



State of New Hampshire

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

3C
Jm

VICKI V. QUIRAM
Commissioner
(603) 271-3201

JOSEPH B. BOUCHARD
Assistant Commissioner
(603) 271-3204

April 25, 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 Joseph D. Kenney with regard to a certain project in participation with the Lakes Region Mental Health Center, Inc. d/b/a Genesis Behavioral Health of Laconia, 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 Wednesday, May 17, 2017 meeting for ratification by the Governor and Council.

Sincerely,

Vicki V. Quiram
Commissioner

VVQ/rjk

Attachment

**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 THE LAKES REGION MENTAL HEALTH CENTER, INC. d/b/a GENESIS BEHAVIORAL HEALTH of Laconia, 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 Lakes Region Mental Health Center, Inc. d/b/a Genesis Behavioral Health, a not-for-profit voluntary and charitable corporation incorporated under New Hampshire law and operating behavioral and mental health facilities located in Laconia, New Hampshire (hereafter sometimes referred to as “Genesis” 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 financing of the acquisition, renovation, equipping, and furnishing of a building located at 575 Main Street, Laconia, New Hampshire, the refinancing of a loan to acquire the aforementioned building, 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 April 18, 2017, the hearing was held commencing at 10:00 a.m. on Monday, April 24, 2017, in the 2nd Floor Conference Room of the NH Children's Program Building, 771 North Main Street, Laconia, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

Summary of Testimony

Sunshine Fisk, Genesis' Chief Financial Officer, was the first witness. She described the Center as a not-for-profit corporation organized under New Hampshire law exclusively for charitable purposes. Ms. Fisk 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 Laconia. During fiscal year 2016, Genesis provided more than 135,000 units of service to its clients.

Ms. Fisk 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.

Ms. Fisk 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.

Ms. Fisk testified that the Project to be financed by the Bonds consists primarily of (a) the financing of the acquisition, renovation, equipping, construction, and furnishing of a new centralized facility at 575 Main Street, Laconia, New Hampshire, (b) the refinancing of a loan to

acquire the aforementioned building, and (c) the financing of miscellaneous capital expenditures. Bond proceeds will also be used to finance the cost of issuance of the Bonds.

Ms. Fisk stated that Genesis expects to issue approximately \$5.2 million of Bonds which are planned to be issued in a private placement with a financial institution which is expected to be Meredith Village Savings Bank. 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. She explained that if the Bonds have a variable rate of interest, Genesis may enter into an interest rate swap agreement for all or a portion of the Bonds.

Ms. Fisk testified that, under the Loan Agreement or Loan Agreement and Mortgage with the Authority and the purchaser of the Bonds, Genesis will be required to continue to carry blanket fire and extended coverage as well as general liability insurance. Ms. Fisk explained that the refinancing of existing indebtedness would assist the Center in lowering the cost of providing healthcare facilities in New Hampshire. Based upon her position and her familiarity with the finances of the Center, she stated her opinion that Genesis would be able to meet its financial obligations under the proposed Bond issue and that Genesis currently is operating in a financially responsible manner. Ms. Fisk concluded her testimony by stating her 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.

Bonnie Payette was the final witness called. She stated that she is the Director of Operations and Finance 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 Director of Operations and Finance, 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 April 20, 2017, approving issuance of bonds for The Lakes Region Mental Health Center, Inc.

Ms. Payette testified that certain documents are being prepared for execution in connection with the Project. She 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. She testified to language which will be in the Bond Indenture which will require that each bond issued by the Authority for The Lakes Region Mental Health Center, 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.

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 Director of Operations and Finance of the Authority, and on the advice of counsel, including Bond Counsel, the Project is within the powers conferred by law upon the Authority.

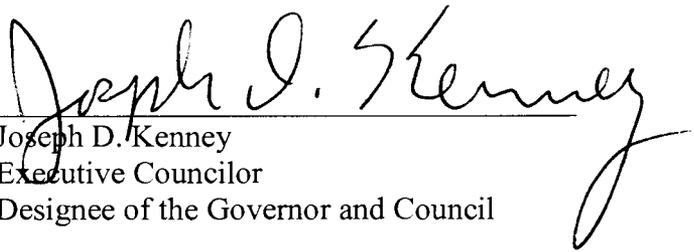
Findings

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 Lakes Region Mental Health Center, Inc. d/b/a Genesis Behavioral Health (herein

- called the “Center”), a not-for-profit participating healthcare institution located in Laconia, 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: April 24, 2017



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 The Lakes Region Mental Health Center, Inc. d/b/a Genesis Behavioral Health, a not-for-profit behavioral and mental health services provider located in Laconia, New Hampshire. The hearing was held on April 24, 2017, following public notice, in the 2nd Floor Conference Room of the NH Children's Program Building, 771 North Main Street, Laconia, New Hampshire at 10:00 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 April 18, 2017 and on April 20, 2017, and in a hearing conducted by the Authority on May 4, 2017.

Dated: May 17, 2017

Governor and Council:

