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State of New Hampshire

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

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Commissioner
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Deputy Commissioner
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August 2, 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 David K. Wheeler with regard to a certain project in participation with The Scott-Farrar Home in Peterborough, NH.

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 18, 2021 meeting for ratification by the Governor and Council.

Sincerely,

Charles M. Arlinghaus
Commissioner

CMA/dph

Attachment

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August 2, 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 –
The Scott-Farrar Home Series 2021 Bonds

Dear Commissioner Arlinghaus:

I enclose an original and ten copies of the Report and Findings of Councilor David K. Wheeler with regard to a certain project in participation with The Scott-Farrar Home, Peterborough, New Hampshire. Councilor Wheeler 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, August 18, 2021.

Thank you for your assistance in this matter.

Very truly yours,

William C. Tucker

/sos

enclosures

DAS Ltr(1298112.1)

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 **THE SCOTT-FARRAR HOME** 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 The Scott-Farrar Home, a not-for-profit, voluntary corporation incorporated under New Hampshire law which is located in Peterborough, New Hampshire (hereafter referred to as "Scott-Farrar" 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 of certain of Scott-Farrar's existing indebtedness (hereafter 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 Friday, July 23, 2021, the hearing was held commencing at 9:30 a.m. on Friday, July 30, 2021, in the Authority's Conference Room, One Capitol Street, Suite 200, Concord, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

Summary of Testimony

Michael Morison, Treasurer of Scott-Farrar, was the first witness. He stated that Scott-Farrar has roots in the Peterborough area that go back over 100 years, to the incorporation of the Peterborough Home for the Aged in March 1909. Scott-Farrar was for many years a 20-bed residential care facility which offered a private, home-like environment for individuals who are self-ambulatory and have a stable physical condition. In 2015, Scott-Farrar demolished the previous facility and commenced construction of a new 63-unit facility which opened for occupancy in October, 2016. During the pandemic, Scott-Farrar has maintained an occupancy rate of approximately 88% and desires to refinance its outstanding debt.

Mr. Morison stated that the proceeds of the Authority's Revenue Bonds Scott-Farrar Issue Series 2021 (the "Bonds") will be used to refinance the Authority's 2017 Bond Issue (the "2017 Bonds"). The 2017 Bonds refinanced the Authority's 2015 Bond Issue the proceeds of which were used for (a) the demolition of the Borrower's then-existing facility in Peterborough, New Hampshire, and (b) the construction, equipping and furnishing of an approximately 72,200 square foot, multi-level retirement community consisting of approximately 25 independent living apartments, approximately 20 assisted living apartments, approximately 18 assisted living apartments for residents with memory loss, and certain common areas which include a lobby, dining rooms, a private dining room, a café, a library, a country kitchen, a media room, fitness and art studios and a hair salon. He confirmed that Scott-Farrar's assisted living and memory care facilities are licensed by the New Hampshire Department of Health and Human Services. He explained that, in addition to refinancing the 2017 Bonds, Bond proceeds will be used to pay certain costs of issuing the Bonds.

Mr. Morison testified that Scott-Farrar expects to issue no more than $17,500,000 of Bonds, which may be issued in two series, with one series being issued in a private placement with the expected purchaser to be HarborOne Bank, and the possibility of a second series being issued in a limited public offering. The Bonds are expected to have a maturity of approximately 30 years.

Mr. Morison confirmed that, under the bond documentation with the Authority, Scott-Farrar will be required to continue to carry blanket fire and extended coverage as well as general liability insurance. He further stated that the refinancing of existing indebtedness would assist Scott-Farrar in lowering the cost of providing senior living and healthcare facilities in New Hampshire and would be of public use and benefit.

Based upon his position as Treasurer, he stated his opinions that Scott-Farrar would be able to meet its financial obligations under the proposed bond issue and that Scott-Farrar is currently operating in a financially responsible manner. In concluding his testimony, Mr. Morison stated that, in his judgment, the Project is necessary to provide the community's residents with the quality of retirement living and care to which Scott-Farrar is committed.

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 oversees 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 Scott-Farrar's trustees in developing the financial arrangements to be reflected in the Bonds proposed to be issued. She testified that on July 27, 2021 the Authority adopted a resolution approving the issuance of the Bonds for the Project, subject to compliance being had with all laws bearing upon such issue and the advice of counsel, including bond counsel.

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 Scott-Farrar 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 refinancing of existing indebtedness, as the same is described in such testimony, will enable and assist The Scott-Farrar Home (herein called "Scott-Farrar"), a not-for-profit voluntary corporation located in Peterborough, New Hampshire, to provide health care facilities within the State of New Hampshire (herein called the "State"); and

(2) The Project to which the refinancing of existing indebtedness relates will be leased to, or owned by, Scott-Farrar, 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 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 refinance Scott-Farrar's existing indebtedness; 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 Scott-Farrar 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 Scott-Farrar 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 refinancing of existing indebtedness 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 refinancing of existing indebtedness will assist Scott-Farrar in lowering the cost of providing healthcare facilities and services within the State and is of public use and benefit.

Dated: July 30, 2021

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 (the "Authority") by The Scott-Farrar Home, a not-for-profit, voluntary corporation located in Peterborough, New Hampshire. The hearing was held on July 30, 2021, following public notice published in the New Hampshire Union Leader on Friday, July 23, 2021 in the Authority's Conference Room, One Capitol Street, Suite 200, Concord, New Hampshire at 9:30 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 held by the Authority on July 30, 2021, as described in the Notice of Public Hearing published on July 23, 2021 in the New Hampshire Union Leader.

Dated: August 18, 2021

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Governor and Council:

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