



State of New Hampshire

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DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF THE COMMISSIONER
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March 26, 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 University System of New Hampshire, 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, April 8, 2015 meeting for ratification by the Governor and Council.

Sincerely,

Linda M. Hodgdon

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 **University System of New Hampshire**, Concord, New Hampshire, pursuant to said Act.

Introductory

The New Hampshire Health and Education Facilities Authority (hereinafter 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 (hereinafter referred to as the “Act”), and particularly as prescribed in Section 21 of the Act, on an application submitted to the Authority by the University System of New Hampshire, a body politic and corporate incorporated by the New Hampshire legislature and operated pursuant to Chapter 187-A of the New Hampshire Revised Statutes Annotated (“RSA”) which operates institutions for higher education based in Durham, Keene and Plymouth, New Hampshire, among other locations (hereinafter sometimes collectively referred to as the “University System”). The University System is an institution for post-secondary education or higher education under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in the refinancing of certain indebtedness and the financing of certain capital improvements and expenditures (hereinafter sometimes referred to as the “Project”).

Pursuant to the provisions of RSA 195-D:21 above cited, I held a hearing and made findings in connection with the application. Councilor Joseph Kenney was also in attendance at the hearing.

Following public notice given in accordance with Chapter 91-A of the RSA, by notice posted on March 4, 2015 at the Concord City Hall, Concord City Library, the State of New Hampshire Statehouse, and on the Authority's website, such hearing was held commencing at 9:00 a.m. on Friday, March 6, 2015 in Room 332 of the University System of New Hampshire Administrative Offices, 5 Chenell Drive, Suite 301, Concord, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows.

Summary of Testimony

The first witness was Catherine A. Provencher, the Vice Chancellor for Financial Affairs and Treasurer of the University System of New Hampshire, who testified in support and provided an explanation of the Project. She stated that the University System, through the University of New Hampshire ("UNH"), Keene State College ("Keene"), Plymouth State University ("Plymouth") and Granite State College, awards associates, bachelors, masters and doctorate degrees in a variety of disciplines.

Ms. Provencher testified that the new money portion of the Project to be funded by the Series 2015 Bonds (as hereinafter defined), at the approximate cost of \$81,000,000, includes (i) renovations to the construction and equipping of a 66,000 square foot addition to the Hamel Recreation Center at the UNH Durham campus to provide expanded fitness and indoor play court areas and the updating of building systems, (ii) renovations to and construction and equipping of an 11,000 square foot addition to Holloway Commons at the UNH campus to increase seating capacity by approximately 356 seats and to reduce congestion and improve

circulation, (iii) construction and equipping of the new, approximately 100,000 square foot ALLWell North building at Plymouth which will provide, among other things, an indoor field house incorporating a 200 meter NCAA competition track with jumping and throwing event venues; and (iv) construction and equipping of a new approximately 81,500 square foot residence hall at Keene, to be known as Pondsides IV, to provide approximately 345 new beds. Ms. Provencher submitted a chart showing each component of the Project, its size and construction schedule and the various sources of funding. A copy thereof is attached as Exhibit A.

Ms. Provencher also testified that in addition to the new money portion of the Project, the Project includes the refinancing of all or a portion of the Series 2006B-2 Bonds (the “2006B-2 Bonds”) and a portion of the Series 2009A Bonds (the “2009A Bonds”) issued on the University System’s behalf by the Authority. Ms. Provencher submitted an analysis showing that based on interest rates as of February 17, 2015, there would be a present value savings as a result of the refinancing of the Series 2006B-2 Bonds of an amount in excess of \$5 Million Dollars. A copy of this analysis is attached as Exhibit B. Proceeds of the 2006B-2 Bonds were used to finance the construction, renovation, property acquisition, and related costs of the Pondsides III and Butler Court Residences at the Keene campus, the Gables Expansion and Southeast Quadrant Residential Community at the UNH campus, and the Langdon Woods and Mary Lyon Student Residences at the Plymouth campus, as well as miscellaneous improvements to other revenue producing facilities at the Durham, Keene, and Plymouth campuses. Proceeds of the 2009A Bonds were used to finance and refinance the construction of a new ice arena at the Plymouth campus, renovations to Huntress Hall at the Keene campus,

and renovations to various facilities at the UNH campus, as well as the refinancing of the Authority's Series 2006, A-1, A-2, and B-1 Bonds.

Ms. Provencher testified that there will be one or more series of bonds issued by the University System at this time (collectively the "2015 Bonds"), which will not exceed \$160,000,000 in aggregate principal amount. She indicated that the University System expects to issue fixed-rate bonds that will fully amortize over a period of no longer than thirty years. The Bonds are expected to be sold in a public offering underwritten by JPMorgan Securities LLC and Citigroup Global Markets, Inc. The 2015 Bond proceeds also may be used to finance costs of issuance relating to the 2015 Bonds.

Ms. Provencher confirmed that, in order to protect the Project's assets, the University System will be required under the agreement with the Authority to provide for appropriate levels of insurance coverage (including self-insurance) on such assets.

Ms. Provencher then testified about the University System's ability to incur and pay for the proposed bond debt. She explained that, under the Act, any financing involving the University System and its components is limited to the issuance of revenue bonds for the financing and refinancing the cost of the acquisition, construction or renovation of structures designed for use as dormitories, other housing facilities, dining facilities, student union facilities, bookstores, recreational facilities, and other revenue generating facilities. Revenue bonds issued by the Authority for these purposes are to be repaid from the revenues generated by these types of facilities. She stated that the 2015 Bonds relate to the financing and refinancing of such facilities.

Ms. Provencher then made certain statements with respect to the general finances of the University System and the proposed financing. With respect to the University System's general

financial position, she stated that, based upon her position as Vice Chancellor for Financial Affairs and Treasurer and her review of the University System's financial statements, she was of the opinion that the University System, and its components, constitute a financially responsible institution for higher education. As to the proposed financing, she testified that the University System could meet its obligations under the proposed bond issue and that adequate provision had been made for the payment of principal and interest on the bonds to be issued by the Authority and for the payment of all costs of operation, maintenance and upkeep of the Project. Ms. Provencher stated that the refinancing of indebtedness will assist the University System in lowering the cost of providing education facilities within the State.

Ms. Provencher testified that the University System has engaged Public Finance Management, Inc. as its financial advisor with respect to the proposed bond issue. In closing her testimony, Ms. Provencher stated her opinion that both the new facilities and improvements constituting the Project and the facilities being refinanced by the 2015 Bonds are essential to the University System continuing to provide its students with an appropriate level of facilities at the lowest cost and that the provision of the Project is in the public interest.

David C. Bliss was the final witness. He stated that he is the Executive Director of the New Hampshire Health and Education Facilities Authority, charged with administration of the Authority's day-to-day affairs. Mr. Bliss testified that he had become acquainted with the Project and the details of its financing, having worked closely with the University System's officers and its financial advisor in developing the financial arrangements to be reflected in the bonds proposed to be issued. He stated that the Authority has authorized issuing 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. Mr. Bliss stated that the Authority approved the proposed financing at its meeting on January 16, 2015.

Mr. Bliss reviewed certain instruments prepared or being prepared for execution in connection with the Project. These include the Bond Indenture(s) to be entered into between the Authority and the Trustee for the current bond issue and the Loan Agreement(s) intended for execution between the University System and the Authority. Mr. Bliss pointed to language in the Loan Agreement(s) under which the University System undertakes to hold and use the Project for educational purposes so long as the 2015 Bonds are outstanding and to language in the Bond Indenture which requires that the bonds to be issued for the University System of New Hampshire bear on their 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 Act provides that the 2015 Bonds are not to be secured by the full faith and credit of the University System or its components. Under the proposed Loan Agreement(s), the University System will pledge all revenues generated by Project facilities and revenues generated by existing revenue-producing student residential, dining, union, and recreational facilities to the repayment of the 2015 Bonds.

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.

EXHIBIT A

Public Hearing Pursuant to RSA 195-D
 University System of NH
 Projects Proposed to be Funded in Whole or in Part with HEFA Issued Bonds
 March 6, 2015

	UNH Durham		Plymouth State	Keene State	Total
Type of Project	Hamel Recreation Center	Holloway Commons	AllWell North	Pondside IV	
Gross Square Feet	Recreation 66,000	Dining 11,000	Advanced Academic/ Athletic 112,000	Housing 81,500	
Construction Dates	May 15 to Jan 17	May 15 to Jan 16	Jun 14 to Oct 15	May 15 to Aug 16	
Financing					
HEFA bonds	\$ 29,500,000	\$ 10,500,000	\$ 8,000,000	\$ 33,000,000	\$ 81,000,000
Internal Borrowing	3,440,000		16,000,000		19,440,000
Campus Reserves	2,560,000		4,500,000	500,000	7,560,000
State Capital Appropriation			2,000,000		2,000,000
Gifts/Grants			1,500,000		
	\$ 35,500,000	\$ 10,500,000	\$ 32,000,000	\$ 33,500,000	\$ 110,000,000

EXHIBIT B**SAVINGS**

University System of New Hampshire
Series 2006B-2 Refunding

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 04/22/2015 @ 3.0784348%
06/30/2016	2,338,750.00	1,403,149.58	935,600.42	933,661.19
06/30/2017	2,338,750.00	2,068,250.00	270,500.00	258,557.29
06/30/2018	2,338,750.00	2,067,350.00	271,400.00	251,612.47
06/30/2019	3,923,125.00	3,651,287.50	271,837.50	244,714.70
06/30/2020	3,915,000.00	3,645,450.00	269,550.00	235,568.92
06/30/2021	3,903,125.00	3,634,300.00	268,825.00	228,101.79
06/30/2022	3,887,500.00	3,618,025.00	269,475.00	221,912.79
06/30/2023	3,892,500.00	3,620,725.00	271,775.00	217,226.44
06/30/2024	3,843,750.00	3,571,637.50	272,112.50	211,045.54
06/30/2025	3,841,250.00	3,570,350.00	270,900.00	203,876.13
06/30/2026	3,833,750.00	3,560,125.00	273,625.00	199,780.89
06/30/2027	3,796,875.00	3,526,125.00	270,750.00	191,770.53
06/30/2028	3,805,000.00	3,532,500.00	272,500.00	187,250.77
06/30/2029	3,782,500.00	3,508,750.00	273,750.00	182,497.76
06/30/2030	3,755,000.00	3,485,375.00	269,625.00	174,378.40
06/30/2031	3,746,875.00	3,476,750.00	270,125.00	169,492.53
06/30/2032	3,732,500.00	3,462,375.00	270,125.00	164,440.23
06/30/2033	3,711,875.00	3,442,250.00	269,625.00	159,245.04
06/30/2034	3,685,000.00	3,411,500.00	273,500.00	156,726.55
06/30/2035	3,676,250.00	3,404,500.00	271,750.00	151,087.91
06/30/2036	3,635,625.00	3,366,125.00	269,500.00	145,378.93
06/30/2037	3,613,125.00	3,341,500.00	271,625.00	142,169.58
	78,996,875.00	72,368,399.58	6,628,475.42	5,030,496.36

Savings Summary

PV of savings from cash flow	5,030,496.36
Plus: Refunding funds on hand	1,996.81
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Net PV Savings	5,032,493.17

Findings

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

- (1) The construction and acquisition of the Project to be undertaken and the refinancing of existing indebtedness, as the same is described in such testimony, will enable and assist The University System of New Hampshire, and its components, which constitute a public institution for higher education (the “University System”) to provide education within the State of New Hampshire (the “State”); and
- (2) The Project, including the portion of the Project to which the refinancing of existing indebtedness relates, will be leased to, or owned by, the University System, 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 to be undertaken and the refinancing of existing indebtedness related to 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 or financing of the Project to be undertaken or any property leased or mortgaged or financed 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 University System 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 University System to hold and use the Project and the facilities being financed as part of 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 (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 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
- (8) The refinancing of existing indebtedness will assist the University System in lowering the cost of providing education facilities within the State.

Dated: March 6, 2015



Colin Van Ostern
Executive Councilor
Designee of the Governor
and Council

Signed 3/20/15

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 The University System of New Hampshire, a public institution for higher education which provides education within the State of New Hampshire. The hearing was held on March 6, 2015, following public notice posted on March 4, 2015 at the Concord City Hall, Concord City Library, the State of New Hampshire Statehouse, and on the New Hampshire Health and Education Facilities Authority's website, such hearing was held commencing at 9:00 a.m. on Friday, March 6, 2015 in Room 332 of the University System of New Hampshire Administrative Offices, 5 Chenell Drive, Suite 301, Concord, New Hampshire.

The Governor's signature constitutes his approval of the Project as required by RSA 195-D:5, XVIII.

Dated: _____, 2015

Governor and Council:
