

APR08'15 AM 9:19 DAG



State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
25 Capitol Street - Room 120
Concord, New Hampshire 03301

3A

Joseph B. Bouchard
Assistant
Commissioner
(603) 271-3201

April 6, 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 Joseph D. Kenney with regard to a certain project in participation with Colby-Sawyer College, New London, New Hampshire.

EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Kenney has requested that this be placed on the agenda as a regular item for the Wednesday, April 22, 2015 meeting for ratification by the Governor and Council.

Sincerely,

Joseph B. Bouchard
Assistant Commissioner

JBB/rjk

Attachment

**REPORT
AND
FINDINGS
OF**

APR06'15 PM 1:08 DAS

JOSEPH D. KENNEY, 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 **COLBY-SAWYER COLLEGE** of New London, 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 Colby-Sawyer College, a not-for-profit educational and charitable corporation incorporated under New Hampshire law which is located in New London, New Hampshire (hereafter sometimes referred to as the "College" or "Colby-Sawyer") and is a participating educational institution under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in financing the construction and equipping of certain facilities of the College (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 April 1, 2015, the hearing was held commencing at 10:00 a.m. on Friday, April 3, 2015 in Room 312 of

Colgate Hall at Colby-Sawyer College, 541 Main Street, New London, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

Summary of Testimony

Todd Emmons, the Vice President of Finance and Treasurer of Colby-Sawyer College, was the first witness. He stated that Colby-Sawyer College is a four-year, coeducational liberal arts college located in New London which awards Associates and Bachelors degrees in a variety of programs and disciplines in a traditional undergraduate setting.

Mr. Emmons testified that the College's focus is on providing individualized attention to its students and ensuring that gender equity is provided in all academic and extra-curricular activities. He stated that over the past decade, the College has experienced significant growth. Mr. Emmons explained that, despite its growth, the College has remained focused on its particular student niche. The College is accredited by the New England Association of Schools and Colleges. It holds membership in a number of organizations, including the New Hampshire College and University Council.

Mr. Emmons stated that the College expects to issue up to \$20 million of bonds in a direct placement with Century Bank of Medford, Massachusetts (the "2015 Bonds" or "Bond(s)"). Mr. Emmons testified that the Project will consist of (a) the construction, equipping installation, and renovation of an approximately 35,000 gross square foot facility to be used as a new fine and performing arts center at a cost of approximately \$15 million and (b) the renovation, improvement, and equipping of the Reichhold classroom building at a cost of approximately \$5 million. In addition, bond proceeds may be used to finance miscellaneous routine capital expenditures including, but not limited to, the acquisition, construction, renovation, furnishing and equipping of certain of the College's

facilities located on its main campus. He explained that, in addition to the Project costs, bond proceeds will be used to pay certain costs of issuing the Bonds.

Mr. Emmons confirmed that, under the Loan Agreement with the Authority, the College will be required to continue to carry blanket fire and extended coverage as well as general liability insurance.

Mr. Emmons explained that, in his view, the Project would be of public use and benefit and would permit the College to continue to render an appropriate level of service to its current and future students. Based upon his position as Vice President of Finance and Treasurer, he stated his opinions that the College would be able to meet its financial obligations under the proposed bond issue and that the College 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 College'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 19, 2015 approving issuance of bonds for Colby-Sawyer College.

Mr. Bliss testified that certain documents are being prepared for execution in connection with the Project. He stated that there is a provision in these documents under which the College is obligated to hold and use the Project for educational purposes so long as the Bonds are outstanding. He testified to the language which requires that each bond issued by the Authority for Colby-Sawyer 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.

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

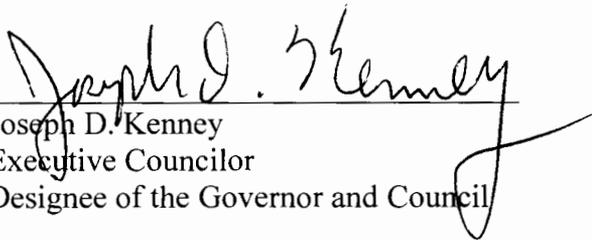
Upon the testimony submitted at the hearing, and upon consideration, I find as follows:

- (1) The construction and acquisition of the Project, as the same is described in such testimony, will enable and assist Colby-Sawyer College (herein called the "College"), a not-for-profit educational institution which is located in New London, New Hampshire, to provide education facilities within the State of New Hampshire (herein called the "State"); and
- (2) The Project will be leased to, or owned by, the College, 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; 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 College 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 College 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 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 facilities within the State and is of public use and benefit.

Dated: April 3, 2015



Joseph D. Kenney
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 Joseph D. Kenney, 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 Colby-Sawyer College, a not-for-profit college located in New London, New Hampshire. The hearing was held on April 3, 2015, following public notice, in Room 312 of Colgate Hall at Colby-Sawyer College, New London, 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 and in the hearing held by the Authority on April 20, 2015, as described in the Notices of Public Hearing published on April 1, 2015 and April 2, 2015.

Dated: April 22, 2015

Governor and Council:

