



# State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES  
25 Capitol Street - Room 120  
Concord, New Hampshire 03301

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Commissioner  
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Joseph B. Bouchard  
Assistant Commissioner  
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Deputy Commissioner  
(603) 271-2059

October 29, 2020

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 Andru Volinsky with regard to a certain project in participation with Franklin Home for the Aged Association d/b/a Peabody Home, Franklin, NH.

## EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Volinsky has requested that this be placed on the agenda as a regular item for the Wednesday, November 18, 2020 meeting for ratification by the Governor and Council.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles M. Arlinghaus".

Charles M. Arlinghaus  
Commissioner

CMA/dph

Attachment

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

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August 6, 2019

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

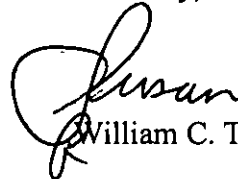
RE: New Hampshire Health and Education Facilities Authority –  
Franklin Home for the Aged Association d/b/a Peabody Home

Dear Commissioner Arlinghaus:

I enclose an original and ten copies of the Report and Findings of Councilor Andru Volinsky with regard to a certain project in participation with Franklin Home for the Aged Association d/b/a Peabody Home, Franklin, Hampshire. Councilor Volinsky 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, November 18, 2020.

Thank you for your assistance in this matter.

Sincerely,

  
William C. Tucker

/sos

enclosures

**REPORT  
AND  
FINDINGS  
OF**

**ANDRU VOLINSKY**, 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 **FRANKLIN HOME FOR THE AGED ASSOCIATION** of Franklin, 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 Franklin Home For The Aged Association doing business as Peabody Home, a not-for-profit corporation formed under New Hampshire law and located in Franklin, New Hampshire (hereafter referred to as “Peabody Home” or the “Home”), which is a participating health care institution under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in financing the construction, furnishing and equipping of certain facilities as well as the refinancing of certain of the Home’s existing indebtedness (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 October 15, 2020, the hearing was held commencing at

8:00 a.m. on October 22, 2020 in the office of the Authority, One Capitol Street, Suite 200, Concord, New Hampshire. In accordance with Governor Sununu's Emergency Order #12 issued pursuant to Executive Order #2020-04, the meeting was open to the public through telephonic means. All witnesses were duly sworn. A summary of testimony presented at the hearing follows.

### **Summary of Testimony**

Mary Miller, Executive Director of the Peabody Home stated that the Home was organized in 1938 and has been operating in the City of Franklin since it was established. The Home currently has 13 nursing beds, 36 assisted living units, and 4 independent living units. She stated that the assisted living level of care and the nursing level of care are both licensed by the New Hampshire Department of Health and Human Services. She stated that the Home plans to replace its existing dated facility with a new 74-unit facility located on its existing property.

Ms. Miller stated that the Peabody Home expects to issue up to \$27 million of bonds (the "Series 2020 Bonds" or the "Bonds") to finance the construction of the Project with permanent financing to be provided by the United States Department of Agriculture ("USDA"). She stated that the closing of the Bonds would not occur until the permanent financing had been approved by the USDA. Ms. Miller testified that the Project would be done in two phases with the first phase consisting of the construction of a new 3-story, approximately 45,000 square foot building adjacent to the existing facility. This building would include 13 memory care apartments, 23 high level care assisted living apartments, and 22 assisted living apartments, as well as a new commercial kitchen. Upon completion of phase one, the residents would be moved to the new facility, the existing building would be demolished, and a new 3-story, approximately 18,500 square foot building containing 16 independent living apartments, as well as new common areas, lobby, and administrative areas would be constructed adjacent to and connected to Phase one. In addition,

Bond proceeds would be used to pay off an existing line of credit, the proceeds of which have been used to fund pre-construction costs for the new facility. She also explained that in addition to the Project costs, Bond proceeds will be used to fund capitalized interest with respect to the Bonds and pay certain costs of issuing the Bonds.

Ms. Miller confirmed that, under the Loan Agreement and Mortgage with the Authority, Peabody Home will be required to continue to carry blanket fire and extended coverage as well as general liability insurance.

Ms. Miller explained that, in her view, the Project would be of public use and benefit and would assist Peabody Home in lowering the cost of providing health care facilities. Based upon her position as Executive Director, she stated her opinions that Peabody Home would be able to meet its financial obligations under the proposed bond issue and that Peabody Home is currently operating in a financially responsible manner. In concluding her testimony, Ms. Miller stated that, in her judgment, the Project is necessary to provide the community's residents with the quality of retirement living and care to which Peabody Home is committed.

The next witness was Christopher Perlitz, Managing Director at Municipal Capital Markets Group, Inc., the Home's financial advisor. Mr. Perlitz stated that the Bonds are anticipated to be sold as short term bonds at a fixed interest rate below what would be achieved in a taxable financing. He stated that, as part of his work with Peabody Home in connection with the proposed bond issue, he has reviewed the Home's financial statements and the feasibility study for the new facility. He testified that, based on such review and his discussions with certain of the Home's managers and consultants, he was of the opinion that Peabody Home will be able to meet its obligations under the proposed bond issue. In concluding his testimony, Mr. Perlitz stated his opinion that Peabody Home is a financially responsible health care institution.

Bonnie Payette was the final witness called. She stated that she is the Executive Director of the New Hampshire Health and Education Facilities Authority, and oversees 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, having worked with the Home's officers in developing the financial arrangements to be reflected in the bonds proposed to be issued. She stated that the Authority 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 July 16, 2020, approving issuance of bonds for the Home.

Ms. Payette testified that certain documents are being prepared for execution in connection with the issuance of the Bonds and the financing of the Project. She stated that there will be a provision in the bond documents under which the Home 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 documents which requires that each bond issued by the Authority for the Home 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, and the refinancing of existing indebtedness, as the same is described in such testimony, will enable and assist Franklin Home For The Aged Association (herein called the "Home"), a not-for-profit institution for health care located in Franklin, New Hampshire, to provide services within the State of New Hampshire (herein called the "State"); and

(2) The Project, including the refinancing of existing indebtedness, will be leased to, or owned by, the Home, 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 Home so that under no circumstances will the State be obligated, directly or indirectly, for the payment of such costs; and

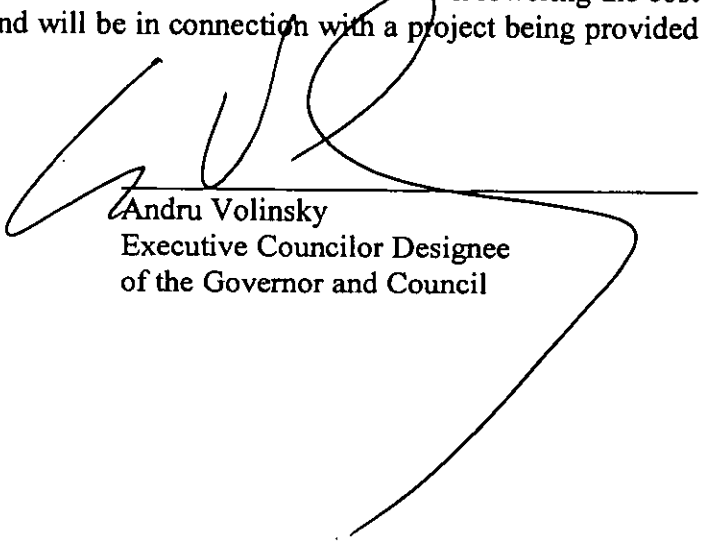
(5) Adequate provision has been made to obligate the Home to hold and use the Project for health care purposes so long as the principal of and interest on bonds or other obligations issued by the New Hampshire Health and Education Facilities Authority (herein called the "Authority") to finance the cost 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 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 within the State and is of public use and benefit; and

(8) The refinancing of existing indebtedness will assist the Home in lowering the cost of providing health care within the State and will be in connection with a project being provided by the Home.

Dated: October 22, 2020



Andru Volinsky  
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 Andru Volinsky, 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 Franklin Home For The Aged Association d/b/a Peabody Home, a not-for-profit institution providing health care services located in Franklin, New Hampshire. The hearing was held on October 22, 2020 at 8:00 a.m., following public notice, in the office of the Authority, One Capitol Street, Suite 200, Concord, 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 as described in the Notice of Public Hearing published on October 15, 2020.

Dated: November 18, 2020

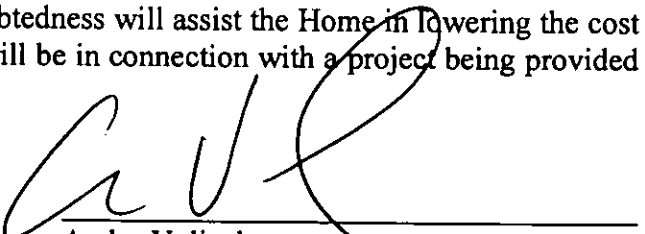
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Governor and Council:

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(7) The construction and acquisition of the Project serves a need presently not fulfilled in providing health care within the State and is of public use and benefit; and

(8) The refinancing of existing indebtedness will assist the Home in lowering the cost of providing health care within the State and will be in connection with a project being provided by the Home.

Dated: October 22, 2020



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Andru Volinsky  
Executive Councilor Designee  
of the Governor and Council

