
Presentation Regarding The Hill School

Series 2017 Investor Presentation
December 8, 2017



\$19,765,000*
Montgomery County Higher Education and Health Authority
Revenue Bonds
(The Hill School Project)
Series of 2017

THE HILL SCHOOL
860 Beech Street • Pottstown, PA 19464 • (610) 326-1000

** Preliminary, Subject to change*

Overview of The Hill School



- Private, independent, co-educational day and boarding school founded in 1851
- Located in Pottstown, PA (40 miles from Philadelphia, approx. 100 miles from NYC)
- Campus comprises over 200 acres, 12 student dormitories, faculty homes, academic buildings and athletic facilities
- Enrollment of 522 students (396 boarding, 126 day) for the 2017-18 academic year
- Total endowment of \$162.2 million as of June 30, 2017



Market Position and Student Demand

- *“Established brand as a selective independent day and boarding school evidenced by admission of only 30% of applicants while yielding a healthy 58% of those admitted.”*
 - Moody’s Investors Service, Rating Report dated December 7, 2017

Total Enrollment

<u>Academic Year</u>	<u>Boarding</u>	<u>Day</u>	<u>Total</u>
2013-14	394	110	504
2014-15	396	119	515
2015-16	375	127	502
2016-17	391	131	522
2017-18	396	126	522

- Stable enrollment over the past five years, exceeding the School’s 500 student target enrollment size.

Source: The Hill School internal records

- The School has experienced consistent growth in boarding applications, resulting in a five-year low acceptance rate for the 2017-18 academic year.

Student Demand Statistics

	<u>2013-14</u>		<u>2014-15</u>		<u>2015-16</u>		<u>2016-17</u>		<u>2017-18</u>	
	<u>Boarding</u>	<u>Day</u>	<u>Boarding</u>	<u>Day</u>	<u>Boarding</u>	<u>Day</u>	<u>Boarding</u>	<u>Day</u>	<u>Boarding</u>	<u>Day</u>
Applications	720	102	737	117	779	123	794	105	822	123
Acceptances	222	52	264	64	252	65	252	60	221	65
Acceptance Rate	31%	51%	36%	55%	32%	53%	32%	57%	27%	53%
Enrollments	110	36	125	53	119	48	128	49	115	51
Matriculation Rate	50%	69%	47%	83%	47%	73%	51%	82%	52%	78%

Source: The Hill School internal records



Student Outcomes

- The School's graduates frequently go on to attend some of the most highly selective colleges and universities in the United States.
- Members of the Class of 2017 matriculated at University of Pennsylvania, University of Chicago, Harvard University, Stanford University, Columbia University, Cornell University, Dartmouth College, Princeton University, and Yale University.

College Matriculation of The Hill School Class of 2017 Graduates

<u>College/University</u>	<u>Number Matriculated</u>	<u>College/University</u>	<u>Number Matriculated</u>
Pennsylvania State University	7	University of Colorado at Boulder	2
New York University	6	Connecticut College	2
University of Chicago	4	Cornell University	2
Elon University	4	Dickinson College	2
Georgetown University	4	Drew University	2
University of Pennsylvania	4	Hobart and William Smith Colleges	2
United States Naval Academy	4	University of Illinois	2
Bucknell University	3	Mercyhurst University	2
Columbia University	3	Miami University, Oxford	2
Harvard University	3	Northeastern University	2
Lehigh University	3	Princeton University	2
University of Richmond	3	Stanford University	2
Barnard College	2	United States Air Force Academy	2
Bentley University	2	Wesleyan University	2
Claremont McKenna College	2		

Source: The Hill School internal records



Balance Sheet Strength

- Total net assets of \$206.6 million as of June 30, 2017 and total endowment of \$162.2 million.
- Endowment growth of 26% over the past five years, due to conservative endowment spending (4.75% spend rate for FY 2017), strong investment performance, and significant endowment fundraising.
- FY 2017 endowment return of 14.1% for FY 2017, and an average annual rate of return of 8.3% over the past five fiscal years.
- *“Good cushion of reserves, with fiscal 2017 expendable financial resources covering annual operating expenses 3.4 times.”*

– Moody’s Investors Service, Rating Report dated December 7, 2017



Advancement

- Advancement Office staffed by 25 full-time professionals.
- The School is currently engaged in *The Strength of All* comprehensive fundraising campaign. To date over \$60 million has been raised in support of the endowment for financial aid and faculty salaries, annual fund, community initiatives, and facilities.
- In recent years, the School has received the two largest gifts in its history – single gifts of \$10 million and \$5 million.
- Annual Fund giving has grown by 19% over the past five years, to \$3.7 million for FY 2017.



Capital Projects

- The School plans to use a portion of the proceeds of the Series 2017 Bonds to partially fund the construction of a new campus Dining Hall.
- The School has raised \$12.5 million in cash and pledges towards the Dining Hall, with a total project cost of \$15.1 million. Construction is scheduled to begin in spring/summer of 2018, with completion by the end of the 2018 calendar year.
- The School is also using a portion of the proceeds of the Series 2017 Bonds to complete various campus infrastructure projects, including the improvement of a retaining wall and the replacement and upgrade of the School's electrical infrastructure.

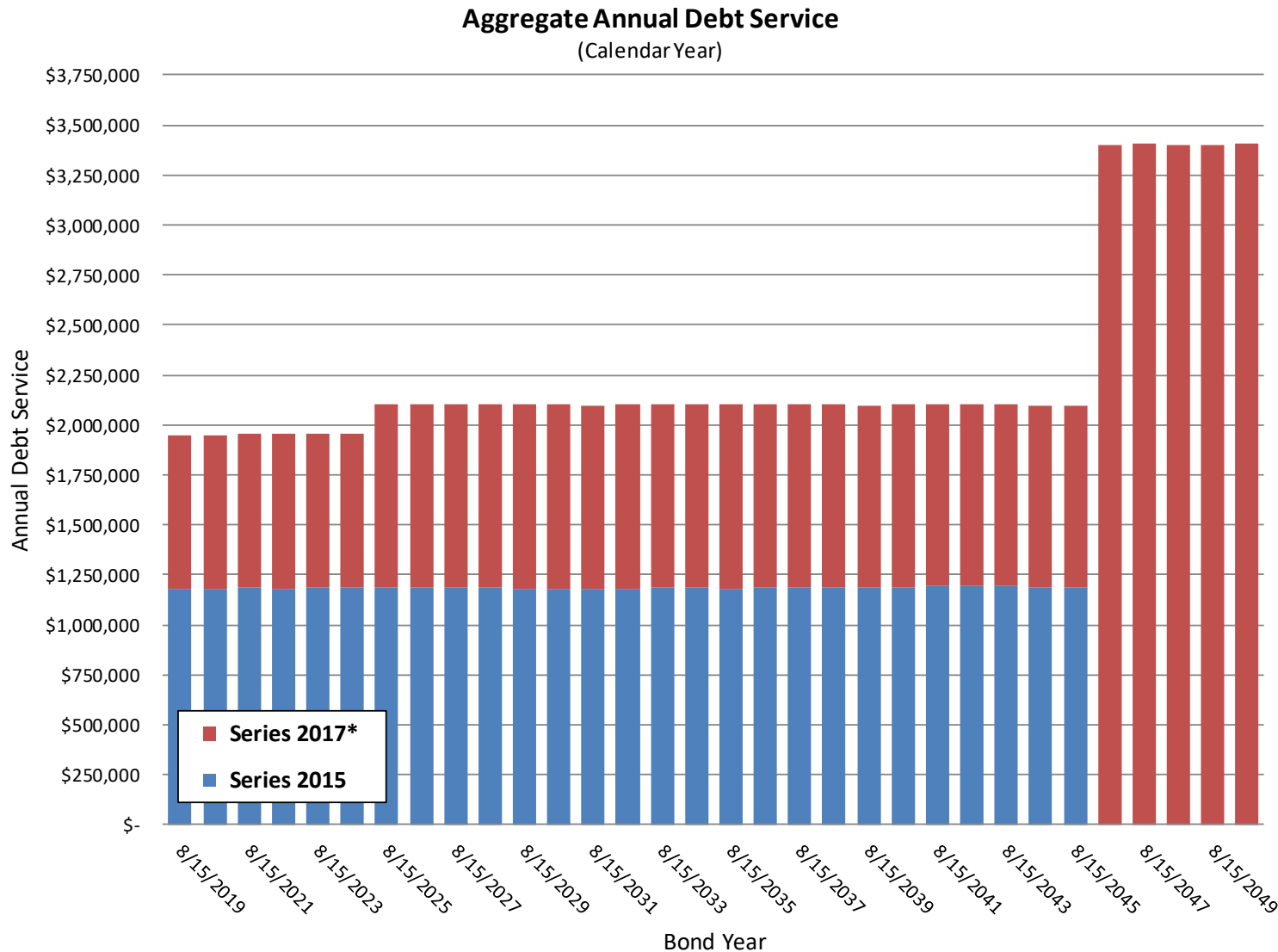


- Lastly, the School will refund its two outstanding bank loans to reduce its exposure to bank-based debt and lock in a long-term, fixed rate structure.

At left: Architect's rendering of the interior of the School's new Dining Hall

Debt Structure

- The Series 2017 Bonds are scheduled to mature on August 15, beginning August 15, 2025 through August 15, 2050.



- The chart at left depicts the preliminary aggregate debt structure of the School, inclusive of the existing Series 2015 Bonds.

* Preliminary,
subject to change.



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