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The State of New Hampshire
Department of Environmental Services

Thomas S. Burack, Commissioner

*Celebrating 25 Years of Protecting
New Hampshire's Environment*



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



September 28, 2012

*ARRA
Funds*

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

REQUESTED ACTION

Authorize the Department of Environmental Services to approve a Supplemental Loan Agreement with the City of Manchester (VC #177433), which finalizes the Original Loan Agreement in the amount of \$5,750,000, under the provisions of RSA 486:14 and N.H. Code of Administrative Rules Env-Wq 500, et seq., effective upon Governor & Council approval. The Original Loan Agreement was approved by Governor & Council on July 15, 2009 as Item No. 53. 41.5% Clean Water State Revolving Fund, 8.5% Capital (General) funds, 50% Federal ARRA funds.

EXPLANATION

The purpose of the Supplemental Loan Agreement with the City of Manchester is to finalize the principal loan amount, interest rate, and the repayment schedule for the loan agreement. The original loan was used to fund the design and construction of the Wastewater Treatment Facility Incinerator Upgrade project.

This loan was issued under the Clean Water State Revolving Fund (CWSRF) program for the purpose of financing the design and construction of an upgrade to Manchester's Wastewater Treatment Facility Incinerator to improve operation and efficiency of the incinerator and an upgrade to the emissions monitoring system. Under the terms of the Supplemental Loan Agreement, the City of Manchester will pay back the principal sum of \$5,750,000 with an interest rate of 3.1040% over a 20-year period, payable in installments as provided in the agreement. In addition, principal forgiveness through the American Recovery and Reinvestment Act of 2009 (ARRA) in the amount of \$2,875,000 will be applied to the principal balance upon

His Excellency Governor John H. Lynch
and the Honorable Council

Page 2 of 3

receipt of the initial loan payment. The work will ultimately protect human health and maintain the quality of the Merrimack River.

Attached are the Supplemental Loan Agreement, debt service schedule for this loan, and a tabulation of the CWSRF and ARRA accounts showing the effect of this loan on the available funds.

We respectfully request your approval.


Thomas S. Burack, Commissioner

DEPARTMENT OF ENVIRONMENTAL SERVICES
WATER DIVISION

**Base Clean Water State Revolving Fund Loan Program (CWSRF)
American Recovery and Reinvestment Act of 2009 (ARRA)**

Supplemental information to Governor and Council request for a loan agreement under RSA 486:14 and N.H. Code of Administrative Rules Env-Wq 500 et seq. for the municipality listed below:

This request will change the balance available for loans as follows:

	CWSRF Cap Grant	CWSRF Repayment	ARRA
Repayment Funds as of September 28, 2012		\$87,453,633	
Federal Funds *	\$306,447,231	\$0	\$37,697,344
Plus 20% State Match	\$63,871,173	\$0	\$0
Total Funds Available	\$370,318,404	\$87,453,633	\$37,697,344
Less Loans Previously Approved	\$350,554,635	\$0	\$36,781,793
Funds Available for Loans	\$19,763,769	\$87,453,633	\$915,551
Loan Agreement(s) This Request:			
City of Manchester			
Original Loan Amount †	(\$2,875,000)	\$0	(\$2,875,000)
Supplemental Loan Amount †	\$2,875,000	\$0	\$2,875,000
Change, this Request †	\$0	\$0	\$0
Other Requested Action(s)			
None			
Net Change †	\$0	\$0	\$0
Balance Available after G & C Approval	\$19,763,769	\$87,453,633	\$915,551

* Is net of the 4% reduction in Federal dollars for CWSRF Program administration

† Negative numbers in this row indicate funds returned to account

See SRF Loan Status Table for breakdown of Grants by year

**NEW HAMPSHIRE DEPARTMENT OF ENVIRONMENTAL SERVICES
CLEAN WATER STATE REVOLVING LOAN PROGRAM**

SRF Funds Available for Loans

1989-2005 Capitalization Grants	\$213,967,292
Plus Amendments	\$23,034,312
Plus State Match	\$47,408,321
Less 4% Administration Fee	(\$9,480,065)
Total 1989-2005 Funds Available for Loans	<u>\$274,929,860</u>
2006 Capitalization Grant (08/08/07)	\$8,739,500
Plus State Match	\$1,767,900
Less 4% Admin.	(\$349,580)
Total 2006 Funds Available for Loans	<u>\$10,157,820</u>
2007 Capitalization Grant (09/11/08)	\$10,695,762
Plus State Match	\$2,139,152
Less 4% Admin.	(\$427,830)
Total 2007 Funds Available for Loans	<u>\$12,407,084</u>
2008 Capitalization Grant (02/04/09)	\$6,769,000
Plus State Match	\$1,353,800
Less 4% Admin.	(\$270,760)
Total 2008 Funds Available for Loans	<u>\$7,852,040</u>
2009 Capitalization Grant (07/22/09)	\$6,769,000
Plus State Match	\$1,353,800
2009 Supplemental (ARRA) Capitalization Grant	\$39,163,900
Less 4% Admin.	(\$1,737,316)
Transfer of Surplus ARRA Admin.	\$100,000
Total 2009 Funds Available for Loans	<u>\$45,649,384</u>
2010 Capitalization Grant (08/10/2011)	\$20,361,000
Plus State Match	\$4,072,200
Less 4% Admin.	(\$814,440)
Total 2010 Funds Available for Loans	<u>\$23,618,760</u>
2011 Capitalization Grant (09/21/2011)	\$14,757,000
Plus State Match	\$2,951,400
Less 4% Admin.	(\$590,280)
Total 2011 Funds Available for Loans	<u>\$17,118,120</u>
2012 Capitalization Grant (06/05/2012)	\$14,123,000
Plus State Match	\$2,824,600
Less 4% Admin.	(\$564,920)
Total 2012 Funds Available for Loans	<u>\$16,382,680</u>
Total Federal Grant \$ Available (including ARRA)	\$344,244,575
Total Federal Grant \$ Available (excluding ARRA)	\$306,447,231
Total State Match	\$63,871,173
Total 1989 - 2012 Funds Available for Loans (including ARRA)	<u>\$408,115,748</u>
Total 1989 - 2012 Funds Available for Loans (excluding ARRA)	<u>\$370,418,404</u>



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



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WATER POLLUTION CONTROL REVOLVING FUND PROGRAM

CITY OF MANCHESTER, NEW HAMPSHIRE
(Project No. CS-333192-36)

SUPPLEMENTAL LOAN AGREEMENT

This SUPPLEMENTAL LOAN AGREEMENT (Agreement) is entered into as of the _____ day of _____, 2012, between the State of New Hampshire Water Pollution Control Revolving Fund Program (State) and the **City of Manchester, New Hampshire** (Loan Recipient) in accordance with RSA 486:14 and New Hampshire Code of Administrative Rules Chapter Env-Wq 500 (Rules) in order to finance the **Incinerator Upgrade Project** (Project) which is now complete. The Project is described in Exhibit A. This Agreement supplements or amends the Original Loan Agreement (OLA) dated **July 15, 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.

This Agreement modifies the Scheduled Completion date contained in the OLA to **June 1, 2011**.

The Loan Recipient agrees to repay to the State, in accordance with the terms of this Agreement, the principal sum of **Five Million, Seven Hundred Fifty Thousand and 00/100 Dollars (\$5,750,000.00)** 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 **\$2,875,000** of principal will be forgiven at the time of the initial loan repayment as reflected in the payment schedule in Exhibit B, attached hereto.

1 The Loan shall be represented by a Promissory Note (Note) of the Loan Recipient issued
2 under and in accordance with the applicable provisions of RSA 33, the Municipal Finance Act,
3 as amended and supplemented, including the provision of RSA 486:14, III. The Note shall be in
4 the form of Exhibit B. The outstanding principal amount of the Loan made hereunder shall bear
5 interest which shall accrue from the date that Loan is made computed on the basis of 30-day
6 months and 360-day years using the following interest rate: **3.1040%**.

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

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

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

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

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

25

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

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

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

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

12 The effective date of this Agreement shall be the date of the Governor and Council
13 approval of this Agreement.

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

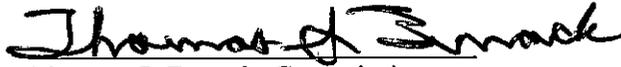
17 This Agreement shall be construed in accordance with the laws of the State of New
18 Hampshire, and is binding upon and inures to the benefit of the parties and their respective
19 successors.

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

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

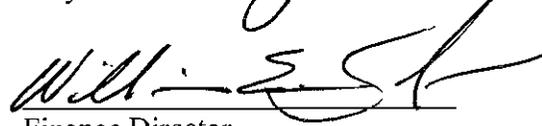
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STATE OF NEW HAMPSHIRE
by:


Thomas S. Burack, Commissioner
Environmental Services

CITY OF MANCHESTER,
NEW HAMPSHIRE by:


Mayor


Finance Director

1 **EXHIBIT B**

2 STATE OF NEW HAMPSHIRE

3 WATER POLLUTION CONTROL REVOLVING LOAN FUND PROGRAM

4 and

5 AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009

6 PROMISSORY NOTE AND REPAYMENT SCHEDULE

7
8 The **City of Manchester, New Hampshire** (Loan Recipient) promises to pay to the
9 Treasurer of the State of New Hampshire the sum of **Five Million, Seven Hundred Fifty**
10 **Thousand and 00/100 Dollars (\$5,750,000)** in installments on **June 1** in each year as set forth
11 below, with interest on the entire unpaid balance payable on the first principal payment date and
12 annually, thereafter, at the rate of **3.1040%** per annum, computed on the basis of 30-day months
13 and 360-day years, in the respective years set forth below. A total of **\$2,875,000** of principal
14 will be forgiven at the time of the initial payment, as shown below.

15
16 REPAYMENT SCHEDULE

17

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>(Principal Forgiveness)</u>	<u>Payment Due</u>
18 2012	\$143,750.00	\$202,020.56	\$2,875,000	\$345,770.56
19 2013	\$143,750.00	\$84,778.00	\$0.00	\$228,528.00
20 2014	\$143,750.00	\$80,316.00	\$0.00	\$224,066.00
21 2015	\$143,750.00	\$75,854.00	\$0.00	\$219,604.00
22 2016	\$143,750.00	\$71,392.00	\$0.00	\$215,142.00
23 2017	\$143,750.00	\$66,930.00	\$0.00	\$210,680.00
24 2018	\$143,750.00	\$62,468.00	\$0.00	\$206,218.00
25 2019	\$143,750.00	\$58,006.00	\$0.00	\$201,756.00

1	2020	\$143,750.00	\$53,544.00	\$0.00	\$197,294.00
2	2021	\$143,750.00	\$49,082.00	\$0.00	\$192,832.00
3	2022	\$143,750.00	\$44,620.00	\$0.00	\$188,370.00
4	2023	\$143,750.00	\$40,158.00	\$0.00	\$183,908.00
5	2024	\$143,750.00	\$35,696.00	\$0.00	\$179,446.00
6	2025	\$143,750.00	\$31,234.00	\$0.00	\$174,984.00
7	2026	\$143,750.00	\$26,772.00	\$0.00	\$170,522.00
8	2027	\$143,750.00	\$22,310.00	\$0.00	\$166,060.00
9	2028	\$143,750.00	\$17,848.00	\$0.00	\$161,598.00
10	2029	\$143,750.00	\$13,386.00	\$0.00	\$157,136.00
11	2030	\$143,750.00	\$8,924.00	\$0.00	\$152,674.00
12	2031	\$143,750.00	\$4,462.00	\$0.00	\$148,212.00

13

14 This Promissory Note (Note) is issued under and by virtue of the New Hampshire
15 Municipal Finance Act, an agreement duly entered into by the Loan Recipient and the State of
16 New Hampshire Water Pollution Control Revolving Loan Fund Program, and is issued for the
17 purpose of financing the cost of the **Incinerator Upgrade Project** as described in Exhibit A of
18 the Supplemental Loan Agreement (Agreement).

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

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

23 It is hereby certified and recited that all acts, conditions, and things required to be done
24 precedent to and in the issuing of this Note have been done, have happened, and have been

25

1 performed in regular and due form and, for the payment hereof when due, the full faith and credit
2 of the Loan Recipient are hereby irrevocably pledged.

3 IN WITNESS whereof the Loan Recipient has caused this Note to be signed by its
4 **Mayor and Finance Director**, and the seal of the Loan Recipient to be affixed hereto, as of the
5 24th day of Sept., 2012.

6
7 **CITY OF MANCHESTER, NEW HAMPSHIRE** by:

8 
9 Mayor

10 
11 Finance Director

12
13 (Seal)

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