



State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
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3B
JAN 28 2026

Charles M. Arlinghaus
Commissioner

Catherine A. Keane
Deputy Commissioner

Sheri L. Rockburn
Assistant Commissioner

January 2, 2026

Her Excellency, Governor Kelly A. Ayotte
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Approval of the Report and Findings of Councilor Karen Liot Hill with regard to a certain project in participation with Cottage Hospital, Haverhill, NH.

EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Liot Hill has requested that this be placed on the agenda as a regular item for the Wednesday, January 28, 2026 meeting for ratification by the Governor and Council.

Sincerely,

Charles M. Arlinghaus
Commissioner

CMA/dph

Attachment

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December 30, 2025

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

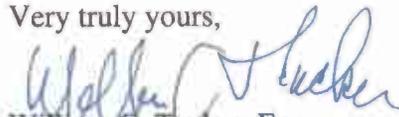
**RE: *New Hampshire Health and Education Facilities Authority –
Cottage Hospital Issue, Series 2026 Bonds***

Dear Commissioner Arlinghaus:

I enclose an original and one copy of the Report and Findings of Councilor Karen Liot Hill with regard to a certain project in participation with Cottage Hospital, located in Haverhill, New Hampshire. Councilor Liot Hill 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, January 28, 2026.

Thank you for your assistance in this matter.

Very truly yours,


William C. Tucker, Esq.
btucker@wadleighlaw.com

Enclosures

**REPORT
AND
FINDINGS
OF**

KAREN LIOT HILL, 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 **COTTAGE HOSPITAL** of Haverhill, New Hampshire, pursuant to said Act.

Introductory

The New Hampshire Health and Education Facilities Authority (hereafter referred to as the “Authority”) requested of Governor Kelly A. Ayotte 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 Cottage Hospital (hereinafter sometimes referred to as the “Hospital” or the “Borrower”), a not-for-profit hospital located in Haverhill, 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 New Hampshire Union Leader on Monday, December 22, 2025, such hearing

was held commencing at 1:30 p.m. on December 29, 2025 in Board Room A&B, on the Hospital campus located at 90 Swiftwater Road, Woodsville Village, Town of Haverhill, New Hampshire.

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

Summary of Testimony

Holly McCormack, the President and Chief Executive Officer of the Hospital, testified on behalf of Cottage Hospital. She described the Hospital as a not-for-profit corporation organized under New Hampshire law exclusively for charitable purposes.

Ms. McCormack stated that the Hospital is a Critical Access Hospital operating 35 beds, 10 of which are geropsychiatric. Among other services, the Hospital operates a level IV trauma center, a multi-specialty Rural Health Clinic, the Center for Orthopedic Excellence and the Ray of Hope Acute Voluntary In-Patient Mental Health Unit.

Ms. McCormack 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 and is a member of the New Hampshire Hospital Association. The Hospital has received many national awards, including Headstrong Award for Excellence, HealthStrong Top 100 Critical Access Hospitals by iVantage Health Analytics, and Top 20 Best Practices in Quality Designation by the National Rural Health Association. The Hospital was also the first hospital in the nation to successfully attest to Meaningful Use 2, which refers to the stringent technical criteria required by the Center for Medicare and Medicare Services.

Ann Duffy, the Chief Financial Officer of the Hospital was the next witness. She testified that the aggregate amount of the bonds issued by the Authority on behalf of the Borrower (the “2026 Bonds”) is not expected to exceed \$6.6 million. She stated that the Project is comprised of the refinancing of the Business Finance Authority of the State of New Hampshire Revenue

Bonds, Cottage Hospital Issue Series 2011 issued for the benefit of the Hospital (the “2011 Bonds”), currently outstanding in the approximate amount of \$4,371,250. Proceeds of the 2011 Bonds were used to refinance prior debt, and to finance various capital acquisitions and capital improvements at the Hospital. The 2026 Bonds will also be used to refinance a taxable bank loan of the Hospital, outstanding in the approximate amount of \$2,140,000, the proceeds of which were used to finance the costs of construction, furnishing and equipping of a medical office building. The 2026 Bonds proceeds may also be used to finance the cost of issuance and other costs relating to the 2026 Bonds.

She further stated that the 2026 Bonds are expected to mature no later than 2051 and are expected to be purchased by Passumpsic Bank.

Ms. Duffy 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. She explained that, in her 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. Ms. Duffy stated that the refinancing of existing indebtedness with tax-exempt bonds as opposed to taxable debt, will assist the Hospital in lowering the cost of providing healthcare facilities within the State. Finally, and based on her position as Chief Financial Officer, she stated her 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.

Bonnie S. Payette was the final 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 and the details of its financing and the financial arrangements to be reflected in the bonds proposed to be issued. She stated that the Authority has

voted to issue its bonds for the Project, 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 adopted a resolution on December 16, 2025, approving issuance of bonds for the School.

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 the Hospital will be obligated to hold and use the Project for healthcare purposes so long as the Series 2026 Bonds are outstanding. She testified to language which will be in the bond documents which will require that each bond issued by the Authority for the Hospital 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 Series 2026 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

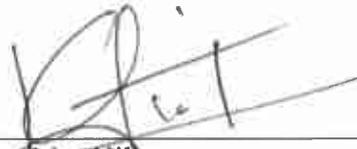
Upon the testimony submitted at the hearing, and upon consideration, I find as follows:

- (1) The refinancing of existing indebtedness, as the same is described in such testimony, will enable and assist Cottage Hospital Association (herein called the "Hospital"), a not-for-profit hospital located in Haverhill, 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: December 29, 2025



Karen Liot Hill
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 Karen Liot Hill, 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 Cottage Hospital Association, a not-for-profit hospital which is located in Haverhill, New Hampshire and which is licensed by the Department of Health and Human Services. The hearing was held following public notice published in the New Hampshire Union Leader on Monday, December 22, 2025, with such hearing having commenced at 1:30 p.m. on December 29, 2025 in Board Room A&B, on the Hospital campus located at 90 Swiftwater Road, Woodsville Village, Town of Haverhill, 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 as described in the Notice of Public Hearing published December 22, 2025.

Dated: January 28, 2026

Governor: Kelly A. Ayotte

Councilor: Joseph D. Kenney

Councilor: Karen Liot Hill

Councilor: Janet Stevens

Councilor: John Stephen

Councilor: David K. Wheeler