

A special meeting of the Board of Aldermen was held Wednesday, September 14, 2016, at 6:45 p.m. in the Aldermanic Chamber.

Vice President Lori Wilshire presided; City Clerk Patricia D. Piecuch recorded.

Prayer was offered by City Clerk Patricia D. Piecuch; Alderman Sean M. McGuinness led in the Pledge to the Flag.

The roll call was taken with 13 members of the Board of Aldermen present; Alderman Brian S. McCarthy, Alderman Daniel T. Moriarty were recorded absent. Alderman Clemons arrived after roll call at 6:50p.m.

Mayor James W. Donchess and Corporation Counsel Steven A. Bolton were also in attendance.

COMMUNICATIONS

MOTION BY ALDERMAN COOKSON THAT ALL COMMUNICATIONS BE READ BY TITLE ONLY MOTION CARRIED

From: Brian S. McCarthy, President, Board of Aldermen
Re: Special Board of Aldermen Meeting

MOTION BY ALDERMAN COOKSON TO ACCEPT AND PLACE ON FILE MOTION CARRIED

MOTION BY ALDERMAN COOKSON THAT THE RULES BE SO FAR SUSPENDED AS TO ALLOW FOR THE INTRODUCTION OF A COMMUNICATION RECEIVED AFTER THE AGENDA WAS PREPARED MOTION CARRIED

From: Mayor Jim Donchess
Re: Daniel Webster College

MOTION BY ALDERMAN COOKSON TO ACCEPT AND PLACE ON FILE MOTION CARRIED

DANIEL WEBSTER COLLEGE PRESENTATION

Paul LeBlanc, President of Southern New Hampshire University

Mr. LeBlanc

I'll give you a brief background of the events of the last five days. As you know, Daniel Webster was facing some financial difficulties related to its parent ITT which is a very large for profit chain of about 43,000 students. Daniel Webster is a wholly owned for profit subsidiary of ITT but it's on a federal I.D. number for the purposes of receiving and processing title 4 funds; federal aid to students. There was some hope that they would be able to draw down student aid for the fall and that would give them enough revenue to have some breathing space to find a solution as ITT was going into a death spiral. It became clear to people in the U.S. Department of Education that if ITT declared bankruptcy that those dollars were not flown to Daniel Webster but they would flow to ITT in Indiana and then theoretically back to the campus. Their fear is that those dollars would make it to Indiana and never come back to the campus. They halted the ability of a Daniel Webster to pull down dollars last Thursday. That's effectively cutting off oxygen to the organization. Friday morning we had a reach from ITT and also the Department of Education asking if we were willing to take on the teach out and the appeal for working with us was our proximity and also our willingness to take all of the programs, all of the students and all of the employees. There are other schools that are in conversations with Daniel Webster but they wanted pieces and that was going to be too chaotic for everybody. We agreed to take over the teach out and thus began a furious series of meetings through the weekend, conference calls, calls with the

Department of Education's technical team culminating in Sunday night an agreement with ITT for us to take over the teach out responsibilities. That does not include any deal on the property so the property remains part of ITT for the moment, at least. We received the necessary regulatory permissions from NIASK, the crediting agency on Monday from the New Hampshire Commission on Higher Education and completed the process. We are keeping all of the employees on except the president, ITT terminated its president and it terminated all of Daniel Webster employees today. That was not part of the plan, it wasn't in the MOU; we were hoping for more time. We got a call late yesterday afternoon asking if we could put all of their employees on their payroll by tomorrow morning which is a big feat. We scrambled our HR team and the only way we could do it that quickly is we are taking everybody on as a temporary full-time employee which means they will have no break in salary, they become our employees tomorrow at 8:00 a.m. and we are also able to give them medical benefits. That will carry us through a transition time when we can get our HR teams on campus and go through the process of actually on-boarding people over the next three months. We expect to take most, if not all of the employees on. Obviously there is no school for which they would recruit so there are six people in admissions but we think they are really good people and we can use them in other capacities. We have made an offer to ITT for the property and it is the only communication for which we have not received a response and we don't know what that means. Of course if they are heading towards bankruptcy, which everybody expects as early as tomorrow that becomes complicated, although they only have one principle creditor who has collateralized the whole of the campus. There is a path to procuring the property. We've been asked if we would keep the campus there or move it. We just haven't had time to think about that yet. There are some facilities that are very attractive to us; we love the aviation programs that are there. Proximity to the airport is important for that but there is a lot of overlap with programs at the Manchester campus. The way a teach out works is that it's a commitment from us to see all of their seniors through to graduation as Daniel Webster College students so NIASK extends their accreditation only for that purpose until August and we get them across the finish line. Anyone with 90 credits or more will get a Daniel Webster diploma. Anyone with 90 credits or less is automatically an SNHU student unless they elect to transfer and we will counsel them on that and give them all of the support and guidance that they need. We guaranteed their actual tuition which is lower than ours. ITT already collected hundreds of thousands of dollars of tuition payments which we will never see so we have eaten that expense. Will Zemp, who is my Chief of Staff, has already moved down to the campus with a team of people from financial aid services, etc. to system transition. Our goal right now is to get students squared away and give them an experience that is as good as or better than what they would have had with ITT and then move through the second and third phase questions. The second phase question is what will happen with this property and it should come to us. One of the ways that we can think about that; and we would welcome an on-going conversation with you about that...there are a lot possibilities there and we understand the importance of the college and its presence in Nashua but there is no Daniel Webster College any longer so what else could be there including an SNHU Nashua presence and that's very much a possibility.

Vice President Wilshire

Thank you for stepping forward so quickly to alleviate the concern of the staff and the students.

Alderman Dowd

Thank you for stepping in. You have a phenomenal campus in Manchester. Are the students that are going to school here have access to your facilities in Manchester?

Mr. LeBlanc

Right now we are just trying to make sure they have access in Nashua and keep the lights on. We will start to bring in services. We have buses that we run and we will bus them all up. We will hold a welcome bar-be-que. We don't want them to feel like second-class citizens.

Alderman O'Brien

Thank you for stepping in. We have students that are in housing there and my concerns are that you haven't discussed how they are going to eat and what happens when life/safety issues such as sprinkler systems and keeping up to the codes? Also, what about campus security?

Mr. LeBlanc

In our MOU we have licensed the campus as is and we have retained all of the staff and the contracts. All of the operations will continue uninterrupted; they will get better because we will actually attend to issues that I think have been neglected. There was an appalling amount of deferred maintenance, broken HVAC and other things that we are going to need to fix even just to make it acceptable.

Alderman Lopez

I would also like to thank you and everyone who has worked on doing this. It's incredibly difficult for students who are living on campus trying to focus on their education to try and deal with something like this. One of the concerns that I have is how information is being passed on from ITT and the evident trend in how they are making their decisions. I'm not sure what you meant by terminating the employees wasn't part of the original plan. I hope it wasn't part of the MOU that we are relying on for them to take care of their property. Do you have any concerns about the disposition of the property and is there any way the city can help?

Mr. LeBlanc

Just to be clear, we were not party to any of ITT's discussions or planning about how they were going to handle their employees. They just asked us yesterday if we could get them on the payroll tomorrow. They communicated that via e-mail to all of their employees today and I don't think there is any communication left. There is no one answering the phone. It's effectively shut down; they laid off 8,000 of their employees, they were down to 80 and the rest were terminated today. We are not sure who is managing the offer on the property. In terms of help, I don't know how you or I can reach into that state of affairs at least at the moment. If it goes into bankruptcy then it's easier because at least there is a process. Should we get the property it is in our offer, contingent on us understanding better some of the hazardous waste issues. There is apparently a significant asbestos question. It was an asbestos dump. There was a \$2 million reserve set aside for asbestos abatement and that has disappeared. City access to other sources of funding that can help with this might be helpful but in the meantime we will take up all of the direct operating costs and pay their taxes to the City of Nashua. Going forward you will have a lot of local creditors who have not been paid and they will have to deal with the bankruptcy proceedings of ITT. Our expenses take up tomorrow morning at 8:00 a.m.

Alderman Siegel

I also thank you for the swift action that you took. I am concerned about the disposition of the property and what happens to a presence in Nashua. Are you aware of the noteholder, do you have any communication?

Mr. LeBlanc

We have not had access to any of that information. Our understanding is that there is one primary creditor that has collateralized the whole of the campus; Cerberus Capital. They are apparently tough guys by all reports. We don't know how it will play out. The good news is there is only one primary creditor. They could look at our offer and clear the way with the bankruptcy court if they say that's acceptable. The bad news is there is one creditor that could freeze the whole thing.

Alderman Siegel

What timeframe...I assume since you are actively putting money into maintain the facility and bring it up to snuff, what timeframe do you anticipate either migrating towards an acquitting or migrating away from that building because you can't come to some appropriate resolution with the existing creditor?

Mr. LeBlanc

Our license extends to the end of the year. It's a license and not a lease because under advice of counsel a lease could pull us into their bankruptcy proceedings. They can, with 30 days' notice order us to vacate should they be able to sell the property. We were willing to take that risk because most people feel like that's an unlikely scenario given the court proceedings. We are working furiously on a plan B just to make sure we have that in our pocket should that occur. The classrooms are not so much an issue for us; it's actually the housing for students that would be a challenge.

Alderman Siegel

Is it within the realm of possibility that you could just take the note over? I would assume that would be their best case scenario where they are not losing money but getting a different payee.

Mr. LeBlanc

Except that we think the value of the property today is far less than the note or at least that's what we have been able to discern thus far. We would be overpaying for it at this point. We have brought in experts in real estate counsel and have done a pretty detailed analysis which we have shared with them so we will see.

Alderman Schoneman

I work at the airport and I appreciate what you and the school have done. Daniel Webster has been a fixture at the airport and has done a lot for the aviation field. It's been a very well-known school nationally and internationally for the aviation purpose. Does SNHU have an aviation program?

Mr. LeBlanc

No and there's points that we are not excited about in this process but what we are excited about is that we have been moving towards stem fields and mechanical engineering. We have reached out to the engineering faculty to see what our vision is. The state of their facilities is pretty dismal. Our expectation is to support, grow and improve all of the stem programs; particularly the engineering and aviation programs. There is an enormous projected need for air traffic controllers. There is a lot of interest but we just sort of haven't had a chance to really look at it yet. It could happen on-site with at least some of the buildings that are there.

Alderman Schoneman

There is a move at the airport to begin thinking about the airport's strategic plan and how it fits in with the city. Daniel Webster is an integral part of whatever that plan would be and we are hoping that there can be some continuation of the aviation program. They used to have a flight training center there and that might not be feasible to get going again but anything that can be done to keep students involved in that career path would be good for everyone.

Mr. LeBlanc

We don't need to be persuaded on that front. It makes sense to keep those programs there because there is an airport there and we understand the importance of the college to the city. When we are at a place where

there is clarity about what our options are we are happy to engage with the city and think through that in a very collaborative way.

Vice President Wilshire

Thank you so much for coming and I hope to hear more positive things about SNHU.

ADJOURNMENT

**MOTION BY ALDERMAN SIEGEL TO ADJOURN
MOTION CARRIED**

The meeting was declared adjourned at 7:10 p.m.

Attest: Patricia D. Piecuch, City Clerk

September 9, 2016

Jim Donchess

MAYOR • CITY OF NASHUA

Ms. Barbara E. Brittingham, President
Commission on Institutions of Higher Learning
New England Association of Schools & Colleges
3 Burlington Woods Drive, Suite 100
Burlington, MA 01803-4514

RE: Daniel Webster College

Dear Madam President:

As Mayor of the City of Nashua, I am writing relative to the hearing to be held on September 22, 2016 by the New England Association of Schools and Colleges regarding Daniel Webster College.

The City of Nashua requests that you allow time for Daniel Webster College to develop a transition plan to new ownership prior to taking any action affecting Daniel Webster College's accreditation. The City of Nashua is encouraging non-profit institutions of higher learning to merge with or acquire Daniel Webster College in a way that will keep the Nashua campus open.

Of course, we have deep concern for the wellbeing of the students currently attending Daniel Webster College and want to make sure that they can continue their education in an uninterrupted fashion.

Furthermore, for decades Daniel Webster College has been an important educational institution in Nashua. This was particularly true before the college was acquired by ITT. We hope that by returning Daniel Webster to a non-profit status with a strategic merger or acquisition with a strong public institution, that long tradition can be continued.

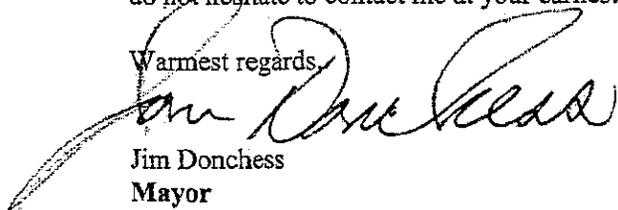
Daniel Webster has a strong Aviation Sciences program and long term association with the Nashua Airport. It is a pivotal player in educating qualified candidates for jobs in the aeronautical and engineering fields. These jobs are with employers such as BAE or within aviation such as air traffic controllers and airport personnel. The biggest concern expressed by employers in the Nashua region is finding qualified people to fill skilled positions. With its strong programs in aviation sciences and engineering, Daniel Webster can be a key player in meeting those needs.

I am sure you can appreciate the City of Nashua's sensitivity to any discussion that would negatively impact Daniel Webster College's accreditation.

In closing, it is our hope that New England Association of Schools & Colleges will maintain Daniel Webster College's accreditation in order to develop time for a merger or acquisition plan to be developed.

Thank you for your time and consideration of this proposal and if I can be of any additional assistance please do not hesitate to contact me at your earliest convenience.

Warmest regards,



Jim Donchess
Mayor

Cc: Michael Diffily, President of Daniel Webster College
Edward MacKay, Commissioner of Higher Education
Brian McCarthy, President of the Board of Aldermen