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State of New Hampshire

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DEPARTMENT OF ADMINISTRATIVE SERVICES
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Concord, New Hampshire 03301

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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 Michael J. Cryans with regard to a certain project in participation with the White Mountain School, St. Mary's In-The-Mountains in Bethlehem, NH.

EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Cryans has requested that this be placed on the agenda as a regular item for the Wednesday, April 17, 2019 meeting for ratification by the Governor and Council.

Sincerely,

Charles M. Arlinghaus
Commissioner

CMA/dph

Attachment

**REPORT
AND
FINDINGS
OF**

MICHAEL J. CRYANS, 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 WHITE MOUNTAIN SCHOOL, ST. MARY'S IN-THE-MOUNTAINS** of Bethlehem, New Hampshire, pursuant to said Act.

Introductory

The New Hampshire Health and Education Facilities Authority (hereafter referred to as the "Authority") requested of Governor Chris 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 White Mountain School, St. Mary's In-The-Mountains, a not-for-profit, voluntary corporation formed under New Hampshire law and located in Bethlehem, New Hampshire (hereinafter referred to as the "School"), which is a participating educational institution under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in the refinancing of certain of the School's existing indebtedness and the financing of certain capital expenditures (hereinafter referred to as the "Project").

Pursuant to RSA 195-D:21, 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 March 7, 2019, the hearing was held commencing at

11:00 a.m. on March 12, 2019 in the Conference Room of the McLane Building located on the campus of The White Mountain School, 371 West Farm Road, Bethlehem, New Hampshire.

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

Summary of Testimony

Robert J. Constantine, Chief Financial Officer of the School, was the first witness. He stated that The School is a coeducational, independent private day and boarding school providing a college preparatory curriculum for students in grades 9-12. Mr. Constantine explained that the School has an enrollment of 130 students for the 2018-2019 school year. Approximately 80% of the students are boarding students and 20% are day students. The School's students come from 16 states and 9 countries.

Mr. Constantine testified that the School intends to refinance certain of its existing indebtedness, totaling approximately \$1,850,000. He testified that the proceeds of this prior indebtedness were used for a variety of capital projects and improvements.

The balance of the proceeds of the proposed Bond Issue (the "Series 2019 Bonds") will be used to finance the design, construction and equipping of a new 32 bed student dormitory with three faculty apartments, a new duplex faculty unit, and other miscellaneous capital improvements to existing faculty housing and other campus facilities. Mr. Constantine explained that certain bond proceeds will be used to pay the costs of issuing the Series 2019 Bonds and incidental costs related to the 2019 Bonds.

Mr. Constantine stated that the principal amount of the Bonds to be issued is not expected to exceed \$6 million. He explained that the School expects the bonds to be purchased in a private placement by Passumpsic Savings Bank. Mr. Constantine confirmed that, under the Loan

Agreement or Loan Agreement and Mortgage (“the Loan Agreement”) with the Authority and the purchaser of the Series 2019 Bonds, the School will be required to continue to carry blanket fire and extended coverage as well as general liability insurance.

Mr. Constantine 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. Based upon his position at the School, he stated his opinion that the School would be able to meet its financial obligations under the proposed bond issue and that the School is currently operating in a financially responsible manner. He concluded his testimony by explaining that the refinancing of existing indebtedness would assist the School in lowering the cost of providing education facilities in New Hampshire and would be done in connection with the Project.

Bonnie Payette was the final witness. 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 the School'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 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 February 21, 2019 approving issuance of bonds for the School.

Ms. Payette testified that certain documents are being prepared for execution in connection with the Project, including a Loan Agreement intended for execution between the School, the Bond purchaser, and the Authority. She stated that there is 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. She testified to the language in the Loan Agreement which requires that each Series 2019 Bond issued by the Authority for the 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.

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

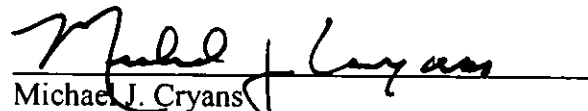
Upon the testimony submitted at the hearing, and upon consideration, I find as follows:

- (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 The White Mountain School, St. Mary's In-The-Mountains (herein called the "School"), a not-for-profit educational institution located in Bethlehem, New Hampshire, to provide educational facilities within the State of New Hampshire (herein called the "State"); and
- (2) The Project 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 the construction and acquisition of the Project and 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 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 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 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;
- (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; and
- (8) The refinancing of existing indebtedness will assist the School in lowering the cost of providing education facilities within the State and will be in connection with a project being provided by the School.

Dated: March 12, 2019



Michael J. Cryans
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 Michael J. Cryans, 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 White Mountain School, St. Mary's In-The-Mountains, a not-for-profit participating educational institution which is located in Bethlehem, New Hampshire. The hearing was held on March 12, 2019, following public notice, in the Conference Room of the McLane Building, located on the campus of The White Mountain School, 371 West Farm Road, Bethlehem, New Hampshire at 11:00 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 held by the Authority on March 22, 2019, as described in the Notices of Public Hearing published on March 8, 2019.

Dated: April 17, 2019

Governor and Council:

