



State of New Hampshire

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

3D
Edm

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June 9, 2015

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 Wheeler with regard to a certain project in participation with The Scott–Farrar House, Peterborough, New Hampshire.

EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Wheeler has requested that this be placed on the agenda as a regular item for the Wednesday, June 24, 2015 meeting for ratification by the Governor and Council.

Sincerely,

Vicki V. Quiram
Commissioner

VVQ/rjk

Attachment

**REPORT
AND
FINDINGS
OF**

DAVID K. WHEELER, 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 **THE SCOTT-FARRAR HOME** of Peterborough, 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 The Scott-Farrar Home, a not-for-profit, voluntary corporation incorporated under New Hampshire law which is located in Peterborough, New Hampshire (hereafter sometimes referred to as "Scott-Farrar" or the "Borrower") and 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 demolition, construction, equipping and furnishing of certain facilities of Scott-Farrar (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 May 14, 2015, the hearing was held commencing at 2:30 p.m. on Thursday, May 28, 2015 in the Ground Floor Solarium of The Scott-Farrar Home located at 11 Elm Street, Peterborough, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

Summary of Testimony

Eldon Munson, Jr., Chairman of the Long Range Planning Committee, was the first witness. He stated that Scott-Farrar was for many years a 20-bed residential care facility which offered a private, home-like environment for individuals who are self-ambulatory and have a stable physical condition. Scott-Farrar has roots in the Peterborough area that go back over 100 years, to the incorporation of the Peterborough Home for the Aged in March 1909. He stated that Scott-Farrar plans to replace its existing dated facility with a new 63-unit facility located on the property.

Mr. Munson stated that Scott-Farrar expects to issue up to \$18 million of bonds (the "2015 Bonds" or "Bond(s)"). Mr. Munson testified that the Project will consist of (a) the demolition of the Borrower's existing facility in Peterborough, New Hampshire and (b) the construction, equipping and furnishing of an approximately 72,200 square foot, multi-level retirement community consisting of approximately 25 independent living apartments, approximately 20 assisted living apartments, approximately 18 assisted living apartments for residents with memory loss, and certain common areas which are anticipated to include a lobby, dining rooms, a private dining room, a café, a library, a country kitchen, a media room, fitness and art studios and a hair salon. In addition, Bond proceeds may be used to finance routine capital expenditures and miscellaneous construction, renovation, improvements and equipping of the Borrower's facilities. He 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.

Mr. Munson confirmed that, under the Loan Agreement with the Authority, Scott-Farrar will be required to continue to carry blanket fire and extended coverage as well as general liability insurance.

Mr. Munson explained that, in his view, the Project would be of public use and benefit and would assist Scott-Farrar in lowering the cost of providing health care facilities. Based upon

his position as Chairman of the Long Range Planning Committee, he stated his opinions that Scott-Farrar would be able to meet its financial obligations under the proposed bond issue and that Scott-Farrar is currently operating in a financially responsible manner. In concluding his testimony, Mr. Munson stated that, in his judgment, the Project is necessary to provide the community's residents with the quality of retirement living and care to which Scott-Farrar is committed.

The next witness was Susan Winshall, Managing Director at Zions First National Bank, Scott-Farrar's investment banker, who testified by telephone. Ms. Winshall stated that the Bonds are anticipated to be sold having a term of thirty (30) years at an initial interest rate of four and twenty-five hundredths (4.25%) for two and a half (2.5) years with the rate increasing thereafter to seven percent (7%). She stated that, as part of her work with the Borrower in connection with the proposed bond issue, she had reviewed Scott-Farrar's financial statements and the feasibility study for the new facility. She testified that, based on such review and her discussions with certain of the Borrower's trustees, she was of the opinion that Scott-Farrar will be able to meet its obligations under the proposed bond issue. In concluding her testimony, Ms. Winshall stated her opinion that Scott-Farrar is a financially responsible health care institution.

David C. Bliss was the final witness called. He stated that he is the Executive Director and Secretary of the New Hampshire Health and Education Facilities Authority, charged with the administration of the Authority's day-to-day affairs. In his capacity as Executive Director he has become acquainted with the Project and the details of its financing, having worked closely with Scott-Farrar's trustees in developing the financial arrangements to be reflected in the Bonds proposed to be issued. He 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. He testified that the Authority adopted a resolution on May 21, 2015 approving issuance of bonds for The Scott-Farrar Home.

Mr. Bliss testified that certain documents are being prepared for execution in connection with the Project. He stated that there is a provision in these documents under which the Borrower is obligated to hold and use the Project for health care purposes so long as the Bonds are outstanding. He testified to the language which requires that each bond issued by the Authority for The Scott-Farrar 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.

Mr. Bliss 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.

Mr. Bliss concluded his testimony by stating that, based on his familiarity with the statute under which the Authority operates, on his 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, as the same is described in such testimony, will enable and assist The Scott-Farrar Home (herein called "Scott-Farrar"), a not-for-profit voluntary corporation located in Peterborough, New Hampshire, 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, Scott-Farrar, 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 Scott-Farrar 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 Scott-Farrar 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 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.

Dated: May 28, 2015



David K. Wheeler
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 David K. Wheeler, 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 The Scott-Farrar Home, a not-for-profit, voluntary corporation located in Peterborough, New Hampshire. The hearing was held on May 28, 2015, following public notice, in the Ground Floor Solarium of The Scott-Farrar Home located at 11 Elm Street, Peterborough, New Hampshire at 2:30 o'clock 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 and in the hearing held by the Authority on May 28, 2015, as described in the Notice of Public Hearing published on May 14, 2015 in the Manchester Union Leader.

Dated: June 24, 2015

Governor and Council:
