



The State of New Hampshire
Department of Environmental Services

Thomas S. Burack, Commissioner

*Celebrating 25 Years of Protecting
New Hampshire's Environment*

December 11, 2012



Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Authorize the Department of Environmental Services to approve a Supplemental Loan Agreement with the City of Manchester (VC #177433), which finalizes the Original Loan Agreement in the amount of \$5,353,116.32, under the provisions of RSA 486:14 and N.H. Code of Administrative Rules Env-Wq 500, et seq., effective upon Governor & Council approval. The Original Loan Agreement was approved by Governor & Council on May, 12, 2010 as Item No. 60. 100% CWSRF Repayment Account funds.

EXPLANATION

The purpose of the Supplemental Loan Agreement with the City of Manchester is to finalize the principal loan amount, interest rate, and the repayment schedule for the loan agreement. The original loan was used to fund the design and construction of the Cohas Brook Interceptor Sewer Project, Phase III, Contract 1. Under the terms of the Supplemental Loan Agreement, the City of Manchester will pay back the principal sum of \$5,353,116.32 with an interest rate of 2.7200% over a 20-year period, payable in installments as provided in the agreement.

This loan was issued under the Clean Water State Revolving Fund (CWSRF) program for the purpose of financing a portion of the ongoing Cohas Brook Interceptor Project. The work included extending sewer service to areas along Lake Shore Drive, Island Pond Road and Cohas Avenue servicing approximately 185 residences. This project will ultimately protect human health and improve the water quality in the Cohas Brook watershed.

Attached are the Supplemental Loan Agreement, debt service schedule for this loan, and a tabulation of the CWSRF and ARRA accounts showing the effect of this loan on the available funds.

We respectfully request your approval.


Thomas S. Burack, Commissioner

DEPARTMENT OF ENVIRONMENTAL SERVICES
WATER DIVISION

Base Clean Water State Revolving Fund Loan Program (CWSRF)

Supplemental information to Governor and Council request for a loan agreement under RSA 486:14
and N.H. Code of Administrative Rules Env-Wq 500 et seq. for the municipality listed below:

This request will change the balance available for loans as follows:

	CWSRF Cap Grant	CWSRF Repayment	ARRA
Repayment Funds as of December 8, 2012		\$84,858,325	
Federal Funds *	\$306,447,231	\$0	\$37,697,344
Plus 20% State Match	\$63,871,173	\$0	\$0
Total Funds Available	\$370,318,404	\$84,858,325	\$37,697,344
Less Loans Previously Approved	\$350,554,635	\$0	\$36,781,793
Funds Available for Loans	\$19,763,769	\$84,858,325	\$915,551
Loan Agreement(s) This Request:			
City of Manchester			
Original Loan Amount [†]	\$0	(\$7,000,000)	\$0
Supplemental Loan Amount [†]	\$0	\$5,353,116	\$0
Change, this Request [†]	\$0	(\$1,646,884)	\$0
Other Requested Action(s)			
None	\$0	\$0	\$0
Net Change [†]	\$0	(\$1,646,884)	\$0
Balance Available after G & C Approval	\$19,763,769	\$86,505,209	\$915,551

* Is net of the 4% reduction in Federal dollars for CWSRF Program administration

[†] Negative numbers in this row indicate funds returned to account

See SRF Loan Status Table for breakdown of Grants by year

1 **STATE OF NEW HAMPSHIRE**
2 **WATER POLLUTION CONTROL REVOLVING FUND PROGRAM**
3 **CITY OF MANCHESTER, NEW HAMPSHIRE**
4 (Project No. CS-330192-38)

RECEIVED
DEC 6 2011
DES-WEB

5 **S U P P L E M E N T A L L O A N A G R E E M E N T**

6 This SUPPLEMENTAL LOAN AGREEMENT (Agreement) is entered into as of the
7 _____ day of _____, 2013, between the State of New Hampshire
8 Water Pollution Control Revolving Fund Program (State) and the **City of Manchester, New**
9 **Hampshire** (Loan Recipient) in accordance with RSA 486:14 and New Hampshire Code of
10 Administrative Rules Chapter Env-Wq 500 (Rules) in order to finance the **Cohas Brook**
11 **Interceptor Sewer Project, Phase III Contract 1** (Project) which is now complete. The Project
12 is described in Exhibit A. This Agreement supplements or amends the Original Loan Agreement
13 (OLA) dated May 12, 2010. The purpose of this Agreement is to set the terms, interest rate, and
14 payment schedule for the repayment of the monies borrowed under the OLA. All terms of the
15 OLA that are not amended by this Agreement remain in effect.

16 This Agreement modifies the Scheduled Completion date contained in the OLA to
17 December 1, 2011.

18 The Loan Recipient agrees to repay to the State, in accordance with the terms of this
19 Agreement, the principal sum of **Five Million, Three Hundred Fifty Three Thousand, One**
20 **Hundred Sixteen and 32/100 Dollars (\$5,353,116.32)** with interest thereon payable in annual
21 installments as provided in this Agreement.

22 The Loan shall be represented by a Promissory Note (Note) of the Loan Recipient issued
23 under and in accordance with the applicable provisions of RSA 33, the Municipal Finance Act,
24 as amended and supplemented, including the provision of RSA 486:14, III. The Note shall be in
25 the form of Exhibit B, attached hereto. The outstanding principal amount of the Loan made

1 hereunder shall bear interest which shall accrue from the date that the Loan is made computed on
2 the basis of 30-day months and 360-day years using the following interest rate: **2.7200%**.

3 Annual payments by the Loan Recipient of the principal and interest shall commence on
4 **December 1, 2012**, and shall be due on this anniversary date each year thereafter until paid in
5 full.

6 The Loan Recipient hereby authorizes the State to compute the annual debt service
7 installments and to make the appropriate notations on the Note, provided that failure to make
8 such a notation or any error made in such a notation with respect to any Loan shall not limit the
9 Loan Recipient's payment obligations under this Agreement and any Note.

10 Upon default in the prompt and full payment of any installment of principal or interest on
11 this Loan Agreement, the entire unpaid principal hereof and interest thereon to the date of
12 payment shall immediately become due and payable upon the demand of the State of New
13 Hampshire.

14 At any time, any State grant funds payable to the Loan Recipient may be set off against
15 and applied in payment of any obligations that are due hereunder. In the event of a default in the
16 prompt and full payment when due of any installment of principal or of interest on a Note issued
17 under this Agreement, any State grant funds payable to the Loan Recipient may be held and
18 treated as collateral security for the payment of the obligations hereunder.

19 In the event of set off, the State shall notify the Loan Recipient of said set off and said
20 funds will be applied to the annual payment due.

21 No delay or omission on the part of the State of New Hampshire in exercising any right
22 hereunder shall operate as a waiver of such right or of any other right under this note. A waiver
23 on any one occasion shall not be construed as a bar to or any right and/or remedy on any future
24 occasion.

1 The Loan Recipient will pay all costs of collection, legal expenses, and attorney's fees
2 incurred or paid by the State of New Hampshire in collecting and/or enforcing this Agreement or
3 any Loan made hereunder on default.

4 The Loan Recipient reserves the right to prepay, without penalty, all or any part of the
5 principal of any Loan made hereunder.

6 The Loan Recipient agrees to comply with all State and Federal requirements as
7 contained in the Rules.

8 The effective date of this Agreement shall be the date of the Governor and Council
9 approval of this Agreement.

10 This Agreement may be amended, waived or discharged only by an instrument in writing
11 signed by the parties hereto and only after approval of such amendment, waiver or discharge by
12 the Governor and Council of the State of New Hampshire.

13 This Agreement shall be construed in accordance with the laws of the State of New
14 Hampshire, and is binding upon and inures to the benefit of the parties and their respective
15 successors.

16 The parties hereto do not intend to benefit any third parties and this Agreement shall not
17 be construed to confer any such benefit.

18 This Agreement, which may be executed in a number of counterparts, each of which shall
19 be deemed an original, and those provisions of the Original Loan Agreement not superseded by
20 this Supplemental Loan Agreement constitute the entire Agreement and understanding between
21 the parties, and supersedes all other prior agreements and understandings relating hereto.

1
2 **STATE OF NEW HAMPSHIRE**
3 **by:**

4 Thomas S. Burack
5 Thomas S. Burack, Commissioner
6 Environmental Services
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24

CITY OF MANCHESTER, NEW
HAMPSHIRE by:

Theodore Gatsas
Mayor

Will. E. S. A.
Finance Director

EXHIBIT A

STATE OF NEW HAMPSHIRE

WATER POLLUTION CONTROL REVOLVING LOAN FUND PROGRAM

PROJECT DESCRIPTION

The City of Manchester, New Hampshire has applied for a Loan for and has completed the following project: Cohas Brook Interceptor Sewer Project, Phase III Contract 1. The project extended sewer service to three formerly un-sewered sub-areas along Lake Shore Drive, Island Pond Road and Cohas Avenue.

1
2 **EXHIBIT B**

3 **STATE OF NEW HAMPSHIRE**

4 **WATER POLLUTION CONTROL REVOLVING FUND PROGRAM**

5 **PROMISSORY NOTE AND REPAYMENT SCHEDULE**
6

7 The **City of Manchester, New Hampshire** (Loan Recipient) promises to pay to the
8 Treasurer of the State of New Hampshire the sum of **Five Million, Three Hundred Fifty Three**
9 **Thousand, One Hundred Sixteen and 32/100 Dollars (\$5,353,116.32)** in installments on
10 **December 1** in each year as set forth below, with interest on the entire unpaid balance payable
11 on the first principal payment date and annually, thereafter, at the rate of **2.7200%** per annum,
12 computed on the basis of 30-day months and 360-day years, in the respective years set forth
13 below:

14 **REPAYMENT SCHEDULE**

15 <u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment Due</u>
16 2012	\$267,655.82	\$132,928.98	\$400,584.80
17 2013	\$267,655.82	\$138,324.53	\$405,980.35
18 2014	\$267,655.82	\$131,044.28	\$398,700.10
19 2015	\$267,655.82	\$123,764.05	\$391,419.87
20 2016	\$267,655.82	\$116,483.81	\$384,139.63
21 2017	\$267,655.82	\$109,203.57	\$376,859.39
22 2018	\$267,655.82	\$101,923.34	\$369,579.16
23 2019	\$267,655.82	\$94,643.09	\$362,298.91
24 2020	\$267,655.82	\$87,362.86	\$355,018.68
25 2021	\$267,655.82	\$80,082.62	\$347,738.44

1	2022	\$267,655.82	\$72,802.38	\$340,458.20
2	2023	\$267,655.82	\$65,522.15	\$333,177.97
3	2024	\$267,655.82	\$58,241.90	\$325,897.72
4	2025	\$267,655.82	\$50,961.66	\$318,617.48
5	2026	\$267,655.82	\$43,681.43	\$311,337.25
6	2027	\$267,655.82	\$36,401.19	\$304,057.01
7	2028	\$267,655.82	\$29,120.95	\$296,776.77
8	2029	\$267,655.82	\$21,840.72	\$289,496.54
9	2030	\$267,655.82	\$14,560.47	\$282,216.29
10	2031	\$267,655.74	\$7,280.23	\$274,935.97

11

12 This Promissory Note (Note) is issued under and by virtue of the New Hampshire
13 Municipal Finance Act, an agreement duly entered into by the Loan Recipient with the State of
14 New Hampshire Water Pollution Control Revolving Fund Program and is issued for the purpose
15 of financing the cost of the **Cohas Brook Interceptor Sewer Project, Phase III Contract 1** as
16 described in Exhibit A of the Supplemental Loan Agreement (Agreement).

17 The Loan Recipient reserves the right to prepay, without penalty, all or any part of the
18 principal hereof at any time.

19 The terms and provisions of the Agreement are hereby incorporated in and made a part of
20 this Note to the same extent as if said terms and provisions were set forth in full herein.

21 It is hereby certified and recited that all acts, conditions and things required to be done
22 precedent to and in the issuing of this Note have been done, have happened, and have been
23 performed in regular and due form, and for the payment hereof, when due, the full faith and
24 credit of the Loan Recipient are hereby irrevocably pledged.

25

1 IN WITNESS WHEREOF, the Loan Recipient has caused this Note to be signed by its
2 Mayor and Finance Director, and the Seal of the Loan Recipient to be affixed hereto, as of the
3 _____ day of _____, 2012.

4
5 **CITY OF MANCHESTER, NEW HAMPSHIRE by:**

6 
7 Mayor

8 
9 Finance Director

10
11
12 (Seal)