



State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF THE COMMISSIONER
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November 18, 2016

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 Christopher C. Pappas with regard to a certain project in participation with Easter Seals New Hampshire, Inc. in Nashua, New Hampshire.

EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Pappas has requested that this be placed on the agenda as a regular item for the Wednesday, December 7, 2016 meeting for ratification by the Governor and Council.

Sincerely,

Vicki V. Quiram
Commissioner

VVQ/dph

Attachment

**REPORT
AND
FINDINGS
OF**

CHRISTOPHER C. PAPPAS, 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 **EASTER SEALS NEW HAMPSHIRE, INC.** of Manchester, 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 Easter Seals New Hampshire, Inc., a not-for-profit voluntary charitable corporation incorporated under New Hampshire law, located in Manchester, New Hampshire (hereafter sometimes referred to as the “Corporation” or “Easter Seals”) which is a participating educational and healthcare institution under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in the refinancing of certain of the Corporation’s existing indebtedness as well as the financing of certain 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 November 10, 2016, the hearing was held commencing at 12:00

noon on Monday, November 14, 2016 in the Board Room of Easter Seals New Hampshire, Inc., 555 Auburn Street, Manchester, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows.

Summary of Testimony

Elin Treanor, the Senior Vice President and Chief Financial Officer of Easter Seals New Hampshire, Inc., was the first witness. She stated that Easter Seals is a New Hampshire charitable corporation headquartered in Manchester, New Hampshire, which holds tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. Through its operations and those of its affiliates, Easter Seals provides services in three states: New Hampshire, Maine, and Vermont.

Easter Seals provides services to approximately 15,000 individuals and their families each year in over 20 locations through its three state service area. Ms. Treanor explained that Easter Seals' service models are developed to create positive change through highly individualized programs designed to meet the unique needs of individuals with disabilities or special needs. The Corporation and its affiliates provide a variety of social service programs including autism services, camping and recreation, children and family services, community based services, a dental center, military and veteran's services, residential and educational services, senior services, special transit service, substance abuse services, employment services, child development services and early supports services.

Ms. Treanor testified that the Project would include (i) the refinancing of the Authority's Series 2004A Bonds issued for the benefit of Easter Seals which are currently outstanding in the approximate amount of \$13,000,000, (ii) refinancing of an existing taxable loan from Citizens Bank, N.A., made to Easter Seals and its wholly owned subsidiary, Manchester Alcoholism Rehabilitation Center ("MARC") and outstanding in the approximate amount of \$4,750,000,

which was used to finance the acquisition and the improvements to the Farnum Center Substance Abuse Treatment Facility on Queen City Avenue in Manchester, which is owned by MARC, and (iii) funding approximately \$3,300,000 of expenses for the renovation of the Easter Seals' Auburn Street facility in Manchester. She stated that the Corporation may also use bond proceeds to pay for routine capital expenditures and to pay issuance costs associated with financing.

Ms. Treanor stated that the Corporation expects to issue up to \$25,000,000 of bonds in private placement with the anticipated purchaser being Citizens Funding Corp., an affiliate of Citizens Bank, N.A. The bonds are expected to have a maturity of no more than thirty (30) years and to carry a variable or fixed rate of interest or a combination of the two.

Ms. Treanor testified that, under the Loan Agreement (the "Loan Agreement") to be entered into with the Authority, the Corporation will be required to continue to carry blanket fire and extended coverage as well as general liability insurance.

Ms. Treanor explained that, in her view, the Project would be of public use and benefit and would permit the Corporation to continue to render an appropriate level of service to its current and future clients. She also stated her opinion that the Corporation would be able to meet its financial obligations under the proposed bond issue and that the Corporation is currently operating in a financially responsible manner. Finally, she testified that the refinancing of existing indebtedness would be done in connection with a renovation and equipping project and would assist the Corporation in lowering the costs of providing educational and healthcare facilities.

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 Easter Seals' 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 20, 2016, approving issuance of bonds for Easter Seals.

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 Easter Seals will be obligated to hold and use the Project for educational and 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 Easter Seals 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 the refinancing of existing indebtedness, as the same is described in such testimony, will enable and assist Easter Seals New Hampshire, Inc. ("Easter Seals"), a not-for-profit, voluntary corporation which is

located in Manchester, New Hampshire, to provide education and healthcare facilities within the State of New Hampshire (the "State"); and

(2) The Project will be leased to, or owned by Easter Seals or Manchester Alcoholism Rehabilitation Center, which are financially responsible participating institutions within the State; and

(3) Adequate provision has been, or will be, made for the payment of the cost of the Project and the refinancing of existing indebtedness related thereto; 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 the cost of the Project 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 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 Borrower so that under no circumstances will the State be obligated, directly or indirectly, for the payment of such costs; and

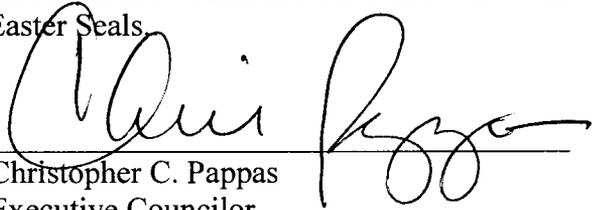
(5) Adequate provision has been made to obligate Easter Seals to hold and use the Project for educational and healthcare purposes so long as the principal of and interest on bonds or other obligations issued by the New Hampshire Health and Education Facilities Authority (the "Authority") to finance the 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 educational and healthcare facilities within the State and is of a public use and benefit; and

(8) The refinancing of existing indebtedness will assist the Borrower in lowering the cost of providing educational and healthcare facilities within the State and will be in connection with a project being provided by Easter Seals.

Dated: November 14, 2016


Christopher C. Pappas
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 C. Pappas, 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 Easter Seals New Hampshire, Inc., a not-for-profit corporation which is located in Manchester, New Hampshire which provides educational and healthcare facilities within the State of New Hampshire. The hearing was held on November 14, 2016, following public notice, in the Board Room of Easter Seals New Hampshire, Inc., 555 Auburn Street, Manchester, New Hampshire, at 12:00 noon.

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, as described in the Notices of Public Hearings published on November 10, 2016 and on November 15, 2016, and in a hearing conducted by the Authority on November 29, 2016.

Dated: December 7, 2016

Governor and Council:

