



State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF THE COMMISSIONER
25 Capitol Street – Room 120
Concord, New Hampshire 03301

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Bm

LINDA M. HODGDON
Commissioner
(603) 271-3201

JOSEPH B. BOUCHARD
Assistant Commissioner
(603) 271-3204

March 21, 2013

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 the purchase of certain capital equipment and the refinancing of certain existing indebtedness in connection with the New Hampton School, New Hampton, 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 Wednesday, April 3, 2013 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 **THE NEW HAMPTON SCHOOL**, New Hampton, 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 The New Hampton School, a not-for-profit independent secondary school located in New Hampton, New Hampshire (hereafter sometimes referred to as the “School” or “New Hampton”), which is a participating educational institution under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in the financing of certain capital expenditures (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 Manchester Union Leader on March 7, 2013, the hearing was held commencing

at 8:00 a.m. on Tuesday, March 12, 2013, at the offices of the Authority, 54 South State Street, Concord, New Hampshire.

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

Summary of Testimony

Jill Duncan, Director of Finance of the School, was the first witness. She stated that New Hampton is a coeducational, private secondary school located in New Hampton which awards diplomas to graduating seniors, many of whom attend college thereafter. The School has an enrollment of 311 students (250 boarding and 66 day) for the 2012-2013 school year.

New Hampton is accredited by the New England Association of Schools and Colleges and is a member of the Association of Independent Schools of New England and the National Association of Independent Schools.

Ms. Duncan testified that the project would consist of the construction of renovations and additions of approximately 15,460 square feet to Meservey Hall and the construction and equipping of a new approximately 22,782 square foot building to be known as O'Connor House, to house 33 students and 4 faculty families. Ms. Duncan further stated that certain proceeds from the bond issue will be used to pay costs of issuance and may be used to fund certain routine capital expenditures by the School.

Ms. Duncan testified that the School does not expect to issue more than \$5 million in Bonds in a private placement with TD Bank (the "Bank"). The Bonds are expected to mature in no more than 30 years. Ms. Duncan confirmed that, under the Loan Agreement with the Authority and the Bank, the School will be required to continue to carry blanket fire and extended coverage as well as general liability insurance.

Ms. Duncan testified that, in her view, the Project would be of public use and benefit and would permit the School to continue to render an appropriate level of service to its current and future students. Finally, and based upon her position as Director of Finance, she stated her opinions that the School would be able to meet its financial obligations under the proposed bond issue and that New Hampton is currently operating in a financially responsible manner.

David Bliss was the final witness called. He stated that he is the Executive Director of the New Hampshire Health and Education Facilities Authority, charged with assisting in 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 with New Hampton'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 March 7, 2013, approving issuance of bonds for The New Hampton School.

Mr. Bliss testified that certain documents are being prepared for execution in connection with the Project, including the Loan Agreement for execution among the School, the Bank and the Authority. He stated that there will be a provision in the Loan Agreement under which the School is obligated to hold and use the Project for educational purposes so long as the Bonds are outstanding. He testified that the language in the Loan Agreement will require that each bond issued by the Authority for The New Hampton School 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 The New Hampton School (herein called the "School"), a not-for-profit institution constituting a participating educational institution located in New Hampton, New Hampshire to provide educational facilities within the State of New Hampshire (herein called the "State"); and

(2) The project, and the project to which the refinancing of existing indebtedness relates, will be leased to, or owned by, the School, which is a financially responsible participating institution within the State; and

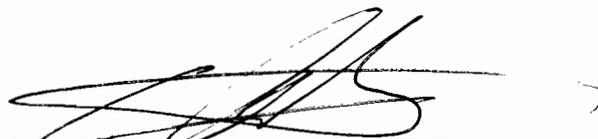
(3) Adequate provision has been, or will be, made for the payment of the cost of construction and the acquisition of the project and the refinancing of existing indebtedness; and under no circumstances will the State be obligated, directly or indirectly, for the payment of the principal of, or interest on, any obligations issued to provide for such construction and acquisition and 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 School 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 School 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 financing of 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.

Dated: March 12, 2013



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 The New Hampton School, a not-for-profit secondary school which is located in New Hampton, New Hampshire and provides educational facilities within the State of New Hampshire. The hearing was held on March 12, 2013 following public notice, at the offices of the New Hampshire Health and Education Facilities Authority, 54 South State Street, Concord, New Hampshire at 8:00 a.m.

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 2, 2013, as described in the Notices of Public Hearings published on March 7, 2013 and March 18, 2013.

Dated: _____, 2013

Governor and Council:

