'll let you take a quick look at that, and then we can have a discussion on industry trends.

So as you see in industry trends, it's broken down in the back part. Obviously, you've got the map on the front that's broken down by region. And then on the back part you've got it broken down by spirits and wine. And you've got it broken down by on-premise and off-premise. And you can see -- uh -- over in the Northeast we're on -- we're on the right-hand side of the column on both for spirits, and then on the right- hand side of the column for wine.

So the NHLC, spirits trend is 4.2% better than the Northeast Region. And there's four control states in that region. So there's Vermont, Maine, New Hampshire, and Pennsylvania. Pennsylvania happens to be the largest control state in the country. And the New Hampshire Liquor Commission

wine trend is the same as the Northeast Region. You can see by the percentages that we're doing better in spirits -- uh -- than the majority of the country. And we're doing less -- less as -- less better in -- uh -- in wine. And that tends to be -- there tends to be an age demographic in the Northeast that's drinking wine and a certain affluence of -- of people in the Northeast that drink wine. And where you're seeing the downward trend is in wine in the Northeast Region and that happens to be in the -- the -- uh -- 30 to $50 bottle range.

So what we've done, obviously, to combat some of that is to do a lot of two-fer offers for the last year and a half or so, which is driving some business into the state. But I guess my answer to your question is no, we don't plan on closing any stores. And this isn't a New Hampshire trend that we're seeing in spirits and wine. It's a -- it's a world-wide trend, and this shows that it's a nationwide trend as well. Uh -- I could get into what I think the details are, but.

CHAIRMAN WEYLER: Further.

REP. LEISHMAN: Mr. Chairman, thanks. I'm just quickly curious on how we might be able to combat this trend. You know, turn it around or level it off. Any thoughts?

MR. MOLLICA: I think it's a natural progression that it will level off eventually. I think that the -- uh --

Millennials, the Gen X and the Gen Z buyers will eventually turn to wine and their pallets will change. And we'll see some of change and that should take probably five to ten years before you see a real rapid change in the -- uh -- the growth of wine across the country.

Cannabis is an -- is the biggest piece. Baby Boomers aging out of the market is the second piece. The economy, people, their discretionary income is, obviously, much less than it has been in the past. And the alcohol industry across the United States enjoyed a 30-year increase. So until 2023 and going back 30 years, alcohol increased every year in the United States.

Uh -- with the introduction of Cannabis, and with the introduction of edible Cannabis, specifically, so there was the many, many folks that wouldn't be involved with Cannabis because you had to smoke it. The carcinogens and such were -- were a non-starter. But now you have -- you have soda with Cannabis. You have hemp in -- hemp-infused drinkable products. You have chocolate, you have gummies, you have lozenges, you have drops, all of which do not have the -- the -- the impetus of the smell or the carcinogens.

So until we take notice of what's happening around us, and I know everybody's involved and we don't have a

position on it, but you've asked me the question so I can't not -- uh -- inform you that the three plus billion dollars in Cannabis sales that's happening in the three states around us is a major impetus of what's happening here in New Hampshire with alcohol sales. But it's also, as you can see by this trend, happening across the country.

So the worst thing you can do for a business is not invest in it when you're down, because that's the time you need to invest. That's the time you need to keep up your investment. You need to keep up your advertising, and you need to stay on track. Because as that turns, the people that turn away from investing in their business will fail miserably when the time -- when the business is back. You want to make sure consumers are seeing the trends in alcohol, the low alcohol -- uh -- products.

We have a huge sections in our stores now, in 28 stores right now, are no -- non-alk and low-alk products. That's where the trend is. There's three things that are growing in alcohol -- in the alcohol business. Tequila happens to be one of them. Canned beverages happen to be another, and low-alk and non-alk happen to be -- are the third. So that's where we're trending.

REP. LEISHMAN: Thank you, Commissioner.

Thanks, Mr. Chairman.

MR. MOLLICA: Thank you. Thanks for the question.

CHAIRMAN WEYLER: Senator Rosenwald for a question.

SEN. ROSENWALD: Thank you. Thanks for taking my question.

MR. MOLLICA: Sure.

SEN. ROSENWALD: You know, I have this theory that the reason on -- on-premises is declining is because food in restaurants have gotten very, very expensive. Are you working with your licensees to see if you can somehow partner to make, I don't know, some kind of promotion that, you know, you buy an appetizer and you get a discount on a glass of wine or something. Because it seems like people are spending so much of the restaurant dollar on the food that it looks like they're drinking less.

MR. MOLLICA: Well, it has been a trend for years that people will have a drink before they go out to -- to have dinner. So, yeah. I'm sure. Well, having been in the industry 35 years, I can tell you it's something that started many, many years ago. So, the price of alcohol drinks is -- has increased tremendously. We have -- uh -- specials that

come out every month. First and foremost, any licensee gets a 10% discount on their total sales if they buy -- uh -- the product through the warehouse, which a lot of licensees do. So, if you order your product on-line and you pick it up at DHL, automatic 10% off.

We do -- uh -- enhanced specials for the grocery -- uh -- division, the on-prem, the off-premise grocery. So every month we're putting six to ten to fifteen specials out for them on wine that is discounted. I don't want to put my finger into the business of -- of what -- uh -- licensees are doing to promote their sales. Uh -- as a businessman, I don't know if I was in the industry if the Liquor Commission came to me and -- and said that they had this opportunity, I may listen to it. I may not. But what I -- I know is that when we discount to them, they're involved in these two-fers heavily. They're involved in the discounting that they get through the warehouse, and they take advantage of it. And -- uh -- they are also able to take advantage of the sales that are in the stores on a monthly basis as well.

CHAIRMAN WEYLER: Senator Carson.

SENATE PRESIDENT CARSON: Thank you, Mr. Chairman. Good afternoon, Chairman.

MR. MOLLICA: Good afternoon, Senate President.

SENATE PRESIDENT CARSON: You had a wine fest in Manchester I believe yesterday.

MR. MOLLICA: We did. Last night.

SENATE PRESIDENT CARSON: How did that go?

MR. MOLLICA: It was great. We had 800 tickets sold, and we had wine makers from around the globe, about 45 wine makers from around the globe come to enjoy the event and enjoy one-on-one participation with their consumers. Uh -- we don't have the actual sales numbers yet, but we'll get them soon. And we usually sell somewhere between a hundred thousand and a $150,000 worth of wine at that event. But it's really an event for consumers to just touch base with the -- with the wine makers that they love and try the new offerings that those wine makers are bringing to the state. That camaraderie with our consumers and with our industry partners is huge. Thank you.

CHAIRMAN WEYLER: Follow-up.

SENATE PRESIDENT CARSON: I would also like to commend you for the consumer event that you had earlier. I did attend that one and the place was packed. The place was packed, and I'm glad to see that people are coming here and they're supporting you.

MR. MOLLICA: And we had a ghost drop today,

too, with bourbon as well. So, if you're on our list, you would have gotten your e-mail. So take advantage of it because there's some great bourbons out there that aren't available all the time, so.

SENATE PRESIDENT CARSON: I don't know if maybe we could have a {Inaudible}.

MR. MOLLICA: Sure.

SENATE PRESIDENT CARSON: {Inaudible}.

MR. MOLLICA: Thank you.

SENATE PRESIDENT CARSON: {Inaudible}.

MR. MOLLICA: Thank you, Senate President. Thank you very much.

CHAIRMAN WEYLER: Further from Committee? Chairman, we've done very well under your leadership, I think, in this business. Um -- watching the trends you have -- you have usually stayed ahead of the trend, and I anticipate this will continue. See this difference in the -- the -- between the other Northeast states. Like, you're obviously trying to come in with new things and new products, and we're here to support you and appreciate what you do. Um -- I -- I'm happy for your leadership and support you in what you do. Thank you very much for your results and help. This is a national trend, and the fact that you're staying a little ahead of it I

congratulate you.

MR. MOLLICA: Thank you. We have a great team, Chairman Weyler, and -- uh -- and -- and just to that point, we have Mocktail month in January, and we are in our 10th year of non-alcoholic cocktails and mocktails being -- we're partnering with about 60 restaurants this year and promote a 10% discount to them if they have mocktails on their menu. So being in our 10th year, that it's just trending now in the United States, and we're ten years into it, is -- is exactly to the point that you say. We have a great team of people that work together to watch these trends and make sure that we stay ahead of it if we can. So thank you.

CHAIRMAN WEYLER: And we're able to sell the mixer.

MR. MOLLICA: Absolutely.

CHAIRMAN WEYLER: Good for you.

MR. MOLLICA: Absolutely. Non-alcoholic products in the stores are on -- it took us a while to put the set together, but we have about 200 SKUs at this point now and adding more everyday. So non-alcoholic spirits, non-alcoholic wines, as well as the mixers and seltzers, so.

CHAIRMAN WEYLER: Thank you.

MR. MOLLICA: Great trend.

CHAIRMAN WEYLER: Anything further from the Committee Members? Thank you. Thank you, Mister, for the fine audits, and thank you for the results. And I know you're working against the trend, but you're doing pretty well. Thank you.

MR. MOLLICA: Thank you. Thank you, Mr. Chairman, Members of the Committee. Thank you very much.

CHAIRMAN WEYLER: All right. I guess the next thing we got is the Lottery audit. Missing Charlie McIntyre.

MS. YOUNG: Okay. Last, but not least Lottery. Um -- this audit was performed by our office. With me is Kimberly Bisson. She was the Senior Manager from our office in charge of managing the audit. And joining us from the Lottery Commission is Jim Duris, the Chief Financial Officer. And, with, that I'll turn it over the Kimberly.

KIMBERLY BISSON, Senior Manager, Audit Division, Office of Legislative Budget Assistant: Thank you. Good afternoon, Mr. Chairman, and Members of the Committee. For the record, my name is Kimberly Bisson. We're here today to report the results of our audit of the financial statements contained in the New Hampshire Lottery's Annual Comprehensive Financial Report for the Fiscal Year ended June 30th, 2025. The financial statements begin on Page 46 of the Lottery ACFR.

Lottery management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Principles.

Our auditor's report and opinion dated December 19th, 2025, can be found in the financial section of the report on Pages 27 through 30.

As noted in the opinion paragraph on Page 27, we issued an unmodified or clean opinion on the Lottery Commission's basic financial statements, which also includes the note and other supplementary information.

While our opinion speaks directly to the basic financial statements and notes, no matters came to our attention that caused us to believe that other information in the financial section of the report was inconsistent with the basic financial statement.

Auditing standards require that we make a number of disclosures to you. These disclosures are similar to those previously discussed by KPMG for the State ACFR. We've included our required disclosures as an insert in your copy of the report; and, therefore, in the interest of time, I will not go through each of them individually. However, we can say that we were satisfied with the cooperation of the Lottery staff and the progress of the audit, and there is nothing that we need to

bring to the Committee's attention related to any concerns with those required disclosures.

In accordance with Government Auditing Standards, we'll be issuing a report on our consideration of the Lottery's internal controls over financial reporting and on compliance and other matters as a byproduct of our audit of the financial statement. That report will be included in the Management Letter, which will be presented to this Committee at a future meeting.

This concludes my presentation. I'd like to thank Lottery Commission management and staff for their assistance during the audit. Thank you.

CHAIRMAN WEYLER: Thank you. And comments from -- from Lottery?

JIM DURIS, Chief Financial Officer, New Hampshire Lottery Commission: Thank you. Jim Duris, CFO for the New Hampshire Lottery Commission. It's standard practice. We just like to thank the LBA. They're very helpful throughout the whole entire process. We work really well together. It helps improve our performance each year and makes us -- uh -- prepared to start again for the upcoming year, so, which I have. So thank them very much. Any questions you have for me I will gladly answer it for you.

CHAIRMAN WEYLER: We -- we put you down for pretty big increase. Do you {Inaudible}.

MR. DURIS: Yeah, I wish that was the case.

CHAIRMAN WEYLER: Let's hope it does. Any questions from Committee Members? Representative Mooney.

MAUREEN MOONEY, State Representative, Hillsborough County, District #12: Thank you, Mr. Chairman. Thank you all for being here. I don't get to see you too often so I figure I ask now. Have you ever considered in an attempt to perhaps to sell more tickets and make more residents richer that instead of one winner to say, for example, a one hundred million dollar prize, you gave a hundred people a million dollars. Every now and then that question comes up to me in terms of how the Lottery is run and just curious if that has ever been discussed or considered or with a reason for not doing such a thing. Thank you.

MR. DURIS: Thank you for the question. The -- the type of game you're talking about is a national game that consists of, I believe, it's 37 states. So we don't set the rules for those games.

Now, theoretically, that could happen because if a hundred people all picked the same numbers, they all get a cut of that hundred million dollar prize. Um -- now, there are

some games they made changes to the Mega Millions recently. I'm not a game expert on it. I'm the financial reporting side of things. But where they do adjust games to things like that to try to make more jackpots and some additional jackpots available and things like that. But for the games we control, that would be something that we'd probably be able to do.

CHAIRMAN WEYLER: Anything further from Committee Members? Thank you, and we look forward to a big year.

MR. DURIS: Well, great. Thank you. Oh, you're gonna --

CHAIRMAN WEYLER: These big jackpots seem to bring in a lot of money.

MR. DURIS: I won't speak too soon, but I finished December's financials today and before final review I won't say anything, but I think you'll be very happy.

CHAIRMAN WEYLER: Very good. Bring us some good news. Thank you. Thank you all for your efforts and thank you for the audit.

Okay. What we have left is to schedule the next meeting. Because in February, there is a -- uh -- school vacation week, which would probably affect the fourth Friday. Um -- we're looking at perhaps the third Friday, the 20th, of

which some of our members have a meeting in the morning. Is there a problem with having Fiscal being at 1 o'clock? Does that hurt anybody on a Friday afternoon? So if we --

SENATE PRESIDENT CARSON: So, if I may, Mr. Chairman. Um -- I have the Oversight Commission on Children Services in the morning. And so I probably will have the New Hampshire Ireland Trade Council in the afternoon. But I can -- I have a designated -- um --

CHAIRMAN WEYLER: That's a busy day for you.

SENATE PRESIDENT CARSON: Yeah. I have a designated replacement, and I'll work with Senator Gray to make sure that happens.

CHAIRMAN WEYLER: Thank you.

SENATE PRESIDENT CARSON: You're welcome.

CHAIRMAN WEYLER: Committee Members in the House. I already spoke with Representative Mooney has -- has problems 9:30 to 11:30. So any -- any others? Afternoon on Friday the 20th. Anybody know of any conflict at this point?

REP. MOONEY: All good.

CHAIRMAN WEYLER: All right. So, we will schedule Fiscal for Friday, the 20th, at one o'clock. So kind of slow start to your weekend.

SEN. GRAY: {Inaudible.}.

CHAIRMAN WEYLER: All right. There's nothing further, we are adjourned. Thank you very much.

(The meeting adjourned at 2:37 p.m.)

C E R T I F I C A T E

I, Cecelia A. Trask, a Licensed Court Reporter in the State of New Hampshire, do hereby certify that the foregoing transcript is a true and accurate record of the official video/audio YouTube recording. I was not physically present and have transcribed such video/audio recording to the best of my ability, skill, knowledge and belief.



Cecelia A. Trask

Cecelia A. Trask, RPR, RMR

New Hampshire LCR #00047