



The State of New Hampshire  
**DEPARTMENT OF ENVIRONMENTAL SERVICES**

Thomas S. Burack, Commissioner



STATE OF NEW HAMPSHIRE  
**American Recovery  
 and Reinvestment Act**



August 30, 2012

His Excellency, Governor John H. Lynch  
 and the Honorable Council  
 State House  
 Concord, New Hampshire 03301

*ARRA  
 Funds*

**REQUESTED ACTION**

Authorize the Department of Environmental Services to approve a Supplemental Loan Agreement (SLA) with Berlin Water Works (VC# 177362-B006) in the amount of \$3,000,000. This finalizes the loan amount used to finance the water system improvements project under the provisions of RSA 486:14 and N.H. Administrative Rules Env-Dw 1100 effective upon Governor & Council approval. 50% ARRA, 39.6% Federal Funds, 10.4% Capital (General) Funds.

**EXPLANATION**

The purpose of the SLA with Berlin Water Works is to amend the Original Loan Agreement that was originally approved by Governor and Council on June 17, 2009, as Late Item A-7 in the amount of \$3,000,000. The project is complete and \$3,000,000 was disbursed. This SLA finalizes the principal loan amount and establishes the long term principal and interest repayment schedule. The purpose of the project was to replace small diameter water mains throughout the City to improve the quality and quantity of drinking water in the City.

Under the terms of the Supplemental Loan Agreement, Berlin Water Works will pay back the principal sum of \$1,500,000 with interest, over a twenty-year period, payable in installments as provided in the agreement. Under the American Recovery and Reinvestment Act of 2009, the project is eligible for 50% principal forgiveness. This represents the total amount borrowed of \$3,000,000 less principal forgiveness at the rate of 50% in the amount of \$1,500,000, for a total repayment balance of \$1,500,000. This loan is being issued under the Drinking Water State Revolving Loan Fund program for the purpose of financing the water system improvements mentioned above. Attached are the agreement and the debt service schedule for this loan.

We respectfully request your approval.

*Thomas S. Burack*  
 Thomas S. Burack, Commissioner

Attachments

DEPARTMENT OF ENVIRONMENTAL SERVICES  
WATER DIVISION

DRINKING WATER STATE REVOLVING FUND

Supplemental information to Governor and Council request to finalize 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>	<u>REPAYMENT</u>	<u>ARRA</u>
Federal Funds	\$104,221,498	\$0	\$18,720,000
Plus 20% State Match	\$28,249,860	\$0	\$0
Repayment Account	\$0	\$19,197,099	\$0
Total Funds Authorized/Available	\$132,471,358	\$19,197,099	\$18,720,000
Less Loans Previously Approved	\$128,468,931	\$0	\$18,720,000
Funds Available for Loans	\$4,002,427	\$19,197,099	\$0

**Amended Loan Agreement(s)**

	<u>Original Loan</u>	<u>Final Loan</u>		
Berlin Water Works (0231010-07)	\$3,000,000	(\$3,000,000)	\$0	
Catamount Hill Coop (0034030)	\$792,000	(\$775,080)		\$16,920
Olde Towne Coop (0034020)	\$394,600	(\$393,470)		\$1,130
Net Change to Loan(s)			\$0	\$18,050

**Balance Available After G & C Approval**

	<u>\$4,002,427</u>	<u>\$19,215,149</u>	<u>\$0</u>
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See DWSRF loan status table for breakdown of grants by year.

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>
Total 1997-2012 Funds Available for Loans	<b>\$132,471,358</b>



# American Recovery and Reinvestment Act

**NHRECOVERY**  
Putting new hampshire to work

## STATE OF NEW HAMPSHIRE

### DRINKING WATER STATE REVOLVING LOAN PROGRAM

BERLIN WATER WORKS  
(Project No. 0231010-07 ARRA)

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### SUPPLEMENTAL LOAN AGREEMENT

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This SUPPLEMENTAL LOAN AGREEMENT (Agreement) is entered into as of the  
17<sup>th</sup> day of October, 2012, between the State of New Hampshire,  
Drinking Water State Revolving Loan Fund Program (State) and the **Berlin Water Works** (the  
“Loan Recipient”) in accordance with RSA 486:14 and New Hampshire Code of Administrative  
Rules Chapter Env-Dw 1100 (Rules) in order to finance “Water Main Replacement” (Project)  
which is now complete. The Project is described in Exhibit A. This Agreement supplements or  
amends the Original Loan Agreement (OLA) dated June 17, 2009. The purpose of this  
Agreement is to set the terms, interest rate, and payment schedule for the repayment of the  
monies borrowed under the OLA. All terms of the OLA that are not amended by this Agreement  
remain in effect.

The Loan Recipient agrees to repay to the State, in accordance with the terms of this  
Agreement, the principal sum of **Three Million Dollars (\$3,000,000)** with interest thereon  
payable in annual installments as provided in this Agreement. Pursuant to the American  
Recovery and Reinvestment Act of 2009 (ARRA) and the OLA, a total of Fifty (50) % or  
**\$1,500,000** of principal will be forgiven at the time of the initial loan repayment as reflected in  
the payment schedule in Exhibit B, attached hereto.

The Loan shall be represented by a Promissory Note (Note) of the Loan Recipient issued  
under and in accordance with the applicable provisions of RSA 33, the Municipal Finance Act,  
as amended and supplemented, including the provision of RSA 486:14, III. The Note shall be in

1 the form of Exhibit B. The outstanding principal amount of the Loan made hereunder shall bear  
2 interest which shall accrue from the date that Loan is made computed on the basis of 30-day  
3 months and 360-day years using the following interest rate: **3.104 %**.

4 Annual payments of principal and interest by the Loan Recipient shall commence on  
5 **October 1, 2012**, and shall be due on this anniversary date each year thereafter until the Note is  
6 paid in full.

7 The Loan Recipient hereby authorizes the State to compute the annual debt service  
8 installments and to make the appropriate notations on the Note, provided that failure to make  
9 such a notation or any error made in such a notation with respect to any Loan shall not limit the  
10 Loan Recipient's payment obligations under this Agreement and any Note.

11 Upon default in the prompt and full payment of any installment of principal or interest on  
12 this Loan Agreement, the entire unpaid principal hereof and interest thereon to the date of  
13 payment shall immediately become due and payable upon the demand of the State of New  
14 Hampshire.

15 At any time, any state grant funds payable to the Loan Recipient may be set off against  
16 and applied in payment of any obligations that are due hereunder. In the event of a default in the  
17 prompt and full payment when due of any installment of principal or of interest on a Note issued  
18 under this Agreement, any State grant funds payable to the Loan Recipient may be held and  
19 treated as collateral security for the payment of the obligations hereunder.

20 In the event of set off, the State shall notify the Loan Recipient of said set off and said  
21 funds will be applied to the annual payment due.

22 No delay or omission on the part of the State of New Hampshire in exercising any right  
23 hereunder shall operate as a waiver of such right or of any other right under this note. A waiver  
24 on any one occasion shall not be construed as a bar to or any right and/or remedy on any future  
25 occasion.

1           The Loan Recipient will pay all costs of collection, legal expenses, and attorney's fees  
2 incurred or paid by the State of New Hampshire in collecting and/or enforcing this Agreement or  
3 any Loan made hereunder on default.

4           The Loan Recipient reserves the right to prepay, without penalty, all or any part of the  
5 principal of any Loan made hereunder.

6           The Loan Recipient agrees to comply with all State and Federal requirements as  
7 contained in the Rules.

8           The effective date of this Agreement shall be the date of the Governor and Council  
9 approval of this Agreement.

10          This Agreement may be amended, waived or discharged only by an instrument in writing  
11 signed by the parties hereto and only after approval of such amendment, waiver or discharge by  
12 the Governor and Council of the State of New Hampshire.

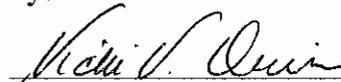
13          This Agreement shall be construed in accordance with the laws of the State of New  
14 Hampshire, and is binding upon and inures to the benefit of the parties and their respective  
15 successors.

16          The parties hereto do not intend to benefit any third parties and this Agreement shall not  
17 be construed to confer any such benefit.

18          This Agreement, which may be executed in a number of counterparts, each of which shall  
19 be deemed an original, and those provisions of the Original Loan Agreement not superseded by  
20 this Supplemental Loan Agreement constitute the entire Agreement and understanding between  
21 the parties, and supersedes all other prior agreements and understandings relating hereto.

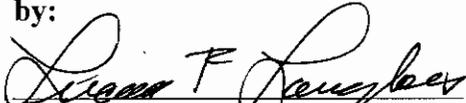
1 **STATE OF NEW HAMPSHIRE**

2 **by:**

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4 Thomas S. Burack, Commissioner  
Environmental Services

BERLIN WATER WORKS

**by:**

  
Lucien F. Langlois, Chairperson  
Authorized Representative

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**EXHIBIT A**  
**STATE OF NEW HAMPSHIRE**  
**DRINKING WATER STATE REVOLVING LOAN FUND PROGRAM**  
**And**  
**AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009**  
**PROJECT DESCRIPTION**

Berlin Water Works has applied for a Loan for and has completed the following project:  
Replacement and upgrade of water mains on the below listed streets:

- Goebel Street
- Burgess Street
- Willard Street
- High Street
- Champlain Street
- Spring Street
- Guilmette Street
- Summer Street
- Main Street-Riverside Drive
- Noury Street
- Tie-Line Cates Hill Tank

1 **EXHIBIT B**

2 STATE OF NEW HAMPSHIRE

3 DRINKING WATER STATE REVOLVING LOAN FUND PROGRAM

4 and

5 AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

6 PROMISSORY NOTE AND REPAYMENT SCHEDULE

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8 Berlin Water Works (Loan Recipient) promises to pay to the Treasurer of the State of  
9 New Hampshire the sum of **Three Million Dollars (\$3,000,000)** in installments on October 1 in  
10 each year as set forth below, with interest on the entire unpaid balance payable on the first  
11 principal payment date and annually, thereafter, at the rate of **3.104 %** per annum, computed on  
12 the basis of 30-day months and 360-day years, in the respective years set forth below. A total of  
13 \$1,500,000 of principal will be forgiven at the time of the initial payment, as shown below.

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15 REPAYMENT SCHEDULE

16	<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total P&amp;I</u>	<u>(Principal Forgiveness)</u>	<u>Payment Due</u>
17	2012	20.00	127,106.60	127,126.60	1,500,000.00	127,126.60
18	2013	59,126.51	46,559.38	105,685.89	0.00	105,685.89
19	2014	60,961.79	44,724.09	105,685.88	0.00	105,685.88
20	2015	62,854.06	42,831.83	105,685.89	0.00	105,685.89
21	2016	64,805.03	40,880.85	105,685.88	0.00	105,685.88
22	2017	66,816.58	38,869.30	105,685.88	0.00	105,685.88
23	2018	68,890.57	36,795.31	105,685.88	0.00	105,685.88
24	2019	71,028.93	34,656.95	105,685.88	0.00	105,685.88
25	2020	73,233.68	32,452.21	105,685.89	0.00	105,685.89

1	2021	75,506.84	30,179.04	105,685.88	0.00	105,685.88
2	2022	77,850.58	27,835.31	105,685.89	0.00	105,685.89
3	2023	80,267.06	25,418.83	105,685.89	0.00	105,685.89
4	2024	82,758.55	22,927.34	105,685.89	0.00	105,685.89
5	2025	85,327.38	20,358.51	105,685.89	0.00	105,685.89
6	2026	87,975.93	17,709.95	105,685.88	0.00	105,685.88
7	2027	90,706.72	14,979.17	105,685.89	0.00	105,685.89
8	2028	93,522.24	12,163.64	105,685.88	0.00	105,685.88
9	2029	96,425.18	9,260.71	105,685.89	0.00	105,685.89
10	2030	99,418.21	6,267.67	105,685.88	0.00	105,685.88
11	2031	102,504.16	3,181.73	105,685.89	0.00	105,685.89

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13           This Promissory Note (Note) is issued under and by virtue of the New Hampshire  
14 Municipal Finance Act, an agreement duly entered into by the Loan Recipient and the Drinking  
15 Water State Revolving Loan Fund Program, and is issued for the purpose of financing the cost of  
16 replacement and upgrade of water mains as described in Exhibit A of the Supplemental Loan  
17 Agreement (Agreement).

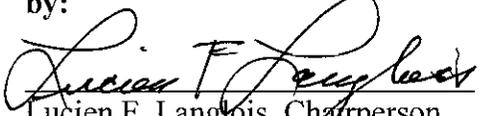
18           The Loan Recipient reserves the right to prepay, at any time and without penalty, all or  
19 any part of the outstanding principal on this Note.

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

22           It is hereby certified and recited that all acts, conditions, and things required to be done  
23 precedent to and in the issuing of this Note have been done, have happened, and have been  
24 performed in regular and due form and, for the payment hereof when due, the full faith and credit  
25 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 Chairperson, and the seal of the Loan Recipient to be affixed hereto, as of the 17<sup>th</sup> day of  
3 October, 2012.

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5 BERLIN WATER WORKS  
6 by:

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8 Lucien F. Langlois, Chairperson  
Authorized Representative

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10 (Seal)

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