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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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November 16, 2017

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 David K. Wheeler with regard to a certain project in participation with the Peterborough Retirement Community at Upland Farm, Inc. d/b/a/ RiverMead, 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, December 6, 2017 meeting for ratification by the Governor and Council.

Sincerely,

Charles M. Arlinghaus
Commissioner

CMA/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 **PETERBOROUGH RETIREMENT COMMUNITY AT UPLAND FARM, INC. d/b/a RIVERMEAD** 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 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 Peterborough Retirement Community at Upland Farm, Inc. d/b/a RiverMead, a private, not-for-profit and charitable corporation (hereafter sometimes referred to as “RiverMead”) operating a continuing care retirement community located in Peterborough, New Hampshire, which constitutes a “nursing home” as that term is defined in the Act. RiverMead is a participating health care institution under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in the financing of certain 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 Town of Peterborough Town Hall and on the Authority’s website on Thursday,

November 9, 2017, the hearing was held commencing at 10:00 a.m. on Monday, November 13, 2017, in Conference Room One at RiverMead, 150 RiverMead Road, Peterborough, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

Summary of Testimony

Martin James Conley, III, the Chief Financial Officer of RiverMead, was the first witness. He described RiverMead as a not-for-profit corporation which owns and operates a continuing care retirement community in Peterborough, New Hampshire. RiverMead opened in December, 1995 and was originally comprised of 114 independent living units (including 26 cottages), 53 assisting living units (including 17 special care beds), 27 skilled nursing beds, a wellness center and over 35,000 square feet of community and amenity space (the "Main Campus").

In 2012, RiverMead commenced construction of an expansion of its facilities, known as The Village, on land across the street from the Main Campus. The Village included 30 new independent living apartments, 10 new independent living cottages, 20 one-bedroom assisted living units, 30 indoor parking stalls, and a one story community center which includes dining, specialty areas, and amenity areas which are used by all residents of RiverMead. The Village was completed and opened to residents in early 2013.

Mr. Conley testified that RiverMead's skilled nursing and assisted residential care facilities are licensed by the Department of Health and Human Services of the State of New Hampshire. In accordance with the provisions of New Hampshire law relating to continuing care retirement communities, RiverMead's nursing care beds are open only to residents of the community and their spouses and are not supported by the Medicaid program.

Mr. Conley testified that the proceeds of the Authority's Series 2017 Bonds (the "Bonds") would be used to finance construction of 4 new cottages, 2 new villas, each containing 12 independent living residences, additions and renovations to RiverMead's Health Center, which provides assisted living units, memory support, and skilled nursing services to residents, the construction of a new maintenance building and access road, as well as the construction of a new wellness center and miscellaneous improvements to the campus including dining, kitchen, and common area renovations. Mr. Conley stated that the estimated cost of the Project is estimated to be slightly in excess of \$45,000,000 and that RiverMead expects the issuance of no more than \$40,000,000 of Bonds. RiverMead expects to have the Bonds issued as a private placement with People's United Bank, National Association, expected to be the purchaser of the Bonds. The Bonds are expected to have a maturity of approximately 30 years.

Mr. Conley testified that under the Loan Agreement with the Authority, RiverMead will be required to maintain appropriate insurance coverage. Based upon his position as Chief Financial Officer of RiverMead, he stated his opinion that RiverMead would be able to meet its financial obligations under the proposed bond issue and that RiverMead currently is operating in a financially responsible manner.

Bonnie Payette was the second witness called. She stated that she is the Director of Operations and Finance 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 Director of Operations and Finance she has become acquainted with the Project and the details of its financing, having worked with RiverMead'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 October 19, 2017, approving issuance of bonds for Peterborough Retirement Community at Upland Farm, Inc. d/b/a RiverMead.

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 RiverMead is obligated to hold and use the Project for continuing care retirement community and 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 Peterborough Retirement Community at Upland Farm, Inc. d/b/a RiverMead 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 Peterborough Retirement Community at Upland Farm, Inc. d/b/a RiverMead (herein called "RiverMead"), a not-for-profit continuing care retirement community located in Peterborough, New Hampshire, to provide continuing care (including nursing care) within the State of New Hampshire (herein called the "State"); and

(2) The Project will be leased to, or owned by, RiverMead, 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 costs 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 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 RiverMead 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 RiverMead to hold and use the facilities being refinanced by 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 assist the Borrower in providing retirement community facilities and 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 will assist the Borrower in providing retirement community facilities and healthcare facilities within the State and is of public use and benefit.

Dated: November 13, 2017



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 Peterborough Retirement Community at Upland Farm, Inc. d/b/a RiverMead, a not-for-profit continuing care retirement community which is located in Peterborough, New Hampshire. The hearing was held on November 13, 2017, following public notice posted at the Town of Peterborough Town Hall and on the Authority's website on Thursday, November 9, 2017, in Conference Room One at RiverMead, 150 RiverMead Road, Peterborough, New Hampshire at 10:00 a.m.

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 in the hearing conducted by the Authority on December 1, 2017, as described in the Notice of Public Hearing published on November 17, 2017 in the New Hampshire Union Leader.

Dated: December 6, 2017

Governor and Council:

