



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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VICKI V. QUIRAM
Commissioner
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Assistant Commissioner
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October 12, 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 Joseph D. Kenney with regard to a certain project in participation with Taylor Community in Laconia, New Hampshire.

EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Kenney has requested that this be placed on the agenda as a regular item for the Wednesday, October 26, 2016 meeting for ratification by the Governor and Council.

Sincerely,

Vicki V. Quiram
Commissioner

VVQ/dph

Attachment

**REPORT
AND
FINDINGS
OF**

JOSEPH D. KENNEY, 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 **TAYLOR COMMUNITY**, Laconia, 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 (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 Taylor Community, a not-for-profit continuing care retirement community located in Laconia, New Hampshire (the “Borrower” or “Taylor Community”). Such application seeks the participation of the Authority, under the Act, in the refinancing of certain of Taylor Community’s existing indebtedness and the financing of certain capital expenditures (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 Tuesday, October 4, 2016, the hearing was held commencing at 2:00 p.m. on Friday, October 7, 2016, in the First Floor Conference Room of the Taylor Home at Taylor Community, 435 Union Avenue, Laconia, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

Summary of Testimony

Edmund Soucy, the Vice President of Finance of Taylor Community, was the first witness. He described Taylor Community as a not-for-profit, voluntary corporation organized under New Hampshire law exclusively for charitable purposes.

Mr. Soucy stated that Taylor Community is a continuing care retirement community that provides independent living, assisted living, and nursing home care to those who need such services.

Mr. Soucy described Taylor Community as having been founded in 1907 and today owns and operates three campuses. The main facility is a 104 acre campus in Laconia which includes 123 cottages, a 57-unit residential building, and 2 buildings which house a nursing home and 3 different assisted living venues. Taylor Community also operates a 23-unit residential housing campus in Wolfeboro and a 17-unit residential housing facility in Pembroke.

Mr. Soucy testified that proceeds of the Authority's 2016 Bonds (the "Series 2016 Bonds") will be used to refinance an outstanding taxable loan, the proceeds of which were used to refinance a number of prior loans, the proceeds of which were used to finance various construction projects at the Laconia, Pembroke, and Wolfeboro properties of the Borrower. He further testified that proceeds of the Series 2016 Bonds would also be used to finance miscellaneous construction, renovation, and equipping of Taylor Community's facilities, paying certain costs of issuing the Series 2016 Bonds and paying capitalized interest in connection with the Series 2016 Bonds.

Mr. Soucy testified that Taylor Community expects to issue no more than \$18 million of bonds and expects to have the Bonds issued as a private placement with Bank of New Hampshire being the anticipated Purchaser. The Bonds are expected to have a maturity of no more than twenty-five (25) years and to have a fixed rate of interest for the first ten (10) years.

Mr. Soucy testified that, under a Loan Agreement with the Authority, Taylor Community will be required to maintain appropriate insurance coverage.

He stated that the refinancing of existing indebtedness would assist the Borrower in lowering the cost of providing continuing care retirement community facilities in New Hampshire.

Based upon his position as Vice President of Finance of Taylor Community, he stated his opinion that the Borrower would be able to meet its financial obligations under the proposed Bond issue and that Taylor Community currently is operating in a financially responsible manner.

Bonnie 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 Borrower'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 September 15, 2016, approving issuance of bonds for Taylor Community.

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 Borrower will be obligated to hold and use the Project for continuing care retirement community and healthcare purposes so long as the Bonds are outstanding. She testified to language which will be in the Bond Indenture which will require that each bond issued by the Authority for Taylor Community 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 Taylor Community (“Taylor Community”), a not-for-profit continuing care retirement community which is located in Laconia, New Hampshire, to provide retirement community facilities within the State of New Hampshire (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 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 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 Borrower so that under no circumstances will the State be obligated, directly or indirectly, for the payment of such costs; and

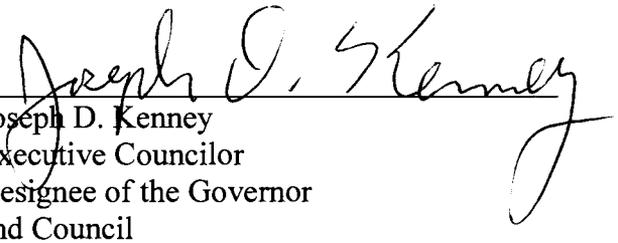
(5) Adequate provision has been made to obligate the Borrower to hold and use the Project for retirement community purposes so long as the principal of and interest on bonds or other obligations issued by the New Hampshire Health and Education Facilities Authority (the “Authority”) to finance the cost 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 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 healthcare facilities within the State and is a public use and benefit; and

(8) The refinancing of existing indebtedness will assist the Borrower in lowering the cost of providing continuing care retirement community facilities within the State and will be in connection with a project being provided by Taylor Community.

Dated: October 7, 2016



Joseph D. Kenney
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 Joseph D. Kenney, 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 Taylor Community, a not-for-profit retirement community which is located in Laconia, New Hampshire which and provides retirement community facilities within the State of New Hampshire. The hearing was held on October 7, 2016, following public notice, in the First Floor Conference Room of the Taylor Home at Taylor Community, 435 Union Avenue, Laconia, New Hampshire, at 2:00 p.m. in the afternoon.

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, as described in the Notices of Public Hearings published on October 4, 2016 and on October 5, 2016, and in a hearing conducted by the Authority on October 19, 2016.

Dated: October 26, 2016

Governor and Council:

