



State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
25 Capitol Street - Room 100
Concord, New Hampshire 03301
(603) 271-3201 | Office@das.nh.gov

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Charles M. Arlinghaus
Commissioner

Catherine A. Keane
Deputy Commissioner

Sheri L. Rockburn
Assistant Commissioner

July 13, 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 Theodore L. Gatsas with regard to a certain project in participation with the Roman Catholic Bishop of Manchester, Manchester, NH.

EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Gatsas has requested that this be placed on the agenda as a regular item for the Wednesday, August 2, 2023 meeting for ratification by the Governor and Council.

Sincerely,

Charles M. Arlinghaus
Commissioner

CMA/dph

Attachment

WADLEIGH, STARR & PETERS, P.L.L.C.

WILLIAM C. TUCKER
MARC R. SCHEER
GREGORY G. PETERS
FRANK P. SPINELLA, Jr.
DEAN B. EGGERT
MICHAEL R. MORTIMER
KATHLEEN C. PEAHL
RICHARD THORNER
CHARLES F. CLEARY
CHRISTINE GORDON
TODD J. HATHAWAY
ALISON M. MINUTELLI
MICHAEL J. TIERNEY
DONNA J. BROWN
ROBIN D. MELONE

Attorneys At Law
95 Market Street
Manchester, New Hampshire 03101
Telephone (603) 669-4140
Facsimile (603) 669-6018

WWW.WADLEIGHLAW.COM

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CRAIG S. DONAIS
ALYSIA M. CASSOTIS
CHRISTOPHER P. MCGOWN
TIERNEY M. CHADWICK
ABBY TUCKER
ALLISON M. TAMPOSI
STEPHEN M. BENNETT, Of Counsel
ELIZABETH E. EWING
JEFFREY D. ODLAND
WILLIAM P. REDDINGTON
MICHAEL G. EATON
GRETCHEN M. WADE
AUTUMN H. KISH
CATHERINE C. BOUSQUET
EMLY E. PETERSON
JOSEPH DUMAIS

Direct Dial: (603) 206-7200
btucker@wadleighlaw.com

July 13, 2023

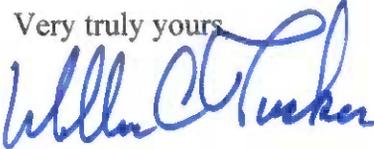
Charles M. Arlinghaus, Commissioner
Department of Administrative Services
State of New Hampshire
State House Annex
25 Capitol Street
Concord, New Hampshire 03301

RE: New Hampshire Health and Education Facilities Authority –
Roman Catholic Bishop of Manchester

Dear Commissioner Arlinghaus:

I enclose an original and ten copies of the Report and Findings of Councilor Theodore L. Gatsas with regard to a certain project in participation with Roman Catholic Bishop of Manchester, Manchester, New Hampshire. Councilor Gatsas 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, August 2, 2023.

Thank you for your assistance in this matter.

Very truly yours


William C. Tucker

/tav

cc: Bonnie S. Payette, NHHEFA
Enclosures

**REPORT
AND
FINDINGS
OF**

THEODORE L. GATSAS, 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 the **ROMAN CATHOLIC BISHOP OF MANCHESTER** 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 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 the Roman Catholic Bishop of Manchester, a corporation sole, and a nonprofit and charitable corporation organized under New Hampshire law, commonly known as the Diocese of Manchester (hereinafter the "Diocese"), and operating educational institutions for middle and secondary school education under the trade names St. Joseph Regional Junior High School ("St. Joseph") and Trinity High School ("Trinity") located in Manchester, New Hampshire (St. Joseph and Trinity being collectively hereafter sometimes referred to as the "Schools") which are participating educational institutions under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in the financing of certain capital expenditures of the Diocese (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 New Hampshire Union Leader on July 3, 2023, the hearing was held on Tuesday, July 11, 2023, commencing at 11:00 a.m., at my office, located at 20 Market Street, Third Floor, Manchester, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows.

Summary of Testimony

Steven McManis, the Director of Operations for the Diocese was the first witness. He stated that the Diocese was formed in 1884 and was incorporated as the Roman Catholic Bishop of Manchester, a corporation sole, and as a nonprofit corporation by the New Hampshire State Legislature in 1901. The Diocese is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, by virtue of group ruling issued by the Internal Revenue Service to the United States Conference of Catholic Bishops. He stated that the Diocese serves the entire State of New Hampshire, operating parishes for the State's estimated Catholic population of over 200,000 people. In addition, the Diocese currently operates Trinity and St. Joseph as well as 15 other primary and secondary schools serving approximately 3,700 students.

Mr. McManis testified that Trinity currently enrolls over 330 students and traces its roots back to 1886 and has existed at its current location as Trinity High School for over 50 years. St. Joseph, currently located at 148 Belmont Street in Manchester, was founded in 1925 and currently enrolls over 100 students. Mr. McManis stated that the Diocese seeks to complete a strategic and operational imperative by relocating the St. Joseph campus to the Trinity campus in order to allow both schools to increase their enrollment and optimize operating costs and efficiencies while providing new and expanded state-of-the-art facilities that feature the latest in energy efficiency and safety improvements. Parents have indicated it will offer educational and convenience benefits of having their children in grades 7 to 12 in one location.

Mr. McManis testified that the Project consists of the renovation of approximately 62,000 square feet of the existing Trinity building and the construction of an approximately 40,000 square foot addition to house the relocated St. Joseph. He stated that the Project will feature a variety of needed safety, modernization, energy efficiency and curriculum improvements. These improvements include a new Junior High wing, a combined main entrance and lobby with a secure vestibule, improved traffic flow and parking, aesthetic exterior building enhancements, upgraded locker rooms, cafeteria and kitchen, a new gym entrance and lobby and energy efficient upgrades including window improvements, HVAC systems and ADA accessibility.

Mr. Mac Bryant, the Finance Officer and Cabinet Secretary for Temporalities was the next witness. Mr. Bryant stated that construction commenced on the Project this past April with completion projected for the fall of 2024. Mr. Bryant stated that the estimated Project cost is approximately \$27,000,000 and the Diocese is conducting a \$5,000,000 major gift campaign to pay for a portion of the construction costs. Mr. Bryant stated that the Diocese intends to issue a request for proposals to banking institutions and it is most likely that the bond will be a direct placement with a bank, but a public offering of the bond is a possibility. He stated that the financing will include an interest only period during construction, followed by an amortization of not to exceed 30 years with an initial interest rate anticipated to not exceed 6.0%. Mr. Bryant testified that in addition to paying construction costs, bond proceeds may also be used to fund a debt service reserve fund, pay capitalized interest on the bonds and to pay costs of issuing the bonds. He further stated that under the Loan and Security Agreement with the Authority, the Diocese will be required to carry blanket fire and extended coverage insurance as well as general liability insurance.

Mr. Bryant explained that, in his view, the Project will be of public use and benefit and would permit the Diocese to continue to render an appropriate level of service to the current and future students of Trinity and St. Joseph. Finally, and based upon his position as Finance Officer for the Diocese, he stated his opinion that the Diocese will be able to meet its financial obligations under the proposed bond issue and that the Diocese is a financially responsible participating educational institution.

Bonnie Payette was the next witness called. She stated that she is the Executive Director 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 Executive Director she has become acquainted with the Project, the proposed financing, and the financial arrangements to be reflected in the bonds to be issued. She testified that the Authority adopted a resolution on June 14, 2023, approving issuance of bonds for the Diocese for the Project, subject to compliance being had with all laws bearing upon such issue and the advice of counsel, including Bond Counsel.

Ms. Payette testified that certain documents will be prepared for execution in connection with the Project, including a Loan and Security Agreement intended for execution between the Diocese and the Authority and possibly the purchaser of the Bonds. She stated that there will be a provision in the Loan and Security Agreement under which the Diocese is obligated to hold and use the Project for educational purposes so long as the Bonds are outstanding. She testified that there will be language in the Bond documents requiring that each Bond issued by the Authority for the Diocese 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 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 construction and acquisition of the Project, as the same is described in such testimony, will enable and assist the Roman Catholic Bishop of Manchester (herein called the "Diocese"), a corporation sole and a nonprofit and charitable corporation providing education, to provide educational facilities within the State of New Hampshire (herein called the "State"); and

(2) The Project will be leased to, or owned by, the Diocese, 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 construction and acquisition of the Project; 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; 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 Diocese 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, or will be, made to obligate the Diocese to hold and use the Project for educational 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, 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 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 facilities within the State and is of public use and benefit.

Dated: July 11, 2023

A handwritten signature in black ink that reads "Theodore L. Gatsas". The signature is written in a cursive style with a horizontal line drawn across the middle of the name.

Theodore L. Gatsas,
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 Theodore L. Gatsas, 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 the Roman Catholic Bishop of Manchester, a corporation sole and a nonprofit and charitable corporation providing education located in Manchester, New Hampshire. The hearing was held on July 11, 2023, following public notice published in the New Hampshire Union Leader on July 3, 2023, at the offices of the Honorable Councilor Gatsas located at 20 Market Street, 3rd Floor, Manchester, New Hampshire.

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 July 11, 2023, as described in the Notice of Public Hearing published on July 3, 2023 in the New Hampshire Union Leader.

Dated: August 2, 2023

Governor: Christopher T. Sununu

Councilor: Joseph D. Kenney

Councilor: Cinde Warmington

Councilor: Janet Stevens

Councilor: Theodore L. Gatsas

Councilor: David K. Wheeler