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State of New Hampshire

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

Joseph B. Bouchard
Assistant
Commissioner
(603) 271-3204

June 21, 2017

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

REQUESTED ACTION

Approval of the Report and Findings of Councilor Christopher C. Pappas with regard to a certain project in participation with Mental Health Center of Greater Manchester Inc., Manchester, New Hampshire.

EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Pappas has requested that this be placed on the agenda as a regular item for the Wednesday, July 19, 2017 meeting for ratification by the Governor and Council.

Sincerely,


Joseph B. Bouchard
Assistant Commissioner

JBB/dph
Attachment

**REPORT
AND
FINDINGS
OF**

CHRISTOPHER C. PAPPAS, 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 THE MENTAL HEALTH CENTER OF GREATER MANCHESTER, INC. of Manchester, New Hampshire, pursuant to said Act.

Introductory

The New Hampshire Health and Education Facilities Authority (hereafter referred to as the “Authority”), requested of Governor Christopher T. Sununu 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 The Mental Health Center of Greater Manchester, Inc., a not-for-profit voluntary and charitable corporation incorporated under New Hampshire law and operating behavioral and mental health facilities located in Manchester, New Hampshire (hereafter sometimes referred to as the “Center”) which is a participating healthcare institution under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in the financing of the acquisition, renovation, equipping, and furnishing of the land and building with appurtenant parking located at Two Wall Street, Manchester, New Hampshire, and the financing of routine capital expenditures (hereafter sometimes referred to as the “Project”).

Pursuant to RSA 195-D:21 above cited, 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 New Hampshire Union Leader on June 15, 2017, the hearing was held

commencing at 9:00 a.m. on Monday, June 19, 2017, in the 3rd Floor Conference Room of the offices of the Center, Two Wall Street, Manchester, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

Summary of Testimony

Paul Michaud, the Center's Vice President and Chief Financial Officer, was the first witness. He described the Center as a not-for-profit corporation organized under New Hampshire law exclusively for charitable purposes. Mr. Michaud stated that the Center provides behavioral and mental health services, including child and family services, adult services, senior services, trauma-focused care, supportive housing services, wellness programs, and emergency services from its current locations in Manchester. During fiscal year 2017, the Center provided more than 345,000 units of service to its clients.

Mr. Michaud testified that the Center contracts annually with, and is designated as an approved community mental health center by the New Hampshire Department of Health and Human Services. The Center is approved for participation in the Medicare and Medicaid programs, and receives revenues from those sources as well as private and third party payors and certain towns in its service area, HUD funds, and certain contract services income.

Mr. Michaud explained that the Center's licensed professionals include Psychiatrists, Advanced Registered Nurse Practitioners, Masters level Social Workers, Masters level Mental Health Counselors, Masters level Marriage and Family Therapists, and Masters and Bachelors level Alcohol and Drug Abuse Counselors.

Mr. Michaud testified that the Project to be financed by the Bonds consists of the financing of the acquisition of the land and existing building along with appurtenant parking known as Two Wall Street, Manchester, New Hampshire, and the financing of miscellaneous capital expenditures. Bond proceeds will also be used to finance the cost of issuance of the Bonds.

Mr. Michaud stated that the Center expects to issue no more than \$10 million of Bonds which are planned to be issued in a private placement with a financial institution which is expected to be TD Bank, N.A. The Bonds are expected to mature in no more than 30 years and will carry a fixed rate of interest although a variable rate of interest is possible. He explained that if the Bonds have a variable rate of interest, the Center may enter into an interest rate swap agreement for all or a portion of the Bonds.

Mr. Michaud testified that, under the Loan Agreement with the Authority and the purchaser of the Bonds, the Center will be required to carry blanket fire and extended coverage as well as general liability insurance. Based upon his position and his familiarity with the finances of the Center, he stated his opinion that the Center would be able to meet its financial obligations under the proposed Bond issue and that the Center currently is operating in a financially responsible manner. Mr. Michaud concluded his testimony by stating his opinion that the improvements financed as part of the Project are necessary to provide the Center's clients with appropriate and respectful behavioral and mental health facilities and services.

David C. Bliss was the final witness called. 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 and Secretary, he has become acquainted with the Project and the details of its financing, having worked closely with the Borrower's officers in developing the financial arrangements to be reflected in the bonds proposed to be issued. He stated that the Authority has voted to issue its bonds for the Project, subject to compliance being had with all laws bearing upon such issue and the advice of counsel, including Bond Counsel. He testified that the Authority adopted a resolution on May 18, 2017, approving issuance of bonds for The Mental Health Center of Greater Manchester, Inc.

Mr. Bliss testified that certain documents are being prepared for execution in connection with the Project. He stated that there will be a provision in the bond documents under which the Borrower will be obligated to hold and use the Project for healthcare purposes so long as the Bonds are outstanding. He testified to language which will be in the Bond Indenture which will require that each bond issued by the Authority for The Mental Health Center of Greater Manchester, Inc. 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.

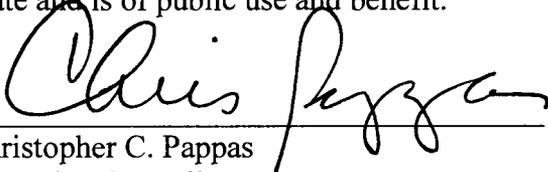
Mr. Bliss concluded his testimony by stating that, based on his familiarity with the statute under which the Authority operates, on his experience as Executive Director and Secretary of the Authority, and on the advice of counsel, including Bond Counsel, the Project is within the powers conferred by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

Findings

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

- (1) The construction and acquisition of the Project as the same is described in such testimony, will enable and assist The Mental Health Center of Greater Manchester, Inc. (herein called the "Center"), a not-for-profit participating healthcare institution located in Manchester, New Hampshire, to provide healthcare facilities within the State of New Hampshire (herein called the "State"); and
- (2) The Project will be leased to, or owned by, the Center, 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 construction and acquisition of the Project; 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 finance such construction and acquisition or to provide for the refinancing of existing indebtedness on obligations to which such refinancing of existing indebtedness relates; and
- (4) Adequate provision has been, or will be, made in any lease or mortgage of the Project to be undertaken or any property leased or mortgaged 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 Center 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 Center 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 construction and acquisition of the Project will be within the authority conferred by Chapter 195-D of the New Hampshire Revised Statutes Annotated upon the Authority; and
- (7) The construction and acquisition of the Project serves a need presently not fulfilled in providing healthcare facilities within the State and is of public use and benefit.

Dated: June 19, 2017



Christopher C. Pappas
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 Christopher C. Pappas, 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 The Mental Health Center of Greater Manchester, Inc., a not-for-profit behavioral and mental health services provider located in Manchester, New Hampshire. The hearing was held on June 19, 2017, following public notice, in the 3rd Floor Conference Room of the offices of the Center, Two Wall Street, Manchester, New Hampshire at 8:00 o'clock in the morning.

The Governor's signature constitutes his approval under Section 147(f) of the Internal Revenue Code of 1986, as amended, of the issuance of the bonds described herein and as described in the Notices of Public Hearings published on June 15, 2017 and on June 22, 2017, and in a hearing conducted by the Authority on July 6, 2017.

Dated: July 19, 2017

Governor and Council:

