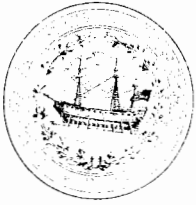


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State of New Hampshire

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

July 16, 2014

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

REQUESTED ACTION

Approval of the Report and Findings of Councilor Joseph D. Kenney with regard to a certain project in participation with Mary Hitchcock Memorial Hospital and Dartmouth Hitchcock Clinic, Lebanon, New Hampshire.

EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Kenney has requested that this be placed on the agenda as a regular item for the Tuesday, August 5, 2014 meeting for ratification by the Governor and Council.

Sincerely,

Linda M. Hodgdon
Commissioner

LMH/mcc

Attachment

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July 15, 2014

Linda M. Hodgdon, Commissioner
Department of Administrative Services
State of New Hampshire
State House Annex
Concord, New Hampshire 03301

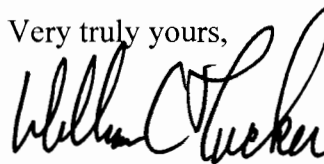
RE: New Hampshire Health and Education Facilities Authority –
Mary Hitchcock Memorial Hospital and Dartmouth Hitchcock Clinic

Dear Commissioner Hodgdon:

I enclose an original and ten copies of the Report and Findings of Councilor Joseph D. Kenney with regard to a certain project in participation with Mary Hitchcock Memorial Hospital and Dartmouth Hitchcock Clinic, Lebanon, New Hampshire. Councilor Kenney has requested that this be placed on the agenda as a regular item for ratification by the Governor and Council at their meeting scheduled for Tuesday, August 5, 2014.

Thank you for your assistance in this matter.

Very truly yours,



William C. Tucker

/sos

enclosures

cc: David C. Bliss, NHHEFA Executive Director

**REPORT
AND
FINDINGS
OF**

JOSEPH D. KENNEY, designee of the Governor and Council of The State of New Hampshire, under the provisions of the New Hampshire Health and Education Facilities Authority Act, Chapter 195-D of the New Hampshire Revised Statutes Annotated, on the undertaking by the Authority of a certain project in participation with **MARY HITCHCOCK MEMORIAL HOSPITAL** and **DARTMOUTH HITCHCOCK CLINIC** of Lebanon, New Hampshire, pursuant to said Act.

Introductory

The New Hampshire Health and Education Facilities Authority (hereafter referred to as the “Authority”) requested of Governor Maggie Hassan and the Executive Council that a hearing be held pursuant to the New Hampshire Health and Education Facilities Authority Act, Chapter 195-D of the New Hampshire Revised Statutes Annotated (hereafter referred to as the “Act”), and particularly as prescribed in Section 21 of the Act. The hearing is required as the result of an application submitted to the Authority by Mary Hitchcock Memorial Hospital (hereinafter sometimes referred to as the “Hospital” or “Mary Hitchcock”), a not-for-profit hospital located in Lebanon, New Hampshire, which is licensed by the Department of Health and Human Services and is a participating health care institution under RSA 195-D:3 and Dartmouth-Hitchcock Clinic (hereinafter sometimes referred to as the “Clinic”, and, together with the Hospital, the “Borrowers”), an ambulatory clinic located in Lebanon, New Hampshire, which is licensed by the Department of Health and Human Services and is a participating health care institution under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in the refinancing of certain existing indebtedness of the Borrowers (hereafter referred to as the “Project”).

Pursuant to RSA 195-D:21, the Governor and Council designated me to hold a hearing and make findings in connection with the application. Following Public Notice given in accordance with Chapter 91-A of the New Hampshire Revised Statutes Annotated, by notice published in the Union Leader on July 11, 2014, such hearing was held commencing at 11:00 a.m. on July 15, 2014 in Auditorium E of the Mary Hitchcock Memorial Hospital, One Medical Center Drive, Lebanon, New Hampshire.

All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

Summary of Testimony

Robin Kilfeather-Mackey, the Chief Financial Officer of Dartmouth-Hitchcock, testified on behalf of Mary Hitchcock Memorial Hospital and Dartmouth-Hitchcock Clinic. She described the Hospital and Clinic as not-for-profit corporations organized under New Hampshire law exclusively for charitable purposes.

Ms. Kilfeather-Mackey stated that the Hospital is a 396-bed, acute and tertiary care teaching hospital providing services to patients throughout New Hampshire and from portions of Vermont. The Hospital is presently staffing 380 beds.

Ms. Kilfeather-Mackey testified that the Hospital is licensed by the New Hampshire Department of Health and Human Services and is accredited by the Joint Commission. The Hospital is approved for participation in the Medicare and Medicaid programs, is a participating hospital with Anthem/Blue Cross and is a member of the New Hampshire Hospital Association and the American Hospital Association.

Ms. Kilfeather-Mackey explained that the Hospital is the lead member of, and the agent for, the Dartmouth-Hitchcock Obligated Group (the “Obligated Group”), which was established in 1993. The other member of the Obligated Group is Dartmouth-Hitchcock Clinic.

Ms. Kilfeather-Mackey testified that the Clinic is a multispecialty physician practice group which operates clinics throughout New Hampshire and Vermont and provides, among other things, medical services to patients, medical education, and research. The Clinic has its main site in Lebanon at Dartmouth-Hitchcock Medical Center. The Clinic also has sites in Concord, Manchester, Nashua and Keene, New Hampshire, and in Bennington, Vermont. The Lebanon site of the Clinic provides the primary faculty for the Geisel School of Medicine at Dartmouth College.

Ms. Kilfeather-Mackey stated that the Project is comprised of the refinancing of a portion of the Series 2009 Bonds (the “2009 Bonds”) issued by the Authority on the Hospital’s and Clinic’s behalf. Proceeds of the 2009 Bonds were used to refund the Authority’s outstanding Revenue Bonds, Dartmouth-Hitchcock Obligated Group Issues, Series 2008A, 2008B, and 2008C and to pay costs of issuance and other related costs of the 2009 Bonds.

Ms. Kilfeather-Mackey testified that the aggregate amount of the bonds issued by the Authority on behalf of the Borrowers (the “2014 Bonds”) is not expected to exceed \$50 million. The 2014 Bonds are expected to mature no later than 2033. She stated that the 2014 Bonds are expected to be purchased by Capital One Public Funding, LLC and Deutsche Bank AG. The 2014 Bond proceeds also may be used to finance the costs of issuance and other costs relating to the 2014 Bonds.

Ms. Kilfeather-Mackey testified that, under the Loan Agreement with the Authority, the Borrowers will be required to continue to carry blanket fire and extended coverage as well as general liability insurance and professional liability coverage. She explained that, in her view,

the Project will be of public use and benefit and will permit the Hospital and the Clinic to continue to render an appropriate level of service to their current and future patients. Ms. Kilfeather-Mackey stated that the refinancing of existing indebtedness will assist the Borrowers in lowering the cost of providing healthcare facilities within the State. Finally, and based upon her position at Dartmouth-Hitchcock, she stated her opinion that the Borrowers would be able to meet their financial obligations under the proposed bond issue and that the Hospital and the Clinic are currently operating in a financially responsible manner.

The next witness was Glenn Wagner, a Senior Vice President with Kaufman Hall & Associates, the Borrowers' financial adviser, who testified by telephone. Mr. Wagner stated that, as part of his work in connection with the proposed bond issue, he had reviewed the Borrowers' and the Obligated Group's financial statements and operating figures for the past several years. He testified that, on the basis of such review, as well as based upon his discussions with the Borrowers' management, he was of the view that the Borrowers would be able to meet their obligations under the proposed bond issue.

In concluding his testimony, Mr. Wagner stated that, based upon such review, he was of the view that the Hospital and the Clinic are currently operating as a financially responsible health care institutions.

David C. Bliss was the final witness. He stated that he is the Executive Director and Secretary of the New Hampshire Health and Education Facilities Authority, charged with the administration of the Authority's day-to-day affairs. In his capacity as Executive Director he has become acquainted with the Project and the details of its financing, having worked closely with the Borrowers' officers in developing the financial arrangements to be reflected in the bonds proposed to be issued. He testified that the Authority is expected to adopt a resolution at its

meeting on July 17, 2014, approving issuance of its bonds for Mary Hitchcock Memorial Hospital and Dartmouth-Hitchcock Clinic.

Mr. Bliss testified that certain documents are being prepared for execution in connection with the Project, including the Bond Indenture and the Loan Agreement. He stated that there is a provision in the Loan Agreement requiring that the Project be held and used for healthcare purposes so long as the Bonds are outstanding. He testified to the language in the Bond Indenture which requires that each bond issued by the Authority for Mary Hitchcock Memorial Hospital and Dartmouth-Hitchcock Clinic bear on its face the following provision:

Neither the State of New Hampshire nor any political subdivision thereof shall be obligated to pay the principal of or interest on this bond, other than from Pledged Revenues, and neither the faith and credit nor the taxing power of the State of New Hampshire or of any political subdivision thereof is pledged to the payment of the principal of or interest on this bond.

Mr. Bliss testified that the bond documents will make adequate provision for the payment of principal and interest on the bonds, as well as the costs of the Project, so that the State will not be obligated in any way for their repayment.

Mr. Bliss concluded his testimony by stating that, based on his familiarity with the statute under which the Authority operates, on his experience as Executive Director of the Authority, and on the advice of counsel, including Bond Counsel, the Project is within the powers conferred by law upon the Authority.

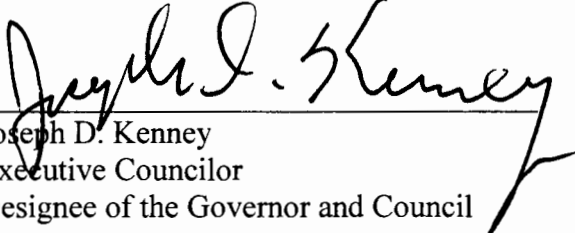
Findings

Upon the testimony submitted at the hearing, and upon consideration, I find as follows:

- (1) The refinancing of existing indebtedness will enable and assist Mary Hitchcock Memorial Hospital (herein called the "Hospital"), a not-for-profit hospital located in Lebanon, New Hampshire, which is licensed by the Department of Health and Human Services and Dartmouth-Hitchcock Clinic (the "Clinic" and, with the Hospital, the "Borrowers"), a not-for-profit ambulatory care clinic headquartered in Lebanon, New Hampshire, which is licensed by the Department of Health and Human Services, to provide health care facilities within the State of New Hampshire (herein called the "State"); and
- (2) The Project will be leased to, or owned by, the Borrowers, each of which is a financially responsible participating institution within the State; and
- (3) Adequate provision has been, or will be, made for the payment of the cost of the refinancing of existing indebtedness; and under no circumstances will the State be obligated, directly or indirectly, for the payment of the principal of, or interest on, any obligations issued to provide for the refinancing of existing indebtedness, or obligations to which such refinancing of existing indebtedness relates; and
- (4) Adequate provision has been, or will be, made in any lease or mortgage or financing of the Project to be undertaken or any property leased or mortgaged or financed in connection with the issuance of bonds or notes for the payment of all costs of operation, maintenance and upkeep of the Project by the Borrowers so that under no circumstances will the State be obligated, directly or indirectly, for the payment of such costs; and
- (5) Adequate provision has been made to obligate the Borrowers to hold and use the Project for healthcare purposes so long as the principal of and interest on bonds or other obligations issued by the New Hampshire Health and Education Facilities Authority (herein called the "Authority") to finance the cost of the Project, including any refunding bonds issued to refund and refinance such bonds, have not been fully paid and retired and all other conditions of the resolution or trust agreement authorizing and securing the same have not been satisfied and the lien of such resolution or trust agreement has not been released in accordance with the provisions thereof; and
- (6) The refinancing of existing indebtedness will be within the authority conferred by Chapter 195-D of the New Hampshire Revised Statutes Annotated upon the Authority; and

- (7) The refinancing of existing indebtedness will assist the Borrowers in lowering the cost of providing healthcare facilities within the State.

Dated: July 15, 2014



Joseph D. Kenney
Executive Councilor
Designee of the Governor and Council

RATIFICATION AND GOVERNOR'S APPROVAL

The Governor and Council hereby ratify, confirm, approve and adopt the findings set forth in the Report and Findings attached hereto made by Joseph D. Kenney, the Designee of the Governor and Council to hold a hearing and make findings pursuant to Section 21 of the New Hampshire Health and Education Facilities Authority Act, Chapter 195-D of the New Hampshire Revised Statutes Annotated. The hearing was required and held as a result of an application submitted to the New Hampshire Health and Education Facilities Authority by Mary Hitchcock Memorial Hospital, a not-for-profit hospital which is located in Lebanon, New Hampshire and which is licensed by the Department of Health and Human Services and Dartmouth-Hitchcock Clinic, a not-for-profit ambulatory care clinic which is headquartered in Lebanon, and which is licensed by the Department of Health and Human Services. The hearing was held on July 15, 2014, following public notice, in Auditorium E of the Mary Hitchcock Memorial Hospital, One Medical Center Drive, Lebanon, New Hampshire at 11:00 a.m.

The Governor's signature constitutes her approval under Section 147(f) of the Internal Revenue Code of 1986, as amended, of the issuance of the bonds described herein, as described in the Notice of Public Hearing published July 11, 2014.

Dated: August 5, 2014

Governor and Council
