



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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May 19, 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 United Church of Christ Retirement Community, Inc., d/b/a Havenwood/Heritage Heights, Concord, 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, June 15, 2016 meeting for ratification by the Governor and Council.

Sincerely,

Vicki V. Quiram
Commissioner

VVQ/dph

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 **UNITED CHURCH OF CHRIST RETIREMENT COMMUNITY, INC.** d/b/a Havenwood/Heritage Heights, of Concord, 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 United Church of Christ Retirement Community, Inc., d/b/a Havenwood/Heritage Heights (the “Institution” or “Havenwood”), a private, not-for-profit and charitable corporation which operates a continuing care retirement community located in Concord, New Hampshire, and constitutes a “nursing home” as that term is defined in the Act. Havenwood 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 capital improvements at the Institution, including the construction and renovation of certain of the Institution’s facilities, and the refinancing of certain of the Institution’s existing indebtedness (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 May 12, 2016, the hearing was held commencing at 9:15 a.m. on Monday, May 16, 2016, at the Authority’s Conference Room on the second floor of 54 South

State Street, Concord, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

Summary of Testimony

Michael Palmieri, the President and Chief Executive Officer of the Institution, was the first witness. He described the Institution, known as Havenwood-Heritage Heights, as a not-for-profit corporation which owns and operates retirement communities in Concord on two campuses one mile apart from each other. The Institution offers a continuum of care in 372 independent living units (186 at Havenwood and 186 at Heritage Heights), 29 assisted living units and a 124 unit healthcare facility with 29 supported residential care beds and 95 skilled nursing care beds. During 2015, the Institution's facilities experienced an occupancy rate in excess of 91%.

Mr. Palmieri stated that Havenwood's nursing care facilities and supported residential care facilities are licensed by the Department of Health and Human Services of the State of New Hampshire.

Mr. Palmieri testified that Bond proceeds will be used to: (1) current refund the Authority's 2006A Revenue Bonds issued for the benefit of Havenwood, the proceeds of which were used to finance the acquisition, construction, installation, and renovation of certain of the Institution's nursing home and retirement community facilities, as well as refinance the Authority's 1995 Revenue Bonds issued for the benefit of Havenwood, and (2) finance certain routine miscellaneous capital expenditures including renovation and enhancement of rooms in the skilled nursing facility and the construction of an approximately 900 square foot addition, as well as renovations, to the Institution's dining facility at the Heritage Heights campus. He further testified that Bonds proceeds also may be used to pay certain costs of issuing the Bonds and incidental costs related to the Bonds.

Mr. Palmieri testified that the Institution expects the Bonds to be issued in a principal amount not to exceed \$13 million. He testified the Bonds are expected to be issued as a direct placement to Citizens Funding Corp., a subsidiary of Citizens Bank, N.A. The Bonds are expected to mature in no more than twenty (20) years.

Mr. Palmieri confirmed that, under the Loan Agreement with the Authority, Havenwood will be required to continue to carry blanket fire and extended coverage as well as general liability insurance and that the proceeds of the Bonds may be loaned to the school in one or more installments pursuant to the Loan Agreement with the Authority.

Mr. Palmieri stated that, in his opinion, Havenwood would be able to meet its financial obligations under the proposed bond issue and that Havenwood currently is operating in a financially responsible manner. Mr. Palmieri explained that the refinancing, which is being done in connection with the Project, will assist Havenwood in lowering the cost of providing healthcare facilities by lowering its debt service obligations. In concluding testimony, Mr. Palmieri stated that, in his judgment, the Project is necessary to provide the communities' residents with the quality of retirement living and care to which the Institution's Board is committed.

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 the Institution's officers in developing the financial arrangements to be reflected in the bonds proposed to be issued. He stated that the Authority's vote to issue its bonds for the Project will be 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 will vote to adopt a resolution on May 19, 2016, approving issuance of bonds for United Church of Christ Retirement Community, Inc. Mr. Bliss then explained the Authority's role as a conduit for the financing of projects through the issuance of its bonds.

Mr. Bliss 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 Institution and the Authority. He stated that the proceeds for the Bonds may be loaned to Havenwood in one or more installments pursuant to the provisions of the Loan Agreement and

that there is a provision in the Loan Agreement under which the Institution is obligated to hold and use the Project for healthcare purposes so long as the Bonds are outstanding. He testified to the language in the Bond Indenture which requires that each bond issued by the Authority for United Church of Christ Retirement Community, Inc. 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, and the refinancing of existing indebtedness, as the same is described in such testimony, will enable and assist United Church of Christ Retirement Community, Inc. (the "Institution"), a private, not-for-profit and charitable corporation which operates a continuing care retirement community located in Concord, New Hampshire, to provide healthcare facilities within the State of New Hampshire (the "State"); and

(2) The Project, and the project to which the refinancing of existing indebtedness relates, will be leased to, or owned by, the Institution, 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 any 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 Institution 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 Institution 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 (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; and

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

Dated: May 16, 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 (the "Authority") by United Church of Christ Retirement Community, Inc., d/b/a Havenwood/Heritage Heights, a private, not-for-profit and charitable corporation which operates a continuing care retirement community located in Concord, New Hampshire, is licensed by the Department of Health and Human Services and provides healthcare facilities within the State of New Hampshire. The hearing was held on May 16, 2016, following public notice, in the Authority's Conference Room on the second floor of 54 South State Street, Concord, New Hampshire, at 9:15 o'clock in the morning.

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 June 2, 2016, as described in the Notices of Public Hearing published on May 12, 2016 and May 18, 2016.

Dated: June 15, 2016

Governor and Council:

