



# State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES  
OFFICE OF THE COMMISSIONER  
25 Capitol Street – Room 120  
Concord, New Hampshire 03301

3B  
MLC  
JUL 23 18 AM 9:43 DAS

Charles M. Arlinghaus  
Commissioner  
(603) 271-3201

Joseph B. Bouchard  
Assistant Commissioner  
(603) 271-3204

July 20, 2018

His Excellency, Governor Christopher T. Sununu  
and the Honorable Council  
State House  
Concord, New Hampshire 03301

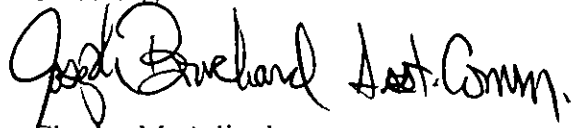
### REQUESTED ACTION

Approval of the Report and Findings of Councilor David K. Wheeler with regard to a certain project in participation with Hunt Community of Nashua, 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, August 8, 2018 meeting for ratification by the Governor and Council.

Sincerely,

  
Charles M. Arlinghaus  
Commissioner

CMA/dph

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 HUNT COMMUNITY, of Nashua, 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 described in Section 21 of the Act. The hearing is required as the result of an application submitted to the Authority by Hunt Community (“Hunt”), a private, not-for-profit and charitable corporation formed under New Hampshire law. Hunt operates a continuing care retirement community located in Nashua, New Hampshire and which constitutes a “nursing home” as that term is defined in the Act; and is a participating healthcare institution under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in the refinancing of certain existing indebtedness and the financing of certain capital improvements relating to Hunt’s facility located in Nashua (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 New Hampshire Union Leader on July 13, 2018, the hearing was held commencing at 10:00 a.m. on July 19, 2018 in the Hunt Club on the first floor of Hunt Community,

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

**Summary of Testimony**

Peter J. Warecki, the Chief Executive Officer of Silverstone by Hunt and Hunt Community, was the first witness. He described Hunt as a not-for-profit corporation which owns 16 acres of land in downtown Nashua, New Hampshire. Hunt operates a Life Plan Community consisting of 116 independent living units, 25 assisted living units with 24 in service, and 40 skilled nursing facility beds with 22 in service, as well as certain common facilities.

Mr. Warecki stated that Hunt Community's origins date back to 1885 and was formed in 1983 when the John M. Hunt Home for Aged Men and Couples consolidated with the Mary E. Hunt Home for Aged Women. Hunt is affiliated with The Huntington at Nashua through a common sole member, Silverstone by Hunt. Hunt is designed to accommodate residents age 62 and older with a combination of studio, one and two-bedroom apartments. Hunt's skilled nursing facilities are licensed by the Department of Health and Human Services of the State of New Hampshire ("NHDHHS"). In accordance with the provisions of New Hampshire law relating to continuing care retirement communities, Hunt's nursing care beds are not supported by the Medicaid program.

Mr. Warecki testified that the Authority issued its Revenue Bonds Hunt Community Issue, Series 1996 (the "Series 1996 Bonds") to finance capital improvements to its facilities. The outstanding debt associated with those bonds is approximately \$6,065,000.00. He testified that part of the proceeds of the Authority's Bonds, Hunt Community Issue, Series 2018 (the "Series 2018 Bonds") may be used to refinance the Series 1996 Bonds. Mr. Warecki stated that the new money component of the Project, approximately \$11,000,000.00, consists of financing the costs of the renovation, expansion, improvements, furnishing and equipping several re-purposed spaces.

This work commenced in June 2017 and is ongoing. The Project will renovate approximately 35,000 square feet and add about 5,500 square feet of new space. To date the Project has added a new library, an arts and crafts room, a game room, and new public restrooms in the area formally used as an auditorium. Other renovations include the residential corridors in the independent living buildings, a multi-purpose resident lounge, a relocated and enhanced marketing suite, relocation of an egress stair, and new administrative office spaces. Additionally, the main entrances were enhanced. Mr. Warecki stated new construction to be completed by August 2018 includes a new auditorium, a 56 seat theater, a two story gallery and connector, a roof top outside patio for dining and a new coffee bar. Series 2018 Bond proceeds may also be used to finance miscellaneous capital expenditures to fund capitalized interest and to pay certain costs of issuing the bonds.

The second witness was Maggie Jaeb, Chief Financial Officer of Silverstone by Hunt and Hunt. Ms. Jaeb testified that Hunt expects the Series 2018 Bonds to be issued in an amount not in excess of \$18,000,000. Although a public offering is a possibility, it is anticipated that the Bonds will be sold at a private placement to a financial institution. The Series 2018 Bonds are expected to mature in approximately 30 years and have an initial fixed rate period.

Ms. Jaeb confirmed that the nursing care facilities of Hunt are licensed by NHDHHS. In order to protect its assets, Hunt carries fire and extended insurance coverage on its physical plant and contents under a blanket policy and maintains general liability insurance coverage as well. Hunt will be required to continue such coverages under the Loan Agreement with the Authority and the purchaser of the 2018 Bonds.

Ms. Jaeb explained that, in her view, the refinancing of existing indebtedness would assist Hunt in lowering the cost of providing healthcare and educational facilities within the State and that the Project will be in the public interest and will be necessary in her judgment to enable Hunt

to provide its residents with the quality of care to which it is committed. She stated that she was personally familiar with the financial position of Hunt. She testified that Hunt has always been operated in a financially responsible manner and that, in her opinion, the proposed bond debt is within the financial capacity of Hunt and that Hunt will be able to meet its financial obligations under the proposed bond issue.

Bonnie Payette was the final witness called. She stated that she is the Executive Director of the New Hampshire Health and Education Facilities Authority and is involved with the administration of the Authority's day-to-day affairs. In her capacity as Executive Director, she has become acquainted with the Project and the details of its financing, having worked closely with Hunt'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 Series 2018 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 June 21, 2018, approving the issuance of the Series 2018 Bonds for the benefit of Hunt Community.

Ms. Payette testified that certain documents are being prepared for execution in connection with the Project, including a Loan Agreement intended for execution by Hunt, the Authority and the purchaser. She stated that there will be a provision in the Agreement under which Hunt will be obligated to hold and use the Project for healthcare and charitable purposes so long as the Bonds are outstanding. She testified to the language in the Loan Agreement which requires that each bond issued by the Authority for Hunt, 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 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 refinancing of existing indebtedness, as the same is described in such testimony, will enable and assist Hunt Community, a not-for-profit participating healthcare and educational institution located in Nashua and other communities in New Hampshire, to provide healthcare facilities within the State of New Hampshire (herein called the "State"); and
- (2) The Project, and the project to which the refinancing of existing indebtedness relates, will be leased to, or owned by, Hunt Community, 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 the refinancing of existing indebtedness; 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 on 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 Hunt Community 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 Hunt Community to hold and use the Project for healthcare and/or educational 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 and educational facilities within the State and is of public use and benefit; and
- (8) The refinancing of existing indebtedness will assist Hunt Community in lowering the cost of providing healthcare and educational facilities within the State.

Dated: July 19, 2018



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 Hunt Community, a not-for-profit which is located in Nashua, New Hampshire, is licensed by the Department of Health and Human Services, and provides nursing care facilities and health care services within the State of New Hampshire. The hearing was held on July 19, following public notice, in the Hunt Club on the first floor of Hunt Community, 10 Allids Street, Nashua, 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 of July 31, 2018, and as described in the Notices of Public Hearing published on July 13, 2018 and July 16, 2018.

Dated: August 8, 2018

\_\_\_\_\_  
Governor and Council:

\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_