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State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
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Concord, New Hampshire 03301

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March 20, 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 Andru Volinsky with regard to a certain project in participation with New England College and New Hampshire Institute of Art in Henniker, NH.

EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Volinsky 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**

ANDRU VOLINSKY, 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 **NEW ENGLAND COLLEGE** and **NEW HAMPSHIRE INSTITUTE OF ART**, of Henniker and Manchester, 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 New England College, a not-for-profit, voluntary corporation formed under New Hampshire law and located in Henniker, New Hampshire (hereafter sometimes referred to as the “College”) and its subsidiary, the New Hampshire Institute of Art (hereinafter sometimes referred to as the “Institute” and together with the College, the “Borrowers”), both of which are participating educational institutions under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in the refinancing of certain of the College’s and the Institute’s existing indebtedness (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 New Hampshire Union Leader on March 11, 2019, the hearing was held

commencing at 9:00 a.m. on March 18, 2019 in the Conference Room of the New Hampshire Health and Education Facilities Authority at 54 South State Street, Concord, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

Summary of Testimony

Paula Amato, the Senior Vice President and Chief Financial Officer of the College, was the first witness. She stated that New England College is an educational institution providing undergraduate and graduate programs focused in the liberal arts, education and business. The College has its main campus in Henniker and offers certain courses online and through cohort programs.

Ms. Amato testified that the College currently has approximately 1,000 on-campus undergraduate students, over 600 on-line undergraduate students, and over 1,500 graduate students. She stated that New England College offers 37 different majors for undergraduates. The most popular majors are Business, Education and Health Sciences. The College offers 12 graduate programs with various concentrations.

Ms. Amato stated that on December 27, 2018, the College became the sole member of the Institute which is also a New Hampshire voluntary, not-for-profit corporation operating educational facilities in the City of Manchester. It is the College's intent to merge the Institute into New England College and thereafter operate as one academic institution. The merger is tentatively projected to occur on or about July 1, 2019.

Ms. Amato testified that the proceeds of the Series 2019 Bonds (the "Bonds") will be used to: (1) refinance a commercial mortgage, the proceeds of which were used by the College to purchase property located at 20 Main Street in Henniker, New Hampshire (approximately \$1,320,000); (2) refinance existing indebtedness incurred by the Institute and guaranteed by the College, the proceeds of which were used to refinance the Authority's Series 2005 and Series 2009

Bonds issued for the benefit of the Institute, the proceeds of which Bonds were used to finance numerous capital projects of the Institute (approximately \$9,650,000), and (3) pay certain costs incurred in connection with issuing the Bonds.

Ms. Amato stated that the principal amount of the Bonds to be issued will not exceed \$12 million. The Institute will either be a co-borrower with the College on the Bonds or the Bonds will be guaranteed by the Institute. The Bonds will be purchased by Bank of New Hampshire in a private placement. She testified that under the Loan Agreement or Loan Agreement and Mortgage (the "Loan Agreement") with the Authority, the College and the Institute will be required to continue to carry blanket fire and extended coverage as well as general liability insurance.

Ms. Amato testified that, based upon her position with the College, she is of the opinion that the College will be able to meet its financial obligations under the proposed bond issue and that the College and the Institute are currently operating in a financially responsible manner. She concluded her testimony by explaining that the refinancing of existing indebtedness would assist the College and the Institute in lowering the cost of providing education in the State.

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 College'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 College and the Institute.

Ms. Payette testified that certain documents are being prepared for execution in connection with the Project, including the Loan Agreement to be entered into among the Authority, Bank of New Hampshire, the College and the Institute. She stated that there will be a provision in the Loan Agreement under which the College and the Institute are 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 will require that each bond issued by the Authority for New England College 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.

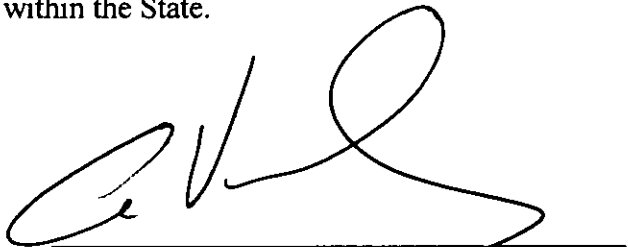
Findings

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

- (1) The refinancing of existing indebtedness, as the same is described in such testimony, will enable and assist New England College (herein called the "College") and the New Hampshire Institute of Art (hereinafter the "Institute") both not-for-profit institutions for post-secondary education located in Henniker and Manchester, New Hampshire, to provide education within the State of New Hampshire (herein called the "State"); and

- (2) The Project to which the refinancing of the existing indebtedness relates, will be leased to, or owned by, the College or the Institute, which are financially responsible participating institutions; and
- (3) Adequate provision has been, or will be, made for the payment of the cost of 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 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 for the payment of all costs of operation, maintenance and upkeep of the Project by the College and/or the Institute 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 Borrowers 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 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 Project serves a need presently not fulfilled in providing education facilities within the State and is of public use and benefit; and
- (8) The refinancing of existing indebtedness will assist the College and the Institute in lowering the cost of providing education within the State.

Dated: March 18, 2019



Andru Volinsky
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 Andru Volinsky, 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 New England College and the New Hampshire Institute of Art, both not-for-profit institutions for post-secondary education which are located in Henniker and Manchester, New Hampshire. The hearing was held on March 18, 2019, following public notice, in the Conference Room of the New Hampshire Health and Education Facilities Authority at 54 South State Street, Concord, New Hampshire at 9:00 o'clock in the morning.

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 as described in the Notice of Public Hearing published on March 11, 2019.

Dated: April 17, 2019

Governor and Council:

