



State of New Hampshire

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

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October 29, 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 Colin Van Ostern with regard to a certain project in participation with the Concord Christian Academy, Concord, New Hampshire.

EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Van Ostern has requested that this be placed on the agenda as a regular item for the Wednesday, November 4, 2015 meeting for ratification by the Governor and Council.

Sincerely,

Vicki V. Quiram
Commissioner

VVQ/rjk

Attachment

**REPORT
AND
FINDINGS
OF**

COLIN VAN OSTERN, 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 Concord Christian Academy, of Concord, 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 Concord Christian Academy, a not-for-profit coeducational, private school located in Concord, New Hampshire (hereafter sometimes referred to as the “Academy” or “Concord Christian”), 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 certain outstanding taxable indebtedness 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 October 13, 2015, the hearing was held commencing at 8:30 a.m. on Friday, October 16, 2015, in the Headmaster’s Office at Concord Christian Academy, 37 Regional Drive, Concord, New Hampshire.

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

Summary of Testimony

David Johnson, Headmaster of the Academy, was the first witness. He stated that Concord Christian is a coeducational private school located in Concord, which educates students from pre-kindergarten through high school. The Academy has a current enrollment of 214 students for the 2015-2016 school year. The Academy graduated 20 seniors in June of 2015, 90% of whom are pursuing a higher education.

Concord Christian is accredited by the New England Association of Schools and Colleges and by the Association of Christian Schools International.

Mr. Johnson testified that the Project would consist of the construction of an approximately 20,000 square foot new building at the Academy's 37 Regional Drive campus. The building will include a new regulation high school gymnasium with restrooms and team rooms, plus five additional classrooms. The Project will also include the refinancing of several taxable loans, outstanding in the approximate amount of \$2,980,000. Mr. Johnson 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 Academy.

Mr. Johnson testified that the Academy does not expect to issue more than \$6.5 million in Bonds in a private placement with a financial institution which is anticipated to be The Provident Bank (the "Bank"). The proceeds of the Bonds may be loaned to the Academy in one or more installments pursuant to a Loan Agreement with the Authority and the Bank. The Bonds are expected to mature in no more than 25 years. Mr. Johnson confirmed that, under the Loan Agreement, the Academy will be required to continue to carry blanket fire and extended coverage, as well as general liability insurance.

Mr. Johnson testified that, in his view, the Project would be of public use and benefit and would permit the Academy to continue to render an appropriate level of service to its current and future students. He also stated that the refinancing of the outstanding indebtedness would assist the Academy in lowering the cost for providing educational facilities within the State. Finally, and based upon his position as Headmaster, he stated his opinions that the Academy would be able to meet its financial obligations under the proposed bond issue and that Concord Christian 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 Concord Christian Academy'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 Concord Christian Academy.

Mr. Bliss testified that certain documents are being prepared for execution in connection with the Project, including the Loan Agreement for execution among the Academy, the purchaser of the Bonds and the Authority. Mr. Bliss stated that the proceeds of the Bonds may be loaned to the Academy in one or more installments pursuant to the provisions of the Loan Agreement. He stated that there will be a provision in the Loan Agreement under which the Academy 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 Concord Christian Academy 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 Concord Christian Academy (herein called the "Academy"), a not-for-profit institution constituting a participating educational institution located in Concord, New Hampshire to provide education 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, the Academy, 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 or financing of the Project to be undertaken or any property leased or mortgaged or financed 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 Academy so that under no circumstances will the State be obligated, directly or indirectly, for the payment of such costs; and

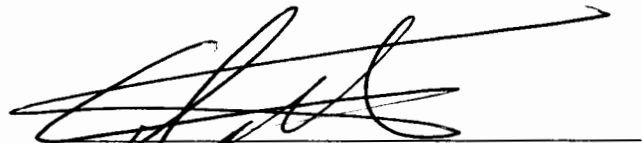
(5) Adequate provision has been made to obligate the Academy to hold and use the Project for educational purposes so long as the principal of and interest on bonds or other obligations issued by the New Hampshire Health and Education Facilities Authority (herein called the "Authority") to finance the 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 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.

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

Dated: October 16, 2015



Colin Van Ostern
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 Colin Van Ostern, 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 Concord Christian Academy, a not-for-profit private school which is located in Concord, New Hampshire and provides educational facilities within the State of New Hampshire. The hearing was held on October 16, 2015 following public notice, in the Headmaster's Office at Concord Christian Academy, 37 Regional Drive, Concord, New Hampshire at 8:30 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 November 2, 2015, as described in the Notices of Public Hearings published on October 13, 2015 and October 19, 2015.

Dated: November 4, 2015

Governor and Council:

