

**STATE OF NEW HAMPSHIRE
DEPARTMENT OF STATE
BUREAU OF SECURITIES REGULATION**

IN THE MATTER OF:

Local Government Center, Inc.; Local
Government Center Real Estate, Inc.;
Local Government Center HealthTrust;
LLC; Local Government Center
Property-Liability Trust, LLC;
HealthTrust, Inc.; New Hampshire
Municipal Association Property-Liability
Trust, Inc.; LGC-HT, LLC; Local
Government Center Workers'
Compensation Trust, LLC; and the
Following individuals: Maura Carroll,
Keith R. Burke, Stephen A. Moltenbrey,
Paul G. Beecher, Robert A. Berry,
Roderick MacDonald, Peter J. Curro,
April D. Whittaker, Timothy J. Ruehr,
Julia N. Griffin, Paula Adriance, John
P. Bohenko, and John Andrews

Case No.: C-2011000036

SUPPLEMENTAL MEMORANDUM OF RESPONDENTS
LOCAL GOVERNMENT CENTER, INC., et al
IN SUPPORT OF THEIR OBJECTIONS
TO THE PENDING MOTIONS TO INTERVENE

Respondents Local Government Center, Inc., its affiliated entities, and Maura Carroll (hereafter, "LGC") file this Supplemental Memorandum in support of LGC's objections to all pending Motions to Intervene.

1. The potential interveners have claimed that they have a "direct pecuniary interest in this case...." See Response of Intervenors dated October 17, 2011 filed by Molan, Milner & Krupski, PLLC, at ¶13; Response of the New England Police Benevolent Association, Inc. dated October 17, 2011 at ¶6 ("NETBA...has a direct interest in the subject matter of this proceeding.") In support of this assertion, the potential interveners claim that they all "have paid

money to LGC.” *See* Response of Interveners dated October 17, 2011 at ¶3. These claims are not accurate.

2. The potential interveners are labor unions, associations representing individuals, and “a class of retiree members,” not political subdivisions.¹ This is an important distinction for purposes of the motions to intervene, as the political subdivisions are the only entities that contracted with LGC for its services, and thus are the only entities that have a “direct pecuniary interest” in the outcome of this matter. *See* Appendix A, Samples of Applications and Participation Agreements between various political subdivisions and LGC, Bate-Stamped LGC-AH00055-116.

3. Retirees access to health care coverage from LGC is exclusively provided through the political subdivisions which have the statutory obligation to provide their retirees with continued access to the political subdivision’s group health plan. RSA 100-A:50, I. The political subdivision contracts with LGC to provide the retiree with coverage through the political subdivision’s group health plan. Retirees do not have any direct contractual relationship with LGC for the provision of health care coverage.

4. The potential interveners highlight the fact that some retirees pay money directly to LGC for health insurance, and argue this provides a basis for intervention for the retirees. Again, however, this connection exists only through the political subdivision. The statute provides that each political subdivision may require its retirees to pay any part or all of the cost of the participation in the political subdivision’s health plan. RSA 100-A:50, II. Where the

¹ Response of Interveners filed by the Molan firm incorrectly stated that they represent “an individual” who was the “original complainant.” *See* Response of Interveners dated October 17, 2011 at ¶1a. As the exhibit introduced during the hearing on October 18, 2011 clearly indicates, the “original complainant” was not an individual but, rather, the Professional Fire Fighters of Hampton, Local 2664. Indeed, the filing is by James Squire, as President of the Professional Fire Fighters of Hampton. In the complaint, Mr. Squires indicated that he was writing “As, the President of the Professional Fire Fighters of Hampton” and asked that the Secretary of State “look into this matter on our behalf.”

political subdivision requires payment by the retiree, some political subdivisions collect money directly from their retirees, and then the political subdivision pays LGC for the retiree's coverage under the group plan. *See* Appendix A, Bate-Stamped LGC-AH00062-67. As an alternative, other political subdivisions contract with LGC to provide administrative billing services to collect the retirees' payments. In those cases, LGC, on behalf of the political subdivision, bills and collects from the retiree the required payment for access to the political subdivision's group health plan coverage. In either case, the political subdivisions "retain ultimate responsibility for payment" to LGC. Appendix A, Bate-Stamped LGC-AH 00063-64.

5. Within its most recent filing, the NEPBA concedes the point that the contracts are between LGC and the political subdivisions. NEPBA stated that the "municipalities [] obtain products and services offered by the respondents...." *See* Response of the New England Police Benevolent Association, Inc., dated October 17, 2011 at ¶2. As there is no privity of contract between LGC and the potential interveners, the potential interveners do not have a "direct pecuniary interest" as they have claimed. Accordingly, the potential interveners lack standing to intervene in this matter.

6. As the Interveners have no direct pecuniary interest in this matter, and for the reasons set forth in LGC's prior written objections and during oral argument, the Motions to Intervene should be denied.²

² Counsel for the Professional Fire Fighters of New Hampshire asserted for the first time during the hearing that LGC did not object to the intervention of all the individuals and/or entities he represents. A reading of counsel's initial Motion to Intervene is less than clear as to what entities were seeking intervention. The Motion is only signed on behalf of the PFFNH and the cover letter to the Hearing Officer indicates that the Motion to Intervene is filed by the PFFNH. Nevertheless, to the extent necessary, LGC provides notice to the Hearing Officer and all parties that it objects to all pending Motion to Intervene.

WHEREFORE, Respondents LGC respectfully request that:

- A. The Hearing Officer deny all pending Motions to Intervene; and
- B. The Hearing Officer grant such other relief as fairness and due process require.

Respectfully submitted,

Local Government Center, Inc.;
Local Government Center Real Estate, Inc.;
Local Government Center HealthTrust, LLC;
Local Government HealthTrust, LLC;
Local Government Center Property-Liability
Trust, LLC;
HealthTrust, Inc.;
New Hampshire Municipal Association
Property-Liability Trust, Inc.;
LGC-HT, LLC;
Local Government Center
Workers' Compensation Trust, LLC; and
Maura Carroll,

By Their Attorneys:
PRETI FLAHERTY BELIVEAU &
PACHIOS PLLP

Dated: October 21, 2011

By: /s/ Brian M. Quirk
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CERTIFICATE OF SERVICE

I hereby certify that I have this 21st day of October 2011, provided copies of the within Supplemental Memorandum of Respondents Local Government Center, Inc., *et al* to the Pending Motions to Intervene *via* electronic transmission to all counsel of record.

/s/ Brian M. Quirk