



The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES

Thomas S. Burack, Commissioner



February 22, 2013

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 (SLA) with the City of Portsmouth, (Vendor No. 177463) in the amount of \$5,000,000. This finalizes the loan amount used to finance the water system improvements project under the provisions of RSA 486:14 and N.H. Administrative Rules Env-Dw 1100 effective upon Governor & Council approval. 79% Federal Funds, 21% Capital (General) Funds.

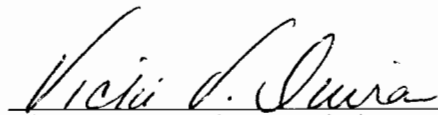
EXPLANATION

The purpose of the SLA for the City of Portsmouth, is to amend the Original Loan Agreement that was originally approved by Governor and Council on May 20, 2009 in the amount of \$5,000,000, as ITEM #53. The project is complete and the full amount was disbursed. This SLA finalizes the principal loan amount and establishes the long term principal and interest repayment schedule. The purpose of the project was to construct and upgrade the water treatment facility.

Under the terms of the Supplemental Loan Agreement, the City of Portsmouth, will pay back the principal sum of \$5,000,000 with interest, over a twenty-year period, payable in installments as provided in the agreement. This loan is being issued under the Drinking Water State Revolving Loan Fund program for the purpose of financing the water system improvements mentioned above. Attached are the agreement and the debt service schedule for this loan.

We respectfully request your approval.

Attachments


for Thomas S. Burack, Commissioner

DEPARTMENT OF ENVIRONMENTAL SERVICES
WATER DIVISION

DRINKING WATER STATE REVOLVING FUND

Supplemental information to Governor and Council request to finalize the loan agreement(s) under RSA 486:14 and N.H. Code of Administrative Rules Env-Dw 1100 et seq. for the public water system(s) listed below. This request will affect the balance of the loan funds as follows.

	<u>DWSRF</u>	<u>REPAYMENT</u>	<u>ARRA</u>
Federal Funds	\$104,221,498	\$0	\$18,720,000
Plus 20% State Match	\$28,249,860	\$0	\$0
Repayment Account	\$0	\$23,578,939	\$0
Total Funds Authorized/Available	\$132,471,358	\$23,578,939	\$18,720,000
Less Loans Previously Approved	\$120,885,072	\$0	\$18,720,000
Funds Available for Loans	\$11,586,286	\$23,578,939	\$0

New Loan Agreement(s)

Northern View Apartments	(\$195,000)
Well Hill Cooperative, Inc.	(\$268,000)
Rolling Acres MHP	(\$220,000)

Amended Loan Agreement(s)

	<u>Original Loan</u>	<u>Final Loan</u>	
Swains Lake Village District	\$250,000	(\$160,406)	\$89,594
North Conway Water Precinct	\$2,060,000	(\$2,011,099)	\$48,901
City of Portsmouth	\$5,000,000	(\$5,000,000)	\$0
Hampshire Court Condo Assoc	\$61,000	(\$61,000)	\$0
Lawrence Olson & Jean Hill	\$80,000	(\$80,000)	\$0
Francetown Village Water Co	\$207,000	(\$62,964)	\$144,036
Peter Knox - Castle Trust (Blueberry Hill)	\$250,000	(\$250,000)	\$0
City of Dover	\$4,000,000	(\$4,000,000)	\$0
Net Change to Loan(s)			(\$400,469) \$0 \$0

Balance Available After G & C Approval

\$11,185,817	\$23,578,939	\$0
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1 **STATE OF NEW HAMPSHIRE**
2 **DRINKING WATER STATE REVOLVING LOAN PROGRAM**
3 **CITY OF PORTSMOUTH, NEW HAMPSHIRE**
4 **(Project No. 1951010-15)**

5 **SUPPLEMENTAL LOAN AGREEMENT**
6

7 This SUPPLEMENTAL LOAN AGREEMENT (Agreement) is entered into as of the
8 20th day of March, 2013, between the State of New Hampshire, Drinking Water State Revolving
9 Loan Fund Program (State) and the **City of Portsmouth** (the "Loan Recipient") in accordance
10 with RSA 486:14 and New Hampshire Code of Administrative Rules Chapter Env-Dw 1100
11 (Rules) in order to finance **Upgrades to the Madbury Water Treatment Plant** (Project) which
12 is now complete. The Project is described in Exhibit A. This Agreement supplements or amends
13 the Original Loan Agreement (OLA) dated **May 20th, 2010**. The purpose of this Agreement is to
14 set the terms, interest rate, and payment schedule for the repayment of the monies borrowed
15 under the OLA. All terms of the 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 **February 1, 2012.**

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 Dollars (\$5,000,000)** with interest thereon
20 payable in annual installments as provided in this Agreement.

21 The Loan shall be represented by a Promissory Note (Note) of the Loan Recipient issued
22 under and in accordance with the applicable provisions of RSA 33, the Municipal Finance Act,
23 as amended and supplemented, including the provision of RSA 486:14, III. The Note shall be in
24 the form of Exhibit B. The outstanding principal amount of the Loan made hereunder shall bear
25 interest which shall accrue from the date that Loan is made computed on the basis of 30-day
months and 360-day years using the following interest rate: **2.720%**

1 interest which shall accrue from the date that Loan is made computed on the basis of 30-day
2 months and 360-day years using the following interest rate: **2.720%**

3 Annual payments of principal and interest by the Loan Recipient shall commence on
4 **February 1, 2013** and shall be due on this anniversary date each year thereafter until the Note is
5 paid in 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.

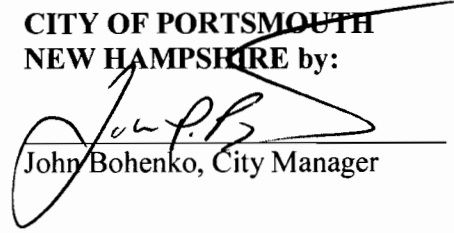
16 The parties hereto do not intend to benefit any third parties and this Agreement shall not
17 be construed to confer any such benefit.

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

3 
4 Thomas S. Burack, Commissioner
5 Environmental Services

CITY OF PORTSMOUTH
NEW HAMPSHIRE by:


John Bohenko, City Manager

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EXHIBIT A
STATE OF NEW HAMPSHIRE
DRINKING WATER STATE REVOLVING LOAN FUND PROGRAM
PROJECT DESCRIPTION

The City of Portsmouth has applied for a Loan for and has completed the following project:
The Madbury Water Treatment Plant Upgrade- Construction Phase

EXHIBIT B
STATE OF NEW HAMPSHIRE
DRINKING WATER STATE REVOLVING LOAN FUND PROGRAM
and
PROMISSORY NOTE AND REPAYMENT SCHEDULE

The City of Portsmouth, New Hampshire (Loan Recipient) promises to pay to the Treasurer of the State of New Hampshire the sum of Five Million Dollars (\$5,000,000) in installments on February 1 in each year as set forth below, with interest on the entire unpaid balance payable on the first principal payment date and annually, thereafter, at the rate of 2.720% per annum, computed on the basis of 30-day months and 360-day years, in the respective years set forth below.

REPAYMENT SCHEDULE

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Payment Due</u>
2013	\$250,000.00	\$197,622.34	\$447,622.34
2014	\$250,000.00	\$129,200.00	\$379,200.00
2015	\$250,000.00	\$122,400.00	\$372,400.00
2016	\$250,000.00	\$115,600.00	\$365,600.00
2017	\$250,000.00	\$108,800.00	\$358,800.00
2018	\$250,000.00	\$102,000.00	\$352,000.00
2019	\$250,000.00	\$95,200.00	\$345,200.00
2020	\$250,000.00	\$88,400.00	\$338,400.00
2021	\$250,000.00	\$81,600.00	\$331,600.00
2022	\$250,000.00	\$74,800.00	\$324,800.00

2023	\$250,000.00	\$68,000.00	\$318,000.00
2024	\$250,000.00	\$61,200.00	\$311,200.00
2025	\$250,000.00	\$54,400.00	\$304,400.00
2026	\$250,000.00	\$47,600.00	\$297,600.00
2027	\$250,000.00	\$40,800.00	\$290,800.00
2028	\$250,000.00	\$34,000.00	\$284,000.00
2029	\$250,000.00	\$27,200.00	\$277,200.00
2030	\$250,000.00	\$20,400.00	\$270,400.00
2031	\$250,000.00	\$13,600.00	\$263,600.00
2032	\$250,000.00	\$6,800.00	\$256,800.00

This Promissory Note (Note) is issued under and by virtue of the New Hampshire Municipal Finance Act, an agreement duly entered into by the Loan Recipient and the Drinking Water State Revolving Loan Fund Program, and is issued for the purpose of financing the cost of the Project as described in Exhibit A of the Supplemental Loan Agreement (Agreement).

The Loan Recipient reserves the right to prepay, at any time and without penalty, all or any part of the outstanding principal on this Note.

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

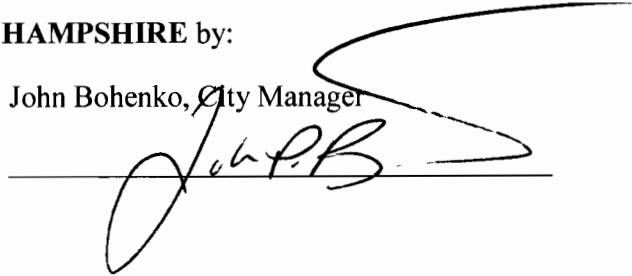
It is hereby certified and recited that all acts, conditions, and things required to be done precedent to and in the issuing of this Note have been done, have happened, and have been performed in regular and due form and, for the payment hereof when due, the full faith and credit of the Loan Recipient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

1 IN WITNESS whereof the Loan Recipient has caused this Note to be signed by its City
2 Manager and the seal of the Loan Recipient to be affixed hereto, as of the 26th day of
3 December, 2012.

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5 **CITY OF PORTSMOUTH, NEW HAMPSHIRE** by:

6 Name/Title John Bohenko, City Manager

7 Signature

A handwritten signature in black ink, appearing to read "John P. Bohenko", is written over a horizontal line. The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

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9 (Seal)

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