



The State of New Hampshire  
DEPARTMENT OF ENVIRONMENTAL SERVICES



Thomas S. Burack, Commissioner

April 10, 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 approve a loan agreement with the Town of Belmont (VC#177361), Belmont, NH in the amount not to exceed \$375,000 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	\$296,250
03-44-44-441030-0956-034-500161 Dept Environmental Services, 11-253:1:VI-B, DWSRF Match	\$78,750

**EXPLANATION**

The purpose of this loan agreement is to authorize the Town of Belmont to borrow up to \$375,000 from the Drinking Water State Revolving Loan Fund (DWSRF) to finance water system improvements. These improvements include replacing and converting individual water meters to new radio-read meters within the Town of Belmont, NH. The new meters will improve operational efficiency and promote water conservation. The final loan amount will be based on the total DWSRF funds disbursed, and may be less than \$375,000. 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 Town of Belmont is eligible for principal forgiveness under the 2013 DWSRF Intended Use Plan. The amount of principal forgiveness will be determined when the aggregate principal amount is established and the project is complete.

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 \$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.

Thomas S. Burack, Commissioner

Her Excellency, Governor Margaret Wood Hassan  
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>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>\$139,442,351</u>
Funds Available for Loans	\$523,697
<b>New Loan(s) Being Requested</b>	
Town of Belmont (Project#: 0201010-01)	(375,000)
Net Change to Loan(s)	<u>(\$375,000)</u>
<b>Balance Available After G &amp; C Approval</b>	<u><u>\$148,697</u></u>

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	<b>\$82,702,058</b>
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	<b>\$7,324,170</b>
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	<b>\$7,249,940</b>
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	<b>\$7,249,940</b>
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	<b>\$11,575,480</b>
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	<b>\$8,382,020</b>
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	<b>\$7,987,750</b>
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	<b>\$7,494,690</b>
Total 1997-2013 Funds Available for Loans	<b>\$139,966,048</b>



1 The amount of principal forgiveness will be determined when the aggregate principal loan  
2 amount is established and the project is complete.

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

15  
16 V. Upon Substantial Completion of the Project, the aggregate of the Disbursements shall be  
17 consolidated by a Promissory Note (“Note”) of the Loan Recipient issued under and in  
18 accordance with the applicable provisions of the Municipal Finance Act, RSA 33, as amended  
19 and supplemented, including the provisions of RSA 486:14. The Note shall be substantially in  
20 the form of Exhibit B.

21  
22 VI. The interest rate applicable to the Note will be determined in accordance with RSA 486:14  
23 and Env-Dw 1100 et seq. Such interest rate will be the lesser of 1.7 % and the adjusted market  
24 rate as determined by the 11-GO Bond Buyer Index in effect on the date of the Note.

1 VII. The Loan Recipient hereby authorizes the State to compute the payments of principal and  
2 interest on the Note. The principal shall be paid in full within **ten (10)** years from the date of the  
3 Note. Note payments shall commence on the first day of the month following the first  
4 anniversary of the Substantial Completion date of the Project or the first anniversary of the  
5 Scheduled Completion date of the project, whichever is earlier. The Scheduled Completion date  
6 is hereby determined to be **April 1, 2015**; however, should the project experience excusable  
7 delay beyond this date, an extension may be granted by the Commissioner upon request in  
8 writing by the Loan Recipient. In no event shall Note payments commence later than ten years  
9 from the effective date of this agreement.

10  
11 VIII. The Loan Recipient reserves the right to prepay, at any time and without penalty, all or any  
12 part of the outstanding principal of the Note.

13  
14 IX. In the event of a default in the full and timely remittance of any Note payment, any State  
15 Aid Grant funds payable to the Loan Recipient under RSA 486:1 may be offset against and  
16 applied to the payment of any obligations that are due hereunder. The Loan Recipient agrees to  
17 be liable for all costs of collection, legal expenses, and attorney's fees incurred or paid by the  
18 State in enforcing this agreement or in collecting any delinquent payments due hereunder.

19  
20 X. No delay or omission on the part of the State in exercising any right hereunder shall operate  
21 as a waiver of such right or of any other right under this agreement. A waiver on any one  
22 occasion shall not be construed as bar to any right and/or remedy on any future occasion.

23  
24 XI. The Loan Recipient acknowledges that by accepting the Loan it will be a sub-recipient of  
25 federal financial assistance and, as such, subject to requirements of the federal Single Audit Act

1 of 1984, as amended by the Single Audit Act Amendments of 1996 (the "SAA"). The Loan  
2 Recipient further acknowledges that, if the Loan Recipient expends more than \$500,000 in  
3 federal financial assistance from all sources in any fiscal year, it must perform an SAA audit in  
4 accordance with the requirements of Office of Management and Budget Circular A-133. In that  
5 event, the Loan Recipient shall provide the State with a copy of the SAA audit report within nine  
6 months of the end of the audit period.

7  
8 XII. The Loan Recipient agrees to permit the Comptroller General of the United States, an  
9 appropriate Inspector General appointed under section 3 or 8G of the Inspector General Act of  
10 1978 (5 U.S.C. App.), or an authorized representative of either of the foregoing officials, or of  
11 the State of New Hampshire to have access to and the right to:

12  
13 (i) Examine any of the Borrower's, the contractor's or any subcontractor's records  
14 that pertain to and involve transactions relating to this Agreement, the Construction  
15 Contract, the Engineering Contract or a subcontract thereunder; and

16  
17 (ii) Interview any officer or employee regarding such transactions.

18  
19 The Borrower shall insert subparagraphs (i). and (ii). in the Construction Contract and require the  
20 Contractor to insert subparagraphs (i). and (ii). in all subcontracts thereunder.

21  
22 XIII. Davis-Bacon (DB) prevailing wage requirements apply to the Project in accordance with  
23 the federal fiscal year (FY) **2013 Consolidated and Further Continuing Appropriations Act**  
24 **(P.L. 113-6)**. The Loan Recipient shall insert in full in any contract in excess of \$2,000 which is  
25 entered into for Project construction the standard Davis-Bacon contract clause as specified by 29

1 CFR §5.5(a). The Loan Recipient shall obtain the wage determination for the locality in which a  
2 covered activity subject to DB will take place prior to issuing requests for bids, proposals, quotes  
3 or other methods for soliciting contracts (solicitation) for activities subject to DB. These wage  
4 determinations shall be incorporated into solicitations and any subsequent contracts. Prime  
5 contracts must contain a provision requiring that subcontractors follow the wage determination  
6 incorporated into the prime contract.  
7

8  
9 XIV. The Loan Recipient agrees to comply with the Buy American requirements of H.R. 3547.  
10 Unless this requirement has been waived by a competent federal authority pursuant to 2 CFR  
11 176.140, none of the funds made available by a drinking water revolving loan fund as authorized  
12 by section 1452 of the Safe Drinking Water Act shall be used for a project for the construction,  
13 alteration, maintenance, or repair of a public water system unless all of the iron and steel  
14 products used in the project are produced in the United States. In this section, the term "iron and  
15 steel products" means the following products made primarily of iron or steel: lined or unlined  
16 pipes and fittings, manhole covers and other municipal castings, hydrants, tanks, flanges, pipe  
17 clamps and restraints, valves, structural steel, reinforced precast concrete, and construction  
18 materials. The application of Buy American requirements apply for the entirety of the  
19 construction activities financed by the assistance agreement through completion of construction  
20 no matter when construction commenced. The requirement applies to the entire project  
21 regardless if additional funds from other sources are used.  
22

23  
24 XV. The Loan Recipient shall not knowingly award a construction contract to a contractor which  
25 has been debarred or suspended by the federal government. The Loan Recipient or its agent  
shall compare the names of contractors who have bid on the project against the searchable list in

1 the federal “Excluded Parties List System” (EPLS) database, which can be found at  
2 <https://www.epls.gov/>; and

3  
4 XVI. Pursuant to 40 CFR, Section 33.301, the Loan Recipient shall make good faith efforts to  
5 utilize small, minority and women’s business enterprises whenever procuring construction,  
6 equipment, services and supplies under an EPA financial assistance agreement, and shall require  
7 that prime contractors also comply. Records documenting compliance with the six good faith  
8 efforts shall be retained.

9  
10 XVII. The effective date of this agreement shall be the date of its approval by the Governor and  
11 Executive Council. This agreement may be amended, waived, or discharged only by a written  
12 instrument signed by the parties hereto and only after approval of such amendment, waiver, or  
13 discharge by the Governor and Executive Council.

14  
15 XVIII. This agreement shall be construed in accordance with the laws of the State of New  
16 Hampshire and is binding upon and inures to the benefit of the parties and their respective  
17 successors. The parties hereto do not intend to benefit any third parties and, consequently, the  
18 agreement shall not be construed to confer any such benefit.

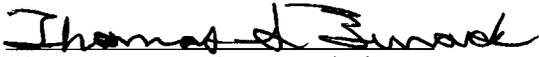
19  
20 XIX. This agreement, which may be executed in a number of counterparts, each of which shall  
21 be deemed an original, constitutes the entire agreement and understanding between the parties  
22 and supersedes all prior agreements and understandings relating thereto. Nothing herein shall be  
23 construed as a waiver of sovereign immunity, such immunity being hereby specifically reserved.

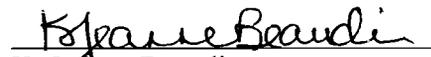
24  
25 *(signature page follows)*

1 STATE OF NEW HAMPSHIRE by:

TOWN OF BELMONT by:

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3 Thomas S. Burack, Commissioner  
4 Department of Environmental Services

K. Jeanne Beaudin  
Town Administrator

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

The **Town of Belmont** ("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&amp;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 Meeting on \_\_\_\_\_,  
4 \_\_\_\_\_, and a duly-adopted resolution of the Governing Body of the Loan Recipient and is  
5 issued for the purpose of financing the cost of the Project as described in said Resolution and  
6 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.

18  
19 IN WITNESS whereof the Loan Recipient has caused this Note to be signed by its  
20 \_\_\_\_\_, and the seal of the Loan Recipient to be affixed hereto, as of the  
21 \_\_\_\_ day of \_\_\_\_\_, 2014.

22  
23 TOWN OF BELMONT by:

24 \_\_\_\_\_  
25 Name, Title

(Seal)