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State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
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Concord, New Hampshire 03301

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August 14, 2019

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 New Hampton School, New Hampton, 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, August 28, 2019 meeting for ratification by the Governor and Council.

Sincerely,

Joseph Bouchard, Asst Comm.
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 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 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 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, Series 2013, and Series 2015 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 August 5, 2019, the hearing was held commencing at 2:00 p.m. on Monday, August 12, 2019, 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

Joe Williams, 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 had an enrollment of 325 students (260 boarding and 65 day) for the 2018-2019 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. Williams testified that the Project would consist of the financing of miscellaneous construction, renovation, and equipping of the School's facilities including but not limited to the dining hall, classroom space, library, and fieldhouse, as well as the reimbursement for the purchase of various faculty housing buildings. The Project will also include the refinancing of all or a portion of the Authority's Revenue Bonds, New Hampton School Issue, Series 2010, Series 2013, and Series 2015 as well as fund the termination of the School's interest rate swaps and prepayment penalties associated with the Series 2010, Series 2013, and Series 2015 Bonds. Mr. Williams further stated that certain proceeds from the bond issue will be used to pay costs of issuance.

Mr. Williams testified that the School does not expect to issue more than \$17 million in Bonds in a private placement with a financial institution, although it is possible that the Bonds may be issued as part of a public offering if market conditions warrant. The Bonds are expected to mature in no more than 30 years. Mr. Williams confirmed that, under the Loan Agreement with the Authority, the School will be required to continue to carry blanket fire and extended coverage as well as general liability insurance.

Mr. Williams 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 refinancing of the Series 2010, Series 2013, and Series 2015 Bonds 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.

Bonnie Payette was the final witness called. She stated that she 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 her capacity as Executive Director she 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.

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 July 18, 2019, approving issuance of bonds for The New Hampton School.

Ms. Payette testified that certain documents are being prepared for execution in connection with the Project, including a Loan Agreement. She 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. She 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.

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 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"); 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

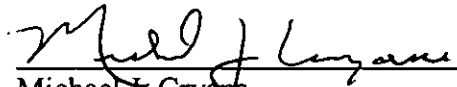
(5) Adequate provision has been made to obligate the School to hold and use the Project for educational purposes so long as the principal of and interest on bonds or other obligations issued by the New Hampshire Health and Education Facilities Authority (herein called the "Authority") to finance the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

(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: August 12, 2019



Michael J. Cryan
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 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 August 12, 2019 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 2:00 p.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 Notice of Public Hearings published on August 5, 2019.

Dated: August 28, 2019

Governor and Council:

