



# State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES  
25 Capitol Street - Room 120  
Concord, New Hampshire 03301

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Deputy Commissioner  
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June 29, 2021

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 Theodore L. Gatsas with regard to a certain project in participation with Senior Living of Bedford, Bedford, NH.

### EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Gatsas has requested that this be placed on the agenda as a regular item for the Wednesday, July 14, 2021 meeting for ratification by the Governor and Council.

Sincerely,

Charles M. Arlinghaus  
Commissioner

CMA/dph

Attachment

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June 28, 2021

Charles Arlinghaus, Commissioner  
Department of Administrative Services  
State of New Hampshire  
State House Annex  
Concord, New Hampshire 03301

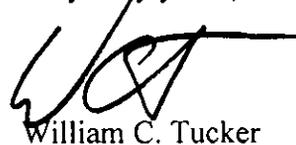
RE: New Hampshire Health and Education Facilities Authority –  
Senior Living of Bedford Series 2021 Bond Issue

Dear Commissioner Arlinghaus:

I enclose an original and ten copies of the Report and Findings of Councilor Theodore L. Gatsas with regard to a certain project in participation with Senior Living of Bedford, Bedford, New Hampshire. Councilor Gatsas has requested that this be placed on the agenda as a regular item for ratification by the Governor and Council at their meeting scheduled for Wednesday, July 14, 2021.

Thank you for your assistance in this matter.

Very truly yours,



William C. Tucker

/sos

enclosures

**REPORT  
AND  
FINDINGS  
OF**

**THEODORE L. GATSAS**, 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 **SENIOR LIVING OF BEDFORD** of Bedford, 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 Senior Living of Bedford, a not-for-profit, voluntary corporation incorporated under New Hampshire law which is located in Bedford, New Hampshire (hereafter sometimes referred to as "Senior Living of Bedford" 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 refinancing and financing of the land acquisition, demolition, construction, equipping and furnishing of certain facilities of the Borrower and to provide operating capital for the Borrower (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 June 24, 2021, the hearing was held commencing at 1:00 p.m. on Monday, June 28, 2021 in the Administrative Conference Room on the main level of Senior Living of Bedford, 24 Old Bedford Road, Bedford, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

### Summary of Testimony

Paul Harrington, Chair of the Board of Trustees of Senior Living of Bedford, was the first witness. He stated that Senior Living of Bedford was formed to provide a not-for-profit assisted living facility in the Town of Bedford. Senior Living of Bedford was formed in December 2018 and is governed by a volunteer Board of Trustees currently consisting of six members.

Mr. Harrington testified that the facility, known as Bowman Place or Bowman Place at Olde Bedford, was financed through the Authority's Bond Issue, Senior Living of Bedford Issue Series 2019 which was used to (a) acquire an approximately 16-acre parcel of land, (b) demolish two homes located on the land, and (c) construct, equip, and furnish an approximately 95,800 square foot, 3-story, 105 unit senior living facility which includes common areas for residents as well as offices for administration and support services. The building also includes common areas for dining, activities, art and music, library, and fitness areas. He stated that of the 105 units, 69 are for assisted living and 36 are memory care units. He stated that the facility is licensed by the New Hampshire Department of Health and Human Services for supported residential care.

Mr. Harrington further testified that construction of the facility which commenced in September of 2019 was completed in late March of 2021, three months later than originally projected due primarily to the impacts of COVID-19. This delay in completion together with other impacts from COVID-19 including potential residents and families being cautious about moving to a residential senior living facility and the inability to provide tours of the facility due to emergency orders, has made it necessary for Senior Living of Bedford to seek additional financing for working capital to cover expenses during the rent-up period and until stabilization is reached. Mr. Harrington concluded by stating that the Board of Trustees is confident in and fully dedicated to the long-term success of Senior Living of Bedford and providing for seniors in the Bedford and greater Manchester area.

Eldon Munson was the second witness. Mr. Munson stated that he is the Development Manager for Bowman Place and had prepared budgets for the facility and has been working with the facility's accountants and staff in projecting the rate of future occupancy and the resulting

revenue and expenses. He stated that Senior Living of Bedford is in need of short-term financing to allow it to achieve stabilization and long-term success. This will be achieved through a taxable note issued by the Authority in the amount of \$2.5 million to cover cashflow shortfall during the next six months. The financing plan is to then issue long-term bonds in an amount not to exceed \$50 million (the "2021 Bonds" or the "Bonds") which will (a) refinance the Series 2019 Bonds and the short-term taxable note, (b) provide additional working capital and capitalized interest, and (c) establish a debt service reserve fund and pay certain costs of issuing the Bonds. Mr. Munson confirmed that, under the Loan Agreement with the Authority, Senior Living of Bedford 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 Senior Living of Bedford in lowering the cost of providing health care facilities. Based upon his experience with similar senior living facilities and his familiarity with the Project budget and financial projections, he stated his opinions that Senior Living of Bedford would be able to meet its financial obligations under the proposed bond issue and that Senior Living of Bedford 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 assisted living care to which its Board of Trustees is committed.

The next witness was Christopher Good, a Director at RBC Capital Markets, LLC, the Borrower's investment banker who testified by telephone. Mr. Good stated that the long-term bonds are anticipated to be sold in two series and be in a total amount not to exceed \$50 million. The first series will be tax-exempt bonds and have a term of approximately 30 years with interest only for the first 2 years followed by a 28-year amortization period. The second series will be taxable bonds which are expected to have a term of approximately 7 years and an interest rate not to exceed 8%. He stated that based on market conditions, the tax-exempt bonds are expected to be priced at 5.25%, resulting in a savings over the 6.375% interest rate on the Series 2019 Bonds. He stated that, as part of his work with the Borrower in connection with the proposed bond issue, he

had reviewed Senior Living of Bedford's financial projections and the feasibility study for the facility. He testified that, based on such review and his discussions with certain of the Borrower's trustees and consultants, he was of the opinion that Senior Living of Bedford will be able to meet its obligations under the proposed bond issue and that Senior Living of Bedford is and will be a financially responsible health care institution.

Bonnie Payette was the final witness called. She stated that she 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 her capacity as Executive Director she has become acquainted with the Project and the details of its financing, having worked closely with Senior Living of Bedford's trustees and advisors 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 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 22, 2021 approving issuance of bonds for Senior Living of Bedford.

Ms. Payette testified that certain documents are being prepared for execution in connection with the Project. She 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. She testified to the language which requires that each bond issued by the Authority for Senior Living of Bedford 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 the refinancing of existing indebtedness, as the same is described in such testimony, will enable and assist Senior Living of Bedford (herein called the "Borrower"), a not-for-profit institution located in Bedford, New Hampshire, to provide health care facilities within the State of New Hampshire (herein called the "State"); and

(2) The Project, and the project to which the refinancing of the existing indebtedness relates, will be leased to, or owned by, the Borrower, 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, as well as any 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 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 Borrower so that under no circumstances will the State be obligated, directly or indirectly, for the payment of such costs; and

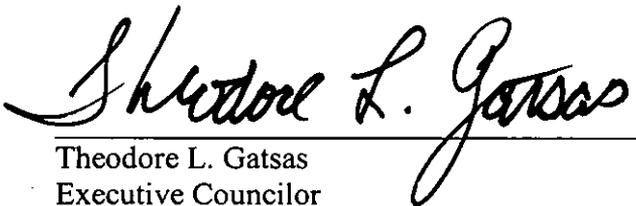
(5) Adequate provision has been, or will be, made to obligate the Borrower to hold and use the Project for health care purposes so long as the principal of and interest on bonds or other obligations issued by the New Hampshire Health and Education Facilities Authority (herein called the "Authority") 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 or any 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 health care facilities within the State and is of public use and benefit; and

(8) The refinancing of existing indebtedness will assist the Borrower in lowering the cost or providing health care within the State and is being done in connection with a project being provided by the Borrower.

Dated: June 28, 2021



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Theodore L. Gatsas  
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 Theodore L. Gatsas, 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 Senior Living of Bedford, a not-for-profit, voluntary corporation located in Bedford, New Hampshire. The hearing was held on June 28, 2021, following public notice published in the New Hampshire Union Leader on June 24, 2021, at the Administrative Conference Room on the main level of Senior Living of Bedford, 24 Old Bedford Road, Bedford, New Hampshire at 1:00 p.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 held by the Authority on June 30, 2021, as described in the Notices of Public Hearing published on June 23, 2021 and on June 24, 2021 in the Manchester Union Leader.

Dated: July 14, 2021

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Governor and Council:

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