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# State of New Hampshire

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Charles M. Arlinghaus  
Commissioner

Catherine A. Keane  
Deputy Commissioner

Sheri L. Rockburn  
Assistant Commissioner

April 24, 2024

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 Theodore L. Gatsas with regard to the refinancing of existing indebtedness with Southern New Hampshire University of Manchester and Hooksett, NH.

## EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Gatsas has requested that this be placed on the agenda as a regular item for the Wednesday, May 15, 2024 meeting for ratification by the Governor and Council.

Sincerely,

Charles M. Arlinghaus  
Commissioner

CMA/dph

Attachment



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April 24, 2024

Charles M. Arlinghaus, Commissioner  
 Department of Administrative Services  
 State of New Hampshire  
 State House Annex  
 25 Capitol Street  
 Concord, New Hampshire 03301

RE: New Hampshire Health and Education Facilities Authority –  
 Southern New Hampshire University

Dear Commissioner Arlinghaus:

I enclose an original and ten copies of the Report and Findings of Councilor Theodore L. Gatsas with regard to the refinancing of existing indebtedness with Southern New Hampshire University of Manchester and Hooksett, New Hampshire. Councilor Gatsas 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, May 15, 2024.

Thank you for your assistance in this matter.

Very truly yours,

William C. Tucker

/tav

cc: Bonnie S. Payette, NHHEFA  
 Enclosures

**REPORT  
AND  
FINDINGS  
OF**

**THEODORE L. GATSAS**, 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 **SOUTHERN NEW HAMPSHIRE UNIVERSITY** of Manchester, 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 Southern New Hampshire University, a, not-for-profit, voluntary corporation formed under New Hampshire law and located in Manchester, New Hampshire (hereafter sometimes referred to as the “University”) 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 University’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 New Hampshire Union Leader on Wednesday, April 17, 2024, the hearing was held commencing at 11:00 a.m. on Wednesday, April 24, 2024 in my office at 20 Market Street, Third Floor, Manchester, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

### Summary of Testimony

Lisa Heffernan, the Vice President of Finance and Treasury and Assistant Treasurer of the University, was the first witness. She stated that Southern New Hampshire University is an educational institution which as of May 1, 2023, offered 14 Associate degree programs, 62 Bachelor's degree programs, 41 Master degree programs and 3 Doctoral degree programs. The University has its main campus in Manchester and Hooksett with accommodation for approximately 2,000 students on campus and for the fiscal 2023 reporting period had a total head count enrollment of approximately 250,000 students which corresponds to a fulltime equivalent enrollment of approximately 125,000 students. The University is accredited by the New England Commission of Higher Education (NECHE) and has continuously been accredited since 1973. There are also numerous academic programs that have maintained programmatic accreditation.

Ms. Heffernan testified that the University intends to current refund the Authority's Revenue Bonds, Southern New Hampshire University Issue, Series 2014A (the "Series 2014A Bonds"), the proceeds of which were used to finance the cost of construction of an artificial turf field and an eight lane all-weather track and stadium facility, finance routine capital expenditures on campus as well as refinance all or a portion of the Authority's Series 2008 and Series 2005 Revenue Bonds. In addition to refinancing the Series 2014A Bonds, Ms. Heffernan explained that certain Bond proceeds may be used to fund a debt service reserve fund for the Bonds and pay the cost of issuing the Bonds.

Ms. Heffernan stated that the Series 2014A Bonds are currently held by TD Bank, NA, and are subject to a mandatory tender on August 27, 2024, or in lieu thereof, a repricing by TD Bank. Based upon preliminary discussions with TD Bank and consultation with its financial advisor, PFM Financial Advisors, LLC, it has been determined that a refinancing through a public offering will result in a lower interest rate and significant savings as opposed to allowing the Series 2014A Bonds to be repriced by TD Bank, NA.

Ms. Heffernan stated that the principal amount of the Bonds to be issued will not exceed \$30 million. The 2024 Bonds will be sold in a public offering by RBC Capital Markets, LLC. The

Bonds are expected to be rated A+ by Standard & Poor's Rating Services and are expected to mature in approximately 15 years. She testified that, under the Loan Agreement with the Authority, the University will be required to continue to carry blanket fire and extended coverage as well as general liability insurance.

Ms. Heffernan testified that, as the Vice President of Finance and Treasury and Assistant Treasurer of the University, it was her opinion that the University will be able to meet its financial obligations under the proposed bond issue and that the University is currently operating in a financially responsible manner. She concluded her testimony by explaining that the refinancing of existing indebtedness would permit the University to continue to render an appropriate level of service to its current and future students and will assist the University in lowering the cost of education in the State.

Bonnie S. Payette was the final witness. She stated that she is the Executive Director 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 proposed financing. 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 April 23, 2024 approving issuance of bonds for Southern New Hampshire University.

Ms. Payette testified that certain documents are being prepared for execution in connection with the Project, including a Bond Indenture to be entered into between the Authority and the Bond Trustee and a Loan Agreement intended for execution between the University and the Authority. She stated that there will be a provision in the Loan Agreement under which the University 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 Bond Indenture which requires that each bond issued by the Authority for the University 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**

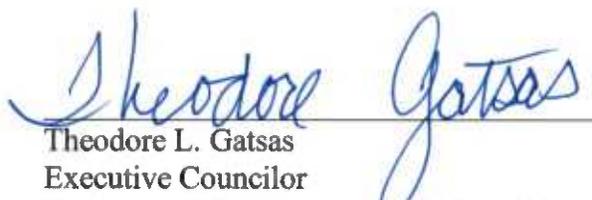
Upon the testimony submitted at the hearing, and upon consideration, I find as follows:

- (1) The refinancing of existing indebtedness as the same is described in such testimony, will enable and assist Southern New Hampshire University (herein called the "University"), a not-for-profit educational institution located in Manchester and Hooksett, 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 relates will be leased to, or owned by, the University, which is a financially responsible participating institution within the State; and
- (3) Adequate provision has been, or will be, made for the payment of refinancing of existing indebtedness related to 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 refinancing the 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 or financed 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 University 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 University to hold and use the Project and the facilities being refinanced by 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 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 Project described in the testimony 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 University in lowering the cost of providing education within the State.

Dated: April 24, 2024

  
Theodore L. Gatsas  
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 Theodore L. Gatsas, 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 (the "Authority") by Southern New Hampshire University, a not-for-profit participating educational institution which is located in Manchester and Hooksett, New Hampshire. The hearing was held on April 24, 2024, following public notice published in the New Hampshire Union Leader on April 17, 2024, in the office of Councilor Gatsas, 20 Market Street, Third Floor, Manchester, New Hampshire at 11:00 o'clock in the morning.

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 held by the Authority on April 24, 2024 as described in the Notice of Public Hearing published on April 17, 2024 in the New Hampshire Union Leader.

Dated: May 15, 2024

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Governor: Christopher T. Sununu

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Councilor: Joseph D. Kenney

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Councilor: Cinde Warmington

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Councilor: Janet Stevens

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Councilor: Theodore L. Gatsas

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Councilor: David K. Wheeler