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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) 271-3201

April 10, 2015

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
State House
Concord, New Hampshire 03301

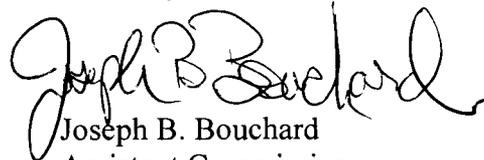
REQUESTED ACTION

Approval of the Report and Findings of Councilor David K. Wheeler with regard to a certain project in participation with Young Men's Christian Association of Greater Nashua, Nashua, New Hampshire.

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, May 6, 2015 meeting for ratification by the Governor and Council.

Sincerely,


Joseph B. Bouchard
Assistant Commissioner

JBB/rjk

Attachment

**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 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 Young Men's Christian Association of Greater Nashua, a not-for-profit, voluntary corporation providing an education program with its principal office in Merrimack, 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 renovation, equipping and expansion of certain of the Borrower's facilities as well as the refinancing of certain of the Borrower's existing indebtedness (hereafter referred to as the "Project").

Pursuant to RSA 195-D:21, 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 posted at the Merrimack Town Hall, the Nashua City Town Hall and on the Authority's website on April 7, 2015, the hearing was held commencing at 11:00 a.m. on April 9, 2015 in the Corporate Conference Room of the Merrimack Branch of the Borrower, 6 Henry Clay Drive,

Merrimack, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

Summary of Testimony

Richard Olson, the Chief Financial 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. Olson 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. Olson 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. Olson stated that the YMCA allows free use of its facilities to dozens of local non-profit organizations.

Mr. Olson testified that the Project consists of: **(1)** refunding all or a portion of the Authority's Revenue Bonds, YMCA of Greater Nashua Issue, Series 2010, the proceeds of which were used to (a) finance the construction, furnishing, equipping, and development of a new YMCA facility in Nashua, including without limitation, a wellness center for cardio and strength training, a swimming pool, an aquatics center, a multi-use activity center, fitness studios, childcare facilities and fitness facilities for people of all age groups; (b) fund miscellaneous construction, renovation and equipping of the Borrower's facilities; and (c) pay certain costs of issuance; **(2)** financing miscellaneous renovations, equipment and expansion 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 Borrower's corporate offices and Merrimack Branch, both located at 6 Henry Clay Drive, Merrimack, New Hampshire; **(3)** funding of capitalized interest, if any with respect to the Bonds; and **(4)** paying certain costs of issuing the bonds.

Mr. Olson stated that the Borrower expects to issue no more than \$11 million of bonds

(the "2015 Bonds" or the "Bonds"), and the Bonds are expected to be purchased by Lake Sunapee Bank. He testified that the Bonds will have an expected maturity of up to 20 years and bear interest at a fixed rate of 2.89%.

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

Mr. Olson testified that, as the Chief Financial Officer of the YMCA, it was his opinion that the Borrower would 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 would be of public use and benefit and would permit the YMCA to continue to render an appropriate level of service to its current and future members and other clients.

David C. Bliss was the final witness. 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 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 March 19, 2015 approving issuance of bonds for Young Men's Christian Association of Greater Nashua.

Mr. Bliss testified that certain documents are being prepared for execution in connection with the Project. He stated that there is a provision in the bond documents under which the Borrower is obligated to hold and use the Project for educational purposes so long as the Bonds are outstanding. He testified to the language in the bond documents which requires that each bond issued by the Authority for Young Men's Christian Association of Greater Nashua 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, 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 Merrimack, New Hampshire, to provide education facilities within the State of New Hampshire (herein called the "State"); and
- (2) The Project and the facilities being refinanced as part of 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 to be undertaken and any refinancing of existing indebtedness related to 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 and refinanced 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; and
- (8) The refinancing of existing indebtedness will assist the Borrower in lowering the cost of providing education facilities within the State and is being done in connection with a Project provided by the Borrower.

Dated: April 9, 2015



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 Merrimack, New Hampshire. The hearing was held on April 9, 2015, following public notice, in the Corporate Conference Room of the Merrimack Branch of the Borrower, 6 Henry Clay Drive, Merrimack, New Hampshire at 11:00 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 in the hearing held by the Authority on April 20, 2015 as described in the Notices of Public Hearing, published on April 2, 2015 and posted on April 7, 2015.

Dated: May 6, 2015

Governor and Council:

