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State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
25 Capitol Street - Room 120
Concord, New Hampshire 03301

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May 12, 2022

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Approval of the Report and Findings of Councilor Cinde Warmington with regard to a certain project in participation with Spaulding Academy & Family Services, Northfield, NH.

EXPLANATION

This item is submitted pursuant to a request by the New Hampshire Health and Education Facilities Authority. Councilor Warmington has requested that this be placed on the agenda as a regular item for the Wednesday, June 1, 2022 meeting for ratification by the Governor and Council.

Sincerely,

Charles M. Arlinghaus
Commissioner

CMA/dph

Attachment

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May 10, 2022

Charles Arlinghaus, Commissioner
Department of Administrative Services
State of New Hampshire
State House Annex
Concord, NH 03301


Re: New Hampshire Health and Education Facilities Authority –
Spaulding Academy & Family Services Series 2022 Bonds

Dear Commissioner Arlinghaus:

I enclose an original and ten copies of the Report and Findings of Councilor Cinde Warmington with regard to a certain project in participation with Spaulding Academy & Family Services, Northfield, New Hampshire. Councilor Warmington 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, June 1, 2022.

Thank you for your assistance in this matter.

Sincerely,



William C. Tucker

WCT/kac
Enclosures

**REPORT
AND
FINDINGS
OF**

CINDE WARMINGTON, 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 **SPAULDING ACADEMY & FAMILY SERVICES**, of Northfield, New Hampshire, pursuant to said Act.

Introductory

The New Hampshire Health and Education Facilities Authority (hereafter referred to as the “Authority”) requested of Governor Christopher T. Sununu 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 Spaulding Academy & Family Services, a not-for-profit, voluntary corporation formed under New Hampshire law and located in Northfield, New Hampshire (hereafter sometimes referred to as the “Spaulding Academy”, the “Academy” or the “Borrower”) which is a participating educational institution under RSA 195-D:3. Such application seeks the participation of the Authority, under the Act, in the refinancing of certain of the Spaulding Academy’s existing indebtedness and the financing of certain capital expenditures (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 May 4, 2022, the hearing was held commencing at 1:00 p.m. on May 9, 2022 at Spaulding Academy in the Conference Room of the Cutter-Wiggins

Building, 67 Spaulding Road, Northfield, New Hampshire. All witnesses were duly sworn. A summary of testimony presented at the hearing follows:

Summary of Testimony

Todd Emmons, the Chief Executive Officer and Chief Financial Officer of Spaulding Academy, was the first witness. He stated that Spaulding Academy is a provider of educational, residential, therapeutic and community based programs and services for children and youth with neurological, emotional, behavioral and learning or developmental challenges including Autism Spectrum Disorder and those who have experienced significant trauma, abuse or neglect. He stated that Spaulding Academy was established in 1871 as the New Hampshire Orphans Home and School for Industry and is the oldest childcare organization in operation in the United States.

Mr. Emmons testified that Spaulding Academy is a 501(c)3 not-for-profit corporation which has a scenic hilltop campus located on more than 500 acres in Northfield, New Hampshire. He stated the Academy has supported over 46,000 exceptional children and family members during its history and currently welcomes boys and girls from ages 4 to 21, primarily from the State of New Hampshire but also from beyond.

Mr. Emmons testified that the proceeds of the 2022 Bonds ("the Bonds") will be used to (1) refinance a commercial bank loan, the proceeds of which were used to finance the construction and equipping of the primary educational building at Spaulding Academy known as the School at Spaulding which was constructed in 2012 and is comprised of approximately 21,800 square feet and contains 12 classrooms (each equipped with a bathroom), 8 staff offices, an occupational therapy room, a speech and language room, a media/library, a life skills area, reception space and 2 conference rooms; (2) construct and equip an addition to the School at Spaulding which will contain approximately 16,425 square feet and include 2 additional classrooms, an expanded speech

and language office, a new and larger library, additional offices, conference rooms, housekeeping space and a technology office/lab; and (3) pay certain costs incurred in connection with issuing the Bonds.

Mr. Emmons stated that the principal amount of the Bonds to be issued will not exceed \$9 million and will have a maturity of no more than approximately 30 years. The Bonds will be purchased by a financial institution in a private placement. He testified that under a Loan Agreement or Loan Agreement and Mortgage (the "Loan Agreement") with the Authority and the purchaser of the Bonds, Spaulding Academy will be required to carry blanket fire and extended coverage as well as general liability insurance.

Mr. Emmons testified that, based upon his position as Chief Executive Officer and Chief Financial Officer at Spaulding Academy, he is of the opinion that the Academy will be able to meet its financial obligations under the proposed bond issue and that the Academy is currently operating in a financially responsible manner. He concluded his testimony by explaining that the refinancing of existing indebtedness would assist the Academy in lowering the cost of providing education in the State and is being done in connection with a project.

Bonnie S. Payette was the final witness. She stated that she is the Executive Director and Secretary of the New Hampshire Health and Education Facilities Authority, 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 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 adopted a resolution on March 22, 2022, approving issuance of bonds for the Academy.

Ms. Payette testified that certain documents are being prepared for execution in connection

with the Project, including the Loan Agreement to be entered into among the Authority, the bond purchaser, and the Academy. She stated that there will be 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 Loan Agreement which will require that each bond issued by the Authority for Spaulding Academy 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.

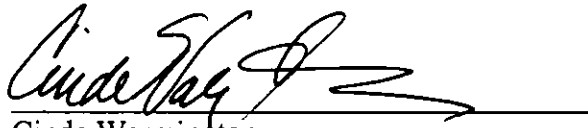
Findings

Upon the testimony submitted at the hearing, and upon consideration, I find as follows:

- (1) The construction and acquisition of the Project, and refinancing of existing indebtedness, as the same is described in such testimony, will enable and assist Spaulding Academy & Family Services, a not-for-profit educational institution located in Northfield, New Hampshire, to provide educational facilities within the State of New Hampshire (herein called the "State"); and
- (2) The Project will be owned by the Academy which is a financially responsible participating institution; 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 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 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 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 Borrower 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 facilities within the State and is of public use and benefit; and
- (8) The refinancing of existing indebtedness will assist the Spaulding Academy in lowering the cost of providing educational facilities within the State and will be in connection with a project being provided by the Spaulding Academy.

Dated: May 9, 2022


Cinde Warmington
Executive Councilor Designee of the
Governor and Council