

## Class C Water Utility

**F-1 BALANCE SHEET**  
**Assets and Other Debits**

Line # (a)	Acct # (b)	Account Title (c)	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
<b>UTILITY PLANT</b>					
1	101-105	Utility Plant	\$597,421		\$597,421
2	108-110	Less: Accumulated Depreciation & Amortization	472,069		472,069
3		Net Plant	\$125,352	\$0	\$125,352
4	114-115	Utility Plant Acquisition Adjustment - Net			
5		Total Net Utility Plant	\$125,352	\$0	\$125,352
<b>OTHER PROPERTY AND INVESTMENTS</b>					
6	121	Nonutility Property			
7	122	Less: Accumulated Depreciation & Amortization			
8		Net Nonutility Property			
9	124	Utility Investments			
10	127	Depreciation Funds			
11		Total Other Property and Investments			
<b>CURRENT AND ACCRUED ASSETS</b>					
12	131	Cash	(\$2,437)	(\$1,717)	(\$4,154)
13	132	Special Deposits	387		387
14	141-143	Accounts & Notes Receivable Net	34,182		34,182
15	151	Plant Materials and Supplies			
16	162-163	Prepayments	812		812
17	174	Miscellaneous Current and Accrued Assets			
18		Total Current and Accrued Assets	\$32,944	(\$1,717)	\$31,227
<b>DEFERRED DEBITS</b>					
19	186	Miscellaneous Deferred Debits	\$7,030	(\$3,063)	\$3,967
20	190	Accumulated Deferred Income Taxes			
21		Total Deferred Debits	\$7,030	(\$3,063)	\$3,967
<b>TOTAL ASSETS AND OTHER DEBITS</b>			<b>\$165,326</b>	<b>(\$4,780)</b>	<b>\$160,546</b>

## Class C Water Utility

**F-1 BALANCE SHEET**  
**Equity Capital and Liabilities**

Line # (a)	Acct # (b)	Account Title ©	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
<b>EQUITY CAPITAL</b>					
1	201	Common Stock Issued	\$1,000		\$1,000
2	204	Preferred Stock Issued			
3	211	Other Paid In Capital	10,000		10,000
4	217	Retained Earnings	(36,406)	(\$3,507)	(39,913)
5	218	Proprietary Capital (Proprietorships & Partnerships)			
6		Total Equity Capital	(\$25,406)	(\$3,507)	(\$28,913)
<b>LONG TERM DEBT</b>					
7	224	Other Long-Term Debt	\$147,565	21,992	\$169,557
<b>CURRENT AND ACCRUED LIABILITIES</b>					
8	231	Accounts Payable			
9	232	Notes Payable			
10	235	Customer Deposits			
11	236	Accrued Taxes			
12	237	Accrued Interest			
13	241	Miscellaneous Current & Accrued Liabilities	12,855	(23,265)	(10,410)
14		Total Current and Accrued Liabilities	\$12,855	(\$23,265)	(\$10,410)
<b>OTHER LIABILITIES</b>					
15	252	Advances for Construction			
16	253	Other Deferred Credits			
17	255	Accumulated Deferred Investment Tax Credit			
18	265	Miscellaneous Operating Reserves			
19	271-272	CIAC - Net	30,312		30,312
20	281-283	Accumulated Deferred Income Taxes			
21		Total Other Liabilities	\$30,312	\$0	\$30,312
22		<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$165,326</b>	<b>(\$4,780)</b>	<b>\$160,546</b>

## Class C Water Utility

## F-2 STATEMENT OF INCOME

Line # (a)	Acct # (b)	Account Title (c)	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
		<b>UTILITY OPERATING INCOME</b>			
1	400	Operating Revenue	\$51,173		\$51,173
2	-	Operating Expenses:			
3	401	Operation and Maintenance	\$15,313		\$15,313
4	403	Depreciation	24,726		24,726
5	405	Amortization of CIAC	(2,157)		(2,157)
6	406	Amortization of Utility Plant Acquisition Adj			
7	407	Amortization - Other			-
8	408	Taxes Other Than Income	4,012		4,012
9	-	Income Taxes (409.1, 410.1, 411.1, 412.1)			-
10		Total Operating Expenses	\$41,894	\$0	\$41,894
11		Net Operating Income (Loss)	\$9,279	\$0	\$9,279
		<b>OTHER INCOME AND DEDUCTIONS</b>			
12	419	Interest & Dividend Income			-
13	420	Allowance for Funds Used During Construction			
14	421	Non-Utility Income			
15	422	Gain (Loss) From Disposition Nonutility Property			
16	426	Miscellaneous Non-Utility Expenses			
17	427	Interest Expense	(12,719)	(3,507)	(16,226)
18	-	Taxes Other Than Income (409.2+410.2+411.2+412.2)			
19		Total Other Income and Deductions	(\$12,719)	(\$3,507)	(16,226)
20		<b>NET INCOME (LOSS)</b>	<b>(\$3,440)</b>	<b>(\$3,507)</b>	<b>(\$6,947)</b>



## Class C Water Utility

**F-1 BALANCE SHEET**  
**Capital Structure**

Line # (a)	Acct # (b)	Account Title ©	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
<b>EQUITY CAPITAL</b>					
1	201	Common Stock Issued	\$1,000		\$1,000
2	204	Preferred Stock Issued			
3	211	Other Paid In Capital	10,000		10,000
4	215	Unappropriated Retained Earnings			
5	217	Retained Earnings	(36,406)	(\$3,507)	(39,913)
6	218	Proprietary Capital (Proprietorships & Partnerships)			
7		Total Equity Capital	(\$25,406)	(\$3,507)	(\$28,913)
<b>LONG TERM DEBT</b>					
8	224	Other Long-Term Debt	\$147,565	\$21,992	\$169,557
9		<b>TOTAL CAPITAL</b>	\$122,159	\$18,485	\$140,644

**Capital Structure**

Line # (a)	Acct # (b)	Account Title ©	Current Year End Balance (d)	Proforma Adjustments (e)	Proforma Year End Balance (f)
<b>EQUITY CAPITAL</b>					
1	201	Common Stock Issued	0.82%		0.71%
2	204	Preferred Stock Issued			
3	211	Other Paid In Capital	8.19%		7.11%
4	215	Unappropriated Retained Earnings			
5	217	Retained Earnings	-29.80%	-18.97%	-28.38%
6	218	Proprietary Capital (Proprietorships & Partnerships)			
7		Total Equity Capital	-20.80%	-18.97%	-20.56%
<b>LONG TERM DEBT</b>					
8	224	Other Long-Term Debt	120.80%	118.97%	120.56%
9		<b>TOTAL CAPITAL</b>	100.00%	100.00%	100.00%

JOURNAL ENTRIES				Impact on NI
	2016 Net Income (Loss)			\$ (3,440)
1	Dr. Amortization of Debt Expense 7,030 Cr. Misc Def Dr - Unamortized Debt Expense 7,030 To record write off of Unamortized Debt Financing Costs			(7,030)
2	Dr. Misc Def Dr. - Unamortized Debt Expense 4,250 Cr. Cash 4,250 To record costs associated with financing (See SPS 6)			
3	Dr. Cash 170,000 Cr. Other Long Term Debt 170,000 To record receipt of cash and new LTD			
4	Dr. 2013 Promissory Note 147,565 Dr. Accrued Liabilities 23,265 Cr. Cash 170,830 To record disbursement of funds			
5	Dr. Cash 19,495 Cr. Other Long Term Debt 7,367 Cr. Interest Expense 12,128 To reverse principal and interest payment on existing Promissory Note			12,128
6	Dr. Other Long Debt 7,810 Dr. Interest Expense 8,322 Cr. Cash 16,132 To record principal and interest payment on new Promissory Note			(8,322)
7	Dr. Amortization of Debt Expense 283 Cr. Misc Def Dr - Unamortized Debt Expense 283 To record amortization of debt expense			(283)
	Net Income			\$ (6,947)
	Net impact on Cash	189,495	191,212 (1,717)	

**Financing / Refinancing****Source of Funds:**

Merrimack County Savings Bank	<u>\$170,000</u>
Total Source of Funds	<u>\$170,000</u>

**Use of Funds:**

Repayment of 2013 Promisory Note	\$147,565
Payment of 8 Past Due Monthly Payments under 2013 Promisory Note	12,997
Payment of 7 Past Due Monthly Payments of Management Fee	5,159
Payment of 2 Past Due Payments for Pump Replacement	4,411
Payment of 2 Past Due Payments for Septic Tank Pumping in conjunction with Pump Replacement	698
Payment of Financing costs	<u>4,250</u>
Total Use of Funds	<u>\$175,080</u>

SPSt. Cyr  
9/11/2017

**Financing and Step Increase****Estimated Financing and Step Increase Costs**

Stephen P. St. Cyr & Associates	\$ 4,000
MCSB Fees	<u>250</u>
Total Financing Costs	<u>\$ 4,250</u>

SPSt. Cyr  
9/11/2017





**MERRIMACK**  
COUNTY SAVINGS BANK

89 North Main Street, PO Box 2826  
Concord, NH 03302  
603.225.2793 | 800.541.0006  
themerrimack.com

August 29, 2017

Mr. Robert S. LaMontagne  
Bedford Waste Services Corp.  
317 South River Road  
Bedford, NH 03110

Dear Robert:

Pursuant to your request for financing, Merrimack County Savings Bank (the "Bank") or (the "Lender") is pleased to inform you that we have approved a Term Loan in the amount of One Hundred Seventy Thousand Dollars (\$170,000.00). This commitment is contingent upon the following terms and conditions:

1. **Borrower:** Bedford Waste Services Corp.
2. **Unlimited Guarantors:** Robert S. LaMontagne, personally
3. **Lender:** Merrimack County Savings Bank  
89 North Main Street  
Concord, N.H. 03301
4. **Amount:** \$170,000
5. **Type of Loan:** Term Loan
6. **Purpose of Loan:** Refinance existing loan and provide funds for system improvements.
7. **Points/Fees:** \$250 Document Preparation fee
8. **Loan Term:** 15 years
9. **Maturity:** 15 years
10. **Security:** 1<sup>st</sup> security lien on all business assets of Bedford Waste Services Corp.
11. **Prepayment Premium:** None
12. **Interest Rate :** Fixed for 5 years at 4.75%; then adjusting every 5 years based on the FHLB 5/15 amortizing advance rate plus a margin of 2.75%.
13. **Monthly Payments:** Principal and interest payments of \$1,322.31 monthly



#### OTHER TERMS AND CONDITIONS:

14. **Annual Financial Statements:** Lender will require from the Borrower annually a copy of the annual report filed with the NHPUC within 30 days of filing; and personal tax returns and personal financial statement from guarantor within 120 days of year end.
15. **Rent Rolls:** N/A
16. **Insurance:** Borrower is to provide at closing, from an insurance company acceptable to the Lender, the following certificates and confirmation that payments are current. The Lender and its successors and assigns, as their interests may appear, shall be listed as Mortgagee/Loss Payee (real estate loans) or Loss Payee (non real estate loans):
  - a) Liability Insurance.
  - b) Hazard insurance, including fire and extended coverage, at 100% of replacement cost.
  - c) Flood insurance: N/A

All policies and certificates shall provide that no cancellation shall be effective without ten (10) days prior written notice to Lender. Failure to maintain the above insurance during the term of the Loan and/or failure to provide the Bank with evidence of such insurance and payment of premiums shall be an event of default.
17. **Environmental Inspections:** N/A
18. **Title Insurance Policy Including:**
  - a) No exception for mechanics liens or taxes and special assessments.
  - b) Variable Rate Endorsement.
  - c) Affirmative Language Endorsement for easements and for any restrictive covenants affecting the premises.
  - d) Affirmative Language Endorsement insuring that any subordinate matters are, in fact, subordinate to the lien of the insured mortgage.
19. **Property Tax Escrow:** N/A
20. **Default Rate:** A default rate shall be set as per the loan documents.
21. **Late Charge:** Five Percent (5%) of any monthly installment of principal and interest to be paid to Lender if the Lender does not receive any payment within ten (10) days after it is due.
22. **Due on Sale Provisions:** N/A
23. **No Adverse Change:** If, prior to the closing or prior to any subsequent disbursement, there have been any material adverse changes with regard to any collateral or to any representation heretofore made by Borrower or if the Borrower is involved in any bankruptcy, reorganization or insolvency proceedings, then at Lender's option, it may elect not to close the Loan.
24. **Legal Services and Opinion:** All legal services to be rendered on behalf of Borrower in connection with the Loan shall be performed by an attorney (or attorneys) acceptable to Lender, the expense of which shall be borne by Borrower.
25. **Termination of Commitment:** Lender may terminate its commitment by notice to Borrower in the event that (a) Borrower shall fail to comply with any term or condition hereof; (b) any representation, warranty, statement, certificate, schedule or report made or furnished to Lender is false or misleading in any material respect as of the time made or furnished; (c) Borrower shall: (I) apply for or consent to the appointment of a receiver, trustee or

liquidator for it or for 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 insolvent or (v) file a voluntary petition in bankruptcy, or a petition or an answer seeking reorganization or any agreement with creditors or, (vi) an order, judgment or decree shall be entered without the application, approval or consent of Borrower, by any court of competent jurisdiction, approving a petition seeking reorganization of Borrower, or appointing a receiver, trustee, committee or liquidator for or of Borrower.

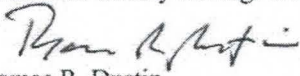
26. **Assignment:** This commitment is not assignable by Borrower. Lender shall have the right to sell and/or assign all or any portion of this commitment or any document evidencing or securing the Loan.
27. **Borrower's Affidavit:** Borrower shall make such representations to Lender as to matters affecting Borrower and the Security as the Lender or its attorneys may require.
28. **Costs:** Whether or not the loan transaction is completed, the Borrower shall pay all costs incidental to the transaction including, but not limited to: attorney's fees (including the Bank's attorneys' fees), UCC recording and search fees, filings, appraisal fee, cost of title search and title insurance, flood certification fee, environmental inspection fee, and any and all other expenses and costs incurred or required to be paid by the Bank.
29. Such other documents and provisions, which may be required by the Bank or its Attorney.

This commitment is evidenced by and is contingent upon your signing and returning this letter to us by the close of business on September 29, 2017. Commitment shall become effective only upon acceptance of and your agreement to be bound by the above terms and conditions.

The closing of the Loan must occur within 180 days after which this approval shall automatically expire and become null and void, unless the closing date is extended in writing by the Bank.

If you have any questions regarding this commitment, please feel free to contact me directly at 223-2667.

Sincerely yours,  
Merrimack County Savings Bank

  
Thomas R. Dustin  
Vice- President

**TERMS AND CONDITIONS ACCEPTED**  
**BORROWER:** Bedford Waste Services Corp.

\_\_\_\_\_  
Robert S. LaMontagne  
President

DATE: \_\_\_\_\_

\_\_\_\_\_  
Robert S. LaMontagne  
Guarantor

DATE: \_\_\_\_\_