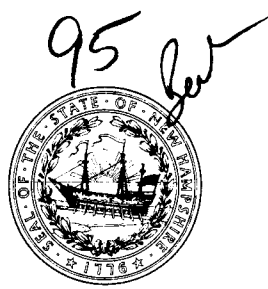




The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES



Thomas S. Burack, Commissioner

August 11, 2014

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 amend a loan agreement with the City of Manchester (VC#177433), Manchester, NH by increasing the loan amount by \$5,000,000 from \$4,000,000 to \$9,000,000 to finance water system improvements under the provisions of RSA 486:14 and N.H. Code of Administrative Rules Env-Dw 1100 et seq. effective upon Governor & Council approval. The original loan agreement was approved on March 12, 2014, Item #33. 100% Drinking Water State Revolving Loan Fund (DWSRF) Repayment Funds.

Funding is available in the accounts as follows:


	<u>FY 2015</u>
03-44-44-441018-4791-301-500833	\$5,000,000
Dept Environmental Services, DWSRF Loan Repayments, Loans	

EXPLANATION

The purpose of this amendment is to authorize the Manchester Water Works to modify their original loan agreement approved by Governor and Council on March 12, 2014 as Item # 33. The City of Manchester had originally requested \$4,000,000 from the Drinking Water State Revolving Fund Program (DWSRF) to finance a project which includes replacing and renovating water mains and water storage structures within the City of Manchester. The additional funds will be used to construct two new storage tanks to replace the existing 20 million gallon finish water reservoir. DES has sufficient funds at this time to meet the City's request. This project will improve water quality and increase water service reliability.

The Repayment Account has an uncommitted balance of \$21,712,360 as of August 7, 2014 that has accumulated from repayment of loans to public water systems. New loans are made with these funds. Attached is a tabulation of the Repayment Account showing the effect of this loan on the funds available.

We respectfully request your approval.


Thomas S. Burack, Commissioner

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council

Page 2

DEPARTMENT OF ENVIRONMENTAL SERVICES
WATER DIVISION

DRINKING WATER STATE REVOLVING FUND

Supplemental information to Governor and Council request of 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>REPAYMENT</u>
Repayment Account (Balance as of 8/7/14)	\$28,657,860
Total Funds Authorized/Available	<u>\$28,657,860</u>
Less Loans Previously Approved	<u>\$6,945,500</u>
Funds Available for Loans	\$21,712,360
 Amended Loan Agreement	
Manchester Water Works (Project#: 1471010-07)	\$ (5,000,000.00)
 Net Change to Loan(s)	<u>\$ (5,000,000.00)</u>
 Balance Available After G & C Approval	<u><u>\$16,712,360</u></u>

AMENDMENT #1
TO
STATE OF NEW HAMPSHIRE
DRINKING WATER STATE REVOLVING FUND PROGRAM

City of Manchester
ORIGINAL LOAN AGREEMENT
For Project # 1471010-07

Whereas the City of Manchester wishes to increase the amount of their loan for **Project # 1471010-07** from **\$4,000,000** to **\$9,000,000**, an increase of **\$5,000,000** in order to finance the replacement of the High Service Reservoir cover.

Now Therefore, amend the ORIGINAL LOAN AGREEMENT for Project 1471010-07 as approved by Governor and Council on March 12, 2014 as Item #33 in the following manner:

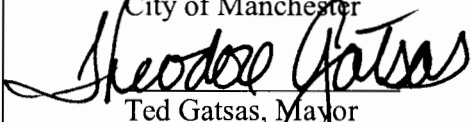
Change Page 1, Lines 15 through 21 of the ORIGINAL LOAN AGREEMENT to read:

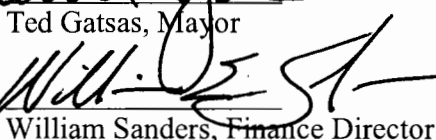
“II. The State agrees to loan to the Loan Recipient, and the Loan Recipient agrees to repay to the State, in accordance with the terms of this Agreement, the principal sum of **Nine Million Dollars (\$9,000,000)** (“Principal Sum”) or such lesser amount as shall equal the aggregate of Disbursements made hereunder by the State to the Loan Recipient. Federal financial assistance provided through Capitalization Grants for Drinking Water State Revolving Funds (CFDA #66.468) may comprise all or a portion of the Principal Sum. Any Disbursement or other payment from the State to the Loan Recipient is contingent upon the availability of funds.

Change Page 2, Lines 20 through Page 3, Line 3 of the ORIGINAL LOAN AGREEMENT to read:


“ VI. The Loan Recipient hereby authorizes the State to compute the payments of principal and interest on the Note. The principal shall be paid in full within twenty (20) years from the date of the Note. Note payments shall commence on the first day of the month following the first anniversary of the Substantial Completion date of the Project or the first anniversary of the Scheduled Completion date of the project, whichever is earlier. The Scheduled Completion date is hereby determined to be **December 1, 2016**; however, should the project experience excusable delay beyond this date, an extension may be granted by the Commissioner upon request in writing by the Loan Recipient. In no event shall Note payments commence later than ten years from the effective date of this agreement.

Accepted By:
City of Manchester


Ted Gatsas, Mayor


William Sanders, Finance Director

Accepted By:
State of New Hampshire


Thomas S. Burack, Commissioner
Department of Environmental Services

10/11/11



The State of New Hampshire
DEPARTMENT OF ENVIRONMENTAL SERVICES

Johanna McKeane



Thomas S. Burack, Commissioner

February 25, 2014

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

DATE: 3/12/14
PAGE: 33

REQUESTED ACTION

Authorize the Department of Environmental Services to approve a loan agreement with the City of Manchester (VC#177433), Manchester, NH in the amount not to exceed \$4,000,000 to finance water system improvements under the provisions of RSA 486:14 and N.H. Code of Administrative Rules Env-Dw 1100 et seq. effective upon Governor & Council approval. 79% Federal Funds, 21% Capital (General) Funds.

Funding is available in the accounts as follows:

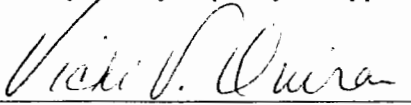
	<u>FY 2014</u>
03-44-44-441018-4789-301-500833 Dept Environmental Services, DWSRF Loans, Loans	\$3,160,000
03-44-44-441030-0956-034-500161 Dept Environmental Services, 11-253:1:VI-B, DWSRF Match	\$840,000

EXPLANATION

The purpose of this loan agreement is to authorize the Manchester Water Works to borrow up to \$4,000,000 from the Drinking Water State Revolving Loan Fund (DWSRF) to finance water system improvements. These improvements include replacing and renovating water mains and water storage structures within the City of Manchester, NH. The new water mains and water storage will improve water quality, and increase water service reliability and reduce water leakage. The final loan amount will be based on the total DWSRF funds disbursed, and may be less than \$4,000,000. The loan interest rate may be adjusted downward if the DWSRF loan rate in effect upon project completion is less than the current rate of 2.72%.

The DWSRF is authorized by RSA 486:14 and N.H. Code of Administrative Rules Env-Dw 1100 et seq. The U. S. Environmental Protection Agency (EPA) has provided approximately \$110,031,988 to capitalize the DWSRF and the State has provided \$29,934,060 in required matching funds. There is currently a balance of \$4,523,697 in the DWSRF available for new loans. Attached is a tabulation of the DWSRF showing the effect of this loan on the funds available for loans.

We respectfully request your approval.

for 
Thomas S. Burack, Commissioner

NEW HAMPSHIRE DEPARTMENT OF ENVIRONMENTAL SERVICES
Drinking Water State Revolving Loan Program

<u>DWSRF Fund Available For Loans</u>	<u>Amount</u>
1997 - 2006 Capitalization Grants	\$84,740,500
Plus State Match	\$16,952,100
Less Setasides	<u>(\$18,990,542)</u>
Total 1997-2006 Funds Available for Loans	\$82,702,058
2007 Capitalization Grant	\$8,229,000
Plus State Match	\$1,646,160
Less Setasides	<u>(\$2,550,990)</u>
Total 2007 Funds Available for Loans	\$7,324,170
2008 Capitalization Grant	\$8,146,000
Plus State Match	\$1,629,200
Less Setasides	<u>(\$2,525,260)</u>
Total 2008 Funds Available for Loans	\$7,249,940
2009 Capitalization Grant	\$8,146,000
Plus State Match	\$1,629,200
Less Setasides	<u>(\$2,525,260)</u>
Total 2009 Funds Available for Loans	\$7,249,940
2010 Capitalization Grant	\$13,573,000
Plus State Match	\$2,714,600
Less Setasides	<u>(\$4,712,120)</u>
Total 2010 Funds Available for Loans	\$11,575,480
2011 Capitalization Grant	\$9,418,000
Plus State Match	\$1,883,600
Less Setasides	<u>(\$2,919,580)</u>
Total 2011 Funds Available for Loans	\$8,382,020
2012 Capitalization Grant	\$8,975,000
Plus State Match	\$1,795,000
Less Setasides	<u>(\$2,782,250)</u>
Total 2012 Funds Available for Loans	\$7,987,750
2013 Capitalization Grant	\$8,421,000
Plus State Match	\$1,684,200
Less Setasides	<u>(\$2,610,510)</u>
Total 2013 Funds Available for Loans	\$7,494,690
Total 1997-2013 Funds Available for Loans	\$139,966,048

Her Excellency, Governor Margaret Wood Hassan
and the Honorable Council

Page 2

DEPARTMENT OF ENVIRONMENTAL SERVICES
WATER DIVISION

DRINKING WATER STATE REVOLVING FUND

Supplemental information to Governor and Council request of 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>
Federal Funds	\$110,031,988
Plus 20% State Match	<u>\$29,934,060</u>
Total Funds Authorized/Available	\$139,966,048
Less Loans Previously Approved	<u>\$135,442,351</u>
Funds Available for Loans	\$4,523,697
New Loan(s) Being Requested	
Manchester Water Works (Project#: 1471010-07)	(4,000,000)
Net Change to Loan(s)	<u>(\$4,000,000)</u>
Balance Available After G & C Approval	<u><u>\$523,697</u></u>

1 the request are eligible under Env-Dw 1104.01, as applicable. Interest on any Disbursement
2 shall accrue from the date of the Disbursement at the rate of 1% per annum computed on the
3 basis of 30-day months and 360-day years until the date of Substantial Completion (“Substantial
4 Completion”) of the Project. Such interest may be paid (1) semi-annually, prior to the
5 commencement of Loan repayment, (2) prior to the commencement of Loan repayment, (3) at
6 the time of the first Loan repayment, or (4) added to the principal outstanding Loan balance at
7 the option of the Loan Recipient so long as the Loan Recipient’s authority to borrow is not
8 exceeded.

9

10 IV. Upon Substantial Completion of the Project, the aggregate of the Disbursements shall be
11 consolidated by a Promissory Note (“Note”) of the Loan Recipient issued under and in
12 accordance with the applicable provisions of the Municipal Finance Act, RSA 33, as amended
13 and supplemented, including the provisions of RSA 486:14. The Note shall be substantially in
14 the form of Exhibit B.

15

16 V. The interest rate applicable to the Note will be determined in accordance with RSA 486:14
17 and Env-Dw 1100 et seq. Such interest rate will be the lesser of **2.72 %** and the adjusted market
18 rate as determined by the 11-GO Bond Buyer Index in effect on the date of the Note.

19

20 VI. The Loan Recipient hereby authorizes the State to compute the payments of principal and
21 interest on the Note. The principal shall be paid in full within **twenty (20)** years from the date of
22 the Note. Note payments shall commence on the first day of the month following the first
23 anniversary of the Substantial Completion date of the Project or the first anniversary of the
24 Scheduled Completion date of the project, whichever is earlier. The Scheduled Completion date
25 is hereby determined to be **December 1, 2015**; however, should the project experience excusable

1 delay beyond this date, an extension may be granted by the Commissioner upon request in
2 writing by the Loan Recipient. In no event shall Note payments commence later than ten years
3 from the effective date of this agreement.

4
5 VII. The Loan Recipient reserves the right to prepay, at any time and without penalty, all or any
6 part of the outstanding principal of the Note.

7
8 VIII. In the event of a default in the full and timely remittance of any Note payment, any State
9 Aid Grant funds payable to the Loan Recipient under RSA 486:1 may be offset against and
10 applied to the payment of any obligations that are due hereunder. The Loan Recipient agrees to
11 be liable for all costs of collection, legal expenses, and attorney's fees incurred or paid by the
12 State in enforcing this agreement or in collecting any delinquent payments due hereunder.

13
14 IX. No delay or omission on the part of the State in exercising any right hereunder shall operate
15 as a waiver of such right or of any other right under this agreement. A waiver on any one
16 occasion shall not be construed as bar to any right and/or remedy on any future occasion.

17
18 X. The Loan Recipient acknowledges that by accepting the Loan it will be a sub-recipient of
19 federal financial assistance and, as such, subject to requirements of the federal Single Audit Act
20 of 1984, as amended by the Single Audit Act Amendments of 1996 (the "SAA"). The Loan
21 Recipient further acknowledges that, if the Loan Recipient expends more than \$500,000 in
22 federal financial assistance from all sources in any fiscal year, it must perform an SAA audit in
23 accordance with the requirements of Office of Management and Budget Circular A-133. In that
24 event, the Loan Recipient shall provide the State with a copy of the SAA audit report within nine
25 months of the end of the audit period.

1 XI. The Loan Recipient agrees to permit the Comptroller General of the United States, an
2 appropriate Inspector General appointed under section 3 or 8G of the Inspector General Act of
3 1978 (5 U.S.C. App.), or an authorized representative of either of the foregoing officials, or of
4 the State of New Hampshire to have access to and the right to:

5
6 (i) Examine any of the Borrower's, the contractor's or any subcontractor's records
7 that pertain to and involve transactions relating to this Agreement, the Construction
8 Contract, the Engineering Contract or a subcontract thereunder; and

9
10 (ii) Interview any officer or employee regarding such transactions.
11

12 The Borrower shall insert subparagraphs (i). and (ii). in the Construction Contract and require the
13 Contractor to insert subparagraphs (i). and (ii). in all subcontracts thereunder.
14

15 XII. Davis-Bacon (DB) prevailing wage requirements apply to the Project in accordance with the
16 federal fiscal year (FY) **2013 Consolidated and Further Continuing Appropriations Act**
17 **(P.L. 113-6)**. The Loan Recipient shall insert in full in any contract in excess of \$2,000 which is
18 entered into for Project construction the standard Davis-Bacon contract clause as specified by 29
19 CFR §5.5(a). The Loan Recipient shall obtain the wage determination for the locality in which a
20 covered activity subject to DB will take place prior to issuing requests for bids, proposals, quotes
21 or other methods for soliciting contracts (solicitation) for activities subject to DB. These wage
22 determinations shall be incorporated into solicitations and any subsequent contracts. Prime
23 contracts must contain a provision requiring that subcontractors follow the wage determination
24 incorporated into the prime contract.
25

1 XIII. The Loan Recipient agrees to comply with the Buy American requirements of H.R. 3547.
2 Unless this requirement has been waived by a competent federal authority pursuant to 2 CFR
3 176.140, none of the funds made available by a drinking water revolving loan fund as authorized
4 by section 1452 of the Safe Drinking Water Act shall be used for a project for the construction,
5 alteration, maintenance, or repair of a public water system unless all of the iron and steel
6 products used in the project are produced in the United States. In this section, the term "iron and
7 steel products" means the following products made primarily of iron or steel: lined or unlined
8 pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe
9 clamps and restraints, valves, structural steel, reinforced precast concrete, and construction
10 materials. The application of Buy American requirements apply for the entirety of the
11 construction activities financed by the assistance agreement through completion of construction
12 no matter when construction commenced. The requirement applies to the entire project
13 regardless if additional funds from other sources are used.
14

15
16 XIV. The Loan Recipient shall not knowingly award a construction contract to a contractor
17 which has been debarred or suspended by the federal government. The Loan Recipient or its
18 agent shall compare the names of contractors who have bid on the project against the searchable
19 list in the federal "Excluded Parties List System" (EPLS) database, which can be found at
20 <https://www.epls.gov/>; and
21

22 XV. Pursuant to 40 CFR, Section 33.301, the Loan Recipient shall make good faith efforts to
23 utilize small, minority and women's business enterprises whenever procuring construction,
24 equipment, services and supplies under an EPA financial assistance agreement, and shall require
25

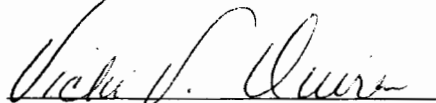
1 that prime contractors also comply. Records documenting compliance with the six good faith
2 efforts shall be retained.

3
4 XVI. The effective date of this agreement shall be the date of its approval by the Governor and
5 Executive Council. This agreement may be amended, waived, or discharged only by a written
6 instrument signed by the parties hereto and only after approval of such amendment, waiver, or
7 discharge by the Governor and Executive Council.


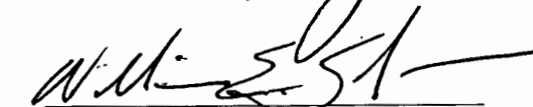
8
9 XVII. This agreement shall be construed in accordance with the laws of the State of New
10 Hampshire and is binding upon and inures to the benefit of the parties and their respective
11 successors. The parties hereto do not intend to benefit any third parties and, consequently, the
12 agreement shall not be construed to confer any such benefit.

13
14 XVIII. This agreement, which may be executed in a number of counterparts, each of which shall
15 be deemed an original, constitutes the entire agreement and understanding between the parties
16 and supersedes all prior agreements and understandings relating thereto. Nothing herein shall be
17 construed as a waiver of sovereign immunity, such immunity being hereby specifically reserved.

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20
21 STATE OF NEW HAMPSHIRE by:

22 
23 Thomas S. Burack, Commissioner
24 Environmental Services

CITY OF MANCHESTER by:

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Ted Gatsas, Mayor

William Sanders, Finance Director

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

The City of Manchester has applied for a Loan to be used for water system improvements including replacing and renovating water mains and water storage structures within the City of Manchester.

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

The **City of Manchester** ("Loan Recipient") promises to pay to the Treasurer of the State of New Hampshire the sum of _____ Dollars (_____) in installments on the anniversary date of this Promissory Note ("Note") in each year as set forth below, commencing on the first principal payment date and annually thereafter on each principal payment date, including interest at the rate of _____% per annum, computed on the basis of 30-day months and 360-day years, in the respective years set forth below. A sum of _____% of each principal and interest installment payment will be forgiven at the time each installment is due.

REPAYMENT SCHEDULE

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total P&I</u>	<u>Payment Due</u>
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1 This Note is issued under and by virtue of the New Hampshire Municipal Finance Act, an
2 agreement duly entered into by the Loan Recipient and the Drinking Water State Revolving Loan
3 Fund Program ("Agreement"), a vote of the Loan Recipient at its Town/City Council Meeting on
4 _____, _____, and a duly-adopted resolution of the Governing Body of the Loan
5 Recipient and is issued for the purpose of financing the cost of the Project as described in said
6 Resolution and Agreement.

7
8 The Loan Recipient reserves the right to prepay, at any time and without penalty, all or
9 any part of the outstanding principal on this Note.

10
11 The terms and provisions of the Agreement are hereby incorporated in and made a part of
12 this Note to the same extent as if said terms and provisions were set forth in full herein.

13
14 It is hereby certified and recited that all acts, conditions, and things required to be done
15 precedent to and in the issuing of this Note have been done, have happened, and have been
16 performed in regular and due form and, for the payment hereof when due, the full faith and credit
17 of the Loan Recipient are hereby irrevocably pledged.

1 IN WITNESS whereof the Loan Recipient has caused this Note to be signed by its
2 _____, and the seal of the Loan Recipient to be affixed hereto, as of the
3 ____ day of _____, 2014.

4
5 CITY OF MANCHESTER by:

6
7 _____
Name, Title

8
9 _____
Name, Title

10
11 (Seal)

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