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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

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Commissioner
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Assistant Commissioner
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November 15, 2018

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 David K. Wheeler with regard to a certain project in participation with Young Men's Christian Association of Greater Nashua, Nashua, NH.

EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Wheeler has requested that this be placed on the agenda as a regular item for the Wednesday, December 5, 2018 meeting for ratification by the Governor and Council.

Sincerely,

Charles M. Arlinghaus
Commissioner

CMA/dph

Attachment

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November 15, 2018

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Vicki Quiram, Commissioner
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State of New Hampshire
State House Annex
Concord, New Hampshire 03301

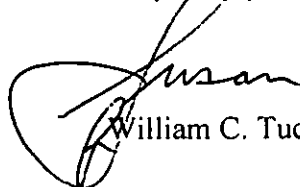
RE: New Hampshire Health and Education Facilities Authority –
Young Men's Christian Association of Greater Nashua

Dear Commissioner Quiram:

I enclose an original and ten copies of the Report and Findings of Councilor David K. Wheeler with regard to a certain project in participation with Young Men's Christian Association of Greater Nashua, Nashua, New Hampshire. Councilor Wheeler 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 Wednesday, December 5, 2018.

Thank you for your assistance in this matter.

Very truly yours,


William C. Tucker

enclosures

**REPORT
AND
FINDINGS
OF**

DAVID K. WHEELER, 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 **YOUNG MEN'S CHRISTIAN ASSOCIATION OF GREATER NASHUA**, of Nashua, 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 Young Men's Christian Association of Greater Nashua, a not-for-profit, voluntary corporation providing an education program with its principal office in Nashua, New Hampshire (hereafter referred to as the "Borrower" or "YMCA"), which is a participating educational institution under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in financing the acquisition, construction, renovation, and equipping of the Borrower's facilities (hereafter 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 October 29, 2018, the hearing was held in the offices of the YMCA of Greater Nashua, commencing at 3:00 p.m. on November 13, 2018 at 10 Cotton Road, Suite 1, Nashua, New Hampshire 03063. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

Summary of Testimony

Michael LaChance, the Chief Executive Officer of the YMCA, was the first witness. He described the YMCA as a not-for-profit corporation organized under New Hampshire law exclusively for charitable purposes.

Mr. LaChance stated that the YMCA has operated in southern New Hampshire since 1887 and currently maintains branches in Nashua (Nashua YMCA) and Merrimack (Merrimack YMCA). In addition, the YMCA operates a day camp, Camp Sargent, which is located in Merrimack. Mr. LaChance stated that these facilities, through a variety of wellness and youth development initiatives, focus on building strong kids, strong families and strong communities while not turning anyone away for their inability to pay. In addition, Mr. LaChance stated that the YMCA allows free use of its facilities to many local non-profit organizations.

Mr. LaChance testified that the Project consists of: (1) financing the acquisition, construction, renovation, equipping, and additions to the Borrower's facilities, located at 90 Northwest Boulevard, Nashua, New Hampshire, including (a) a 55,000 square foot building; (b) new classrooms, parking and wellness studios; and (c) an approximate 10,000 square foot outdoor splash pad and swimming pool; (2) financing miscellaneous construction, renovations, equipment of the Borrower's facilities located at its Nashua Branch located at 24 Stadium Drive, Nashua, New Hampshire, the Borrower's Camp Sargent location at 141 Camp Sargent Road, Merrimack, New Hampshire and the Merrimack Branch, located at 6 Henry Clay Drive, Merrimack, New Hampshire; (3) funding of capitalized interest, if any, and funding a debt service reserve fund, if any, with respect to the Bonds; and (4) paying certain costs of issuing the Bonds.

The second witness was Mahesh Bhatia, Chief Financial Officer of the YMCA. Mr. Bhatia testified that the YMCA expects the Series 2018 Bonds to be issued in an amount not to exceed \$9 million. The Bonds are planned to be issued in a private placement with a financial institution which is expected to be Bar Harbor Bank & Trust. The Bonds are expected to mature in no more than 25 years and will carry a fixed rate of interest.

Mr. Bhatia testified that, under the Loan Agreement with the Authority, the YMCA will be required to continue to maintain appropriate insurance coverage.

Mr. Bhatia testified that, as the Chief Financial Officer of the YMCA, it is his opinion that the Borrower will be able to meet its financial obligations under the proposed bond issue and that the YMCA is currently operating in a financially responsible manner. He concluded his testimony by explaining that the Project will be of public use and benefit and will permit the YMCA to continue to render an appropriate level of service to its current and future members and other clients.

Bonnie Payette was the final witness. She stated that she 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 her capacity as Executive Director she 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. She 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. She testified that the Authority adopted a resolution on October 18, 2018, approving issuance of bonds for the Young Men's Christian Association of Greater Nashua.

Ms. Payette testified that certain documents are being prepared for execution in connection with the Project, including a Loan Agreement intended for execution by the YMCA, the Authority and the purchaser of the Bonds. She stated that there will be a provision in the Agreement under which the YMCA will be obligated to hold and use the Project for educational and charitable purposes so long as the Bonds are outstanding. She testified to the language in the Loan Agreement which requires that each bond issued by the Authority for the YMCA, 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.

Ms. Payette 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.

Ms. Payette concluded her testimony by stating that, based on her familiarity with the statute under which the Authority operates, on her 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

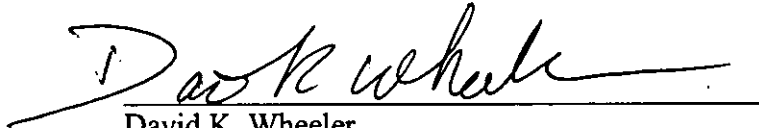
Upon the testimony submitted at the hearing, and upon consideration, I find as follows:

- (1) The construction and acquisition of the Project, as the same is described in such testimony, will enable and assist Young Men's Christian Association of Greater Nashua (herein called the "Borrower"), a not-for-profit institution providing an education program which has its principal office in Nashua, New Hampshire, to provide education facilities within the State of New Hampshire (herein called the "State"); and
- (2) The Project will be leased to, or owned by, the Borrower, 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, 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 Borrower 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 Borrower to hold and use the Project and the facilities being financed by the Project for educational 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 or any 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 education facilities within the State and is of public use and benefit.

Dated: November 13, 2018



David K. Wheeler
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 David K. Wheeler, 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 Young Men's Christian Association of Greater Nashua, a not-for-profit, voluntary corporation providing an education program with its principal office in Nashua, New Hampshire. The hearing was held on November 13, 2018, following public notice, in the offices of the Borrower located at 10 Cotton Road, Suite 1, Nashua, New Hampshire at 3:00 o'clock in the afternoon.

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 in the hearing held by the Authority on November 13, 2018 as described in the Notice of Public Hearing, published on October 29, 2018.

Dated: December 5, 2018

Governor and Council:

