



# State of New Hampshire

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

OB/15

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Assistant Commissioner  
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April 2, 2013

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 Christopher C. Pappas with regard to the purchase of certain capital equipment and the refinancing of certain existing indebtedness in connection with the Coe-Brown Northwood Academy, Northwood, New Hampshire.

### EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Pappas has requested that this be placed on the agenda for the Wednesday, April 17, 2013 meeting for ratification by the Governor and Council.

Sincerely,

Linda M. Hodgdon  
Commissioner

LMH/rjk

Attachment

**REPORT  
AND  
FINDINGS  
OF**

**CHRISTOPHER C. PAPPAS**, 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 **COE-BROWN NORTHWOOD ACADEMY**, Northwood, 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 (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 Coe-Brown Northwood Academy, a private secondary educational institution that is located in Northwood, New Hampshire (the "Borrower" or the "Academy"). Such application seeks the participation of the Authority, under the Act, in the financing of the construction of an addition to existing buildings on the Academy's main campus facility and the refunding of certain of the Academy's existing indebtedness (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 Manchester Union Leader on March 15, 2013, the hearing was held commencing at 10:00 a.m. on Friday, March 29, 2013, in Coe-Brown Northwood Academy's Guidance Conference Room located at 907 First New Hampshire Turnpike, Northwood, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

### **Summary of Testimony**

Duane Ford, the Treasurer of the Academy, was the first witness. He described the Academy as a private secondary educational institution organized under New Hampshire law exclusively for charitable purposes.

Mr. Ford stated that the Academy was founded in 1867 and is an approved high school, accredited by the New England Association of Schools and Colleges. The Academy provides a quality curriculum of studies to students from Northwood and Strafford, and students from surrounding towns are accepted on a tuition basis. In the fall of 2012, approximately 700 students from the towns of Northwood, Strafford, Nottingham, Deerfield, and Barrington were enrolled to attend the Academy, in grades 9-12. Mr. Ford also stated that the Academy's educational programs and opportunities are accessible to both traditional and non-traditional learners, responsive to the diverse needs of an ever-changing community, and consistent with state and federal laws supporting the education of youth. The Academy's mission is to produce graduates who are academically and socially prepared to be responsible, caring and contributing members of the global society.

Mr. Ford testified that the Project will consist of the construction, equipping and furnishing of approximately six general purpose classrooms as an addition to the existing Smith Hall building, to be used for various academic programs by the Academy. Bond proceeds will also be used to finance routine capital expenditures and miscellaneous construction, renovation and improvements of the Academy's facilities. In addition to these expenditures, bond proceeds will be used to refund the New Hampshire Municipal Bond Bank's Educational Institutions Division Revenue Bonds (2003 Northwood Academy Project) ("Series 2003 Bonds"), the proceeds of which were used to finance costs of constructing, equipping and furnishing a new eight-classroom science and cafeteria building; and to pay costs of issuance of the Series 2003 Bonds. Mr. Ford further testified that bond proceeds also may be used to pay certain costs of issuing the Bonds; to fund a debt service reserve fund with respect to the Bonds; and to finance capitalized interest with respect to the Bonds.

Mr. Ford stated that the Borrower expects the Bonds to be issued in a principal amount not to exceed \$3.5 million. The Academy expects to have the Bonds issued as a private placement. The Bonds are expected to mature in no more than twenty (20) years.

Mr. Ford testified that, under the Loan Agreement with the Authority, the Academy will be required to maintain appropriate insurance coverage.

Mr. Ford explained that the Project would be of public use and benefit and would expand the Academy's facility, allowing it to better serve the diverse educational needs of the community. Based upon his position as the Treasurer of the Academy, he stated his opinions that the Borrower would be able to meet its financial obligations under the proposed bond issue and that the Academy is currently operating in a financially responsible manner

David C. Bliss was the final witness called. He 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 Borrower'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 February 21, 2013, approving issuance of bonds for Coe-Brown Northwood Academy.

Mr. Bliss testified that certain documents are being prepared for execution in connection with the Project. He stated that there is a provision in the Loan Agreement under which the Borrower will be obligated to hold and use the Project for the provision of secondary school purposes so long as the Bonds are outstanding. He testified to the language in the bond documents which will require that each bond issued by the Authority for Coe-Brown Northwood 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 Coe-Brown Northwood Academy (the “Borrower”), a private secondary educational institution that is located in Northwood, New Hampshire, to provide secondary educational services within the State of New Hampshire (the “State”); and

(2) The Project will be leased to, or owned by, the Borrower, 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 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 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 Borrower 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 Borrower to hold and use the Project for secondary school purposes so long as the principal of and interest on bonds or other obligations issued by the New Hampshire Health and Education Facilities Authority (the “Authority”) to finance the cost of the Project, including any refunding

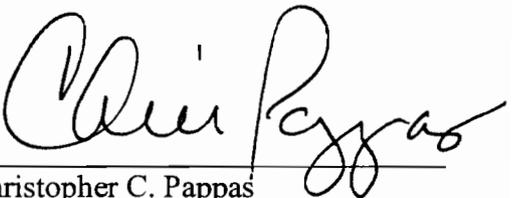
bonds issued to refund and refinance such bonds, have not been fully paid and retired and all other conditions of the resolution or trust agreement authorizing and securing the same have not been satisfied and the lien of such resolution or trust agreement has not been released in accordance with the 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 refinancing of existing indebtedness will assist the Borrower in lowering the cost of providing secondary educational services within the State and will be in connection with a project being provided by the Academy; and

(8) The construction and acquisition of the Project serves a need presently not fulfilled in providing secondary educational services within the State and is of public use and benefit.

Dated: March 29, 2013

  
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Christopher C. Pappas  
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 Christopher C. Pappas, 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 Coe-Brown Northwood Academy, a private secondary educational institution located in New Hampshire which provides secondary educational services within the State of New Hampshire. The hearing was held on Friday, March 29, 2013, in the Borrower's Guidance Conference Room located at 907 First New Hampshire Turnpike, Northwood, New Hampshire, at 10:00 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, as described in the Notice of Public Hearing published on March 15, 2013.

Dated: April 17, 2013

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Governor and Council:

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