



State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF THE COMMISSIONER
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Concord, New Hampshire 03301

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VICKI V. QUIRAM
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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 Frisbie Memorial Hospital, Rochester 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

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 **FRISBIE MEMORIAL HOSPITAL** of Rochester, 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 Frisbie Memorial Hospital, a not-for-profit charitable corporation incorporated under New Hampshire law and operating hospital facilities located in Rochester, New Hampshire (hereafter sometimes referred to as “Frisbie” 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 the purchase, installation, and implementation of an electronic health record system and the financing of certain routine capital expenditures (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 posted at the City of Rochester City Hall, the City of Rochester Public Library, and on the Authority’s website on Tuesday, February 23, 2016, the hearing was held commencing at

12:45 p.m. on Thursday, February 25, 2016 in the Belknap Conference Room at the Conference and Education Center of Frisbie Memorial Hospital, 11 Whitehall Road, Rochester, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

Summary of Testimony

Nicholas Samilo, Frisbie's Vice President of Finance and Chief Financial Officer, was the first witness. He described the Hospital as a not-for-profit corporation organized under New Hampshire law exclusively for charitable purposes. Mr. Samilo stated that the Hospital is licensed for 112 beds. He described the Hospital as providing services characteristic of a community hospital and a broad range of traditional medical services as well as geriatric psychiatry services in a primary service area consisting of the City of Rochester and certain surrounding communities in Strafford County and southern Maine.

Mr. Samilo testified that Frisbie is licensed by the New Hampshire Department of Health and Human Services and is accredited by the Centers for Medicare and Medicaid Services. The Hospital is approved for participation in the Medicare and Medicaid programs, is a participating hospital in Anthem Blue Cross and Blue Shield of New Hampshire, and is a member of the New Hampshire Hospital Association and the American Hospital Association.

Mr. Samilo testified that the Project to be financed by the Series 2016 Bonds (the "Bonds") consists of the purchase, installation, and implementation of a state-of-the art electronic health record system. He stated the Hospital's current system is outdated and the new system will produce a significant increase in productivity and efficiency at the Hospital. Bond proceeds may also be used for a small amount of routine capital expenditures at the Hospital.

Mr. Samilo stated that a Certificate of Need for the Project is not needed from the New Hampshire Health Services Planning and Review Board. Mr. Samilo testified that, in addition to the Project costs, Bond proceeds will be used to pay certain costs of issuing the Bonds.

Mr. Samilo stated that Frisbie expects to issue not in excess of \$10 million of Bonds. The Bonds will be issued by means of a direct placement with TD Bank expected to be the purchaser. The Bonds are expected to mature in 2023 and will have a fixed rate of interest.

Mr. Samilo confirmed that, under the Loan Agreement with the Authority, Frisbie will be required to continue to carry blanket fire and extended coverage as well as general liability insurance. He testified that, based upon his position and his familiarity with the finances of the Hospital, it is his opinion that Frisbie will be able to meet its financial obligations under the proposed Bond issue and that Frisbie currently is operating in a financially responsible manner. Mr. Samilo 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, and is involved 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 the issuance of bonds for Frisbie Memorial Hospital.

Ms. Payette testified that certain documents are being prepared for execution in connection with the Project, including a Loan Agreement. She stated that there will be a provision in the Loan Agreement under which the Hospital will be obligated to hold and use the Project for healthcare purposes so long as the Bonds are outstanding. She testified to the language in the bond documents, which requires that each Bond issued by the Authority for Frisbie Memorial 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, as the same is described in such testimony, will enable and assist Frisbie Memorial Hospital (herein called the "Hospital"), a not-for-profit participating healthcare institution located in Rochester, New Hampshire, to provide healthcare facilities within the State of New Hampshire (herein called 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 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 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 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 healthcare facilities within the State and is of public use and benefit.

Dated: February 25, 2016



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 Frisbie Memorial Hospital, a not-for-profit hospital licensed by the State of New Hampshire and located in Rochester, New Hampshire. The hearing was held on February 25, 2016, following public notice, in the Belknap Conference Room in the Conference and Education Center of Frisbie Memorial Hospital, 11 Whitehall Road, Rochester, New Hampshire at 12:45 p.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 in the hearing conducted by the Authority on March 17, 2016, as described in the Notices of Public Hearing posted at the City of Rochester City Hall, the City of Rochester Public Library, and on the Authority's website, on Tuesday, February 23, 2016, and published on March 2, 2016.

Dated: March 23, 2016

Governor and Council:

