



State of New Hampshire

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

VICKI V. QUIRAM
Commissioner
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June 9, 2015

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 Sununu with regard to a certain project in participation with The Mental Health Center for Southern New Hampshire d/b/a CLM Center for Life Management, Derry, New Hampshire.

EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Sununu has requested that this be placed on the agenda as a regular item for the Wednesday, June 24, 2015 meeting for ratification by the Governor and Council.

Sincerely,

Vicki V. Quiram
Commissioner

VVQ/rjk

Attachment

**REPORT
AND
FINDINGS
OF**

CHRISTOPHER T. SUNUNU, 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 FOR SOUTHERN NEW HAMPSHIRE d/b/a CLM CENTER FOR LIFE MANAGEMENT of Derry, 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 The Mental Health Center for Southern New Hampshire d/b/a CLM Center for Life Management, a not-for-profit voluntary and charitable corporation incorporated under New Hampshire law and operating behavioral and mental health facilities located in Derry and Salem, New Hampshire (hereafter sometimes referred to as “CLM” or 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 refinancing of the Authority’s Center for Life Management Revenue Bonds, Series 2006 (the “Series 2006 Bonds”) 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 Union Leader on May 22, 2015, the hearing was held commencing at 8:00 a.m.

on Friday, June 5, 2015, in the Board Room of CLM Center for Life Management, 10 Tsienneto Road, Derry, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

Summary of Testimony

Michael J. Bergeron, CLM'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. Bergeron stated that the Center provides behavioral and mental health services, including child adolescent and family services, adult services, senior services and emergency services from its current locations in Derry and Salem. During fiscal year 2014, CLM provided more than 389,943-units of service to its clients.

Mr. Bergeron 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, grant support from United Way, HUD funds, and certain contract services income.

Mr. Bergeron 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. Bergeron testified that the Project to be financed by the Bonds consists primarily of the refinancing of the Authority's Revenue Bonds, Center for Life Management Issue, Series 2006, the proceeds of which were used for (a) the acquisition of land and the construction and furnishing of CLM's centralized facility at 10 Tsienneto Road, Derry, New Hampshire, and (b) the refinancing of an existing taxable loan used to purchase certain properties including 38 North

Shore Road in Derry, New Hampshire.

Mr. Bergeron stated that CLM expects to issue approximately \$3.5 million of Bonds which will refinance the approximately \$3.265 million of the outstanding Series 2006 Bonds. The 2015 Bond proceeds also may be used to pay routine capital expenditures and to finance cost of issuance relating to the 2015 Bonds. The Bonds are planned to be issued in a private placement with a financial institution which is expected to be People's United Bank. The Bonds are expected to mature in no more than 20 years and will carry either a fixed or a variable rate of interest. He explained that if the Bonds have a variable rate of interest, CLM may enter into an interest rate swap agreement for all or a portion of the Bonds.

Mr. Bergeron testified that, under the Loan Agreement with the Authority and the purchaser of the Bonds, CLM will be required to continue to carry blanket fire and extended coverage as well as general liability insurance. Mr. Bergeron explained that the refinancing of existing indebtedness would assist the Center in lowering the cost of providing healthcare facilities in New Hampshire. Based upon his position and his familiarity with the finances of the Center, he stated his opinion that CLM would be able to meet its financial obligations under the proposed Bond issue and that CLM currently is operating in a financially responsible manner. Mr. Bergeron 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 he has become acquainted with the Project and the details of its financing, having worked closely with the Center'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 April 16, 2015, approving the issuance of bonds for The Mental Health Center for Southern New Hampshire d/b/a CLM Center for Life Management.

Mr. Bliss testified that certain documents are being prepared for execution in connection with the Project, including the Loan Agreement intended for execution by the Center, the Authority, and the purchaser. He stated that there is a provision in the Agreement under which the Center will be obligated to hold and use the Project for healthcare purposes so long as the Bonds are outstanding. He testified to the language in the Loan Agreement which requires that each bond issued by the Authority for The Mental Health Center for Southern New Hampshire d/b/a CLM Center for Life Management 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 construction and acquisition of the Project and refinancing of existing indebtedness, as the same is described in such testimony, will enable and assist The Mental Health Center for Southern New Hampshire d/b/a CLM Center for Life

Management (herein called the "Center"), a not-for-profit participating healthcare institution located in Derry and Salem, New Hampshire, to provide healthcare facilities within the State of New Hampshire (herein called the "State"); and

- (2) The Project, and the project to which the refinancing of existing indebtedness relates, 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 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 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 and 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 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; and
- (8) The refinancing of existing indebtedness will assist the Center in lowering the cost of providing healthcare facilities within the State.

Dated: June 5, 2015



Christopher T. Sununu
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 T. Sununu, 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 for Southern New Hampshire d/b/a CLM Center for Life Management, a not-for-profit behavioral and mental health services provider located in Derry, New Hampshire. The hearing was held on June 5, 2015, following public notice, in the Board Room of CLM Center for Life Management, 10 Tsienneto Road, Derry, New Hampshire at 8:00 o'clock in the morning.

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 and as described in the Notice of Public Hearing published on May 22, 2015.

Dated: June 24, 2015

Governor and Council:

