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State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
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Concord, New Hampshire 03301

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December 1, 2021

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Approval of the Report and Findings of Councilor Cinde Warmington with regard to a certain project in participation with New England College, Henniker, NH.

EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Warmington has requested that this be placed on the agenda as a regular item for the Wednesday, December 22, 2021 meeting for ratification by the Governor and Council.

Sincerely,

Charles M. Arlinghaus
Commissioner

CMA/dph

Attachment

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November 29, 2021

Charles Arlinghaus, Commissioner
 Department of Administrative Services
 State of New Hampshire
 State House Annex
 Concord, New Hampshire 03301

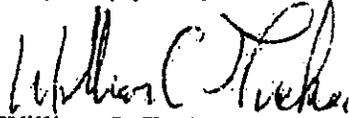
RE: New Hampshire Health and Education Facilities Authority –
 New England College Series 2021 Bonds

Dear Commissioner Arlinghaus:

I enclose an original and ten copies of the Report and Findings of Councilor Cinde Warmington with regard to a certain project in participation with New England College, Henniker, New Hampshire. Councilor Warmington has requested that this be placed on the agenda as a regular item for ratification by the Governor and Council at their meeting scheduled for Wednesday, December 22, 2021.

Thank you for your assistance in this matter.

Very truly yours,


 William C. Tucker

/s/s

enclosures

**REPORT
AND
FINDINGS
OF**

CINDE WARMINGTON, 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 Christopher T. Sununu 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 sometimes referred to as the “College” or the “Borrower”) 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 and the financing of certain capital expenditures (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 New Hampshire Union Leader on November 24, 2021, the hearing was held commencing at 1:00 p.m. on November 29, 2021 in the Conference Room of the New Hampshire Health and Education Facilities Authority at One Capitol Street, Suite 200, Concord, New

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

Summary of Testimony

Paula Amato, the Senior Vice President and Chief Financial Officer 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. She further stated that in 2019 New Hampshire Institute of Art (the "Institute") was merged into the College.

Ms. Amato testified that the College currently has approximately 1,000 on-campus undergraduate students, over 600 on-line undergraduate students, and over 1,500 graduate students. She stated that New England College offers 37 different majors for undergraduates. The most popular majors are Business, Education and Health Sciences. The College offers 12 graduate programs with various concentrations and a doctoral program.

Ms. Amato testified that the proceeds of the Series 2021 Bonds (the "Bonds") will be used to: (1) refinance the Authority's Series 2014A, Series 2014B, Series 2017, and Series 2019 Bonds issued for the benefit of the College, the proceeds of which Bonds were used to finance and refinance numerous capital projects of the College and Institute (currently outstanding in the approximate amount of \$23,855,000); (2) refinance a term loan held by Bank of New Hampshire (approximately \$361,000); (3) pay the termination cost of interest rate swap with Morgan Stanley (approximately \$809,000); (4) finance a portion of the cost of the construction and equipping of a new gym and renovation of existing athletics facilities (approximately \$3,000,000); and (5) pay certain costs incurred in connection with issuing the Bonds.

Ms. Amato stated that the principal amount of the Bonds to be issued will not exceed \$29 million. The Bonds will be purchased by a financial institution in a private placement. She testified that under a Loan Agreement or Loan Agreement and Mortgage (the "Loan Agreement") with the Authority, the College and the purchaser of the Bonds 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 and is being done in connection with a project.

Bonnie Payette was the final witness. She stated that she 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 her capacity as Executive Director she 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. She 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. She testified that the Authority adopted a resolution on November 16, 2021, approving issuance of bonds for the College.

Ms. Payette 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 bond purchaser, and the College. She stated that there will be 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. She testified to the language in the Loan Agreement or Bond Indenture

which will require 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.

Ms. Payette 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.

Ms. Payette concluded her testimony by stating that, based on her familiarity with the statute under which the Authority operates, on her 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 refinancing of existing indebtedness, as the same is described in such testimony, will enable and assist New England College, a not-for-profit institution for post-secondary education located in Henniker, New Hampshire, to provide educational 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; 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 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 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 Borrower 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 educational facilities within the State and will be in connection with a project being provided by the College.

Dated: November 29, 2021


Cinde Warrington
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 Cinde Warmington, 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 November 29, 2021, following public notice, in the Conference Room of the New Hampshire Health and Education Facilities Authority at One Capitol Street, Suite 200, Concord, New Hampshire at 1:00 o'clock in the afternoon.

The Governor's signature constitutes his 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 December 9, 2021, and as described in the Notices of Public Hearings published on November 24, 2021 and on December 2, 2021.

Dated: December 22, 2021

Governor and Council:

