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State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES

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Charles M. Arlinghaus
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Deputy Commissioner

Sheri L. Rockburn
Assistant Commissioner

January 31, 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 Karen Liot Hill with regard to a certain project in participation with Colby-Sawyer College, New London, NH.

EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Liot Hill has requested that this be placed on the agenda as a regular item for the Wednesday, February 26, 2025 meeting for ratification by the Governor and Council.

Sincerely,

Charles M. Arlinghaus
Commissioner

CMA/dph

Attachment

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January 29, 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 –
Colby-Sawyer College 2025 Bond

Dear Commissioner Arlinghaus:

I enclose an original and ten copies of the Report and Findings of Councilor Karen Liot Hill with regard to a certain project in participation with Colby-Sawyer College, New London, New Hampshire. Councilor Liot Hill 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 26, 2025.

Thank you for your assistance in this matter.

Very truly yours,



William P. Reddington

WPR/ath
Enclosures

**REPORT
AND
FINDINGS
OF**

KAREN LIOT HILL, 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 **COLBY-SAWYER COLLEGE** of New London, 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 A. 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 Colby-Sawyer College, a not-for-profit voluntary and charitable corporation incorporated under New Hampshire law which is located in New London, New Hampshire (hereafter sometimes referred to as the "College" or "Colby-Sawyer") and 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 of the College as well as the refinancing of the College's existing indebtedness (hereafter sometimes 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 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 22, 2025, the hearing was held commencing at 2:00 p.m. on Wednesday, January 29, 2025 in the President's Conference Room of Janet Udall Schaefer '52 Center for Health Sciences at Colby-Sawyer College, 541 Main

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

Summary of Testimony

Karen Bonewald, the Vice President of Finance and Administration of Colby-Sawyer College, was the first witness. She stated that Colby-Sawyer College is a four-year, coeducational liberal arts college located in New London which awards Associates and Bachelors degrees in a variety of programs and disciplines in a traditional undergraduate setting. Ms. Bonewald testified that the College's focus is on providing individualized attention to its students. The College is accredited by the New England Association of Schools and Colleges. It holds membership in a number of organizations, including the New Hampshire College and University Council. She stated that in U.S. News Best College Rankings 2024, the College was ranked #4 in Best Value Schools and #12 in Regional College North.

Ms. Bonewald testified that in recent years, the College has expanded and adapted its educational offers to reflect the needs both of the changing student body and the semi-rural environment of its campus. The College has leveraged its historical relationship with Dartmouth Hitchcock Medical Center and has created and expanded its health science offerings, and thereby improved its undergraduate nursing program and added certified graduate programs to its curriculum. All of the College's nursing students complete their clinical requirements at Dartmouth Hitchcock and virtually all of the College's nursing graduates receive full-time offers from Dartmouth Hitchcock. She stated the College's nursing program is nationally recognized, with well over 90% of its nursing students across all of its programs passing their certification boards on their first attempt.

Ms. Bonewald testified that in September 2023 the College reset its tuition rate, and thereby provided a competitive advantage over several local and peer institutions. The reset reduced the College's tuition by 60% to \$17,500, which has led to a 10% growth in applications for the 2025 school year and a 20% increase in the incoming freshman class.

Ms. Bonewald stated that the College expects to issue up to \$35 million of bonds in a direct placement with HarborOne Bank (the "2025 Bonds" or "Bond(s)") and that the Bonds are expected to be amortized over approximately thirty years and bear a fixed or variable rate which may be converted to a fixed rate by means of an Interest Rate Swap. She testified that the proceeds of the 2025 Bonds will be used to (a) refinance the Authority's Revenue Bonds Colby-Sawyer College Issue Series 2012, (b) refinance a taxable loan which was used to finance the Davidow Center for Art + Design, (c) finance the construction, equipping and furnishing of an approximately 20,000 square foot health sciences academic building, Janet Udall Schaefer '52 Center for Health Sciences, (d) finance miscellaneous construction, renovations and improvements to the College's educational facilities, and (e) fund a debt service reserve fund, if any, for the Bonds and to pay capitalized interest, if any, on the Bonds. She explained that, in addition to the Project costs, bond proceeds will be used to pay certain costs of issuing the Bonds.

Ms. Bonewald confirmed that, under the Loan Agreement with the Authority and the bond purchaser, the College will be required to continue to carry blanket fire and extended coverage as well as general liability insurance.

Ms. Bonewald explained that, in her view, the Project would be of public use and benefit and would permit the College to continue to render an appropriate level of service to its current and future students. Based upon her position as Vice President of Finance and Administration, she stated her opinions 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 S. Payette was the final witness called. She stated that she is the Executive Director and Secretary of the New Hampshire Health and Education Facilities Authority, and charged with 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 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 December 10, 2024, approving issuance of bonds for Colby-Sawyer.

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 College, the Bond purchaser, and the Authority. She stated that there is a provision in the Loan Agreement under which the College 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 Series 2025 Bond issued by the Authority for Colby-Sawyer 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 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 Colby-Sawyer (herein called the "College"), a not-for-profit participating educational institution located in New London, New Hampshire, to provide education within the State of New Hampshire (herein called the "State"); and

(2) The Project to be undertaken 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 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 College.

Dated: January 29, 2025



Karen Diet Hill
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 Karen Liot Hill, 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 Colby-Sawyer College, a not-for-profit participating educational institution which is located in New London, New Hampshire. The hearing was held on January 29, 2025, following public notice published in the New Hampshire Union Leader on January 22, 2025, in the President's Conference Room of Janet Udall Schaefer '52 Center for Health Sciences located at 541 Main Street, New London, New Hampshire at 2:00 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 22, 2025 in the New Hampshire Union Leader.

Dated: February 26, 2025

Governor: Kelly A. Ayotte

Councilor: Joseph D. Kenney

Councilor: Karen Liot Hill

Councilor: Janet Stevens

Councilor: John Stephen

Councilor: David K. Wheeler