



State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF THE COMMISSIONER
25 Capitol Street – Room 120
Concord, New Hampshire 03301

3C *[Handwritten initials]*

VICKI V. QUIRAM
Commissioner
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Assistant Commissioner
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July 9, 2015

Her Excellency, Governor Margaret Wood Hassan
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 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, July 22, 2015 meeting for ratification by the Governor and Council.

Sincerely,

Vicki V. Quiram
Commissioner

VVQ/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 Maggie Hassan 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 (hereafter 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, the Hanover Public Library, and on the Authority’s website, the hearing was held commencing at 10:00 a.m. on Wednesday, July 1, 2015 in Room 9B of the Parkhurst Administration Building of Dartmouth College, 14 North Main Street, Hanover, 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 1,900 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. Dartmouth annually employs approximately 4,500 full and part time personnel, including approximately 1,080 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 students 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 which are consistent with their educational needs.

Mr. Wagner testified that the Project involves the refinancing of all or a portion of the College's Series 2002 Bonds and the Series 2007A Bonds issued through the Authority. The

proceeds of the Series 2002 Bonds were used for a number of capital projects including the construction and expansion of the Norris Cotton Cancer Center located at 1 Medical Center Drive, Lebanon, New Hampshire, the construction of the Kemeny Hall and Academic Centers building, and the construction and renovation of certain graduate student residences. The proceeds of the Series 2007A Bonds were used to refinance certain prior Bond Issues of the Authority and to finance numerous construction and renovation projects at the College.

Mr. Wagner noted that the facilities to be refinanced with the proceeds of the Bonds issued on behalf of the College will be located at the College's properties in Hanover and Lebanon, New Hampshire and will be owned and operated by the College. He further testified that the Series 2002 Bonds and the Series 2007A Bonds are currently outstanding in the respective amounts of \$101,000,000 and \$89,710,000.

Mr. Wagner stated that the College expects to issue not more than \$225,000,000 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 in a private placement to one or more purchasers, one of which is anticipated to be Bank of America Public Capital Corp. The bonds are expected to mature in approximately 30 years and will initially carry a variable rate of interest. Although the Bonds will not be rated themselves, the College's current credit ratings are Aa1/AA+ from Moody's Investor Services and Standard & Poor's Rating Services, respectively.

Mr. Wagner explained that, in his view, the refinancing will further the mission of the College to educate all those who qualify for admission, 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 2002 and Series 2007A Bonds, including all costs associated with the bonds, and will allow the College to reduce some of its on-going risks associated with the current variable rate demand bond structure of Series 2002 and Series 2007A Bonds. In addition, Mr. Wagner testified that the refinancing of existing indebtedness will assist the College lowering the cost of providing education facilities within the State.

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.

David C. Bliss was the final witness called. He stated that he 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 his capacity as Executive Director he 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. He 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. He testified that the Authority adopted a resolution on June 18, 2015, approving issuance of bonds for the Trustees of Dartmouth College.

Mr. Bliss 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. He testified to the language in the Bond Indenture which requires 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.

Mr. Bliss 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.

Mr. Bliss concluded his testimony with respect to the College by stating that, based on his familiarity with the statute under which the Authority operates, on his 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.

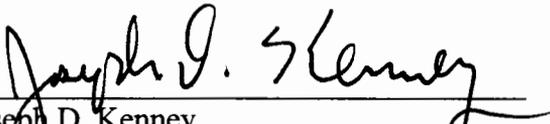
Findings

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 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 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 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 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 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 refinancing of existing indebtedness will assist the College in lowering the cost of providing education within the State.

Dated: July 1, 2015



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 by the Trustees of Dartmouth College, a not-for-profit institution for higher education located in Hanover, New Hampshire. The hearing was held on July 1, 2015, following public notice, in the in Room 9B of the Parkhurst Administration Building of Dartmouth College, 14 North Main Street, Hanover, New Hampshire 10:00 o'clock in the morning.

The Governor's signature constitutes her 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 July 21, 2015, as described in the Notices of Public Hearing, posted on June 29, 2015 and published on July 7, 2015.

Dated: July 22, 2015

Governor and Council:

