



State of New Hampshire

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

126 Jm

LINDA M. HODGDON
Commissioner
(603) 271-3201

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

August 12, 2014

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 Debora B. Pignatelli with regard to a certain project in participation with Greater Nashua Council on Alcoholism d/b/a Keystone Hall of Nashua, New Hampshire.

EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Pignatelli has requested that this be placed on the agenda as a regular item for the Wednesday, September 3, 2014 meeting for ratification by the Governor and Council.

Sincerely,

Linda M. Hodgdon
Commissioner

LMH/mcc

Attachment

**REPORT
AND
FINDINGS
OF**

DEBORA B. PIGNATELLI, 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 **GREATER NASHUA COUNCIL ON ALCOHOLISM**, d/b/a Keystone Hall, Nashua, New Hampshire, pursuant to said Act.

Introductory

The New Hampshire Health and Education Facilities Authority (hereinafter 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 (hereinafter referred to as the “Act”), and particularly as prescribed in Section 21 of the Act, on an application submitted to the Authority by the Greater Nashua Council on Alcoholism, d/b/a Keystone Hall (“Keystone Hall”), a voluntary (not-for-profit) corporation located in Nashua, New Hampshire. Keystone Hall is licensed by the New Hampshire Department of Health and Human Services and is a participating health care institution under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in the refinancing of certain indebtedness (hereinafter sometimes referred to as the “Project”) through the issuance of revenue bonds.

Pursuant to the provisions of 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 published in the Union Leader on August 7, 2014, such hearing was held

commencing at 9:00 a.m. on Monday, August 11, 2014 in the Dining Room on the first floor of the Greater Nashua Council on Alcoholism, 615 Amherst Street, Nashua, New Hampshire (the “Main Campus”). All witnesses were duly sworn. A summary of testimony presented at the hearing follows.

Summary of Testimony

The first witness was Patricia Robitaille, the Vice President of Finance of Keystone Hall. She described Keystone Hall as a not-for-profit, voluntary corporation organized under New Hampshire law exclusively for charitable purposes.

Ms. Robitaille stated that Keystone Hall is a 54-bed rehabilitation facility providing recovery support services which are evidence-based, gender-specific, and culturally competent. The programs provided include residential, outpatient, and intensive outpatient substance abuse services, prevention services, supportive services, and recovery support services. Such programs are available to any New Hampshire resident who is at least 18 years old, and through a court order or with parental/guardian permission, to New Hampshire’s youth ranging between the ages of 12 and 17 years old.

Ms. Robitaille stated that the Project is comprised of the refinancing of loans from Merrimack County Savings Bank, New Hampshire Community Loan Fund and NCB Impact (the “Indebtedness”). Proceeds of the Indebtedness were used to finance the acquisition, construction, renovation, installation and equipping of the rehabilitation facility located at the Main Campus.

Ms. Robitaille testified that there will be one series of bonds issued at this time (the “2014 Bonds”), which will not exceed \$4.5 million in principal amount. She indicated that Keystone Hall expects the 2014 Bonds to be fixed-rate bonds with a maturity of no more than

thirty years. The 2014 Bonds are expected to be purchased by Merrimack County Savings Bank. She noted that the 2014 Bonds will refinance approximately \$3.8 million of the outstanding principal amount of the Indebtedness. The 2014 Bond proceeds also may be used to finance costs of issuance relating to the 2014 Bonds.

Ms. Robitaille confirmed that Keystone Hall will be required under the Loan Agreement with the Authority and the purchaser of the 2014 Bonds to carry fire and extended coverage insurance as well as general liability insurance.

Ms. Robitaille then testified as to the general finances of Keystone Hall and the proposed financing. With respect to Keystone Hall's general financial position, she stated that, based upon her position with Keystone Hall, she was of the opinion that Keystone Hall is currently operating as a financially responsible participating health care institution. As to the proposed financing, she testified that Keystone Hall could meet its obligations under the proposed bond issue and that adequate provision had been made for the payment of principal and interest on the 2014 Bonds and for the payment of all costs of operation, maintenance and upkeep of the Project.

In closing her testimony, Ms. Robitaille stated her opinion that the Project would be of public use and benefit and would permit Keystone Hall to continue to render an appropriate level of service to its current and future program participants. She also stated her opinion that the refinancing of the Indebtedness would assist Keystone Hall in lowering the cost of health care facilities in New Hampshire.

David C. Bliss was the final witness. He stated that he is the Executive Director of the New Hampshire Health and Education Facilities Authority, charged with administration of the Authority's day-to-day affairs. Mr. Bliss testified that he had become acquainted with the

Project and the details of its financing, having worked closely with Keystone Hall's officers in developing the financial arrangements to be reflected in the bonds proposed to be issued. He stated that the Authority adopted a resolution on July 17, 2014, approving issuance of its bonds for Keystone Hall.

Mr. Bliss reviewed certain instruments prepared or being prepared for execution in connection with the Project. These include the Loan Agreement intended for execution between Keystone Hall, the Authority, and the purchaser of the 2014 Bonds. Mr. Bliss pointed to language in the Loan Agreement under which Keystone Hall undertakes to hold and use the Project for health care purposes so long as the 2014 Bonds are outstanding and to language which requires that the bonds to be issued by the Authority for the benefit of Keystone Hall bear on their 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 refinancing of existing indebtedness, as the same is described in such testimony, will enable and assist the Greater Nashua Council on Alcoholism, d/b/a Keystone Hall (“Keystone Hall”), a voluntary corporation which is licensed by the Department of Health and Human Services and located in Nashua, New Hampshire, to provide social services 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, Keystone Hall, 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 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 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 Keystone Hall 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 Keystone Hall to hold and use the Project for health care purposes so long as the principal of and interest on the 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 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 refinancing of existing indebtedness will assist Keystone Hall in lowering the cost of providing health care facilities within the State.

Dated: August 11, 2014



Debora B. Pignatelli
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 Debora B. Pignatelli, 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 Greater Nashua Council on Alcoholism, d/b/a Keystone Hall, a not-for-profit voluntary corporation located in Nashua, New Hampshire. The hearing was held on August 11, 2014, following public notice, in the Dining Room on the first floor of the Greater Nashua Council on Alcoholism, 615 Amherst Street, Nashua, New Hampshire.

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 September 2, 2014 as described in the Notice of Public Hearing, published on August 11, 2014.

Dated: September 3, 2014

Governor and Council:
