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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

April 18, 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 Lionheart Classical Academy in Peterborough, 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, May 7, 2025 meeting for ratification by the Governor and Council.

Sincerely,

Charles M. Arlinghaus
Commissioner

CMA/dph

Attachment

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April 17, 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 –
Lionheart Classical Academy Revenue Bond Issue, Series 2025

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 Lionheart Classical Academy, Peterborough, New Hampshire. Councilor Karen 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, May 7, 2025.

Thank you for your assistance in this matter.

Very truly yours,

A handwritten signature in cursive script that reads "William C. Tucker".

William C. Tucker

Enclosures
CC: Bonnie S. Payette, NHHEFA

**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 **LIONHEART CLASSICAL ACADEMY CHARTERED PUBLIC SCHOOL** of Peterborough, 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 Lionheart Classical Academy Chartered Public School, a not-for-profit voluntary and charitable corporation incorporated under New Hampshire law which is located in Peterborough, New Hampshire (hereafter sometimes referred to as the "Academy" or "Lionheart") 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 acquisition, renovation, furnishing, and equipping of a new building for the Academy (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 April 10, 2025, the hearing was held commencing at 2:00 p.m. on Thursday, April 17, 2025 in the Second Floor Conference Room of the Lionheart Classical Academy Building, 10 Sharon Road, Peterborough, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

Summary of Testimony

Kimberly Lavalley, Board Chair of the Academy, was the first witness. She stated that the Academy is a chartered public school currently serving children in grades K-5 from nineteen communities in southwestern New Hampshire. Lionheart commenced operations in 2022 with approximately 200 students in grades K-5 and has since expanded to serve over 300 students in grades K-7 as of the 2024-2025 academic year. She stated that Lionheart plans to add one grade per year until reaching grades K-12. She testified that the Academy is meeting the needs of the community with a healthy student retention rate, a modest waitlist and a student/teacher ratio of 17.6:1. Ms. Lavalley testified that Lionheart provides students with a full and complete liberal arts education which challenges each student to excel in both learning and character. She stated Lionheart combines a content-rich classical education with civic virtues and strives to develop the minds and improve the hearts of its students. Lionheart's goal is to graduate students who are highly literate, can communicate effectively, are virtuous, possess cultural literacy, are prepared to continue academic achievement and are ready to become active and productive members of American society.

Michael Harner, the Executive Director of Lionheart, was the next witness. He stated that one of the school's most significant financial challenges is the high cost of leasing its current facility. Mr. Harner stated that while attempting to negotiate a rent reduction along with the potential purchase of its current facility, the Academy has entered into a contract to purchase a nearby vacant church facility which offers additional space and the ability to accommodate future growth.

Mr. Harner testified that the proceeds of the Authority's Revenue Bonds, Lionheart Classical Academy Chartered Public School Issue, Series 2025 (the "Bonds") will be used to finance the acquisition, renovation, furnishing and equipping of an approximately 15,000 sq.ft. building and approximately 30 acres of unimproved land located at 700 Dublin Road, Peterborough, New Hampshire. Mr. Harner testified that the proposed Bonds to be issued will not

exceed \$4,000,000 and that the Bonds are anticipated to be purchased by NBT Bank, N.A., which has issued a Term Sheet to the Academy. He stated that the Bonds are anticipated to have a maturity of approximately 25 years and that under the Loan and Security Agreement with the Authority and the Purchaser of the Bonds, the Academy will be required to carry blanket fire and extended coverage insurance as well as general liability insurance.

Mr. Harner testified that in his 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 on his position as Executive Director, he stated his opinion 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.

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 is 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 January 14, 2025 approving issuance of bonds for Lionheart.

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 Academy, the Bond Purchaser, and the Authority. She stated that there is a provision in the Loan Agreement 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 Indenture which requires that each Series 2025 Bond issued by the Authority for Lionheart 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 acquisition, renovation, furnishing and equipping of the Project, as the same is described in such testimony, will enable and assist Lionheart Classical Academy Chartered Public School, Inc. (herein called the "Academy"), a not-for-profit participating educational institution located in Peterborough, 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 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 acquisition, renovation, furnishing and equipping of the Project, 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 acquisition, renovation, furnishing and equipping; 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

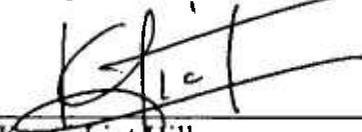
bonds or notes for the payment of all costs of operation, maintenance and upkeep of the Project by the Academy so that under no circumstances will the State be obligated, directly or indirectly, for the payment of such costs; and

(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 acquisition, renovation, furnishing and equipping of the Project 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.

Dated: April 17, 2025



Karen Liot 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 Lionheart Classical Academy Chartered Public School, a not-for-profit participating educational institution which is located in Peterborough, New Hampshire. The hearing was held on April 17, 2025, following public notice published in the New Hampshire Union Leader on April 10, 2025, in the Second Floor Conference Room at 10 Sharon Road, Peterborough, 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 April 10, 2025 in *The New Hampshire Union Leader*.

Dated: May 7, 2025

Governor: Kelly A. Ayotte

Councilor: Joseph D. Kenney

Councilor: Karen Liot Hill

Councilor: Janet Stevens

Councilor: John Stephen

Councilor: David K. Wheeler