



State of New Hampshire

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

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JBM

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February 5, 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 New England College, Henniker, 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 Friday, February 28, 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 **NEW ENGLAND COLLEGE** of Henniker, 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 New England College, a not-for-profit, voluntary corporation formed under New Hampshire law and located in Henniker, New Hampshire (hereafter referred to as the "College") 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 certain of the College's existing indebtedness as well as the financing of the construction of a new business and academic center and the renovation of a residence hall (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 January 27, 2014, the hearing was held commencing at 10:00 a.m. on January 31, 2014 in the Board Room on the 5th Floor of the Simon Center at New England College, 98 Bridge Street, Henniker, New

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

Summary of Testimony

Paula Amato, the Vice President of Finance and Administration 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 explained that as of 2013, the College had a total undergraduate enrollment of 1,585 students. She stated that New England College offers 33 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 testified that Bond proceeds will be used, along with certain of the College's funds, to: (1) finance the construction of a new business and academic center (approximately \$9,100,000); (2) finance the renovations to an existing residence hall (approximately \$2,050,000); (3) refinance certain existing debt, including bonds issued on the College's behalf by the Authority in 2011 (approximately \$3,520,000).

Additionally, Ms. Amato explained that certain bond proceeds will be used to pay the costs of issuing the bonds.

Ms. Amato stated that the principal amount of the Bonds to be issued will not exceed \$15 million. The bonds will be purchased by the Bank of New Hampshire in a private placement. She testified 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.

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 is currently operating in a financially responsible manner. She concluded her testimony by explaining that the refinancing of existing indebtedness would assist the College in lowering the cost of providing education in the State.

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 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 January 16, 2014, approving issuance of bonds for New England College.

Mr. Bliss 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, the College and the Bank of New Hampshire. He stated that there is a provision in the Loan Agreement 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 in the Loan Agreement which requires 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.

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

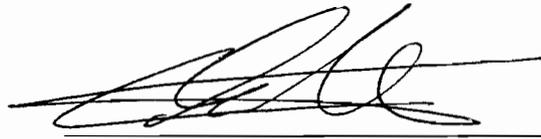
Upon the testimony submitted at the hearing, and upon consideration, I find as follows:

- (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 New England College (herein called the "College"), a not-for-profit institution for post-secondary education located in Henniker, New Hampshire, to provide education within the State of New Hampshire (herein called the "State"); and
- (2) The Project, and the project to which the refinancing of any existing indebtedness relates, 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, as well as any 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 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 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; and
- (8) The refinancing of existing indebtedness will assist the College in lowering the cost of providing education within the State and is being done in connection with a project being provided by the College.

Dated: January 31, 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 by New England College, a not-for-profit institution for post-secondary education which is located in Henniker, New Hampshire. The hearing was held on January 31, 2014, following public notice, in the Board Room on the 5th Floor of the Simon Center at New England College, 98 Bridge Street, Henniker, 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 February 21, 2014, as described in the Notices of Public Hearing published on January 27, 2014 and January 31, 2014.

Dated: February 28, 2014

Governor and Council:

