

3E



# State of New Hampshire

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

Charles M. Arlinghaus  
Commissioner  
(603) 271-3201

Joseph B. Bouchard  
Assistant Commissioner  
(603) 271-3204

November 16, 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 Andru Volinsky with regard to a certain project in participation with Wentworth-Douglass Hospital, Dover, New Hampshire.

### EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Andru Volinsky has requested that this be placed on the agenda as a regular item for the Wednesday, December 6, 2017 meeting for ratification by the Governor and Council.

Sincerely,

Charles M. Arlinghaus  
Commissioner

CMA/rjk

Attachment

**REPORT  
AND  
FINDINGS  
OF**

**ANDRU VOLINSKY**, 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 **PARTNERS HEALTHCARE SYSTEM** and its affiliate **WENTWORTH-DOUGLASS HOSPITAL** of Dover, 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 Partners HealthCare System, Inc. (“Partners”), a not-for-profit charitable corporation organized under Massachusetts law and registered to do business in New Hampshire, which is the sole member of Wentworth-Douglass Hospital (the “Hospital”) located in Dover, New Hampshire, both of which are participating institutions under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in the refinancing of certain outstanding indebtedness (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 posted at the Dover Town Hall and on the Authority’s website on Monday, November 13, 2017, the hearing was held commencing at 1:00 p.m. on Wednesday, November 15, 2017 in the Conference Room of the New Hampshire Health and Education Facilities Authority at 54 South State Street, Concord, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

### Summary of Testimony

Debra Sloan, the Vice President for Treasury of Partners, was the first witness. She described Partners as a not-for-profit corporation organized under Massachusetts law and registered to do business in New Hampshire which is organized exclusively for charitable purposes and is a qualified charitable corporation under Section 501(c)(3) of the Internal Revenue Code. She stated that Partners is a healthcare system committed to patient care, research, teaching, and service to the community locally and globally. She stated that Partners was founded in 1994 by Brigham & Women's Hospital and Massachusetts General Hospital and now includes community and specialty hospitals, a managed care organization, a physician network, community health centers, homecare, and other health-related entities. Several of its affiliated hospitals are teaching hospitals affiliated with the Harvard Medical School and it is a national leader in biomedical research.

Ms. Sloan testified that on January 1, 2017, Partners became affiliated with Wentworth-Douglass Hospital (the "Hospital") and is now the sole member of the Hospital.

Ms. Sloan stated that the Project includes the refinancing of the Hospital's Series 2011A, Series 2016A, and Series 2016B Bonds (the "Prior Bonds"), all of which were issued for the Hospital's benefit by the Authority. The prior Bonds were used to finance a large number of capital projects for the Hospital, including construction of a four story in-patient bed tower with private medical surgical beds, a women's and children's unit with an operating suite, the expansion of its parking garage, the renovation of existing nursing units, and laboratory and pathology space, and improvements, renovations, and equipping of the Hospital's medical office buildings at 65 Calef Highway in Lee and 10 Member's Way in Dover. Proceeds of the Authority's Revenue Bonds, Series 2017 (the "Bonds") will also be used to pay certain costs of issuing the Bonds.

Ms. Sloan stated that Partners expects to issue not in excess of \$125,000,000 of Bonds in one or more series as part of the financing and expects the Bonds to be issued at fixed rates in a public placement, although some Bonds may be issued at variable rates and in a private placement. The Bonds are expected to mature in no more than 30 years. She added Partners currently has

ratings of Aa3/AA- from Moody's Investor Services and Standard and Poor's Rating Services, respectively.

Ms. Sloan stated that the refinancing of the prior bonds would assist Partners and the Hospital in lowering the cost of providing healthcare facilities in New Hampshire. Based upon her position and her familiarity with the finances of Partners and the Hospital, she stated her opinion that Partners would be able to meet its financial obligations under the proposed Bond issue and that Partners is operating in a financially responsible manner.

Patricia Bailey, the Director of Finance of the Hospital, was the next witness. She described the hospital as a not-for-profit corporation organized under New Hampshire law which is licensed by the New Hampshire Department of Health and Human Services. She stated that the Hospital is a not-for profit corporation and a qualified 501(c)(3) charitable corporation under the provisions of the Internal Revenue Code. She states that the Hospital is licensed for 178 beds and described the Hospital as providing services characteristic of an acute care, community hospital to medical, surgical, obstetric and emergency care patients in a primary service area consisting of Dover and 8 other communities with a secondary service area consisting of an additional 3 communities.

Ms. Bailey confirmed that the Hospital became affiliated with Partners on January 1, 2017 and is seeking to lower costs of providing healthcare services in New Hampshire through this refinancing.

Bonnie S. 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, and assists in overseeing 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 Partner's officers in developing the financial arrangements to be reflected in the bonds proposed to be issued. She stated that the Authority will vote to issue its bonds for the Project on November 16, 2017, 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 will vote on November 16, 2017 to adopt a resolution approving issuance of bonds for Partners.

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 Partners and its affiliate, the Hospital, will be obligated to hold and use the Project for health care purposes so long as the Bonds are outstanding. She testified to the language in the bond documents which requires that each bond issued by the Authority for Partners 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 refinancing of existing indebtedness, as the same is described in such testimony, will enable and assist Partners HealthCare System, Inc. (“Partners”), a not-for-profit corporation which is a financially responsible participating institution and Wentworth-Douglass Hospital (the “Hospital”), a not-for-profit hospital which is licensed by the Department of Health and Human Services and located in Dover, New Hampshire, to provide health care facilities within the State of New Hampshire (the “State”); and

(2) The Project to which the refinancing relates be leased to, or owned by, the Hospital, 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 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 such construction and acquisition or to provide for the refinancing of existing indebtedness, or obligations to which such refinancing of existing indebtedness relates; and

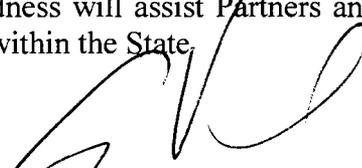
(4) Adequate provision has been, or will be, made in any lease or mortgage of the Project to be undertaken or any property leased or mortgaged in connection with the issuance of bonds or notes for the payment of all costs of operation, maintenance and upkeep of the Project by Partners and the Hospital 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 Hospital to hold and use the Project for health care 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 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 Partners and the Hospital in lowering the cost of providing healthcare facilities within the State.

Dated: November 15, 2017

  
\_\_\_\_\_  
Andru Volinsky  
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 Andru Volinsky, 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 (the "Authority") by Partners HealthCare System, Inc., a not-for-profit corporation and a participating healthcare institution, and the sole member of Wentworth-Douglass Hospital, a not-for-profit hospital licensed by the State of New Hampshire and located in Dover, New Hampshire. The hearing was held on November 15, 2017, following notice posted at the Dover Town Hall and on the Authority's website on Monday, November 13, 2017, in the Conference Room of the Authority, 54 South State Street, Concord, New Hampshire at 1:00 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 December 1, 2017 as described in the Notice of Public Hearing published on November 17, 2017 in the New Hampshire Union Leader.

Dated: December 6, 2017

\_\_\_\_\_  
Governor and Council:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_