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State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES

OFFICE OF THE COMMISSIONER

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Concord, New Hampshire 03301

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November 16, 2017

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 Joseph D. Kenney with regard to a certain project in participation with the Trustees of Dartmouth College, Hanover, New Hampshire.

EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Kenney has requested that this be placed on the agenda as a regular item for the Wednesday, December 6, 2017 meeting for ratification by the Governor and Council.

Sincerely,

Charles M. Arlinghaus
Commissioner

CMA/rjk

Attachment

**REPORT
AND
FINDINGS
OF**

JOSEPH D. KENNEY, 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 **TRUSTEES OF DARTMOUTH COLLEGE** of Hanover, 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 Trustees of Dartmouth College, a private, not-for-profit, educational corporation subject to the laws of the State of New Hampshire operating an institution for higher education known as Dartmouth College located in Hanover, New Hampshire (hereafter sometimes referred to as “Dartmouth” or 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 and the financing of certain capital expenditures (hereafter collectively 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 College’s application. Following Public Notice given in accordance with Chapter 91-A of the New Hampshire Revised Statutes Annotated, by notice posted at the Hanover Town Hall and on the Authority’s website on Monday, November 13, 2017, the hearing was held commencing at 10:00 a.m. on Wednesday, November 15, 2017 in the Conference Room of the New Hampshire Health and Education Facilities Authority at 54 South State Street, Concord, New Hampshire.

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

Summary of Testimony

Michael F. Wagner, the Vice President for Finance and Chief Financial Officer of Dartmouth College, was the first witness. He described the College as a private, not-for-profit coeducational, nonsectarian institution of higher education, offering undergraduate and graduate degrees. The College's annual undergraduate enrollment is approximately 4,400 students while some 2,100 graduate students attend its professional schools and other graduate programs. In addition to the undergraduate liberal arts program, Dartmouth operates the Geisel School of Medicine, the Thayer School of Engineering, the Tuck School of Business, and offers doctoral programs in biochemistry, biological sciences, chemistry, geology, mathematics and computer science, physics and astronomy, physiology, pharmacology and psychology. In January 2016, the Dartmouth Board of Trustees approved creation of the School of Graduate and Advanced Studies, the first new school at Dartmouth in over 100 years. Dartmouth annually employs approximately 4,300 full and part time personnel, including approximately 930 faculty members.

Mr. Wagner testified that the College is accredited by the New England Association of Schools and Colleges, with each professional school holding separate accreditation. The College is also a member of the American Council on Education and the New Hampshire College and University Council.

Mr. Wagner explained that tax-exempt financing provides the College with the opportunity to borrow at favorable rates of interest for its projects. The use of such financing allows the College to use funds it would have used for debt service payments to achieve such public purposes as keeping tuition levels lower than they otherwise would be and permitting Dartmouth to continue to admit undergraduate applicants from the United States on a "need blind" (i.e., without regard to their ability to pay) basis and to provide more scholarships than the College otherwise would be able to provide. Mr. Wagner also stated that the College is committed to undertaking such construction, renovation, furnishing, and equipping of its facilities as are necessary to provide its students and faculty with facilities that are consistent with their educational needs.

Mr. Wagner testified that the Project involves the refinancing all or a portion of the College's outstanding Series 2009 Bonds issued through the Authority. The proceeds of the Series 2009 Bonds were used for a number of capital projects including the construction of a new life science building, the construction and equipping of the Black Family Visual Arts Center, the renovation of an undergraduate residence hall, various utility infrastructure upgrades and renovation projects on the College's campus, and the fabrication of materials and repairs to the West Stands Memorial Stadium. The proceeds of the Series 2009 Bonds were also used to refinance certain prior bond issues of the Authority and to finance miscellaneous renovation projects, equipment acquisition, and capital expenditures at the College.

Mr. Wagner testified that the Project also includes the construction, equipping, and renovation of the Irving Institute for Energy and Society and the adjoining Murdough Center renovations in the approximate amount of \$30,000,000, the infrastructure on the west end campus in the approximate amount of \$40,000,000, and Dana Hall in the approximate amount of \$35,000,000, as well as other routine capital expenditures and miscellaneous construction, renovation, and equipping of facilities on the Borrower's campus.

Mr. Wagner noted that the facilities to be refinanced and constructed, renovated, and equipped with the proceeds of the Authority's Revenue Bonds, Dartmouth College Issue, Series 2017 (the "Bonds") are located at the College's properties in Hanover and Lebanon, New Hampshire and are owned and operated by the College.

Mr. Wagner stated that the College expects to issue not more than \$200,000,000 tax-exempt bonds in one or more series. He testified that the College has engaged The Yuba Group LLC as its financial advisor. The Bonds are anticipated to be issued at fixed rates in a public offering. The Bonds are expected to have an approximately 40-year maturity. The College's current credit ratings which were reaffirmed in May of 2017, are Aa1/AA+ from Moody's Investor Services and Standard & Poor's Rating Services, respectively.

Mr. Wagner explained that, in his view, the Project, and particularly the refinancing, will further the mission of the College to educate all students who are admitted, regardless of their

financial status. He testified that the current tax-exempt interest rate environment presents an overall savings from refinancing the College's Series 2009 Bonds, including all costs associated with the bonds. In addition, Mr. Wagner testified that the refinancing of existing indebtedness will assist the College by lowering the cost of providing education facilities within the State and that the Project serves a need presently not fulfilled in providing education within the State and is of public use and benefit.

In closing his testimony, and based upon his position as Vice President for Finance and Chief Financial Officer of Dartmouth, Mr. Wagner stated his 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.

Bonnie Payette was the final witness called. She stated that she is the Director of Operations and Finance of the New Hampshire Health and Education Facilities Authority and assists in overseeing the administration of the Authority's day-to-day affairs. In her capacity as Director of Operations and Finance she has become acquainted with the Project and the details of the proposed financing for the College, having worked closely with the College's officers in developing financial arrangements to be reflected in the bonds proposed to be issued. She stated that the Authority will vote to issue its bonds for the Project on November 16, 2017, 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 will vote to adopt a resolution approving issuance of bonds for the Trustees of Dartmouth College on November 16, 2017.

Ms. Payette testified that certain documents are being prepared for execution in connection with the Project, including the Bond Indenture to be entered into between the Authority and a Bond Trustee for the Bond issue and a Loan Agreement with the College under which the College is obligated to hold and use the Project to be financed by the Bonds for educational purposes so long as the Bonds are outstanding. She testified to the language in the Bond Indenture which will require that each bond issued by the Authority for the Trustees of Dartmouth 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 with respect to the College by stating that, based on her familiarity with the statute under which the Authority operates, on her experience as of Director of Operations and Finance 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 and the construction and acquisition of the Project, as the same is described in such testimony, will enable and assist the Trustees of Dartmouth College (herein called the “College”), a not-for-profit institution for higher education located in Hanover, 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 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 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 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 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

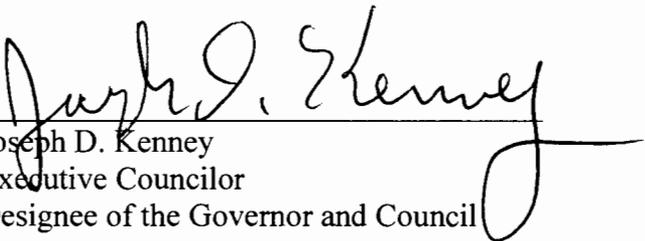
(5) Adequate provision has been made to obligate the College to hold and use the Project for educational purposes so long as the principal of and interest on bonds or other obligations issued by the New Hampshire Health and Education Facilities Authority (herein called the "Authority") to finance the 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, as the same is described in such testimony, 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 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 College in lowering the cost of providing education within the State and is being undertaken in connection with a project being provided by the College.

Dated: November 15, 2017



Joseph D. Kenney
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 Joseph D. Kenney, 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 the Trustees of Dartmouth College, a not-for-profit institution for higher education located in Hanover, New Hampshire. The hearing was held on November 15, 2017, following notice posted at the Hanover Town Hall and on the Authority’s website on November 13, 2017, in the Conference Room of the Authority, 54 South State Street, Concord, New Hampshire at 10:00 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 December 1, 2017 as described in the Notice of Public Hearing published on November 17, 2017 in the New Hampshire Union Leader.

Dated: December 6, 2017

Governor and Council:

