



# State of New Hampshire

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

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*[Handwritten signature]*

VICKI V. QUIRAM  
Commissioner  
(603) 271-3201

JOSEPH B. BOUCHARD  
Assistant Commissioner  
(603) 271-3204

March 2, 2016

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 Colin Van Ostern with regard to a certain project in participation with the 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 Van Ostern has requested that this be placed on the agenda as a regular item for the Wednesday, March 23, 2016 meeting for ratification by the Governor and Council.

Sincerely,

Vicki V. Quiram  
Commissioner

VVQ/rjk

Attachment

**REPORT  
AND  
FINDINGS  
OF**

**COLIN VAN OSTERN**, 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 **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 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 Wentworth-Douglass Hospital, a not-for-profit charitable corporation incorporated under New Hampshire law and operating hospital facilities located in Dover, New Hampshire (hereafter sometimes referred to as “Wentworth-Douglass” or the “Hospital”) which is a participating healthcare institution under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in the financing of certain construction, renovation and equipping of its hospital facilities and the refinancing of certain of its 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 published in the Union Leader on February 22, 2016, the hearing was held commencing on Thursday, February 25, 2016 at 12:00 noon in the Ann Torr Conference Room of the Wentworth-Douglass Hospital, 789 Union Avenue, Dover, New Hampshire 03820. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

### **Summary of Testimony**

Peter Walcek, the Chief Financial Officer/Vice President of Finance of the Hospital, was the first witness. He described the Hospital as a not-for-profit corporation organized under New Hampshire law exclusively for charitable purposes.

Mr. Walcek stated that the Hospital is licensed for 178 beds, of which 122 beds are medical/surgical, 16 beds are pediatric, 12 beds are intensive/coronary care, and 28 beds are obstetrics/gynecology. Mr. Walcek 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 and a secondary service area consisting of an additional 3 communities.

Mr. Walcek testified that the Hospital provides a full spectrum of inpatient and outpatient services. The Hospital also operates the Seacoast Cancer Center which provides radiation therapy and medical oncology services.

Mr. Walcek testified that the Hospital is licensed by the New Hampshire Department of Health and Human Services and is accredited by The Joint Commission. The Hospital is approved for participation in the Medicare and Medicaid programs and is a member of the New Hampshire Hospital Association and the American Hospital Association.

Mr. Walcek testified that the Project to be financed involves the construction, renovation and equipping of certain of the Hospital's facilities and the refinancing of certain of the Hospital's existing indebtedness. The new construction portion of the Project includes renovations to the nursing unit, upgrades and restoration to the parking garage, roof replacements, and other capital equipment including monitors, information systems, and technology, vehicles and other clinical equipment.

Mr. Walcek testified that refinancing portion of the Project will include the refinancing of the Series 2011B Bonds issued on the Hospital's behalf by the Authority (the "Series 2011B Bonds"). The Series 2011B Bonds were used, together with the Authority's 2011A Bonds, to refinance various obligations of the Hospital and to fund: (1) the development of a four-story

inpatient bed tower with private medical surgical beds, a Women's and Children's unit with an operating suite, educational facilities and meeting rooms; (2) expansion of a parking garage; (3) the renovation of existing nursing units and laboratory and pathology space; and (4) the relocation of a roadway presently located where the new construction will take place.

Mr. Walcek testified that proceeds of the Series 2016 Bonds to be issued by the Authority on the Hospital's behalf also may be used to pay costs of issuance relating to the 2016 Bonds. He confirmed that a Certificate of Need is not required for the new construction portion of the Project.

Mr. Walcek stated that Wentworth-Douglass expects to issue up to \$22 million of bonds in one or more series as part of its plan of financing. The Hospital expects to issue the Bonds as variable rate bonds in a direct placement with the purchaser expected to be TD Bank, N.A. The Bonds are expected to mature in approximately 15 years.

Mr. Walcek testified that, under the Loan Agreement with the Authority, the Hospital will be required to continue to carry blanket fire and extended coverage as well as general liability insurance and professional liability coverage. He stated that the refinancing of existing indebtedness would assist the Hospital in lowering the cost of providing healthcare facilities in New Hampshire and is being done in connection with the Project. Based upon his position and his familiarity with the finances of the Hospital, he stated his opinion that Wentworth-Douglass would be able to meet its financial obligations under the proposed bond issue and that Wentworth-Douglass currently is operating in a financially responsible manner. Mr. Walcek concluded his testimony by stating his opinion that the improvements financed as part of the Project are necessary to provide the Hospital's patients and other clients with appropriate healthcare facilities and services.

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, charged with 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 the Hospital's officers in developing 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 February 18, 2016, approving issuance of bonds for Wentworth-Douglass Hospital.

Ms. Payette testified that certain documents are being prepared for execution in connection with the Project, including the Bond Indenture to be entered into between the Authority and the Trustee for the current bond issue and the Loan Agreement intended for execution between the Hospital and the Authority. She stated that there is a provision in the Loan Agreement under which the Hospital is 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 Indenture which requires that each bond issued by the Authority for Wentworth-Douglass 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 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.

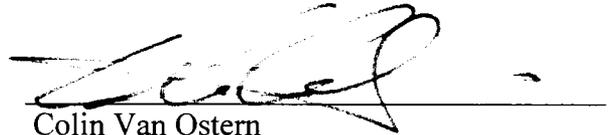
## Findings

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

- (1) The construction and acquisition of the Project, and the refinancing of existing indebtedness, as the same is described in such testimony, will enable and assist 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 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 construction and acquisition 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 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 construction and acquisition of the Project, and 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 construction and acquisition of the Project serves a need presently not fulfilled in providing health care facilities within the State and is of public use and benefit; and

- (8) The refinancing of existing indebtedness will assist the Hospital in lowering the cost of providing healthcare facilities within the State and will be in connection with a project being provided by the Hospital.

Dated: February 25, 2016

A handwritten signature in black ink, appearing to read "Colin Van Ostern", is written over a horizontal line.

Colin Van Ostern  
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 Colin Van Ostern, 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 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 in the Ann Torr Conference Room of the Wentworth-Douglass Hospital, 789 Union Avenue, Dover, New Hampshire 03820 on Thursday, February 25, 2016 at 12:00 noon.

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 in the hearing conducted by the Authority on March 8, 2016, as described in the Notices of Public Hearing published on February 22, 2016.

Dated: March 23, 2016

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Governor and Council:

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