



The State of New Hampshire JAN22'20 AM10:06 DAS 40  
**Department of Environmental Services**



**Robert R. Scott, Commissioner**

January 15, 2020

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 award a loan to City of Manchester (VC# 177433-8004), Manchester, NH in the amount not to exceed \$13,000,000 to finance the Merrimack River Water Treatment Plant Project under provisions of RSA 485:F, effective upon Governor & Council approval through December 1, 2022. 100% Drinking Water and Groundwater Trust Fund (DWGWT).

Funding is available in the following account:

03-44-44-442010-3904-301-504059  
Dept Environmental Services, DWGWT, Loans

FY 2020  
\$13,000,000

**EXPLANATION**

The Drinking Water and Ground Water Trust Fund was created in 2016, using \$276 million of MtBE trial judgement funds, as authorized by RSA 485-F. The purpose of the Trust Fund is to provide sustainable, long-term funding for the protection, preservation, and enhancement of the drinking water and groundwater resources of the state. The Drinking Water and Groundwater Advisory Commission was established to administer the Trust Fund and to provide guidance to the State on the use of the Trust Fund.

On November 2, 2017, the Advisory Commission voted to authorize grants and loans for several drinking water system improvement projects. The City of Manchester's Merrimack River Water Treatment Plant Project request for \$13,000,000 was selected for loan funding from the Drinking Water and Groundwater Trust Fund.

The City of Manchester will use the loan funds to develop a second source of supply for the Manchester Water Works including construction of a radial collector well and new raw water treatment plant along the Merrimack River. The loan will be paid back over 30 years at an interest rate of 2.96%.

We respectfully request your approval.

Robert R. Scott  
Commissioner

STATE OF NEW HAMPSHIRE

DRINKING WATER AND GROUNDWATER TRUST FUND

CITY OF MANCHESTER, NEW HAMPSHIRE  
(Project No. DWGT-14)

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ORIGINAL LOAN AGREEMENT

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I. This Agreement is between the State of New Hampshire Drinking Water and Groundwater Trust Fund Loan Program (State) and the **City of Manchester, New Hampshire** (Loan Recipient) in accordance with RSA 485-F for the purpose of financing, to the extent of the aggregate amount of funds transferred (Disbursements) to the Loan Recipient made hereunder, the **Merrimack River Water Treatment Plant 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 485:F.

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 **Thirteen Million and 00/100 Dollars (\$13,000,000)** (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. Any Disbursement or other payment from the State to the Loan Recipient is contingent upon the availability of funds.

III. Disbursements shall be made on a periodic basis, as requested by the Loan Recipient, but not more frequently than monthly, subject to the approval of the amount of each Disbursement by the State. The State shall approve the amount requested if it determines that the costs covered by the request are eligible under and consistent with the purposes of RSA485-F, and consistent with

1 the project application as approved by the N.H. Drinking Water and Groundwater Advisory  
2 Commission. Such approval shall be within the sole discretion of the State but shall not be  
3 unreasonably withheld. Interest on each Disbursement shall accrue on the outstanding principal  
4 balance from the date of the Disbursement at the rate of 1% per annum computed on the basis of  
5 30-day months and 360-day years until the date of Substantial Completion of the Project or the  
6 date of Scheduled Completion as noted in Paragraph VII, whichever is earlier. At the option of  
7 the Loan Recipient, such interest may be paid (1) prior to the commencement of Loan  
8 repayment, (2) at the time of the first Loan repayment, or (3) by adding the charges to the  
9 outstanding principal Loan balance so long as the Loan Recipient's authority to borrow is not  
10 exceeded.

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12 IV. The aggregate of the Disbursements shall be consolidated by a Promissory Note (Note) of  
13 the Loan Recipient in a Supplemental Loan Agreement issued under and in accordance with the  
14 applicable provisions of this Agreement and the Municipal Finance Act, RSA 33, as amended  
15 and supplemented, including the provisions of RSA 485-F. The Note shall be substantially in the  
16 form of Exhibit B.

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18 V. The interest rate applicable to the Note will be **2.96%**.

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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 **thirty (30)** years from the date of  
22 the Note. Note payments shall commence within one year of the Substantial Completion date of  
23 the Project or the Scheduled Completion date of the project, whichever is earlier. The Scheduled  
24 Completion date is hereby determined to be **December 1, 2022**; however, should the project

1 experience an excusable delay, an extension may be granted by the Commissioner of the  
2 Department of Environmental Services upon request in writing by the Loan Recipient.

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

6  
7 VIII. In the event of a default in the full and timely remittance of any Note payment, any State  
8 Grant funds payable to the Loan Recipient under RSA 486-A may be offset against and applied  
9 to the payment of any obligations that are due hereunder. The Loan Recipient agrees to be liable  
10 for all costs of collection, legal expenses, and attorney's fees incurred or paid by the State in  
11 enforcing this Agreement or in collecting any delinquent payments due hereunder.

12  
13 IX. No delay or omission on the part of the State in exercising any right hereunder shall operate  
14 as a waiver of such right or of any other right under this Agreement. A waiver on any one  
15 occasion shall not be construed as a bar to any right and/or remedy on any future occasion.

16  
17 X. The Loan Recipient agrees to comply, and to require all of its contractors to comply, with all  
18 applicable state requirements.

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20 XI. The Loan Recipient is required to develop an asset maintenance and renewal plan for the  
21 assets(s) being funded under the loan or incorporate the funded asset(s) into an existing asset  
22 management plan. At a minimum the plan must include a commitment to asset management,  
23 financing and implementation strategy and an inventory of the funded asset(s).

1 XII. The Loan Recipient agrees to permit an authorized representative of the State of New  
2 Hampshire to have access to and the right to:

3  
4 (i) Examine any of the Loan Recipient's, the contractor's or any subcontractor's  
5 records that pertain to and involve transactions relating to this Agreement, the  
6 Construction Contract, the Engineering Contract or a subcontract thereunder; and  
7

8 (ii) Interview any officer or employee regarding such transactions.  
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10 The Loan Recipient shall insert subparagraphs (i). and (ii). into the Construction Contract and  
11 require the Contractor to insert subparagraphs (i). and (ii). into all subcontracts thereunder.  
12

13 XIII. The effective date of this Agreement shall be the date of its approval by the Governor and  
14 Executive Council. This Agreement may be amended, waived, or discharged only by a written  
15 instrument signed by the parties hereto and only after approval of such amendment, waiver, or  
16 discharge by the Governor and Executive Council.  
17


18 XIV. This Agreement shall be construed in accordance with the laws of the State of New  
19 Hampshire and is binding upon and inures to the benefit of the parties and their respective  
20 successors. The parties hereto do not intend to benefit any third parties and, consequently, the  
21 Agreement shall not be construed to confer any such benefit.  
22


23 XV. This Agreement, which may be executed in a number of counterparts, each of which shall  
24 be deemed an original, constitutes the entire agreement and understanding between the parties


1 and supersedes all prior agreements and understandings relating thereto. Nothing herein shall be  
2 construed as a waiver of sovereign immunity, such immunity being hereby specifically reserved.

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5 STATE OF NEW HAMPSHIRE by: CITY OF MANCHESTER,  
6 NEW HAMPSHIRE by:

7  1-15-20  
8 Robert R. Scott Date  
9 Commissioner  
10 Department of Environmental Services

 11/26/19  
Joyce Craig Date  
Mayor  
City of Manchester

 11/26/19  
William Sanders Date  
Finance Director  
City of Manchester

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17 This Agreement was approved by Governor and Executive Council on \_\_\_\_\_  
\_\_\_\_\_ as Item No. \_\_\_\_\_

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**EXHIBIT A**

**STATE OF NEW HAMPSHIRE  
DRINKING WATER AND GROUNDWATER TRUST FUND**

**PROJECT DESCRIPTION**

The **City of Manchester** has applied for a Loan to be used for the development of a second source of supply for the Manchester Water Works including the construction of a radial collector well and a new water treatment plant along the Merrimack River.

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1 EXHIBIT B

2 STATE OF NEW HAMPSHIRE  
3 DRINKING WATER AND GROUNDWATER TRUST FUND

4 PROMISSORY NOTE AND REPAYMENT SCHEDULE

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6 The City of Manchester, New Hampshire (Loan Recipient) promises to pay to the  
7 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 REPAYMENT SCHEDULE

13 Payment Date Principal Payment Interest Payment Total Payment

- 14 1
- 15 2
- 16 3
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- 19 6
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- 21 8
- 22 9
- 23 10
- 24 11
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20 This Promissory Note (Note) is issued under and by virtue of the New Hampshire  
21 Municipal Finance Act, an agreement duly entered into by the Loan Recipient and the Drinking  
22 Water and Groundwater Trust Fund, and is issued for the purpose of financing the cost of the  
23 Project as described in Exhibit A of the Supplemental Loan Agreement (Agreement).

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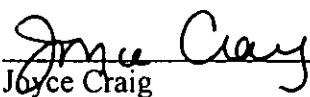
1 The Loan Recipient reserves the right to prepay, at any time and without penalty, all or  
2 any part of the outstanding principal or interest on this Note.

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

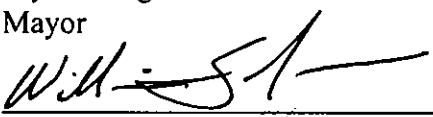
7 It is hereby certified and recited that all acts, conditions, and things required to be done  
8 precedent to and in the issuing of this Note have been done, have happened, and have been  
9 performed in regular and due form and, for the payment hereof when due, the full faith and credit  
10 of the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

12 IN WITNESS whereof the Loan Recipient has caused this Note to be signed by its Mayor  
13 and Finance Director, on the dates below.

15 CITY OF MANCHESTER, NEW HAMPSHIRE by:

16   
17 Joyce Craig  
18 Mayor

11/26/19  
Date

19   
20 William Sanders  
21 Finance Director

11/26/19  
Date