



State of New Hampshire

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

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VICKI V. QUIRAM
Commissioner
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July 28, 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 Kimball Union Academy, Plainfield, 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, August 26, 2015 meeting for ratification by the Governor and Council.

Sincerely,

Vicki V. Quiram
Commissioner

VVQ/rjk

Attachment

**REPORT
AND
FINDINGS
OF**

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 **KIMBALL UNION ACADEMY** of Plainfield, 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 Kimball Union Academy, a not-for-profit, voluntary corporation formed under New Hampshire law and located in Meriden Village, Plainfield, New Hampshire (hereafter referred to as the “Academy”), which is a participating educational institution under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in the refinancing of the Authority’s Kimball Union Academy Revenue Bonds, Series 2007, the Authority’s Capital Anticipation Notes, Kimball Union Academy, Series 2013, and certain taxable debt, and in financing certain of the Academy’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 Union Leader on July 17, 2015, the hearing was held commencing at 1:00 p.m. on July 22, 2015 in the Board Room in Miller Bicentennial Hall at Kimball Union Academy, 57

Main Street, Meriden Village, Town of Plainfield, New Hampshire.

All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

Summary of Testimony

Robert Blake, the Chief Financial Officer of the Academy, was the first witness. He stated that Kimball Union Academy is an independent private school providing a college preparatory curriculum for students in grades 9-post graduate. Mr. Blake explained that Kimball Union Academy had an enrollment of 344 students for the 2014-2015 school year. Approximately two-thirds of the students were boarding students and one-third were day students. The Academy's students came from 21 states and 23 foreign countries.

Mr. Blake testified that the Academy intends to refinance certain of its existed indebtedness including the Authority's Series 2007 Bonds, the proceeds of which were used to finance and refinance certain capital projects of the Academy, including the construction of an addition to the Dining Commons for a new student center and the renovation and remediation of safety code deficiencies to a number of Academy buildings. He stated the Academy will also refinance the Authority's Capital Anticipation Notes, Series 2013, the proceeds of which were used to construct an addition to and renovations to the Miller Building to provide for a new library and additional classroom space. In addition, the Academy will also refinance a taxable loan used to purchase a single-family dwelling adjacent to the Academy's main campus.

Mr. Blake stated that in addition to the various refinancings, the Academy also plans to finance routine capital expenditures which may include improvements to athletic facilities and student and faculty residencies, and the acquisition of real property adjacent to the campus. Mr. Blake stated that Bond proceeds will also be used to pay cost of issuance of the Bonds.

Mr. Blake stated that the principal amount of the Bonds to be issued will not exceed \$18 million. The Bonds are planned to be issued in a private placement with a financial institution which is expected to be United Bank. The bonds are expected to mature in no more

than 30 years and carry either a fixed or variable rate of interest. He explained that if the Bonds have a variable rate of interest, the Academy may enter into an interest rate swap Agreement for all or a portion of the Bonds. The proceeds of the Bonds may be loaned to the Academy in one or more installments pursuant to a Loan Agreement with the Authority and the purchaser of the Bonds. Mr. Blake confirmed that, under the Loan Agreement with the Authority, the Academy will be required to continue to carry blanket fire and extended coverage as well as general liability insurance.

Mr. Blake testified that, in his view, the Project would be of public use and benefit and would permit the Academy to continue to render an appropriate level of service to its current and future students. Based upon his position at the Academy, he stated his opinion that the Academy 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. He concluded his testimony by explaining that the refinancing of existing indebtedness would assist the Academy in lowering the cost of providing education in the State and would be done in connection with the Project.

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 Academy'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 July 16, 2015 approving issuance of bonds for Kimball Union Academy.

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 Academy, the purchaser, and the Authority. Mr. Bliss testified that the proceeds of the Bonds may be loaned to

the Academy in one or more installments pursuant to the provisions of the Loan Agreement. He stated that there is a provision in the Loan Agreement under which the Academy is obligated to hold and use the Project for educational purposes so long as the Bonds are outstanding. He testified there will be language in the Loan Agreement which requires that each Series 2015 Bond issued by the Authority for Kimball Union 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

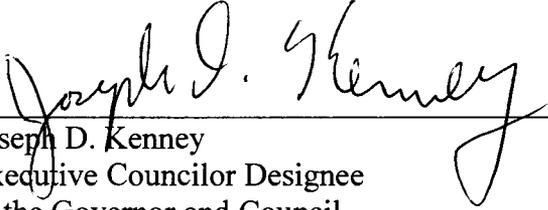
Upon the testimony submitted at the hearing, and upon consideration, I find as follows:

- (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 Kimball Union Academy (herein called the "Academy"), a not-for-profit participating educational institution located in Meriden Village, Plainfield, 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 Academy, 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 refinancing of existing 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 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 Academy 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 Academy 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; and
- (8) The refinancing of existing indebtedness will assist the Academy in lowering the cost of providing education within the State and will be in connection with a project being provided by the Academy.

Dated: July 22, 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 Kimball Union Academy, a not-for-profit participating educational institution which is located in Meriden Village, Plainfield, New Hampshire. The hearing was held on July 22, 2015, following public notice in the Board Room in Miller Bicentennial Hall, 57 Main Street, Meriden Village, Town of Plainfield, New Hampshire at 1:00 o'clock in the afternoon.

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 August 4, 2015, as described in Notices of Public Hearing, published on July 17, 2015 and on July 20, 2015.

Dated: August 26, 2015

Governor and Council:

