



State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF THE COMMISSIONER
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Concord, New Hampshire 03301

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Jm

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March 19, 2014

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 Holderness School, Holderness, 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 for the Wednesday, April 9, 2014 meeting for ratification by the Governor and Council.

Sincerely,

Linda M. Hodgdon
Commissioner

LMH/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 **THE HOLDERNESS SCHOOL** of Holderness, 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 The Holderness School, a not-for-profit, voluntary corporation formed under New Hampshire law and located in Holderness, New Hampshire (hereafter 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 financing certain capital expenditures (hereafter 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 12, 2014, the hearing was held commencing at 8:30 a.m. on March 14, 2014 in the Conference Room of the Authority’s offices, 54 South State Street, Concord, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

Summary of Testimony

Peter Hendel, the Chief Financial Officer of The Holderness School, was the first witness. He stated that the School is an independent, coeducational private boarding and day school providing a college preparatory curriculum for approximately 280 students in grades 9-12. Mr. Hendel testified that the life of the mind is the central pillar of the School's three-fold commitment to mind, body, and spirit. He explained that the life of the mind is one facet of the Holderness experience, a life enriched and reinforced by the lessons of the playing fields, the arts studios, the dormitories, and the outdoors. The School's academic program is intentionally challenging, geared to providing a strong preparation for all colleges and universities, and laying the foundation for a lifetime of curiosity, inquiry, and learning.

Mr. Hendel stated that the Project involves the construction of a Biomass District Heating System which includes the construction of an approximately 4,000 square foot building to house an approximately 5.0 mm BTU per hour hot water boiler, a fuel bunker, an electric precipitator, fuel storage, and miscellaneous equipment. The project will also involve the installation of approximately 6,500 linear feet of underground hot water piping which will interconnect the School's 24 campus buildings.

Mr. Hendel explained that certain Series 2014 Bond proceeds also will be used to finance up to three years miscellaneous routine capital expenditures and to pay the costs of issuing the Series 2014 Bonds. He testified that the principal amount of the Bonds to be issued is not expected to exceed \$4.5 million and that the Series 2014 Bonds are expected to be sold to Meredith Village Savings Bank in a fixed rate private placement with a 21.5 year maturity.

Mr. Hendel 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. Hendel 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 as Chief Financial Officer, he stated his opinions 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.

David C. Bliss was the final witness. 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 School's officers in developing the financial arrangements to be reflected in the bonds proposed to be issued. He stated that the Authority will be voting 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 is expected to adopt a resolution at its meeting on March 20, 2014 approving issuance of its bonds for the School.

Mr. Bliss testified that certain documents are being prepared for execution in connection with the Project, including the Loan Agreement intended for execution among the School, the Authority and the bank purchasing the Series 2014 Bonds. He 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 Series 2014 Bonds are outstanding. He testified to the language in the Loan Agreement which requires that each Series 2014 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.

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

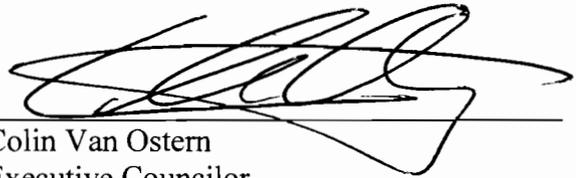
Upon the testimony submitted at the hearing, and upon consideration, I find as follows:

- (1) The construction and acquisition of the Project, as the same is described in such testimony, will enable and assist The Holderness School (herein called the "School"), a not-for-profit institution for secondary education located in Holderness, 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 the indebtedness related thereto; 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: March 14, 2014



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 (the "Authority") by The Holderness School, a not-for-profit institution for secondary education which is located in Holderness, New Hampshire. The hearing was held on March 14, 2014, following public notice, in the Conference Room of the Authority's offices, 54 South State Street, 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 conducted by the Authority on March 21, 2014, as described in the Notices of Public Hearing published on March 7, 2014 and March 12, 2014.

Dated: April 9, 2014

Governor and Council:

