



State of New Hampshire

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

3E *Qm*

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Commissioner
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August 19, 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 Joseph D. Kenney with regard to a certain project in participation with the Littleton Hospital Association, Littleton, 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, September 16, 2015 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 **LITTLETON HOSPITAL ASSOCIATION** of Littleton, 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 Littleton Hospital Association (hereinafter sometimes referred to as the “Hospital” or the “Borrower”), a not-for-profit hospital located in Littleton, New Hampshire, which is licensed by the 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 existing indebtedness of the Borrower (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 published in the Union Leader on August 14, 2015, such hearing was held commencing at 10:30

a.m. on August 18, 2015 in Conference Room 4, on the Ground Floor of the Littleton Regional Hospital, 600 Saint Johnsbury Road, Littleton, New Hampshire.

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

Summary of Testimony

Nicholas Braccino, the Chief Financial Officer of the Hospital, testified on behalf of Littleton Hospital Association. He described the Hospital as a not-for-profit corporation organized under New Hampshire law exclusively for charitable purposes.

Mr. Braccino stated that the Hospital is a 25-bed community hospital and is designated a Critical Access Hospital by Medicare.

Mr. Braccino testified that the Hospital is licensed by the New Hampshire Department of Health and Human Services and is certified by the Center for Medicare and Medicaid Services. The Hospital is approved for participation in the Medicare and Medicaid programs, is a participating hospital with Anthem/Blue Cross and is a member of the New Hampshire Hospital Association and the American Hospital Association.

Mr. Braccino testified that the aggregate amount of the bonds issued by the Authority on behalf of the Borrower (the "2015 Bonds") is not expected to exceed \$27 million. He stated that the Project is comprised of the refinancing of the Business Finance Authority of the State of New Hampshire Variable Rate Demand Revenue Bonds Series 2007 issued for the benefit of the Hospital (the "2007 Bonds"), currently outstanding in the approximate amount of \$26,585,000. Proceeds of the 2007 Bonds were used to refinance the Authority's Revenue Bonds Series 1998A and 1998B, and to finance various capital acquisitions and capital improvements at the Hospital. The 2015 Bond proceeds may also be used to finance the cost of issuance and other costs relating to the 2015 Bonds.

He further stated that the 2015 Bonds are expected to mature no later than 2040 and are expected to be purchased by TD Bank, N.A.

Mr. Braccino testified that, under the Loan Agreement with the Authority, the Borrower will be required to continue to carry blanket fire and extended coverage as well as general liability insurance and professional liability coverage. He explained that, in his view, the Project will be of public use and benefit and will permit the Hospital to continue to render an appropriate level of service to its current and future patients. Mr. Braccino stated that the refinancing of existing indebtedness will assist the Hospital in lowering the cost of providing healthcare facilities within the State as interest rates are anticipated to rise in the future and an increase in the letter of credit fee can be anticipated when the current letter of credit expires in September of 2017. Finally, and based upon his position at the Hospital, he stated his opinion that the Hospital will be able to meet its financial obligations under the proposed bond issue and that the Hospital is currently operating in a financially responsible manner.

The next witness was Robert S. Bahara, Managing Director with Echo Financial Products, LLC, the Hospital's financial advisor, who testified by telephone. Mr. Bahara stated that, as part of his work in connection with the proposed bond issue, he had reviewed the Hospital's financial statements and operating figures for the past several years. He testified that, on the basis of such review, as well as based upon his discussions with the Hospital's management, he was of the view that the Hospital will be able to meet its obligations under the proposed bond issue.

In concluding his testimony, Mr. Bahara stated that, based upon such review, he was of the view that the Hospital is currently operating as a financially responsible health care institution.

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 testified that the Authority adopted a resolution at its meeting on July 16, 2015, approving issuance of its bonds for Littleton Hospital Association.

Mr. Bliss testified that certain documents are being prepared for execution in connection with the Project, including a Loan Agreement. He stated that there is a provision in the Loan Agreement requiring that the Project be held and used for healthcare purposes so long as the 2015 Bonds are outstanding. He testified to the language in the bond documents which requires that each bond issued by the Authority for Littleton Hospital Association 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.

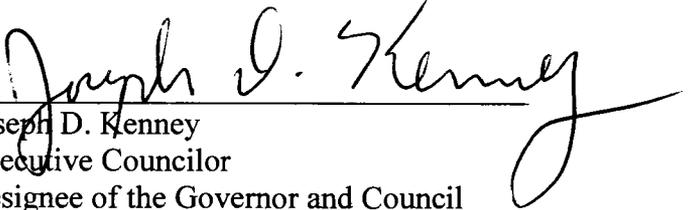
Mr. Bliss concluded his testimony by stating that, based on his familiarity with the statute under which the Authority operates, on his experience as Executive Director of the Authority, and on the advice of counsel, including Bond Counsel, the Project is within the powers conferred by law upon the Authority.

Findings

Upon the testimony submitted at the hearing, and upon consideration, I find as follows:

- (1) The refinancing of existing indebtedness will enable and assist Littleton Hospital Association (herein called the "Hospital"), a not-for-profit hospital located in Littleton, New Hampshire, which is licensed by the Department of Health and Human Services, to provide health care facilities within the State of New Hampshire (herein called the "State"); and
- (2) 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 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 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 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 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 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 the Hospital in lowering the cost of providing healthcare facilities within the State.

Dated: ~~September 15~~, 2015



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 Littleton Hospital Association, a not-for-profit hospital which is located in Littleton, New Hampshire and which is licensed by the Department of Health and Human Services. The hearing was held on August 18, 2015, following public notice, in the Conference Room 4, on the Ground Floor of the Littleton Regional Hospital, 600 Saint Johnsbury Road, Littleton, New Hampshire at 10:30 a.m.

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 as described in the Notice of Public Hearing published August 14, 2015 and August 30, 2015, and in a hearing conducted by the Authority on September 3, 2015.

Dated: September 16, 2015

Governor and Council
