



State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF THE COMMISSIONER
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Concord, New Hampshire 03301

3C Am

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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 Tilton School, Tilton, 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 **TILTON SCHOOL** of Tilton, 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 Tilton School, a not-for-profit, voluntary corporation formed under New Hampshire law and located in Tilton, New Hampshire (hereafter referred to as the “School”), 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 new facilities as well as the refinancing of certain of the School’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 posted at the Tilton Town Hall and on the Authority’s website on Monday, November 13, 2017, the hearing was held at 11:30 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

Elizabeth Sheehan, the Director of Finance and Operations of the School, was the first witness. She stated that Tilton School is an independent private school providing a college preparatory curriculum for students in grades 9-12. Ms. Sheehan explained that Tilton School has an enrollment of 250 students for the 2017-18 school year. Approximately 70% of the students are boarding students and 30% are day students. The School's students come from twenty states and sixteen foreign countries.

Ms. Sheehan testified that Tilton School's mission is to challenge students to embrace and navigate a world marked by diversity and change. Through the quality of human relationships, Tilton School's faculty cultivates in its students the curiosity, the skills, the knowledge and understanding, the character and the integrity requisite for the passionate pursuit of lifelong personal success and service. She stated that the School's ninth grade program has received national recognition.

Ms. Sheehan stated that the proceeds of the Authority's Revenue Bonds, Tilton School Issue, Series 2017 (the "Bonds") will be used to refinance the Authority's Revenue Bonds, Tilton School Issue, Series 2006, the proceeds of which were used to finance the construction of a new dormitory and a new 3-story academic building and miscellaneous construction, renovation, and equipping projects at its Tilton campus as well as refinance the Authority's Revenue Bonds, Tilton School Issue, Series 1999, and paying certain issuance costs with respect to the Series 2006 Bonds.

Ms. Sheehan testified that in addition, the Bonds will finance approximately \$2,000,000 of miscellaneous capital expenditures and miscellaneous construction, renovation, and equipping of the Borrower's facilities at its Tilton campus. Proceeds of the Bonds may also be used to fund the

termination of an interest rate swap the school entered into in connection with the Series 2006 Bonds as well as paying certain costs of issuing the 2017 Bonds.

Ms. Sheehan stated that the principal amount of the Bonds to be issued will not exceed \$18.5 million. She stated that the Bonds were anticipated to have a maturity of approximately 30 years and will be issued in a private placement with the anticipated purchaser being Boston Private Bank. She testified that, under the Loan Agreement with the Authority, the School will be required to continue to carry blanket fire and extended coverage as well as general liability insurance.

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

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 its financing, having worked closely with the School's officers in developing the 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. He testified that the Authority

will vote to adopt a resolution on November 16, 2017 approving issuance of bonds for Tilton School.

Ms. Payette testified that certain documents are being prepared for execution in connection with the Project, including a Loan Agreement intended for execution between the School, the Bond purchaser, and the Authority. She stated that there is a provision in the Loan Agreement under which the School 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 Series 2017 Bond issued by the Authority for Tilton School 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 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 construction and acquisition of the Project, and the refinancing of existing indebtedness, as the same is described in such testimony, will enable and assist Tilton School (herein called the "School"), a not-for-profit participating educational institution located in Tilton, 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 School, 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 School so that under no circumstances will the State be obligated, directly or indirectly, for the payment of such costs; and

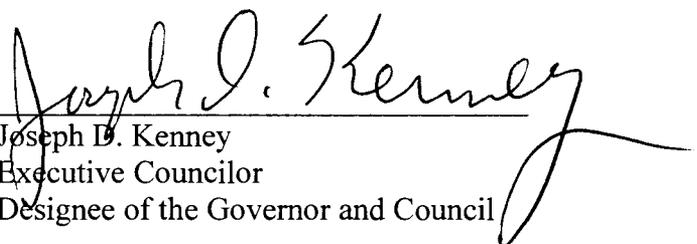
(5) Adequate provision has been made to obligate the School to hold and use the Project for educational purposes so long as the principal of and interest on bonds or other obligations issued by the New Hampshire Health and Education Facilities Authority (herein called the "Authority") to finance the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

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 Raymond S. Burton, 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 Tilton School, a not-for-profit participating educational institution which is located in Tilton, New Hampshire. The hearing was held on November 15, 2017, following public notice posted at the Tilton Town Hall and on the Authority's website on Monday, November 13, 2017, in the Conference Room of the Authority, 54 South State Street, Concord, New Hampshire at 11:30 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:

