

DELEGATION MEETING
Vote on Bond Refinancing
Administration Building
3855 Dartmouth College Highway
North Haverhill, NH
September 19, 2016

PRESENT: See attached sign in sheet

Rep. Sykes called the meeting to order at 10:23 AM.

Rep. Darrow called the role. Fifteen (15) members were present and a quorum was declared.

Rep. Abel moved to approve the minutes from the June 27th 2016 Delegation Meeting. Rep. Ford seconded the motion and all were in favor.

GRAFTON COUNTY, NEW HAMPSHIRE

Authorization of Refunding Bonds by County Convention **September 19, 2016**

WHEREAS, Grafton County, New Hampshire (the "County") has issued (i) certain \$17,500,000 2010 General Obligation Bonds dated as of June 1, 2010, which mature on December 1 of the years 2021 through 2030, inclusive, in the aggregate principal amount of \$8,750,000 (the "2010 Bonds"), which are eligible to be refunded at par on any interest payment date on or after December 1, 2020; and (ii) certain \$15,500,000 2011 General Obligation Bonds dated as of April 1, 2011, which mature on January 1 of the years 2023 through 2032, inclusive, in the aggregate principal amount of \$7,750,000 (the "2011 Bonds"), which are eligible to be refunded at par on any interest payment date on or after January 1, 2022 (the 2010 Bonds and the 2011 Bonds are hereafter collectively referred to as the "Refunded Bonds"); and

WHEREAS, it appears likely that bonds issued today would have a net interest cost less than the net interest cost on the Refunded Bonds;

WHEREAS, the County may be able to realize debt service savings by issuing certain refunding bonds (the "Refunding Bonds"), the proceeds of which would be utilized to refund the Refunded Bonds on a current or advance basis and to pay certain other costs relating thereto, including any necessary redemption premium and the costs of issuing the Refunding Bonds; and

WHEREAS, pursuant to the provisions of RSA 28:24, after the County Convention has authorized the issuance of the Refunding Bonds, the interest rate, maturity and other terms and conditions of the Refunding Bonds will be approved by the County's Board of Commissioners at a publicly noticed meeting after hearing the results of a bidding and pricing process for the purchase of the Refunding Bonds that will be managed for the County by Piper Jaffrey & Co., the underwriter which has been selected to manage this process;

WHEREAS, in the aforesaid process the interests of the County will be represented by its independent financial advisor, Northeast Municipal Advisors, LLC (the "Financial Advisor")

Rep. Darrow moved that NOW, THEREFORE, in consideration of the foregoing, it is hereby:

RESOLVED: that the Convention hereby authorizes the issuance of the Refunding Bonds in such principal amounts, with such interest rates, maturities and other terms and conditions as may be determined by the County's Board of Commissioners, the proceeds of which shall be utilized to pay or refund the Refunded Bonds on a current or advance basis, to pay the redemption premium, if any, applicable thereto, any principal and interest coming due on the Refunded Bonds prior to any redemption date, and to pay the costs of issuance of the Refunding Bonds;

RESOLVED: that the County is hereby authorized to execute and deliver such documents and other materials and to take such other actions as may be required for the closing and delivery of the Refunding Bonds;

RESOLVED: that all actions heretofore taken in a manner consistent with the foregoing are hereby ratified and confirmed.

Rep. Ford seconded the motion.

Discussion:

Rep. Duane Brown stated that he wants the savings to be reflected in the bottom line of the budget to show that the savings are going to the tax payers.

Rep. Duane Brown moved to amend the motion and have the savings from the refinancing reflected in the bottom line of the budget. Rep. Ladd seconded the motion.

Discussion:

Rep. Almy stated that she will be voting against that motion. She stated that in the future she does not want to over expend our reserve and end up in the position we are in now. She went on to state that she does not believe that this delegation can make motions to dictate to the future delegations what they have to do.

Rep. Ladd stated that his primary concern with seconding the motion is that there are some communities within Grafton County where the property taxes have gone out of sight and any savings that we can recognize we should aim for. He stated that they are not where we need to be with the fund balance. His concern is that he does not want to push the fund balance up to the 17% that DRA wants us to be at but rather get to a point where we feel that we can take care of ourselves if we have those unforeseen issues. He went on to state that his primary purpose in

seconding the motion was to get the discussion out that refinancing and saving money is a good idea but we should push it further in future budget actions, for those who come back, and work on increasing the fund balance as well as looking at how we spend our money.

Rep. Ford stated that she agrees with Rep. Ladd and stated those who come back can take this conversation and apply it to the next budget. She stated she will also be voting against this motion because they cannot hold the next session to this standard but we all have the same feeling that more money needs to be put in the reserve and they need to work on lowering taxes. Rep. Sykes stated that he will also be voting against the motion because he does not feel it is the correct way to implement that process but is glad the conversation will be reflected in the minutes.

A roll call vote on the amendment was called. Five (5) Reps., Duane Brown, Darrow, Gionet, Erin Hennessey and Ladd voted in favor. Ten (10) Reps., Abel, Almy, Cooney, Ford, Higgins, Maes, Massimilla, Nordgren, Piper and Sykes voted in opposition. With the vote being five (5) in favor and ten (10) in opposition the amendment to the motion fails.

A roll call vote on the main motion was called. Fifteen (15) Reps., Duane Brown, Darrow, Gionet, Erin Hennessey, Ladd, Abel, Almy, Cooney, Ford, Higgins, Maes, Massimilla, Nordgren, Piper and Sykes voted in favor. With the vote being fifteen (15) in favor and none in opposition the motion is adopted.

Treasurer Parker arrived to request authorization for additional Tax Anticipation Notes and handed out the following information:

Rationale for Request for Authorization for up to an additional \$2M in Tax Anticipation Notes

- Started off fiscal year 2017 with \$2M less in cash due to a couple of years of our expenses exceeding our revenues, we have obviously spent more than we have taken in. The items below are more in-depth descriptions.
 - In FY 2015 we had to borrow more money than we had in previous years, which meant when we collected tax money in FY 16 we had less to invest to carry us through.
 - We also received less ProShare monies in FY 16 than we did in FY 15 this had an impact on the cash at year end.
 - In addition, in FY 16 we had three (3) payrolls in June which has not happened for many years. That added approximately \$575K in cash going out in June than in the previous year.
 - Also contributing to this was the spending down of fund balance for the unanticipated nursing home life safety/renovation project during FY 15 and FY 16.

- The County paid \$415,406 more in human services payments in FY 16 than in FY 15.
- Other factors for the additional request:
 - To-date FY 2017 - \$3M has been drawdown
 - Same time FY 2016 - \$750K had been drawdown down.
 - Nursing home bond payment \$830,668.75 – paid 9/14/16
 - Jail 2010 bond payment due 12/01/16 - \$1,024,036.95
 - FY 2016 – Taxes collected in November - \$1,804,894
 - FY 2015 – Taxes collected in November - \$945,189
 - Tax collections prior to 12/17 cannot be counted on for cash flow purposes. As the data above shows the amount collected in November can vary greatly year to year. FY 2016 was one of the largest months in recent history. We also had more towns than usual wait until the due date to pay.

In summary – This is a precautionary measure. We do not believe that we will have to use these additional funds but wanted to seek authorization for them just in case they are needed at the end of November or beginning of December. We currently have a line of credit through Woodsville Guaranty Savings Bank for the \$7M that was previously authorized at a rate of .95%.

Rep. Nordgren stated that the rate stated is .95%. She asked if they shop around to find better rates. CA Libby stated that they do an invitation to bid on the Tax Anticipation Note and that was the lowest rate that they received.

Rep. Darrow moved to authorize the Treasurer to borrow additional Tax Anticipation Loans in an amount up to \$2,000,000. Rep. Almy seconded the motion.

A roll call vote on the motion was called. Fifteen (15) Reps., Duane Brown, Darrow, Gionet, Erin Hennessey, Ladd, Abel, Almy, Cooney, Ford, Higgins, Maes, Massimilla, Nordgren, Piper and Sykes voted in favor. With the vote being fifteen (15) in favor and none in opposition the motion is adopted.

Rep. Gionet moved that the county pursue reimbursement for cost associated with the nursing home due to the shabby work prior. Rep. Ladd seconded the motion.

Discussion:

Rep. Gionet stated that he has brought the issue up for several months to get costs associated with the project because we knew there were significant discrepancies. At the budget meeting he was told by Commissioner Cryans that it was a \$45,000 figure and it did not seem necessary to pursue it because it did not amount to anything. He stated that he feels it is not too late to show the people they represent that they are looking out for them and they are going to see that these issues are taken care of. Commissioner Cryans stated that he thinks he was misinterpreted. He stated that the numbers Supt. Oakes received stated that there could be up to \$45,000 and it was not a clear number.

Commissioner Cryans explained that when you pursue a lawsuit you can spend tens of

thousands of dollars and the Commissioners felt that it was not worth pursuing on a potential number. Omer Ahern asked if there was an arbitration clause in the contract with the contractor that says if the contractor messes up and the county has to sue them for not doing the work correctly that the contractor will pay the legal fees associated with the lawsuit if the county were to win. Commissioner Cryans stated he does not know that answer.

Rep. Sykes stated that he will vote against this motion because he does not feel they need to be reminded as the new Delegation that comes in that they should pursue this. He stated that he agrees with Rep. Gionet that they should continue to do good fact finding. CA Libby stated that in regards to Rep. Gionet asking repeatedly about find out costs associated with the project, they were waiting to find out those numbers from the (new) contractors once they finished the recent project work at the nursing home. Supt. Oakes asked repeatedly and it took until June for them to get those numbers. She stated that they were not withholding that information from Rep. Gionet, they were waiting themselves to get that information from the contractors. They were told upfront that they need to track those costs and they did not do so which is why they do not have a clear number as to what those costs would be. She noted that the other thing to take into consideration is that they are talking about going back to a contract that was signed in 2002. There is a statute of limitations, there is going to be a good deal of legal work to determine if the statute of limitations is something they can overcome.

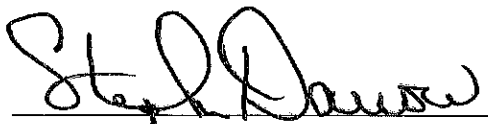
Rep. Almy stated that at the time when they signed this contract in 2001, the Executive Committee, backed by the Delegation, told the Commissioners to cut the contract by \$1.5 million or they would not support it at the last minute. She stated that she felt at the time that it was their fault and that they should have figured out where to cut with them rather than telling them they had to do it. She feels a contract from 2001 is going to be very hard to enforce at this time.

A roll call vote on the motion was called. Six (6) Reps., Duane Brown, Darrow, Gionet, Higgins, Ladd, and Massimilla voted in favor. Eight (8) Reps., Abel, Almy, Cooney, Ford, Maes, Nordgren, Piper and Sykes voted in opposition. With the vote being six (6) in favor and eight (8) in opposition the motion fails.

Rep. Sykes asked if there were any more comments. There were none.

11:03am with no further business the meeting adjourned.

Sincerely,



Stephen Darrow, Vice-Chairman

Delegation Meeting- Vote on Refinancing Jail Bonds

September 19th 2016



Sign In Sheet ~ PLEASE PRINT

1 Erin Hennessey	31
2 Susan W. Almy	32
3 Richard M. Abel	33
4 Mary R. Cooney	34
5 Susan Ford	35
6 Kevin Mason	36
7 E. Parker	37
8 John PATRICIA HIGGINS	38
9 Shamus Nordgren	39
10 Rick Ladd	40
11 EDWARD BUNET	41
12 Omar C. Ahern, Jr	42
13 SUANE BROWN	43
14 Alex Nuss-Diss (30)	44
15 Kelley Monahan	45
16 Wendy Piper	46
17 Linda Massumilla	47
18 George Surber	48
19 Sam Reynolds	49
20 Julie Libby	50
21 Martha Richards	51
22 Linda Lauer	52
23 Mike Cryans	53
24 Polly Campion	54
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