



State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
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Concord, New Hampshire 03301

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Deputy Commissioner
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June 26, 2020

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 Russell E. Prescott with regard to a certain project in participation with The Pinkerton Academy in Derry, NH.

EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Prescott has requested that this be placed on the agenda as a regular item for the Wednesday, July 15, 2020 meeting for ratification by the Governor and Council.

Sincerely,

A handwritten signature in black ink, appearing to read "Charles M. Arlinghaus".

Charles M. Arlinghaus
Commissioner

CMA/dph

Attachment

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June 25, 2020

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

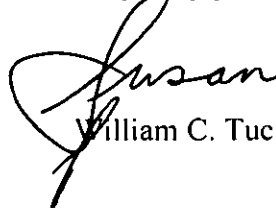
RE: New Hampshire Health and Education Facilities Authority –
The Pinkerton Academy

Dear Commissioner Arlinghaus:

I enclose an original and ten copies of the Report and Findings of Councilor Russell E. Prescott with regard to a certain project in participation with The Pinkerton Academy, Derry, New Hampshire. Councilor Prescott 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, July 15, 2020.

Thank you for your assistance in this matter.

Very truly yours,


William C. Tucker

enclosures

**REPORT
AND
FINDINGS
OF**

RUSSELL E. PRESCOTT, 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 PINKERTON ACADEMY** of Derry, 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 The Pinkerton Academy, a not-for-profit corporation formed under New Hampshire law and located in Derry, New Hampshire (hereafter referred to as “Pinkerton” or the “Academy”), which is a participating educational institution under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in financing the construction, furnishing and equipping of certain facilities as well as the refinancing of certain of the Academy’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 June 10, 2020, the hearing was held commencing at 3:00 p.m. on June 17, 2020 in the office of the Authority, One Capitol Street, Suite 200, Concord, New

Hampshire. In accordance with Governor Sununu's Emergency Order #12 issued pursuant to Executive Order #2020-04, the meeting was open to the public through telephonic means. All witnesses were duly sworn. A summary of testimony presented at the hearing follows.

Summary of Testimony

Dr. Timothy J. Powers, Headmaster of the Academy, was the first witness. He stated that Pinkerton Academy is coeducational secondary school located in Derry. Incorporated in 1814, the Academy is one of the largest independent academies in the eastern United States, and one of its oldest. Approximately 3,260 students in grades 9-12 attend the Academy. Located on 105 acres of land in southern New Hampshire, Pinkerton serves as the public high school for several communities as well as a traditional independent day school. Pinkerton's staff is comprised of a faculty of approximately 235 fulltime equivalent members and a support staff of approximately 270 employees. Since its founding, Pinkerton has evolved from a private college preparatory boarding school into a comprehensive high school that functions as both an independent day school, open to all New Hampshire residents, and as the public high school for six local school districts - Derry, Hampstead, Chester, Auburn, Hooksett, and Candia. Though it operates as a private, non-profit institution, Pinkerton's largest source of funding is tuition paid by these local school districts. In the current academic year, in addition to the students from these six districts, there are 30 students enrolled from the other New Hampshire towns or who are children of faculty or staff.

Dr. Powers testified that the proceeds from the Authority's 2020 Bonds (the "Bonds") will be used to refinance Pinkerton's Series 2010B and Series 2010C Bonds issued by the Authority, the proceeds of which were used to refinance then-existing indebtedness and for the construction, furnishing, and equipping of a Freshman Academy building, which was comprised of 28

classrooms and replaced 20 portable classrooms, and refinance a small taxable loan used to acquire the acquisition of three properties adjacent to the Academy's campus. Dr. Powers further stated that Pinkerton has commenced a Master Plan Space Audit in order to evaluate existing building space utilization and the manner in which its facilities are being used to support its programs and enrollment. It is anticipated that Bond proceeds in the approximate amount of \$14 million will be used for campus improvement projects as determined by the results of the study. Bond proceeds may also be used to fund a debt service reserve fund, pay capitalized interest, and pay costs of issuance.

Margaret Bourque, Finance Administrator of the Academy, was the next witness. Ms. Bourque testified that the principal amount of the Bonds to be issued will not exceed \$44 million, and that the Bonds are anticipated to be issued by a private placement, although a public offering may be considered, depending on market conditions at the time of issuance. She stated that the Bonds are anticipated to have a maturity of approximately 20 years and that under the Loan Agreement with the Authority, the Academy will be required to continue to carry blanket, fire and extended coverage insurance as well as general liability insurance.

Ms. Bourque testified that, in her view, the Project would be of public use and benefit and would permit the Academy to continue to render an appropriate level of service to its current and future students. Based upon her position as Finance Administrator, she stated her opinions that the Academy would be able to meet its financial obligations under the proposed bond issue and that the Academy is currently operating in a financially responsible manner. She concluded her testimony by explaining that the refinancing of existing indebtedness would assist the Academy in lowering the cost of providing education in the State and would be done in connection with the Project.

The next witness was Dev Talvadkar, a Managing Director with Stifel, Nicolaus & Company, Incorporated, the Academy's financial advisor. Mr. Talvadkar testified that the Bonds are expected to be sold in one or more series at fixed or variable rates in either the bank marketplace or as fixed-rate bonds in a full public offering sold based on the Academy's credit rating. Mr. Talvadkar stated that he has become familiar with the Academy's finances as a result of his involvement with the bond issue and that, based upon such familiarity, he is of the opinion that the Academy is a financially responsible participating educational institution.

Bonnie Payette was the final witness called. She stated that she is the Executive Director of the New Hampshire Health and Education Facilities Authority, and oversees 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 with the Academy's officers in developing the financial arrangements to be reflected in the bonds proposed to be issued. She stated that the Authority 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 May 21, 2020, approving issuance of bonds for the Academy.

Ms. Payette testified that certain documents are being prepared for execution in connection with the issuance of the Bonds and the financing of the Project. She stated that there will be a provision in the bond documents under which the Academy 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 documents which requires that each bond issued by the Authority for the Academy 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 the refinancing of existing indebtedness, as the same is described in such testimony, will enable and assist The Pinkerton Academy (herein called the "Academy"), a not-for-profit institution for secondary education located in Derry, New Hampshire, to provide education within the State of New Hampshire (herein called the "State"); and

(2) The Project, including the refinancing of existing indebtedness, will be leased to, or owned by, the Academy, 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 Academy so that under no circumstances will the State be obligated, directly or indirectly, for the payment of such costs; and

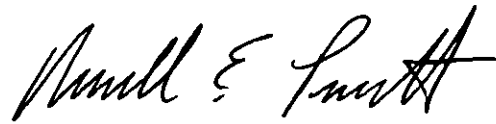
(5) Adequate provision has been made to obligate the Academy to hold and use the Project for educational purposes so long as the principal of and interest on bonds or other obligations issued by the New Hampshire Health and Education Facilities Authority (herein called the "Authority") to finance the 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 within the State and is of public use and benefit; and

(8) The refinancing of existing indebtedness will assist the Academy in lowering the cost of providing education within the State and will be in connection with a project being provided by the Academy.

Dated: June 17, 2020



Russell E. Prescott
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 Russell E. Prescott, 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 Pinkerton Academy, a not- for-profit institution for secondary education located in Derry, New Hampshire. The hearing was held on June 17, 2020 at 3:00 p.m., following public notice, in the office of the Authority, One Capitol Street, Suite 200, Concord, New Hampshire.

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, as described in the Notice of Public Hearing published on June 10, 2020.

Dated: July 15, 2020

Governor and Council:

