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State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES

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Charles M. Arlinghaus
Commissioner

Catherine A. Keane
Deputy Commissioner

Sheri L. Rockburn
Assistant Commissioner

January 21, 2025

Her Excellency, Governor Kelly A. Ayotte
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Approval of the Report and Findings of Councilor Joseph Kenney with regard to a certain project in participation with Tilton School in Tilton, NH.

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, February 5, 2025 meeting for ratification by the Governor and Council.

Sincerely,

Charles M. Arlinghaus
Commissioner

CMA/dph

Attachment

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February 4, 2025

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 –
Tilton School Series 2025 Bond

Dear Commissioner Arlinghaus:

I enclose an original and ten copies of the Report and Findings of Councilor Joseph D. Kenney with regard to a certain project in participation with Tilton School, Tilton, New Hampshire. Councilor Kenney 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, February 5, 2025.

Thank you for your assistance in this matter.

Very truly yours,

/s/ William Reddington
William P. Reddington

WPR/ath
Enclosures

**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 Kelly Ayotte 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 “Tilton School” or 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 published in the New Hampshire Union Leader on January 10, 2025, the hearing was held at 1:00 p.m. on Friday, January 17, 2025, in the Great Room of the Charles E. Tilton Mansion, 27 MacMorran Drive,

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

Summary of Testimony

Glen Waring, the Director of Finance and Operations at the School, was the first witness. He stated that Tilton School is an independent private school providing a college preparatory curriculum for students in grades 9-12. Mr. Waring explained that Tilton School has an enrollment of 182 students for the 2024-25 school year. Approximately 75% of the students are boarding students and 25% are day students. The School's students come from 20 states and 15 foreign countries.

Mr. Waring testified that Tilton School's mission and philosophy is to create a nurturing environment where students are intellectually, socially, and emotionally challenged to grow. The School's comprehensive approach to education ensures that graduates are well-rounded individuals, ready to pursue their passions and make meaningful contributions to the world. Through the quality of human relations, Tilton School cultivates the curiosity, skills, knowledge, understanding, character, and integrity required for lifelong success and service.

Mr. Waring further stated that the students, faculty, staff, parents, and alumni are the cornerstones of the School, and the students are the center of the Tilton Experience. He stated the School is committed to recruiting and supporting faculty and staff who are dedicated, through both education and example, to the School's mission. The School seeks and expects a genuine partnership with parents in working together in challenging and supporting the students.

Mr. Waring stated that the proceeds of the Authority's Revenue Bonds, Tilton School Issue, Series 2025 (the "Bonds") will be used to (1) refinance the Authority's Revenue Bonds, Tilton School Issue, Series 2017A and Series 2017B, the proceeds of which were used to (a) refinance bonds issued in 2006, which were used to finance the construction of a new dormitory

and a new 3-story academic building, (b) finance miscellaneous construction, renovation, and equipping facilities at its Tilton campus, as well as (c) pay certain issuance costs with respect to the Series 2017 Bonds and prior bonds; (2) the Bond proceeds may also be used to pay the cost of terminating an Interest Rate Swap entered into in connection with the Series 2017 Bonds. Mr. Waring testified that in addition, the Bonds will (3) finance approximately \$3,500,000 of capital expenditures, in connection with the completion of the renovation, furnishing and equipping of the Knowles' Hall dormitory and other miscellaneous capital projects at its Tilton campus, as well as pay certain costs of issuing the Bonds.

Mr. Waring stated that the principal amount of the Bonds to be issued will not exceed \$20 million. He stated that the Bonds are anticipated to have a fixed rate of interest, a maturity of approximately 31 years and will be issued in a private placement with the anticipated purchaser being Franklin Savings Bank. The Bonds are expected to be issued in two series, one taxable and one tax exempt. He testified that, under the Loan Agreement with the Authority and the bond purchaser, the School will be required to continue to carry blanket fire and extended coverage as well as general liability insurance.

Mr. Waring testified that, in his 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 his position as Director of Finance and Operations, he stated his opinions that the School will be able to meet its financial obligations under the proposed bond issue and that the School is currently operating in a financially responsible manner. He concluded his testimony by explaining that the refinancing of existing indebtedness would be done in connection with a project being provided by the School.

Bonnie S. Payette was the next and final witness called. She stated that she is the Executive Director 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 Executive Director she has become acquainted with the Project and the details of its financing, and the financial arrangements to be reflected in the bonds proposed to be issued. She 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. She testified that the Authority voted to adopt a resolution on December 10, 2024, 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 will be 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 documents which will require that each Series 2025 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 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 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

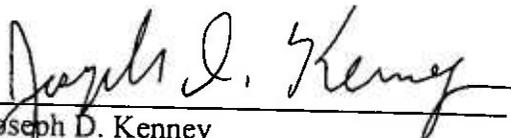
(5) Adequate provision has been made to obligate the School to hold and use the Project for educational purposes so long as the principal of and interest on bonds or other obligations issued by the New Hampshire Health and Education Facilities Authority (herein called the "Authority") to finance the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

(8) The refinancing of existing indebtedness will be in connection with a project being provided by the School.

Dated: January 17, 2025



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 Tilton School, a not-for-profit participating educational institution which is located in Tilton, New Hampshire. The hearing was held on January 17, 2025, following public notice published in the New Hampshire Union Leader on January 10, 2025, in the Great Room of the Charles E. Tilton Mansion, 27 Macmorran Drive, Tilton, New Hampshire at 1:00 p.m.

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 Notice of Public Hearing published on January 10, 2025, in the New Hampshire Union Leader.

Dated: February 5, 2025

Governor: Kelly A. Ayotte

Councilor: Joseph D. Kenney

Councilor: Karen Liot Hill

Councilor: Janet Stevens

Councilor: John Stephen

Councilor: David K. Wheeler