



# State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES  
25 Capitol Street - Room 100  
Concord, New Hampshire 03301  
603-271-3201

Charles M. Arlinghaus  
Commissioner

Catherine A. Keane  
Deputy Commissioner

Sheri L. Rockburn  
Assistant Commissioner

February 7, 2023

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 David K. Wheeler with regard to a certain project in participation with Covenant Health Inc. and St. Joseph Hospital, Nashua, NH.

### 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, February 22, 2023 meeting for ratification by the Governor and Council.

Sincerely,

Charles M. Arlinghaus  
Commissioner

CMA/dph

Attachment

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February 6, 2023

Charles Arlinghaus, Commissioner  
Department of Administrative Services  
State of New Hampshire  
State House Annex  
Concord, New Hampshire 03301

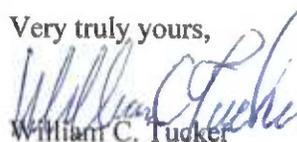
Re: New Hampshire Health and Education Facilities Authority-  
Covenant Health, Inc. and St. Joseph Hospital of Nashua, NH.

Dear Commissioner Arlinghaus:

I enclose an original and ten copies of the report and findings of Councilor David K. Wheeler with regard to a certain project in participation with Covenant Health, Inc. and St Joseph Hospital of Nashua, NH., Nashua, New Hampshire. Councilor Wheeler has requested that this be placed on the agenda as a regular item for ratification by the governor and Council at their meeting Scheduled for Wednesday, February 22, 2023

Thank you for your assistance in this matter.

Very truly yours,

  
William C. Tucker  
/s William C. Tucker

WCT

**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 **ST. JOSEPH HOSPITAL OF NASHUA, N.H.**, Nashua, New Hampshire, and **COVENANT HEALTH, INC.**, Tewksbury, Massachusetts, pursuant to said Act.

**Introductory**

The New Hampshire Health and Education Facilities Authority (hereinafter 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 (hereinafter referred to as the “Act”), and particularly as prescribed in Section 21 of the Act, on an application submitted to the Authority by St. Joseph Hospital of Nashua, N.H. (“Hospital”), a not-for-profit corporation located in Nashua, New Hampshire, and Covenant Health, Inc. (“Covenant,” and together with the Hospital, the “Borrower”), a not-for-profit corporation headquartered in Tewksbury, Massachusetts. The Hospital is licensed by the New Hampshire Department of Health and Human Services. Covenant is the Hospital’s corporate parent, and both are participating health care institutions under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in the refinancing of certain indebtedness and the financing of certain expenditures (hereinafter sometimes referred to collectively as the “Project”).

Pursuant to the provisions of RSA 195-D:21 above cited, I held a hearing and made 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 New Hampshire Union Leader on January 27, 2023, such hearing was held commencing at

11:00 a.m. on Friday, February 3, 2023 in the Tuttle Conference Room of Wadleigh, Starr & Peters, P.L.L.C, 95 Market Street, Manchester, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows.

### **Summary of Testimony**

The first witness was Stephen W. Forney, the Senior Vice President and Chief Financial Officer of Covenant, who oversees the finances of the Hospital. He described the Hospital as a not-for-profit corporation organized under New Hampshire law exclusively for charitable purposes.

Mr. Forney stated that the Hospital operates a licensed 208 bed, acute care, community hospital providing a wide range of in-patient and out-patient services to patients in a service area comprised primarily of Nashua and eight surrounding communities. The Hospital is presently staffing 100 beds. Its in-patient services include medical/surgical, obstetrics/gynecology, intensive care, and physical rehabilitation services.

Mr. Forney explained that the Hospital is a member of the health system operated by Covenant, which was established in 1983 and is presently comprised of the Hospital and certain other healthcare providers for which Covenant serves as the corporate parent. Covenant, the Hospital, and certain other members of the Covenant system established the Covenant Health Systems Obligated Group (the "Obligated Group") in 2002 to help facilitate financing transactions by members of the Obligated Group.

Mr. Forney stated that the Hospital is licensed by the New Hampshire Department of Health and Human Services. The Hospital is accredited by Det Norske Veritas, 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. Forney explained that Covenant is a not-for-profit corporation established under Massachusetts law which operates a multi-institutional system of health and human service providers, including the Hospital and various other acute and rehabilitative hospitals, long term care facilities, assisted living facilities, congregate housing and other health related organizations.

Mr. Forney stated that the Series 2023 Project is comprised of the refinancing of a portion of the Obligated Group's Series 2021-2 Notes (Covenant Health, Inc. Obligated Group) (the "Series 2021 Notes"), which are taxable notes. Proceeds of the Series 2021 Notes, along with other funds, were used to: (a) refund all of the Authority's outstanding Healthcare System Revenue Bonds, Covenant Health Systems Obligated Group Issues, Series 2007A, Series 2012, Series 2014 and Series 2017, the proceeds of which were used to finance and refinance certain hospital and health care facilities and related equipment located at the Hospital's various healthcare facilities, including its main Nashua campus, 172 Kinsley Street, Nashua, New Hampshire, its Milford facilities at 130, 442 and 444 Nashua Street, Milford, New Hampshire, its Hudson facility located at 208 Robinson Road, Hudson, New Hampshire and its medical office building located at 251 Lake Street, Nashua, New Hampshire; and (b) pay costs and expenses related to the issuance of the Series 2021 Notes. Bond proceeds also may be used to pay costs of issuance relating to the 2023 Bonds (as hereinafter defined).

Mr. Forney testified that there may be more than one series of bonds issued by the Obligated Group at this time. The series of bonds being issued for the benefit of the Hospital will not exceed \$60 million in principal amount (the "2023 Bonds").

Mr. Forney further stated that the Obligated Group expects the 2023 Bonds to be issued through a limited public offering to one investor at a fixed rate or rates of interest, although private placement of the 2023 Bonds is possible. The limited public offering is anticipated to

be underwritten by RBC Capital Markets, LLC. The 2023 Bonds will have a final maturity of approximately 30 years.

Mr. Forney confirmed that, in order to protect the Project's assets, the Obligated Group will be required under the loan agreement with the Authority (the "Loan Agreement") to provide for appropriate levels of insurance coverage (including self-insurance) on its assets.

Mr. Forney then made certain statements with respect to the general finances of the Obligated Group and the proposed financing. With respect to the Obligated Group's general financial position, he stated that, based upon his position with the Obligated Group and the Hospital, he was of the opinion that the Hospital and Covenant are currently operating as financially responsible participating healthcare institutions.

As to the proposed financing, Mr. Forney testified that the Obligated Group 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 2023 Bonds to be issued by the Authority and for the payment of all costs of operation, maintenance and upkeep of the Project.

In closing his testimony, Mr. Forney stated his opinion that the Project would be of public use and benefit and would permit Covenant and the Hospital to continue to render an appropriate level of service to its current and future patients. He also stated his opinion that the refinancing of existing indebtedness would assist Covenant and the Hospital in lowering the cost of healthcare facilities in New Hampshire.

Bonnie S. Payette was the final witness. She stated that she is the Executive Director of the New Hampshire Health and Education Facilities Authority, charged with administration of the Authority's day-to-day affairs. Ms. Payette testified that she had become acquainted with the Project, the details of its financing, and the financial arrangements to be reflected in the 2023 Bonds proposed to be issued. She stated that the Authority adopted a resolution at its

meeting on January 24, 2023, approving issuance of the 2023 Bonds for the benefit of the Obligated Group.

Ms. Payette was familiar with certain instruments prepared or being prepared for execution in connection with the Project. These include a Bond Indenture to be entered into between the Authority and a Trustee for 2023 Bonds and a Loan Agreement intended for execution between Covenant and the Authority. Ms. Payette pointed to language in the Loan Agreement under which Covenant undertakes to cause the Hospital to hold and use the Project for health care purposes so long as the 2023 Bonds are outstanding and to language in the Bond Indenture which requires that the 2023 Bonds to be issued for the benefit of St. Joseph Hospital of Nashua, N.H. 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.

Ms. Payette testified that the bond documents will make adequate provision for the payment of principal and interest on the 2023 Bonds, as well as the costs of the Project, so that the State of New Hampshire will not be obligated in any way for their repayment.

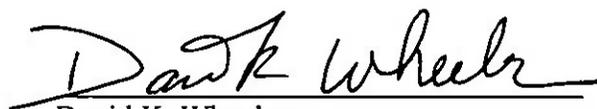
Ms. Payette concluded her testimony by stating that, based on her familiarity with the statute under which the Authority operates, on her experience as Executive Director of the Authority and on the advice of counsel, including Bond Counsel, the Project is within the powers conferred by law upon the 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 Covenant Health, Inc. ("Covenant") of Tewksbury, Massachusetts and St. Joseph Hospital of Nashua, N.H. (the "Hospital"), a not-for-profit corporation that operates a hospital which is licensed by the Department of Health and Human Services and located in Nashua, New Hampshire, to provide health care facilities within the State of New Hampshire (herein called the "State"); and
- (2) The Project (as defined in the Report), to which the refinancing of existing indebtedness relates, will 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 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 Covenant 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 Covenant and 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 the Obligated Group in lowering the cost of providing health care facilities within the State and is of a public use and benefit.

Dated: February 3, 2023

A handwritten signature in black ink that reads "David K. Wheeler". The signature is written in a cursive style with a horizontal line underneath it.

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 St. Joseph Hospital of Nashua, N.H., a not-for-profit corporation that operates a hospital located in Nashua, New Hampshire and by Covenant Health, Inc., a not-for-profit corporation headquartered in Tewksbury, Massachusetts. The hearing was held on Friday, February 3, 2023, following public notice, in the Tuttle Conference Room of Wadleigh, Starr & Peters, P.L.L.C., 95 Market Street, Manchester, New Hampshire, at 11:00 a.m.

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 as described in the Notice of Public Hearing published on January 27, 2023.

Dated: February 22, 2023

\_\_\_\_\_  
Governor: Christopher T. Sununu

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Councilor: Theodore L. Gatsas

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Councilor: Joseph D. Kenney

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Councilor: Janet Stevens

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Councilor: Cinde Warmington

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Councilor: David K. Wheeler