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B.F.A.
NEW HAMPSHIRE
BUSINESS FINANCE AUTHORITY

November 16, 2016

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

Re: Business Finance Authority Loan to NSA Industries, LLC. Pursuant to RSA 162-A:9.

Dear Governor and Council:

REQUESTED ACTION

Holding of a public hearing and passage of a resolution entitled: A RESOLUTION UNDER RSA 162-A:18 AWARDING AND APPROVING A LOAN UNDER RSA 162-A:9 TO NSA INDUSTRIES, LLC.. (For the text of the requested Resolution see Exhibit One attached to this letter of transmittal.)

The Business Finance Authority of the State of New Hampshire (the "Authority") respectfully requests that you hold a public hearing and make the statutory findings under RSA 162-A:18, with respect to the proposed loan by the Authority to NSA Industries, LLC. (the "Borrower"), a New Hampshire corporation, in the form of a term loan in the principal amount of up to Two Million dollars (\$2,000,000). The Authority recommends your favorable action and submits in support thereof, the following materials as designated:

- (1) a summary of the transaction
- (2) a proposed resolution for adoption by the Governor and Council;
- (3) a copy of RSA 162-A:9;
- (4) a letter from the undersigned explaining the transaction;
- (5) a commitment letter extended by the Authority to the Borrower;
- (6) draft loan documents, which when executed and delivered, will evidence and govern the loan to be made by the Authority to the Borrower.

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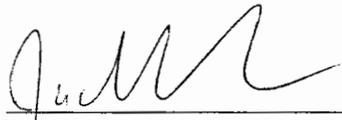
(7) a resolution adopted by the Authority on October 17, 2016 which recommends that Governor and Council approve the proposed loan;

(8) a summary of required statutory findings of the Governor and Council with reference materials to support each finding.

The Authority would be pleased to furnish any additional documentation and information which you may request.

Respectfully Submitted,

**BUSINESS FINANCE AUTHORITY
OF THE STATE OF NEW HAMPSHIRE**

By: 

Jack Donovan
Executive Director

See Attached Exhibits
cmc\tempprog\nsa

LOAN SUMMARY

BORROWER – NSA INDUSTRIES, LLC.

LOCATION - 210 Pierce Road
St Johnsbury, Vermont 05819

TYPE OF BUSINESS – Manufacturing – Metal fabrication

LENDER - Business Finance Authority of the State of New Hampshire
2 Pillsbury Street, Suite 201
Concord, New Hampshire 03301

AMOUNT OF LOAN - \$2,000,000

TYPE OF LOAN – Thirty-Six Month Term Loan

PURPOSE – Loan proceeds would be used to complete the acquisition of New Hampshire Precision and relocating the business to Groveton, New Hampshire.

COLLATERAL – Loan will be secured by business assets located in Groveton, NH.

**A RESOLUTION UNDER RSA 162-A:18 AWARDED A LOAN
UNDER RSA 162-A:9 FROM THE BUSINESS FINANCE AUTHORITY OF
THE STATE OF NEW HAMPSHIRE TO NSA INDUSTRIES, LLC**

WHEREAS, the Governor and Council (the "Governor and Council") of the State of New Hampshire (the "State") have received from the Business Finance Authority of the State of New Hampshire (the "Authority") its written recommendation that the Governor and Council make certain findings and determinations pursuant to RSA 162-A:18 with respect to a loan by the Authority to NSA Industries, LLC (the "Borrower") in the original principal amount of up to \$2,000,000 to provide financing for the purpose of completing the acquisition of New Hampshire Precision and relocating the business to Groveton, New Hampshire (the "Loan")

WHEREAS, pursuant to the provisions of RSA Chapter 162-A, the Governor and Council is authorized to approve the recommendation of the Authority and to authorize and approve the Loan by the Authority upon the making of specific findings after public hearing;

WHEREAS, the Governor and Council will receive all the documentation and information with respect to the proposed Loan by the Authority; and

WHEREAS, further action by the Authority with respect to the proposed transaction is subject to the passage of this Resolution and cannot be taken until after its passage.

NOW, THEREFORE, it is hereby resolved that:

1. Findings and Determination. On the basis of the documentation and information received by the Governor and Council, after a public hearing, the Governor and Council find:
 - a. Special Findings.
 - (i) The Loan is consistent with local or regional development plans or policies.
 - b. General Findings.
 - (i) The Loan that the Authority has proposed will serve a public use and provide a public benefit.
 - (ii) The Loan that the Authority has proposed is within the policy of, and the authority conferred, by RSA Chapter 162-A.
 - (iii) The Loan that the Authority has proposed will preserve or increase the social welfare or economic prosperity of the State and one or more of its political subdivisions, and will promote the general welfare of the State's citizens.

- (iv) The Loan that the Authority has proposed will promote the orderly development of business activities, create or preserve employment opportunities, or protect the physical environment.

2. Approval. Governor and Council approve the Loan by the Authority as recommended by the Authority and authorize the Authority to cause the execution and delivery of the loan documents substantially in the form submitted to Governor and Council and to take such further action as the act with respect to the transaction as may be required.

3. Effective Date. This Resolution shall take effect upon its passage.

Passed and agreed to November 16, 2016.

The Governor

Councilor

Councilor

Councilor

Councilor

Councilor

162-A:9 Temporary Loans to Business.

I. The authority may lend money to businesses for any project. Any such loan shall be on such terms and conditions as prescribed by the authority and shall be evidenced by a promissory note given by the business to the authority. In addition, prior to making any loan, the authority and the business shall enter into a loan agreement specifying the terms and conditions of the loan. Any loan agreement shall specify the terms of repayment of the loan, provide for the payment of an appropriate interest rate, and obligate the business to pay all the costs and expenses of upkeep, maintenance, and operation of the project being financed. A loan agreement may also provide such terms and conditions as the authority shall deem necessary or desirable, including, without limitation, provisions requiring that collateral be pledged to secure the loan, restrictions on the use of loan proceeds, restrictions on the use and operation of any project financed or assisted by the loan, controls on the requisition of loan proceeds, appropriate events of default, provisions for payment to the authority of origination fees, late charges and additional interest on overdue payments of principal, interest or other charges, appropriate financial covenants, and provisions for the establishment of reserves for the project or the loan.

II. Any loan made under this section shall meet the following minimum requirements:

(a) The total principal amount of any loan or loans made to one borrower under this section shall not exceed \$2,000,000.

(b) The final maturity date of any loan or loans, including renewals, shall not be later than the later of 3 years from the date the loan is made or one year after the project was placed in service.

III. The authority shall not make any loan or enter into any loan agreement under this section unless after a hearing the governor and council have made the findings specified in RSA 162-A:18.



**NEW HAMPSHIRE
BUSINESS FINANCE AUTHORITY**

November 16, 2016

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

**Re: Loan from the Business Finance Authority to NSA Industries, LLC. pursuant to
RSA 162-A:9**

Dear Governor and Council:

The purpose of this letter is to describe and explain the proposed loan from the Business Finance Authority of the State of New Hampshire (the "Authority") to NSA Industries, LLC (the "Borrower") as recommended by the Authority, based upon information supplied by the Authority and the Borrower.

1. **Statutory Authority.** RSA 162-A:9 authorizes the Authority to expend or loan money to acquire, develop, redevelop, construct, renovate or expand real or personal property for business use with the approval of or in cooperation with any business. The statute also provides that upon the Authority's recommendation, the Governor and Council may, after holding a public hearing and making certain findings, approve and authorize such a loan or expenditure of money by the Authority.

2. **Concept of the Temporary Loans to Business Program.** The Authority has developed the Temporary Loans to Business Program as a significant part of its programs intended to facilitate the growth and development of businesses within the state. In general, the program focuses on expending funds or making loans for projects identified as providing important opportunities for economic development within particular regions or communities of the State.

3. **Agreement with the Business.** RSA 162-A:9, II requires the Authority to enter into an agreement with a business providing for the conditions upon which the expenditure or loan will be made.

4. **Description of the Transaction.** The Borrower is NSA Industries, LLC. The Authority recommends that it make a loan to the Borrower in the principal amount of up to Two Million Dollars (\$2,000,000) (the "Loan") to allow NSA Industries, LLC to complete the acquisition of New Hampshire Precision and relocating the business to Groveton, New Hampshire.

5. **Terms of the Loan Documents.** The terms and conditions of the Loan are to be expressed in a loan agreement between the Authority and the Borrower and certain other loan documents. The loan documents, which will be in substantially the form submitted to Governor and Council with this letter, will include the following terms and conditions:



a. Promissory Note. The Loan will be evidenced by a Promissory Note of the Borrower in the original principal amount of up to Two Million Dollars (\$2,000,000). The Loan will bear a fixed interest rate of 4 percent. The Loan will be repaid in twelve monthly payments of interest only followed by twenty-four principal amortized payments plus interest with no pre-payment penalty.

b. Representations and Covenants of the Borrower. The loan agreement contains such provisions as the Authority has determined necessary and desirable in order to administer the loan, including without limitation, representations and warranties and covenants of the Borrower, indemnification of the Authority for the risks concerning any potential hazardous waste, the provision of payment of the Authority's costs and expenses, and the Authority's remedies upon default of the Borrower.

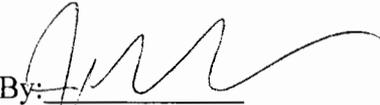
c. Security. The Borrower's obligations under the loan documents will be secured by a security interest on collateral located in Groveton, New Hampshire.

d. Use of Proceeds. Proceeds of the Loan will be used only for the purpose of completing the acquisition of New Hampshire Precision and relocating the business to Groveton, New Hampshire.

In Summary. Based upon the foregoing, all statutory requirements are embodied and implemented in the proposed transaction and loan documents.

Very truly yours,

BUSINESS FINANCE AUTHORITY

By: 

Jack Donovan
Executive Director



**NEW HAMPSHIRE
BUSINESS FINANCE AUTHORITY**

**CONFIDENTIAL
COMMERCIAL AND FINANCIAL
INFORMATION**

October 18, 2016

Mr. Jim Moroney
NSA Industries, LLC
210 Pierce Road
St. Johnsbury, VT 05819

RE: Loan for NSA Industries, LLC

Dear Mr. Moroney:

The Business Finance Authority of the State of New Hampshire (the "Authority") has approved in principal your application (the "Application") for a business loan (the "Loan") to NSA Industries, LLC (the "Applicant"). Accordingly, the Authority is prepared to proceed with discussions to make the Loan described below under the Authority's Temporary Loans to Business loan program, subject to the general terms and conditions set forth in this letter. This letter is an expression of the Authority's intent to recommend that the Governor and Council approve the Loan as described in this letter and upon such approval to make the loan based only upon the information that the Applicant has submitted on its own behalf. Any obligation to recommend Governor and Council's approval of the Loan or to consummate the Loan will arise only upon the satisfactory preparation, execution and delivery of documentation in form and substance satisfactory to the Authority.

In reaching its decision, the Authority has reviewed all information submitted in the Application. We have acquired an understanding of the financial situation of the Applicant. Of course, as we proceed, we will require further information.

POLICY BACKGROUND

The Authority was created to offer credit enhancements to New Hampshire businesses. The Temporary Loans to Business loan program established under RSA 162-A:9 is intended to do so by authorizing the Authority to provide a short-term source of capital where a contemplated business loan is significant to the continuation, competitiveness or expansion of the business

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receiving it, the business is of economic or social importance to the community in which it is located, and the risk of loss to the Authority is reasonable under the circumstances.

The Authority has determined that the Loan proceeds would be utilized to assist in financing the Applicant's working capital. The proposed transaction will preserve and promote greater employment and business development in Groveton, New Hampshire. The Authority's letter of intent concerning the Loan reflects a fundamental determination that the proposed transaction will serve a public use and provide a public benefit.

TERMS OF THE LOAN PROPOSAL

I am authorized to report to you that the Authority has approved in principal the Applicant's request, subject to and limited by the following terms and conditions:

1. Identification of Loan/Purpose. The Loan will be a thirty-six (36) month loan of up to \$2,000,000 for the purpose of completing acquisition of New Hampshire Precision and relocating the company from Londonderry to Groveton, NH.
2. Terms of Repayment. The Loan will be repaid in twelve (12) monthly payments of interest only at a fixed rate of four percent (4.0%); then twenty-four (24) principal amortized payments plus interest with no prepayment penalty.
3. Security. The loan will be secured by a subordinate lien on all business assets of NSA subject to Berkshire Bank liens.
4. Disbursement. Closing and disbursement of Loan proceeds shall be subject to customary conditions for disbursements including without limitation:

Confirmation of \$500,000 in seller financing over three years at a fixed rate of four percent (4.0%).

Confirmation of financing in an amount up to \$1,700,000 from Berkshire Bank including a \$900,000 equipment note and an advance of \$800,000 on a Revolving Line of Credit.

All loan documents, including but not limited to, those documents listed below, which shall be in form and substance satisfactory to the Authority.

- (a) Promissory Note of the Applicant in the principal amount of up to \$2,000,000;
- (b) Loan Agreement between the Authority and the Applicant;
- (c) Any other agreements, documents or instruments that the Authority deems necessary to protect its interest.

5. Insurance. Loan is subject to proof of appropriate insurance covering the assets which secure the loan.

6. Further Investigation and Review of Documents. The Authority's obligation to make the loan shall be subject to the Authority's review and approval to its satisfaction of all loan documents relating to the loans, including without limitation, financial statements of the Applicant, and also subject to the truth and accuracy of the Applicant's representations in the Application.

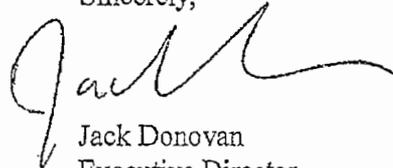
7. Authority Legal Expenses. As a condition to proceeding, the Applicant shall pay reasonable legal counsel fees and expenses incurred in the evaluation, preparation and provision for the Authority's making the Loan to the Applicant, even if the transaction is not consummated.

8. Approval: As required by RSA 162-A:9, the Loan transaction may become effective only upon approval of the Governor and Council.

If the Applicant's wish to proceed further to finalize the terms of this proposal, please sign and return this letter to us on or before 5:00 p.m. on November 1, 2016. This rapid response is required to accelerate the process of seeking approval of the Governor and Council. As noted, any obligation to take action by the Authority will arise only upon satisfactory preparation, execution and delivery of documentation.

On behalf of the Authority, I look forward to working with you toward a successful financing transaction.

Sincerely,



Jack Donovan
Executive Director

Agreed and Accepted.

NSA INDUSTRIES, LLC

By: James S. Moroney
CEO

Date: 10-20-16

PROMISSORY NOTE

\$2,000,000

Concord, New Hampshire
November ____, 2016

FOR VALUE RECEIVED, NSA Industries, LLC, a Vermont limited liability corporation with a principal place of business at 210 Pierce Road, St. Johnsbury, Vermont 05819 (the "Maker"), promises to pay to Business Finance Authority of the State of New Hampshire, a public body corporate and agency of the State of New Hampshire with a principal place of business at 2 Pillsbury Street, Concord, New Hampshire 03301, or its order (the "Payee"), the sum of Two Million Dollars (\$2,000,000), in lawful money of the United States, together with interest thereon at a fixed rate of four (4.00%) percent (the "Interest Rate").

1. Payments. After an initial twelve month period of interest only payments, principal amortized payments plus interest on this Note shall be payable in monthly payments due on the _____ day of each month beginning on November _____, 2017. On the ____ day of _____, 2019, the entire amount of principal outstanding shall be due and payable in full together with all unpaid accrued interest.

2. Prepayment. The Maker shall have the right to prepay any or all sums due under this Note without penalty. Prepayments shall be applied first to accrued interest and then to principal. Partial prepayments of principal shall be applied against the outstanding principal balance; provided, however, that the Maker shall continue to make principal payments in the amounts specified above and on the dates specified above, with interest on the outstanding principal balance recomputed accordingly, until the Maker's obligations under this Note are satisfied in full.

3. Collateral. This Note is secured a by a security interest on business assets located in Groveton, New Hampshire of even date herewith (the "Security") described in the Loan Agreement between the Maker and the Payee of near or even date (as it may be amended from time to time, the "Loan Agreement").

4. Due Date. Late Payment. All payments of interest shall be due on or before the Due Date specified above; provided, however, that the Maker shall not be deemed in default hereunder if payment is received by the Payee on or before 5:00 p.m. of the tenth day following the Due Date. The Maker agrees to pay a late charge of five percent (5%) of the amount of any payment due under this Note that is not paid within ten (10) days of its due date.

5. Applicable Interest. The Maker expressly agrees that the interest rate specified in this Note shall be the applicable interest rate due (i) on amounts outstanding during the term hereof and (ii) with respect to any amount outstanding on and after the maturity date hereof.

6. Default; Acceleration. The Maker shall be in default of this Note, and all principal and accrued interest thereon shall immediately become due and payable, without notice or demand, upon the occurrence of any of the following events: a) failure to make payment of any principal or interest installment due hereunder (or within such grace period as may be provided herein), b) the failure of the Maker to observe or perform any of the other obligations to the Payee under this Note, if within ten (10) days of written notice of the same from the Payee, the Maker has not cured the same, or, in the alternative, where in the normal course such cure would require more than ten (10) days, has not taken all steps necessary or possible to commence such cure and does not pursue such cure swiftly to its completion, c) a default under the Loan Agreement, any Security Instrument, or any guaranty guaranteeing this Note or d) a default in any other obligation of the Maker to the Payee, whether now existing or hereinafter incurred.

In the event the Maker of this Note shall file a petition under any section of the Bankruptcy Code, shall make an assignment for the benefit of creditors, shall have a receiver appointed over its affairs who shall not be discharged within thirty (30) days from the date of appointment, or shall have filed against it a petition under a section of the Bankruptcy Code, or any debtor-creditor act, which petition shall not be dismissed within thirty (30) days of the date of filing of the same, then the balance of principal and interest remaining unpaid on this Note shall become due and payable forthwith without demand or notice.

7. Costs of Collection. If this Note is not paid in full when it becomes due, or if any payment required hereunder shall not be paid when due, or within such grace period as may be expressly provided herein, the Maker agrees to pay all costs and expenses of collection, including attorneys' fees, regardless of whether legal proceedings have been formally commenced.

8. Waiver of Presentment. The Maker hereby waives presentment, demand for payment, notice of dishonor, and all other notices or demands in connection with the delivery, acceptance, performance, default, or endorsement of this Note.

9. Non-Forfeiture of Rights. It is agreed and understood that the waiver by the Payee of any particular default in the terms of this Note shall not constitute waiver of any further default and that acceptance of any payment after it is due shall not be deemed a waiver of the right to require prompt payment when due on all other sums and that acceptance of any payment after default shall not cure said default or operate as a waiver of any rights of the Payee hereunder unless otherwise agreed in writing.

10. Payments, Notices. All payments due under this Note, and any notice required to be made hereunder shall be directed to the Payee or to the Maker, as the case may be, at the addresses above specified, or such other address as the Payee and the Maker may hereafter direct, in writing.

11. Binding on Successors, Etc. The obligation of this Note shall be binding upon the heirs, successors and assigns of the Maker herein and shall inure to the benefit of the successors or assigns of the Payee herein or any holder hereof.

12. Gender. Whenever the content so requires reference herein to the neuter gender shall include the feminine gender or the masculine or vice versa, and the singular shall include the plural and vice versa.

EXECUTED as of the day and year first above written.

NSA INDUSTRIES, LLC.

Witness

tempprog\nsa.nte

By: _____

Name:

Title:

LOAN AGREEMENT

THIS AGREEMENT made this ____ day of _____, 2016 by and between **BUSINESS FINANCE AUTHORITY OF THE STATE OF NEW HAMPSHIRE**, a public body corporate and agency of the State of New Hampshire with its principal office at 2 Pillsbury Street, Concord, New Hampshire 03301 (the "Lender"), and **NSA Industries, LLC**. (the "Borrower"), a Vermont corporation with a principal place of business at 210 Pierce Road, St. Johnsbury, Vermont 05819.

RECITALS

A. The Borrower desires to obtain a loan from the Lender for the purpose of completing the acquisition of New Hampshire Precision and relocating the business to Groveton, New Hampshire.

B. The Borrower is executing and delivering to the Lender its Promissory Note of even date herewith in the principal amount of \$2,000,000 (as it may be amended from time to time, the "Note").

C. The Note is intended to be secured by a second security interest on all business collateral located in Groveton, New Hampshire, acceptable to the Lender. (referred to as the "Security Instruments").

D. The Lender is willing to lend, and the Borrower desires to borrow, the sums of money to be evidenced by the Note upon the terms and covenants and subject to the conditions hereinafter set forth.

NOW THEREFORE, for valuable consideration, it is agreed by and between the parties hereto as follows:

1. Lender's Agreement to Advance Proceeds. Provided the terms, covenants and agreements hereof shall be observed and performed, the Lender agrees to loan to the Borrower, and the Borrower agrees to borrow from the Lender, an amount equal to the total principal amount of the Note (such advances made being hereinafter referred to as the "Loan Proceeds").

2. Representations of Borrower. The Borrower represents and warrants as follows:

(a) The Recitals set forth at the beginning of this Agreement are true and correct;

(b) No litigation or proceedings or, to the best of its knowledge, governmental investigations are pending or threatened against the Borrower or affecting the Premises that could affect the validity or priority of the Security Instruments or that could affect the Borrower's ability to perform its obligations under this Agreement;

(c) The balance sheets and financial statements of Borrower, which were submitted in connection with Borrower's request for the loan contemplated herein and in connection with the Lender's loan commitment, were prepared in accordance with generally accepted principles of accounting applied on a basis consistent with that of preceding periods and are complete and correct and fairly present the financial condition of the Borrower as of said dates. To the best of the Borrower's knowledge and belief, the Borrower does not have any contingent obligations, liabilities for taxes or unusual forward or long-term commitments except as in the foregoing financial statements specifically mentioned. Since the date of such financial statements, there has been no material adverse change in the financial condition of the Borrower;

(d) The Borrower is a duly organized and validly existing Vermont limited liability company in good standing under the laws of the State of New Hampshire. The Borrower has the power and authority to own its properties and to carry on business as now being conducted and is qualified to do business in New Hampshire, the sole state in which it conducts business and has the power to execute and deliver, and perform its obligations under this Agreement, the Security Instruments and the Note;

(e) The execution and delivery and performance by the Borrower of its obligations under this Agreement, the Note and each of the Security Instruments will not violate any provision of law, any order of any court or other agency of government, or any indenture, agreement or other instrument to which the Borrower is a party, or by which it is bound, or be in conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under, or except as may be provided by this Agreement, result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower pursuant to, any such indenture, agreement or instrument. The Borrower is not required to obtain any consent, approval or authorization from, or to file any declaration or statement with, any governmental instrumentality or other agency in connection with or as a condition to the execution, delivery or performance of this Agreement, the Note or the Security Instruments and, in addition, no litigation or proceedings are pending or threatened against Borrower or the Premises;

(f) Any borrowings made by the Borrower under this Agreement do not and will not render the Borrower insolvent; the Borrower is not contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency laws or the liquidating of all or a major portion of its property, and the Borrower has no knowledge of any person contemplating the filing of any such petition against it, including the properties and assets reflected in its financial statements referred to herein;

(g) No statement of fact made by or on behalf of the Borrower in this Agreement or in any certificate or schedule furnished to the Lender pursuant thereto, contains any untrue statement of a material fact or, to the best of its knowledge, omits to state any material fact necessary to make statements contained therein or herein not misleading. There is no fact presently known to the Borrower that has not been disclosed to the Lender that materially affects adversely, nor as far as the Borrower can foresee, will materially affect adversely the property, business, operations or considerations (financial or otherwise) of the Borrower;

(h) The Borrower has filed all federal, state and local tax returns required to be filed and has paid or made adequate provision for the payment of all federal, state and local taxes, charges and assessments;

(i) This Agreement and each of the Security Instruments, upon delivery, will be the valid and binding obligations of the Borrower, enforceable in accordance with their respective terms;

(j) To the best of its knowledge, the Borrower has not used the Premises for the generation, treatment, storage or transportation of hazardous waste, as that term is defined under applicable federal and state law, nor, to the best of its knowledge, have other parties so used the Premises. No funds have been expended from the State of New Hampshire's hazardous waste cleanup fund established under NHRSA 147-B with respect to any property located in New Hampshire in which the Borrower has an interest, including the Premises, which would entitle the State to a so-called superlien pursuant to NHRSA 147-B:10, III;

(k) There are no underground fuel storage tanks located on the Premises that would require inspection or replacement pursuant to RSA 146-C or New Hampshire Water Supply and Pollution Control Commission Regulation WS-411 et. seq.;

(l) The Premises are not located in a Flood Hazard Zone, so-called; and

(m) The loan evidenced by the Note is consistent with local and regional development plans and policies.

Each of the foregoing representations and warranties shall survive the making of the loan hereunder, and the Borrower shall indemnify and hold harmless the Lender from and against any loss, damage or liability attributable to the breach thereof, including all fees and expenses incurred in the defense or settlement of any claim arising therefrom against the Lender.

3. Conditions Precedent. The Lender's obligation to advance any of the Loan Proceeds shall be subject to the satisfaction of the following conditions precedent:

(a) The Borrower shall have good and marketable title to the Premises in fee simple and full possession thereof, free and clear of all liens and encumbrances except such encumbrances as are set forth in the Mortgage (hereinafter referred to as the "Permitted Encumbrances");

(b) The Borrower shall have executed and delivered to the Lender the Note and each of the Security Instruments, each of which shall be in form and substance satisfactory to the Lender;

(c) The Lender shall have received such additional instruments, certificates, opinions, surveys and other documents as the Lender may reasonably request; and

(d) No Event of Default (as defined herein) nor any event which with the giving of notice or passage of time, or both, would constitute an Event of Default shall have occurred.

4. Covenants of the Borrower. Until payment in full of all sums required to be paid by the Borrower under the Note and pursuant to the provisions of this Agreement or any Security Instrument, the Borrower shall:

(a) Permit the Lender and its representatives to enter upon the Premises and inspect the Premises at all reasonable times and examine any books and records relating to the Premises;

(b) Maintain liability and fire and casualty insurance on the Premises and any material or equipment stored on the Premises, and workman's compensation insurance with such companies, in such amounts and covering such risks as required by the Mortgage or in the absence of such a requirement in the Mortgage as shall be reasonably satisfactory to the Lender and furnish such insurance policies to the Lender (premiums prepaid or, after default by the Borrower in so doing, the Lender may procure at the expense of the Borrower), insuring the interests of the Borrower and the Lender, as their respective interests may appear and, upon request, certificates evidencing such insurance coverage shall be promptly delivered to the Lender;

(c) Pay on demand such fees and expenses that Borrower is required to pay under the Lender's loan commitment;

(d) Pay on demand such other reasonable fees and expenses (including attorney's fees) that Lender incurs in the making and administration of this loan;

(e) Cooperate fully with the Lender with respect to any proceedings before any court, board or governmental agency that may in any way affect the rights of the Lender hereunder or any rights obtained by the Lender under any of the Security Instruments and, in connection therewith, permit the Lender, at its election, to participate in any such proceedings;

(f) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its existence, rights, licenses, permits and franchises and comply with all laws and regulations applicable to it;

(g) Pay and discharge or cause to be paid and discharged all taxes, assessments and governmental charges or levies imposed upon it or upon its respective income and profits or upon any of its property, real, personal or mixed, or upon any part thereof, before the same shall become in default; provided that the Borrower shall not be required to pay and discharge or cause to be paid and discharged any such tax, assessment, charge, levy or claim so long as the validity thereof shall be contested in good faith by appropriate proceedings and it shall have set aside on its books adequate reserves with respect to any such tax, assessment, charge, levy or claim, so contested; and provided, further, that payment with respect to any such tax, assessment, charge,

levy or claim shall be made before any of its property shall be seized or sold in satisfaction thereof;

(h) Give prompt written notice to the Lender of any proceedings instituted against it by or in any federal or state court or before any commission or other regulatory body, whether federal, state or local, which, if adversely determined, would have an adverse effect upon its business, operations, properties, assets, or condition, financial or otherwise;

(i) Furnish to Lender such information regarding its operation, assets, business affairs and financial condition, as the Lender may reasonably request and in particular within ninety (90) days of the close of each fiscal year during the term of the Loan, the Borrower shall deliver to the Lender annual financial statements prepared in accordance with generally accepted accounting principles and certified by the Borrower as being correct in all material respects and otherwise in form and content reasonably acceptable to the Lender, and as soon as practicable upon filing with the Internal Revenue Service each year, the Borrower's complete federal income tax return with the schedules thereto; and

5. Events of Default. The occurrence of any of the following events shall constitute an Event of Default under this Agreement:

(a) The Borrower attempts to assign its rights under this Agreement or any advance made or to be made hereunder or any interest therein, or if the Premises are conveyed or encumbered in any way without the written consent of the Lender, which shall not be unreasonably withheld;

(b) The Premises are materially damaged or destroyed by fire or other casualty or cause and the insurance proceeds therefrom (subject to the terms of the Mortgage) are inadequate to rebuild or restore the Premises to their condition immediately prior to such casualty;

(c) Any representation or warranty made herein or in any report, certificate, financial statement or other instrument furnished in connection with this Agreement or any advances made hereunder, by or in behalf of the Borrower, shall prove to be false or misleading in any material respect;

(d) Any mechanics', laborers', materialmen's or similar statutory liens, or any notice thereof, shall be filed against the Premises and shall not be discharged within thirty (30) days of such filing or such greater period of time as shall be permitted by the terms of the Mortgage;

(e) The Borrower shall default in the due observance or performance of any covenant, condition or agreement to be observed or performed by the Borrower under this Agreement not otherwise specifically referred to in this Paragraph 5;

(f) Any default or event of default as defined in the Note or any Security Instrument or a default under any guaranty guaranteeing the Borrower's obligations hereunder, or any

event which, with the giving of notice or passage of time, or both, would become an event of default under such instruments shall occur;

(g) The Borrower shall (i) apply for or consent to the appointment of a receiver, trustee or liquidator of the Borrower or any of its property, (ii) admit in writing its inability to pay its debts as they mature, (iii) make a general assignment for the benefit of creditors, (iv) be adjudicated as bankrupt or insolvent or (v) file a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law;

(h) A petition, order, judgment or decree shall be entered, without the application, approval or consent of the Borrower by any court of competent jurisdiction, approving a petition seeking reorganization or approving the appointment of a receiver, trustee or liquidator of the Borrower of all or a substantial part of its assets, and such order, judgment or decree shall continue unstayed and in effect for any period of thirty (30) days;

(i) The dissolution, termination of existence, merger or consolidation of the Borrower or a sale of assets of the Borrower out of the ordinary course of business without the prior written consent of the Lender;

(j) Default by the Borrower in the payment or performance of any other obligations of the Borrower owed to the Lender, whether created prior to, concurrent with, or subsequent to the obligations arising out of this Agreement, provided such default continues after any applicable notice and expiration of any applicable grace period;

(k) Default by the Borrower in any other obligation for borrowed money in excess of Twenty-Five Thousand Dollars (\$25,000.00);

(l) Final judgment for the payment of money of more than Twenty-Five Thousand Dollars (\$25,000.00) in excess of any insurance proceeds shall be rendered against the Borrower and shall remain undischarged for a period of thirty (30) days during which execution shall not be effectively stayed.

6. Lender's Rights and Remedies Upon Default.

6.1 Upon the occurrence of any Event of Default, all obligations on the part of the Lender to make advances under this agreement shall, if the Lender so elects, cease, and, at the option of the Lender (but subject to the terms and conditions set forth in the Note and any applicable Security Instrument), the Note shall become immediately due and payable, and the Lender shall thereupon be authorized and empowered to exercise any rights of foreclosure or as otherwise provided for the realization of any security for the Note covered by any of the Security Instruments; but the Lender may make any advances or portions of advances, after the occurrence of any such Event of Default, without thereby waiving its right to demand payment of the Borrower's indebtedness

evidenced by the Note and secured by the Security Instruments and without becoming liable to make any other or further advances as hereinabove contemplated by this Agreement.

6.2 In addition to the remedies hereinabove provided by subparagraph 6.1, upon the occurrence of any Event of Default, the Lender shall be authorized and empowered, at its election, to enter upon the Premises and to appoint watchmen to protect the Premises, all at the risk, reasonable cost and expense of the Borrower.

6.3 Upon the occurrence of any Event of Default, the rights, powers, privileges and other remedies available to the Lender under this Agreement or at law or in equity shall be cumulative and may be exercised by the Lender at any time and from time to time and shall not constitute a waiver of any of the Lender's right or remedies hereunder or thereunder, whether or not the indebtedness evidenced and secured by the Note and the Security Instruments shall be due and payable, and whether or not the Lender shall have instituted any foreclosure proceedings or other action for the enforcement of its rights under the Note or any of the Security Instruments.

6.4 Any deposits or other sums at any time credited by or due from the Lender to the Borrower and any securities or other property of the Borrower at any time in possession of the Lender may at all times be held or treated as collateral security for the payment of the loan and any and all liabilities of the Borrower or any Guarantor to the Lender. Upon an Event of Default the Lender may apply or set-off such deposits or other sums or property against such liabilities.

6.5 For the purpose of carrying out the provisions and exercising the rights, powers and privileges granted by this Agreement, the Borrower hereby irrevocably constitutes and appoints the Lender its true and lawful attorney-in-fact, with full power of substitution, to execute, acknowledge and deliver any instruments and do and perform any acts that are referred to herein in the name and behalf of the Borrower. The power vested in said attorney-in-fact is, and shall be deemed to be, coupled with an interest and cannot be revoked.

7. Hazardous Materials Indemnification.

7.1 Definitions.

(a) The term "Hazardous Materials" shall mean and include asbestos, polychlorinated biphenyls ("PCB's"), other carcinogens, oil and other petroleum products, and any other hazardous or toxic materials, wastes and substances which are defined, determined or identified as such under RSA Chapters 146-A, 146-C, 147-A and 147-B, CERCLA, or any other applicable federal, state or local laws, rules, codes or regulations or any judicial or administrative interpretation thereof; and

(b) The term "Legal Requirements" shall mean all federal, state or local laws, rules, codes or regulations, or any judicial or administrative interpretation thereof, including, without limitation, all orders, decrees, judgments and rulings imposed through any public or private enforcement proceedings, relating to Hazardous Materials or the existence, use, discharge, release, containment, transportation or disposal thereof.

7.2 Indemnification. At all times, both before and after any conveyance or foreclosure of the Premises, the Borrower shall at its sole cost and expense indemnify, exonerate, protect and save the Lender harmless against and from any and all damages, losses, liabilities, obligations, penalties, claims, litigation, demands, defenses, judgment, suits, proceedings, costs, disbursements or expenses of any kind or nature whatsoever, including without implied limitation, attorneys' and experts' fees and disbursements, which may at any time be imposed upon, incurred by or asserted or awarded against the Lender and arising from or out of:

A. Any Hazardous Materials on, in, under or affecting all or any portion of the Premises or any areas surrounding the same before the Borrower is divested of title to the Property by conveyance or foreclosure or divested of possession of the Premises following an Event of Default;

B. The violation by the Borrower of any Legal Requirements with respect to the Premises; or

C. The enforcement of this paragraph 7 of the Agreement or the assertion by the Borrower of any defense to the obligations of an indemnitor hereunder, whether any of such matters arise before or after foreclosure of the Mortgage or other taking of title to or possession of all or any portion of the Premises by the Lender, and specifically including therein, without limitation, the following to the extent they are a result of the matters described in clauses A or B above:

(i) costs of removal of any and all Hazardous Materials from all or any portion of the Premises or any areas surrounding the same;

(ii) additional costs required to take necessary precautions to protect against the release of Hazardous materials on, in, under, or affecting, the Premises or into the air, any body of water or wetland, any other public domain, or any surrounding areas;

(iii) costs incurred to avoid the imposition of, or to discharge, any lien on the Premises arising from any failure to comply with Legal Requirements;

(iv) costs incurred to comply with all Legal Requirements relating to the Premises or any other collateral for the Loan, including without implied limitation, fines, penalties or other charges imposed by any lawful authority; and

(v) costs and expenses incurred in ascertaining the existence or extent of any asserted violation of any Legal Requirements relating to the Premises and any remedial action taken on account thereof including, without implied limitation, the costs, fees and expenses of engineers, geologists, chemists, other scientists, attorneys, surveyors and other professionals, and testing and analyses performed in connection therewith. The foregoing shall not apply to precautionary testing which is not in response to a specific identified potential release at the Premises.

8. Expenses. The Borrower shall pay the Lender on demand any commitment or service fees specified in the Lender's loan commitment and all expenses incurred or paid by the Lender

that relate to this loan transaction, the Note and any Security Instrument, including (without limitation) the examination of title to the Premises, the cost of appraisal, charges for examining public records in connection with advances from the Loan proceeds, inspections, drawing of papers, recording and filing fees, revenue stamps, if any, and the fees and disbursements of counsel, all of such fees or expenses to be paid from the disbursement from the Loan Proceeds hereunder and to constitute additional indebtedness of the Borrower secured by the Security Instruments.

9. Assignments. The Lender may assign, negotiate or pledge all or any portion of its rights under this Agreement or any of its rights or security with respect to the Note and the Security Instruments, and, in case of such assignment, the Borrower shall accord full recognition thereto. The Borrower hereby consents to the Lender's delivery of any and all financial or other information concerning the Borrower or the Guarantors to any assignee or participating lender. The Borrower shall not assign or attempt to assign directly or indirectly, any of its rights under this Agreement or under any instrument referred to herein without the prior written consent of the Lender, which shall not be unreasonably withheld.

10. General Provisions.

10.1 The captions in this instrument are for convenience and reference only and do not define, limit or describe the scope of the provisions hereof.

10.2 Whenever the context so requires, reference herein to the neuter gender shall include the masculine and/or feminine gender, and the singular number shall include the plural.

10.3 The terms, covenants, agreements and conditions contained herein shall extend to, include, and enure to the benefit of and be binding upon the respective heirs, executors, administrators, successors and assigns of the Borrower, as the case may be, and the successors and assigns of the Lender.

10.4 Any notice, demand, request or other communication given hereunder or in connection herewith shall be in writing and sent by certified mail, postage prepaid, return receipt requested, addressed to the party to receive the same at its address set forth above or at such other address as such party may hereafter designate by notice given in like fashion. Any such notice, demand, request or other communication shall be deemed given when mailed as aforesaid.

10.5 This Agreement has been made in the State of New Hampshire, and the provisions thereof shall be governed by and construed in accordance with the law of the State of New Hampshire (excluding the laws applicable to conflicts or choice of laws).

10.6 This Agreement, together with all schedules and exhibits hereto and the Note and the Security Instruments, contains the full, final and exclusive statement of the agreement of the parties with respect to the subject matter hereof and supersedes all prior understandings, representations or agreements, whether written or oral, with respect to such subject matter.

10.7 No amendment, modification, termination or waiver of any provision of this Agreement or the Note shall be effective unless it is in a writing executed by the Lender and in the case of an amendment, modification or termination by the Borrower.

10.8 If any term of this Agreement or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Agreement or the application of such term to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term of the Agreement shall be valid and enforceable to the fullest extent permitted by law.

10.9 If the Borrower consists of more than one person or entity, such persons or entities shall have joint and several liability hereunder.

IN WITNESS WHEREOF, the Lender and the Borrower have each duly caused this Agreement to be executed, by their respective officers, thereunto duly authorized, as of the day and year indicated above.

In the presence of:

BUSINESS FINANCE AUTHORITY OF
THE STATE OF NEW HAMPSHIRE

By: _____
Name:
Title:

NSA INDUSTRIES, LLC.

By: _____
Name:
Title:

**A RESOLUTION REQUESTING AUTHORIZATION FOR A LOAN BY
THE BUSINESS FINANCE AUTHORITY OF THE STATE OF NEW HAMPSHIRE
TO NSA INDUSTRIES, LLC,
A LIMITED LIABILITY COMPANY,
PURSUANT TO THE AUTHORITY'S TEMPORARY LOANS TO BUSINESS
PROGRAM**

I, the undersigned, HEREBY CERTIFY that the following are true and correct.

WHEREAS, **THE BUSINESS FINANCE AUTHORITY OF NEW HAMPSHIRE** (the "AUTHORITY") has been requested by **NSA INDUSTRIES, LLC**, a limited liability corporation organized and existing under the laws of the State of Vermont (the "BORROWER"), to make a loan to a Vermont business, organized and existing under the laws of the State of Vermont, in the principal amount of up to Two Million and no/100 dollars (\$2,000,000.00) (the "Loan") to complete the acquisition of New Hampshire Precision and relocating the business to Groveton, New Hampshire.

WHEREAS, the Credit Committee of the Board of Directors of the Authority has recommended that the Authority make the Loan in accordance with the terms and conditions presented to the Board pursuant to a Loan Agreement to be executed by the Lender and the Authority;

WHEREAS, the Authority took official action with respect to the Loans by passing a resolution on October 17, 2016;

WHEREAS, the Authority has been furnished with (a) information and materials about the Borrower and the Loan, (b) the proposed terms and conditions of the Loan, (c) certain financial information concerning the Borrower; and (d) other information, materials and assurances deemed relevant by the Authority;

IT IS HEREBY RESOLVED THAT:

1. Factual Findings. On the basis of the information, materials and assurances received by the Authority and considered by it, the Authority finds:

(a) The Loan would be evidenced by a thirty-six month term note to NSA Industries, LLC. The note to be secured by a security interest on business assets located in Groveton, New Hampshire.

(b) The Lender would be the Business Finance Authority of the State of New Hampshire.

(c) The Authority is authorized and empowered under RSA 162-A:9 to make loans New Hampshire businesses to finance the acquisitions of real or personal property.

(d) The Loan will enable the Borrower to further assist in the business development of the Groveton area.

2. Special Findings.

(a) The Loan to be made by the Authority is consistent with local or regional development plans or policies.

3. General Findings.

(a) Making the Loan as proposed will serve a public use and provide a public benefit.

(b) Making the Loan as proposed is within the policy of, and the authority conferred by, RSA Chapter 162-A.

(c) Making the Loan as proposed will preserve or increase the social welfare or economic prosperity of the state and one or more of its political subdivisions, and will promote the general welfare of the state's citizens.

(d) Making the Loan as proposed will promote the orderly development of business activities, create or preserve employment opportunities, or protect the physical environment.

4. Determination and Recommendation. The Authority finds that making the Loan as proposed will serve a public use and provide a public benefit and determines that making the Loan as proposed will be within the policy of, and the authority conferred by the Act. The Authority recommends to His Excellency, the Governor, and The Honorable Council that they make findings and a determination similar to those set forth above, and for that purpose the Executive Director, Chairman, or Vice Chairman is authorized, empowered and directed to transmit to the Governor and Council copies of this resolution, the materials received by the Authority with respect to the Loan and any other documentation and information the Governor and Council may request.

5. Authorization of Agreement. The Authority hereby authorizes the execution and delivery of a letter of intent of the Authority by the Executive Director or the Senior Credit Officer of the Authority to the Lender, which letter of intent may propose the Loan by the Authority subject to the parameters, terms and conditions as presented to the Board by the Credit Committee. Subject to paragraph 6 below the Executive Director, Chairman or Vice Chairman is authorized, empowered and directed to execute and deliver a loan agreement on behalf of the Authority pursuant to the requirements of the Act which shall contain parameters, terms and conditions sub-

stantially consistent with those presented to the Board by the Credit Committee and the terms and conditions established by the Board, but subject to such changes and completion consistent with this resolution as the Executive Director, Chairman or Vice Chairman may approve, his signature being conclusive identification of the loan purchase agreement, and completed and authorized by this resolution.

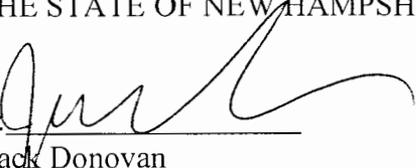
6. Actions Not to be Taken Until After Approval by Governor and Council. Except for the execution and delivery of the Authority's letter of intent by the Executive Director or the Senior Credit Officer of the Authority to the Lender, the actions authorized by paragraph 5 above shall not be taken until such time as Governor and Council have made the findings and determination required by the Act, it being the intent of the Authority that the various actions on its behalf which are authorized above are subject to the action of Governor and Council as required by the Act.

7. Other Actions by Officers. The Chairman, Vice Chairman, Executive Director, and Senior Credit Officer of the Authority are each authorized, empowered and directed to take all other actions and execute, deliver or receive such instruments and certificates as each of them may determine are necessary on behalf of the Authority in connection with the transactions authorized by the preceding paragraphs of this resolution, but subject in all events to paragraph 6 hereof.

8. Effective Date. This resolution shall take effect upon its passage.

IN WITNESS WHEREOF, I have set hereunto my hand and affixed the seal of the Business Finance Authority of the State of New Hampshire on this 17th day of October, 2016.

BUSINESS FINANCE AUTHORITY
THE STATE OF NEW HAMPSHIRE

By: 

Jack Donovan
Executive Director

SUMMARY OF REQUIRED STATUTORY FINDINGS OF THE GOVERNOR AND COUNCIL UNDER RSA 162-A:18

The materials appearing in quotations below are extracts from RSA 162-A:18. The complete text of RSA 162-A:18 is attached to this summary.

General Findings

1. "The proposed action will serve a public use and provide a public benefit."

The proposed loan agreement by and between the Authority and the Borrower (the "Loan Agreement") and the "Note" and the "Security Instruments", as defined in the Loan Agreement contain commercially prudent financial safeguards and workable provisions designed to lessen the potential of the Authority's loss in the event of default by the Borrower. (Tab 5) The Authority has determined that the proposed loan would enable NSA Industries, LLC to further assist business development opportunity for the Groveton region. (Tab 6) The materials and information furnished and the findings described below support, and enable the making of, this general finding.

2. "The proposed action is within the policy of, and the authority conferred by, this chapter."

The Loan Agreement and the Agreement with NSA Industries, LLC implement and incorporate all statutory requirements. (Tab 5 and 6) The Authority, which is the agency responsible for administration of RSA 162-A, has determined that the proposed Loan by the Authority is within the policy of, and the authority conferred by RSA Chapter 162-A. (Tab 7) The materials and information furnished and the findings described below support, and enable the making of, this general finding.

3. "The proposed action will preserve or increase the social welfare of economic prosperity of the state and one or more of its political subdivisions, and will promote the general welfare of the state's citizens."

The proceeds of the loan would be used by the Borrower to complete the acquisition of New Hampshire Precision and relocating the business to Groveton, New Hampshire, which will facilitate significant employment opportunities to residents of the state (Tabs 3, 4, 5 and 6).

4. "The proposed action will promote the orderly development of business activities, create or preserve employment opportunities, or protect the physical environment."

The Borrower's loan to NSA Industries, LLC, would offer significant employment opportunities to residents of the state and provides substantial business and social activities for the region (Tabs 3 and 4). The Authority has determined that the proposed loan would promote the orderly development of business activities, create or preserve employment opportunities, or protect the physical environment (Tab 6).

Special Findings

5. "The loan is consistent with local or regional development plans or policies."

The Borrower, a Vermont corporation, has determined that the loan would provide business development in the Groveton region. The Authority has determined that the loan is consistent with local or regional development plans or policies (Tab 6).