



# 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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March 7, 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 the Speare Memorial at Boulder Point, Plymouth, 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, March 23, 2016 meeting for ratification by the Governor and Council.

Sincerely,

Vicki V. Quiram  
Commissioner

VVQ/rjk

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 **SPEARE MEMORIAL AT BOULDER POINT**, Plymouth, 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 Speare Memorial at Boulder Point, a not-for-profit corporation located in Plymouth, New Hampshire (hereafter sometimes referred to as “Speare”), which is an institution providing a healthcare program under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in the refinancing of certain of Speare’s existing indebtedness, the construction, renovation and furnishing of certain facilities and the purchase of certain capital equipment (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 February 19, 2016, the hearing was held commencing at 2:30 p.m. on Friday, March 4, 2016, in the Rooke Family Conference Room at Speare Memorial Hospital, 16 Hospital Road, Plymouth, New Hampshire.

All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

### **Summary of Testimony**

Michelle McEwen, Speare's President, was the first witness. She described Speare as a not-for-profit corporation organized under New Hampshire law which is exempt from federal taxation pursuant to Section 501 of the Internal Revenue Code of 1986, as amended. Ms. McEwen stated that Speare is an institution organized to assist Speare Memorial Hospital, a New Hampshire not-for-profit corporation (the "Hospital"), licensed by the State of New Hampshire to carry out its mission of providing healthcare services. She further stated that Speare owns an approximately 33,800 square foot building which it leases to the Hospital in order that the Hospital may operate a medical office building and provide out-patient rehabilitation services to the Hospital's patients.

Ms. McEwen testified that the medical office building was constructed in 2008 and was initially financed with a new market tax credit loan facility which had a balloon payment due in December, 2015. The initial loan was paid off with a short term bridge loan from Citizens Bank, N.A. She stated that Speare is now desirous of refinancing the short term loan through a bond issued through the New Hampshire Health and Education Facilities Authority (the "Authority").

Ms. McEwen testified that the Bond would be issued in a direct placement with Citizens Bank, N.A. being the anticipated purchaser. The Bond would have an amortization period of approximately 15 years and the principal amount would not exceed \$4,500,000.

She explained that Bond proceeds also may be used to pay for renovations, fit-up and furnishing of the building and to pay certain other costs with respect to the Bonds, including certain costs of issuance of the Bonds. Ms. McEwen testified that, under the Loan Agreement

with the Authority and the purchaser, Speare will be required to carry blanket fire and extended coverage as well as general liability insurance.

Ms. McEwen testified that the refinancing of existing indebtedness would assist Speare in lowering the cost of providing healthcare facilities in New Hampshire. Ms. McEwen explained that, in her view, the Project would be of public use and benefit and would permit Speare and the Hospital to continue to render an appropriate level of healthcare service. Finally, and based upon her position as President of Speare, she stated her opinion that Speare would be able to meet its financial obligations under the proposed bond issue and that Speare is currently operating in a financially responsible manner.

David Bliss was the final witness called. He stated that he is the Executive Director 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 with Speare's officers 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 February 18, 2016, approving issuance of bonds for Speare Memorial at Boulder Point.

Mr. Bliss testified that certain documents are being prepared for execution in connection with the Project, including the Loan Agreement for execution among Speare, the purchaser and the Authority. He stated that there will be a provision in the Loan Agreement under which Speare is obligated to hold and use the Project for healthcare purposes so long as the Bonds are outstanding. He testified that the Loan Agreement will require that each bond

issued by the Authority for Speare Memorial at Boulder Point 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.

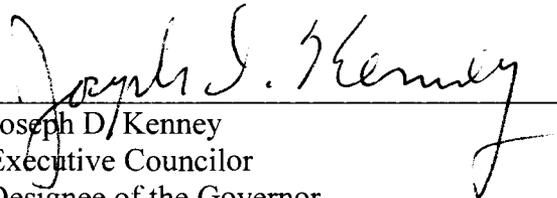
## Findings

Upon the testimony submitted at the hearing, and upon consideration, I find as follows:

- (1) The Project, and the project to which the refinancing of the existing indebtedness relates, as the same is described in such testimony, will enable and assist Speare Memorial at Boulder Point (herein called "Speare"), a not-for-profit corporation which is exempt from federal taxation pursuant to Section 501 of the Internal Revenue Code of 1986 and which provides a program involving or otherwise related to the delivery of healthcare by Speare Memorial Hospital which is a hospital licensed by the State of New Hampshire (herein called the "State") and located in Plymouth, New Hampshire; and
- (2) The Project, and the project to which the refinancing of the existing indebtedness relates, will be leased to, or owned by Speare, which is a financially responsible institution providing a healthcare program 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 project to which the refinancing of the existing indebtedness relates; 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 Speare 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 Speare 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 (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 healthcare facilities within the State and is of public use and benefit; and
- (8) The refinancing of existing indebtedness will assist Speare in lowering the cost of providing healthcare facilities within the State.

Dated: March 4, 2016

  
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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 Speare Memorial at Boulder Point, a not-for-profit corporation which is located in Plymouth, New Hampshire, and provides a healthcare program within the State of New Hampshire. The hearing was held on March 4, 2016, following public notice, in the Rooke Family Conference Room of Speare Memorial at Boulder Point, 16 Hospital Road, Plymouth, 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 as described in the Notice of Public Hearing published on February 19, 2016.

Dated: March 23, 2016

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Governor and Council:

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