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State of New Hampshire

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

Joseph B. Bouchard
Assistant
Commissioner
(603) 271-3201

May 12, 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 St. Paul's School, 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, May 27, 2015 meeting for ratification by the Governor and Council.

Sincerely,


Joseph B. Bouchard
Assistant Commissioner

JBB/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 **ST. PAUL'S SCHOOL** 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 St. Paul's School, a not-for-profit voluntary corporation formed under New Hampshire law and located in Concord, New Hampshire (hereafter referred to as "St. Paul's" or 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 financing the construction, renovation, furnishing and equipping of certain of the School's educational facilities (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 Union Leader on May 6, 2015, the hearing was held commencing at 8:30 a.m. on Friday, May 8, 2015 in Room 131 of the Lindsay

Center for Mathematics and Science located on the campus of St. Paul's School, 325 Pleasant Street, Concord, New Hampshire (the "Main Campus"). All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

Summary of Testimony

Michelle Chicoine, the Vice Rector for Operations and Finance and Assistant Treasurer of the School, was the first witness. She stated that St. Paul's is a coeducational, four year, private secondary school located in Concord, New Hampshire which awards diplomas to graduating seniors, most of whom attend college thereafter. The School had an enrollment of 531 students (268 boys and 263 girls) for the 2014-2015 school year.

St. Paul's 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.

Ms. Chicoine stated that the School expects to issue up to \$13 million of bonds (the "2015 Bonds" or "Bonds") in a direct placement with First Republic Lending Corporation (the "Purchaser"). Ms. Chicoine testified that the Project will consist of: **(1)** the construction, equipping, improvement, installation and renovation of miscellaneous capital projects located on the Main Campus, including, but not limited to, athletic facility improvements, energy improvements, building exterior improvements, library improvements, campus and building improvements for handicap accessibility, window replacements, campus infrastructure improvements, HVAC projects, improvements to the campus roads and paths, roofing projects and construction and equipping of an approximately 850 square foot addition to the dining facilities; **(2)** payment of capitalized interest, if any, with respect to the Bonds; and **(3)** payment of costs of issuance of the Bonds.

Ms. Chicoine testified that, under the Loan Agreement with the Authority, the School will be required to continue to carry fire and extended coverage as well as general liability insurance.

Ms. Chicoine explained that, in her 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. Finally, and based upon her position as Vice Rector for Operations and Finance, she stated her opinions that the School would be able to meet its financial obligations under the proposed bond issue and that St. Paul's is currently operating in a financially responsible manner.

David C. Bliss was the final witness. Mr. Bliss stated that he 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 his capacity as Executive Director he 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. 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 February 19, 2015, approving issuance of bonds for St. Paul's School and that the Authority will hold a hearing pursuant to Section 147(f) of the Internal Revenue Code on May 11, 2015.

Mr. Bliss testified that certain documents are being prepared for execution in connection with the issuance of the Bonds and financing of the Project. He stated that there will be a provision in these documents under which the School is obligated to hold and use the Project for educational purposes so long as the Bonds are outstanding and a provision requiring that each bond issued by the Authority for St. Paul's 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.

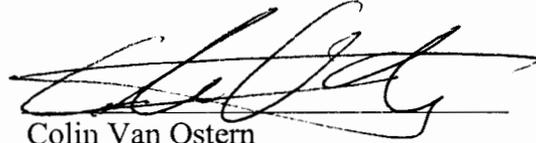
Findings

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

- (1) The construction and acquisition of the Project, as the same is described in such testimony, will enable and assist St. Paul's School (the "School"), a not-for-profit private secondary school located in Concord, New Hampshire, to provide education 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 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; 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 construction and acquisition 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 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.

Dated: May 8, 2015

A handwritten signature in black ink, appearing to read 'Colin Van Ostern', written over a horizontal line.

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 St. Paul's School, a not-for-profit secondary school located in Concord, New Hampshire. The hearing was held on Friday, May 8, 2015 following public notice, in Room 131 of the Lindsay Center for Mathematics and Science located on the campus of St. Paul's School, 325 Pleasant Street, Concord, New Hampshire at 8:30 o'clock in the morning.

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 conducted by the Authority on May 11, 2015, as described in the Notices of Public Hearing published on April 24, 2015 and May 6, 2015.

Dated: May 27, 2015

Governor and Council:

