



The State of New Hampshire
Department of Environmental Services

Clark B. Freise, Assistant Commissioner



S.G.M.
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May 11, 2017

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

REQUESTED ACTION

Authorize the Department of Environmental Services to approve a loan agreement with the Hooksett Village Water Precinct (VC# 154600 B001, Hooksett, NH in the amount not to exceed \$1,848,180 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. 100% Drinking Water State Revolving Loan Fund (DWSRF) Repayment Funds.

Funding is available in the account as follows:

03-44-44-441018-4791-301-500833	<u>FY 2017</u>
Dept Environmental Services, DWSRF Loan Repayments, Loans	\$1,848,180

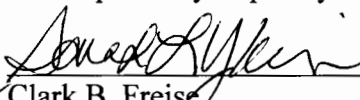
EXPLANATION

The purpose of this loan agreement is to authorize the Hooksett Village Water Precinct to borrow up to \$1,848,180 from the Drinking Water State Revolving Loan Fund (DWSRF) to finance water system improvements. The improvements include the construction of a new water storage tank to replace the existing tank on Hooksett Road. The project will improve capacity and reliability of the water system.

The final loan amount will be based on the total DWSRF funds disbursed, and may be less than \$1,848,180. 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 1.96%.

The DWSRF is authorized by RSA 486:14 and N.H. Code of Administrative Rules Env-Dw 1100 et seq. There is currently a balance of \$14,459,978 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 Clark B. Freise
Assistant Commissioner

His Excellency, Governor Christopher T. Sununu
and the Honorable Council

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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 5/10/17)	<u>\$18,174,978</u>
Less Loans Previously Approved	<u>\$3,715,000</u>
Funds Available for Loans	\$14,459,978
 New Loans Being Requested	
Hooksett Village Water Precinct (Project #: 1181020)	(1,848,180)
Net Change to Loan(s)	<u>(1,848,180)</u>
 Balance Available After G & C Approval	 <u><u>\$12,611,798</u></u>

STATE OF NEW HAMPSHIRE

DRINKING WATER STATE REVOLVING LOAN FUND PROGRAM

HOOKSETT VILLAGEWATER PRECINCT, NEW HAMPSHIRE
(Project No. 1181020)

ORIGINAL LOAN AGREEMENT

I. This Agreement is between the State of New Hampshire Drinking Water State Revolving Loan Fund Program (State) and the **Hooksett Village Water Precinct, New Hampshire** (Loan Recipient) in accordance with RSA 486:14 and New Hampshire Code of Administrative Rules Env-Dw 1100 (Rules) for the purpose of financing, to the extent of the aggregate amount of funds transferred (Disbursements) to the Loan Recipient made hereunder, the **Water Tank Replacement Project** (Project) now being undertaken by the Loan Recipient. The Project is described in Exhibit A. The Loan Recipient shall abide by all of the requirements of RSA 486:14 and the Rules.

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 **One Million Eight Hundred Eighty Four Thousand One Hundred Eighty and 00/100 Dollars (\$1,848,180)** (Principal Sum) or such lesser amount as shall equal the aggregate of Disbursements made hereunder by the State to the Loan Recipient. In addition to the principal sum, the Loan Recipient agrees to pay the applicable interest accrued as described in Paragraphs III, V, and VII. Federal financial assistance provided through the Drinking Water State Revolving Loan Fund Program (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.

1 III. Disbursements shall be made on a periodic basis, as requested by the Loan Recipient, but not
2 more frequently than monthly, subject to the approval of the amount of each Disbursement by
3 the State. The State shall approve the amount requested if it determines that the costs covered by
4 the request are eligible under Env-Dw 1104.01, as applicable. Interest on each Disbursement
5 shall accrue on the outstanding principal balance from the date of the Disbursement at the rate of
6 1% per annum computed on the basis of 30-day months and 360-day years until the date of
7 Substantial Completion of the Project or the date of Scheduled Completion, whichever is earlier.
8 At the option of the Loan Recipient, such interest may be paid (1) prior to the commencement of
9 Loan repayment, (2) at the time of the first Loan repayment, or (3) by adding the charges to the
10 outstanding principal Loan balance so long as the Loan Recipient's authority to borrow is not
11 exceeded.

12
13 IV. The aggregate of the Disbursements shall be consolidated by a Promissory Note (Note) of
14 the Loan Recipient in a Supplemental Loan Agreement issued under and in accordance with the
15 applicable provisions of this Agreement and the Municipal Finance Act, RSA 33, as amended
16 and supplemented, including the provisions of RSA 486:14. The Note shall be substantially in
17 the form of Exhibit B.

18
19 V. The interest rate applicable to the Note will be **1.96%**, as determined in accordance with
20 RSA 486:14 and Env-Dw 1100 et seq.

21
22 VI. The Loan Recipient hereby authorizes the State to compute the payments of principal and
23 interest on the Note. The principal shall be paid in full within **twenty (20)** years from the date of
24 the Note. Note payments shall commence within one year of the Substantial Completion date of
25 the Project or the Scheduled Completion date of the project, whichever is earlier. The Scheduled

1 Completion date is hereby determined to be **September 1, 2018**; however, should the project
2 experience an excusable delay, an extension may be granted by the Commissioner of the
3 Department of Environmental Services upon request in writing by the Loan Recipient. In no
4 event shall Note payments commence later than ten years from the effective date of this
5 Agreement.

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

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

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

19
20 X. The Loan Recipient agrees to comply, and to require all of its contractors to comply, with all
21 applicable state and federal requirements contained in the Rules and applicable state and federal
22 laws, including those specific requirements outlined in Exhibit C.

23
24 XI. The Loan Recipient is required to develop an asset maintenance and renewal plan for the
25 assets(s) being funded under the loan or incorporate the funded asset(s) into an existing asset

1 management plan. At a minimum the plan must include a commitment to asset management,
2 financing and implementation strategy and an inventory of the funded asset(s).

3
4 XII. The Loan Recipient agrees to permit the Comptroller General of the United States, an
5 appropriate Inspector General appointed under section 3 or 8G of the Inspector General Act of
6 1978 (5 U.S.C. App.), or an authorized representative of either of the foregoing officials, or of
7 the State of New Hampshire to have access to and the right to:

8
9 (i) Examine any of the Loan Recipient's, the contractor's or any subcontractor's
10 records

11 that pertain to and involve transactions relating to this Agreement, the Construction
12 Contract, the Engineering Contract or a subcontract thereunder; and

13
14 (ii) Interview any officer or employee regarding such transactions.
15

16 The Loan Recipient shall insert subparagraphs (i). and (ii). in the Construction Contract and
17 require the Contractor to insert subparagraphs (i). and (ii). in all subcontracts thereunder.
18

19 XIII. The effective date of this Agreement shall be the date of its approval by the Governor and
20 Executive Council. This Agreement may be amended, waived, or discharged only by a written
21 instrument signed by the parties hereto and only after approval of such amendment, waiver, or
22 discharge by the Governor and Executive Council.
23

24 XIV. This Agreement shall be construed in accordance with the laws of the State of New
25 Hampshire and is binding upon and inures to the benefit of the parties and their respective

1 successors. The parties hereto do not intend to benefit any third parties and, consequently, the
2 Agreement shall not be construed to confer any such benefit.

3
4 XV. The Loan Recipient acknowledges that by accepting the Loan it will be a sub-recipient of
5 federal financial assistance and, as such, subject to requirements of the federal Single Audit Act
6 and subsequent amendments (SAA). The Loan Recipient further acknowledges that, if the Loan
7 Recipient expends more than the required threshold in federal financial assistance from all
8 sources in any fiscal year, it must perform an SAA audit in accordance with the requirements of
9 Office of Management and Budget Circular A-133. In that event, the Loan Recipient shall
10 provide the State with a copy of the SAA audit report within nine months of the end of the audit
11 period.

12
13 XVI. This Agreement, which may be executed in a number of counterparts, each of which shall
14 be deemed an original, constitutes the entire agreement and understanding between the parties
15 and supersedes all prior agreements and understandings relating thereto. Nothing herein shall be
16 construed as a waiver of sovereign immunity, such immunity being hereby specifically reserved.


1 STATE OF NEW HAMPSHIRE by:

HOOKSETT VILLAGE WATER PRECINCT,

2

NH by:

3  5/15/17
4 Clark B. Freise Date
Assistant Commissioner
Department of Environmental Services

 5-9-17
Todd Smith, Chair Date
Commissioner
Hooksett Village Water Precinct

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This Agreement was approved by Governor and Executive Council on _____
_____ as Item No. _____

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E X H I B I T A

**STATE OF NEW HAMPSHIRE
DRINKING WATER STATE REVOLVING LOAN FUND PROGRAM**

PROJECT DESCRIPTION

The **Hooksett Village Water Precinct** has applied for a Loan to be used for water system improvements including construction of a new water tank.

1 **EXHIBIT B**

2 **STATE OF NEW HAMPSHIRE**
3 **DRINKING WATER STATE REVOLVING LOAN FUND PROGRAM**

4 **PROMISSORY NOTE AND REPAYMENT SCHEDULE**

5
6 The **Hooksett Village Water Precinct, New Hampshire** (Loan Recipient) promises to
7 pay to the Treasurer of the State of New Hampshire the principal sum of
8 _____ Dollars (_____) in installments on **(Month, Day)** in
9 each year as set forth below, with interest on the entire unpaid balance payable on the first
10 principal payment date and annually, thereafter, at the rate of ____% per annum, computed on
11 the basis of 30-day months and 360-day years, in the respective years set forth below.

12
13 REPAYMENT SCHEDULE

14 Payment Date Principal Payment Interest Payment Total Payment

15 1
16 2
17 3
18 4
19 5
20 6
21 7
22 8
23 9
24 10
25 11

1 12
2 13
3 14
4 15
5 16
6 17
7 18
8 19
9 20

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

14
15 The Loan Recipient reserves the right to prepay, at any time and without penalty, all or
16 any part of the outstanding principal or interest on this Note.

17
18 The terms and provisions of the Agreement are hereby incorporated in and made a part of
19 this Note to the same extent as if said terms and provisions were set forth in full herein.

20
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 credit
24 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 _____, on the date(s) below.

3

4 HOOKSETT VILLAGE WATER PRECINCT, NEW HAMPSHIRE by:

5

Todd Smith, Chair
Hooksett Village Water Precinct

Date

(Seal)

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1 writing that the American Iron and Steel Requirement is not applicable to the Project. The Loan
2 Recipient further agrees to maintain records documenting compliance with the American Iron and Steel
3 Requirement, and to provide records and certifications to the State upon request.

4
5 **GENERALLY ACCEPTED ACCOUNTING PROCEDURES:** The Loan Recipient shall maintain
6 project accounts in accordance with the Generally Accepted Accounting Principles (GAAP), including
7 standards relating to the reporting of infrastructure assets as issued by the Governmental Accounting
8 Standards Board (GASB). The most recent applicable standard is GASB Statement No. 34 (GASB 34)
9 issued in June 1999, which details governmental reporting requirements including standards for reporting
10 of infrastructure assets. The full text of GASB 34 is available through the GASB website at:

11 http://www.gasb.org/jsp/GASB/Document_C/GASBDocumentPage?cid=1176160029121&acceptedDiscl
12 [aimer=true](#)

13
14 **DISADVANTAGED BUSINESS ENTERPRISE (DBE):** Pursuant to 40 CFR, Section 33.301, the
15 Loan Recipient shall make good faith efforts to utilize small, minority and women’s business enterprises
16 whenever procuring construction, equipment, services and supplies under an EPA financial assistance
17 agreement, and shall require that prime contractors also comply. Records documenting compliance with
18 the six good faith efforts shall be retained.

19
20 **EXCLUDED PARTIES LIST SYSTEMS (EPLS):** The Loan Recipient shall not knowingly award a
21 construction contract to a contractor which has been debarred or suspended by the federal government.
22 The Loan Recipient or its agent shall compare the names of contractors who have bid on the project
23 against the searchable list in the federal “Excluded Parties List System” (EPLS) database, which can be
24 found at <https://www.epls.gov>.