



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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VICKI V. QUIRAM
Commissioner
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Assistant Commissioner
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October 6, 2015

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 New Hampton School, New Hampton, 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, October 21, 2015 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 **THE NEW HAMPTON SCHOOL**, of New Hampton, 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 The New Hampton School, a not-for-profit independent secondary school located in New Hampton, New Hampshire (hereafter sometimes referred to as the “School” or “New Hampton”), which is a participating educational institution under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in refinancing of the Authority’s Revenue Bonds, Series 2010 and Series 2013 and 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 published in the Union Leader on September 29, 2015, the hearing was held commencing at 10:00 a.m. on Friday, October 2, 2015, in the Conference Room on the first floor of Meservey Hall at New Hampton School, 74 Main Street, New Hampton, New Hampshire.

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

Summary of Testimony

Andrew Menke, Head of School, was the first witness. He stated that New Hampton is a coeducational, private secondary school located in New Hampton which awards diplomas to graduating seniors, many of whom attend college thereafter. The School has a current enrollment of 325 students (260 boarding and 65 day) for the 2015-2016 school year.

New Hampton is accredited by the New England Association of Schools and Colleges and is a member of the Association of Independent Schools of New England and the National Association of Independent Schools.

Mr. Menke testified that the Project would consist of the construction of an approximately 36,000 square foot hockey arena with artificial turf for spring sports to be known as Jacobson Arena. The Project could also include, depending on the level of interest rates at the time of the issuance of the Bonds, the refinancing of all or a portion of the Authority's Revenue Bonds, New Hampton School Issue, Series 2013 and Series 2010. Mr. Menke further stated that certain proceeds from the bond issue will be used to pay costs of issuance and may be used to fund certain routine capital expenditures by the School.

Mr. Menke testified that the School does not expect to issue more than \$12 million in Bonds in a private placement with a financial institution which is anticipated to be TD Bank (the "Bank"). The Bonds are expected to mature in no more than 25 years. Mr. Menke confirmed that, under the Loan Agreement with the Authority and the Bank, the School will be required to continue to carry blanket fire and extended coverage as well as general liability insurance.

Mr. Menke testified that, in his view, the Project would be of public use and benefit and would permit the School to continue to render an appropriate level of service to its current and future students. He also stated that the potential refinancing of the Series 2010 and/or Series 2013 Bonds would only be done if it would assist the School in lowering the cost for providing educational facilities within the State. Finally, and based upon his position as Head of School, he stated his opinions that the School would be able to meet its financial obligations under the proposed bond issue and that New Hampton 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 assisting in 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 New Hampton'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 September 17, 2015, approving issuance of bonds for The New Hampton School.

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

outstanding. He testified that the language in the Loan Agreement will require that each bond issued by the Authority for The New Hampton School 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 construction and acquisition of the Project and the refinancing of existing indebtedness, as the same is described in such testimony, will enable and assist The New Hampton School (herein called the "School"), a not-for-profit institution constituting a participating educational institution located in New Hampton, New Hampshire to provide educational facilities within the State of New Hampshire (herein called the "State"); the construction and acquisition of the Project serves a need presently not fulfilled in providing education within the State and is of public use and benefit; and

(2) The Project, and the Project to which the refinancing of existing indebtedness relates, will be leased to, or owned by, the School, 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 construction and the 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 provide for such construction and acquisition and the

refinancing of existing indebtedness, or obligations to which such refinancing of existing indebtedness relates; and

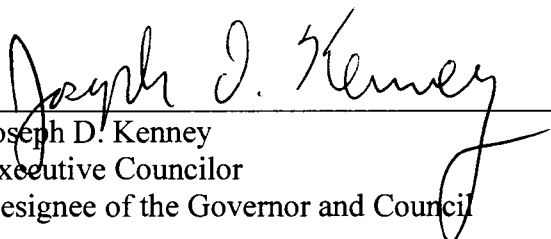
(4) Adequate provision has been, or will be, made in any lease or mortgage of the Project to be undertaken or any property leased or mortgaged in connection with the issuance of bonds or notes for the payment of all costs of operation, maintenance and upkeep of the Project by the School so that under 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 the School to hold and use the Project for 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 financing of 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.

(7) The refinancing of existing indebtedness will assist the School in lowering the cost of providing educational facilities within the State and will be in connection with a project being provided by the School.

Dated: October 2, 2015



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 The New Hampton School, a not-for-profit secondary school which is located in New Hampton, New Hampshire and provides educational facilities within the State of New Hampshire. The hearing was held on October 2, 2015 following public notice, in the Conference Room on the first floor of Meservey Hall at New Hampton School, 74 Main Street, New Hampton, New Hampshire at 10:00 a.m.

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 in the hearing held by the Authority on October 13, 2015, as described in the Notices of Public Hearings published on September 28, 2015 and September 29, 2015.

Dated: October 21, 2015

Governor and Council:

