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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 North Conway Water Precinct (Vendor No. 154445) by reducing the original amount of \$2,060,000 by\$48,901.40, for a final amount of \$2,011,098.60. 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 North Conway Water Precinct is to amend the Original Loan Agreement that was originally approved by Governor and Council on January 14, 2009, in the amount of \$2,060,000, as ITEM #43. The project is complete and \$2,011,098.60 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 replace an existing well and construct a new pumphouse.

Under the terms of the Supplemental Loan Agreement, North Conway Water Precinct will pay back the principal sum of \$1,790,434.60 with interest, over a twenty-year period, payable in installments as provided in the agreement. This represents the total amount borrowed of \$2,011,098.60 less principal forgiveness at the rate of 15%, for a total repayment balance of \$1,790,434.60. 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

Thomas S. Burack, Commissioner

Telephone: (603) 271-2513 • Fax: (603) 271-5171 • TDD Access: Relay NH 1-800-735-2964

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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.

			DWSRF	REPAYMENT	ARRA
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)					
	Original Loan	Final Loan			
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		
Francestown 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

STATE OF NEW HAMPSHIRE

DRINKING WATER STATE REVOLVING LOAN PROGRAM

NORTH CONWAY WATER PRECINCT (Project No. 0511030)

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SUPPLEMENTAL LOAN AGREEMENT

This SUPPLEMENTAL LOAN AGREEMENT (Agreement) is entered into as of the 20th day of March, 2013, between the State of New Hampshire, Drinking Water State Revolving Loan Fund Program (State) and the **North Conway Water Precinct** (the "Loan Recipient") in accordance with RSA 486:14 and New Hampshire Code of Administrative Rules Chapter Env-Dw 1100 (Rules) in order to finance **Water System Improvements** (Project) which is now complete. The Project is described in Exhibit A. This Agreement supplements or amends the Original Loan Agreement (OLA) dated January 14, 2009. The purpose of this Agreement is to set the terms, interest rate, and payment schedule for the repayment of the monies borrowed under the OLA. All terms of the OLA that are not amended by this Agreement remain in effect.

This Agreement modifies the Scheduled Completion date contained in the OLA to February 1, 2012.

The Loan Recipient agrees to repay to the State, in accordance with the terms of this Agreement, the principal sum of **Two Million Eleven Thousand Ninety-Eight Dollars and Sixty Cents (\$2,011,098.60)** with interest thereon payable in annual installments as provided in this Agreement. Pursuant to the 2007 State of New Hampshire Drinking Water State Revolving Loan Intended Use Plan and the OLA, a total of 15% or \$301,664 of principal will be forgiven at the time of the initial loan repayment as reflected in the payment schedule in Exhibit B, attached hereto.

The Loan shall be represented by a Promissory Note (Note) of the Loan Recipient issued under and in accordance with the applicable provisions of RSA 33, the Municipal Finance Act,

The Loan shall be represented by a Promissory Note (Note) of the Loan Recipient issued under and in accordance with the applicable provisions of RSA 33, the Municipal Finance Act, as amended and supplemented, including the provision of RSA 486:14, III. The Note shall be in the form of Exhibit B. The outstanding principal amount of the Loan made hereunder shall bear 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: 2.72%.

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

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

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

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

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

1 No delay or omission on the part of the State of New Hampshire in exercising any right 2 hereunder shall operate as a waiver of such right or of any other right under this note. A waiver 3 on any one occasion shall not be construed as a bar to or any right and/or remedy on any future 4 occasion. 5 The Loan Recipient will pay all costs of collection, legal expenses, and attorney's fees 6 incurred or paid by the State of New Hampshire in collecting and/or enforcing this Agreement or 7 any Loan made hereunder on default. 8 The Loan Recipient reserves the right to prepay, without penalty, all or any part of the 9 principal of any Loan made hereunder. 10 The Loan Recipient agrees to comply with all State and Federal requirements as 11 contained in the Rules. 12 The effective date of this Agreement shall be the date of the Governor and Council 13 approval of this Agreement. 14 This Agreement may be amended, waived or discharged only by an instrument in writing 15 signed by the parties hereto and only after approval of such amendment, waiver or discharge by 16 the Governor and Council of the State of New Hampshire. 17 This Agreement shall be construed in accordance with the laws of the State of New 18 Hampshire, and is binding upon and inures to the benefit of the parties and their respective 19 successors. 20 The parties hereto do not intend to benefit any third parties and this Agreement shall not 21 be construed to confer any such benefit. 22 This Agreement, which may be executed in a number of counterparts, each of which shall 23 be deemed an original, and those provisions of the Original Loan Agreement not superseded by 24 this Supplemental Loan Agreement constitute the entire Agreement and understanding between 25 the parties, and supersedes all other prior agreements and understandings relating hereto.

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4	Thomas S. Burack, Commissioner Environmental Services
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NORTH CONWAY WATER PRECINCT
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Commissioner
John Santucco
Name
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Commissioner

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2	EXHIBIT A
3	STATE OF NEW HAMPSHIRE
4	DRINKING WATER STATE REVOLVING LOAN FUND PROGRAM
5	PROJECT DESCRIPTION
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7	The North Conway Water Precinct has applied for a Loan for and has completed the following
8	project: Water System Improvements
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EXHIBIT B

STATE OF NEW HAMPSHIRE

DRINKING WATER STATE REVOLVING LOAN FUND PROGRAM

and

PROMISSORY NOTE AND REPAYMENT SCHEDULE

The North Conway Water Precinct (Loan Recipient) promises to pay to the Treasurer of the State of New Hampshire the sum of Two Million Eleven Thousand Ninety-Eight Dollars and Sixty Cents (\$2,011,098.60) in installments on March 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 2.72% per annum, computed on the basis of 30-day months and 360-day years, in the respective years set forth below. A total of \$301,664 of principal will be forgiven at the time of the initial payment, as shown below.

REPAY	MENT	SCHI	EDITE	F
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16	<u>Year</u>	Principal	Interest	(Principal Forgiveness)	Payment Due
17	2013	\$38,919.00	\$73,029.69	(\$15,876.00)	\$111,948.69
18	2014	\$60,544.00	\$53,211.46	(\$15,876.00)	\$113,755.46
19	2015	\$63,174.00	\$51,132.83	(\$15,876.00)	\$114,306.83
20	2016	\$65,869.00	\$48,982.67	(\$15,876.00)	\$114,851.67
21	2017	\$68,631.00	\$46,759.21	(\$15,876.00)	\$115,390.21
22	2018	\$71,461.00	\$44,460.62	(\$15,876.00)	\$115,921.62
23	2019	\$74,362.00	\$42,085.05	(\$15,876.00)	\$116,447.05
24	2020	\$77,335.00	\$39,630.58	(\$15,876.00)	\$116,965.58
25	2021	\$80,382.00	\$37,095.24	(\$15,876.00)	\$117,477.24

1	2022	\$83,506.00	\$34,477.02	(\$15,876.00)	\$117,983.02
2	2023	\$86,708.00	\$31,773.83	(\$15,876.00)	\$118,481.83
3	2024	\$89,991.00	\$28,983.55	(\$15,876.00)	\$118,974.55
4	2025	\$93,357.00	\$26,103.96	(\$15,876.00)	\$119,460.96
5	2026	\$96,808.00	\$23,132.83	(\$15,876.00)	\$119,940.83
6	2027	\$100,347.00	\$20,067.82	(\$15,876.00)	\$120,414.82
7	2028	\$103,976.00	\$16,906.56	(\$15,876.00)	\$120,882.56
8	2029	\$107,698.00	\$13,646.58	(\$15,876.00)	\$121,344.58
9	2030	\$111,514.00	\$10,285.37	(\$15,876.00)	\$121,799.37
10	2031	\$115,429.00	\$6,820.36	(\$15,876.00)	\$122,249.36
11	2032	\$119,443.60	\$3,248.86	\$0.00	\$122,692.46

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	S whereof the Loan Recipient has caused this Note to be signed by its			
2 [Board of Commis	and the seal of the Loan Recipient to be affixed hereto, as of the			
3	2nd day of January, 2013.				
4					
5	North Conway Wat				
6	Signature	Janu Sambege			
7	Name (Print)	James S. limberger			
8	Title	Commissioner			
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10	Signature	John Santuccio			
11	Name (Print)	John Santuccio			
12	Title	Commissioner			
13					
14	Signature				
15	Name (Print)	Delant Month			
16	Title	Kobert F. Porter Commissioner			
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18	(Seal)				
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