RESOLUTION

APPROVING THE PROPOSAL OF PENNICHUCK CORPORATION TO GIVE PENNICHUCK WATER WORKS, INC. AUTHORITY TO ENTER INTO A LONG TERM LOAN FROM THE STATE DRINKING WATER REVOLVING LOAN FUND PROGRAM

CITY OF NASHUA

In the Year Two Thousand and Fourteen

WHEREAS, the City of Nashua is the sole shareholder of Pennichuck Corporation ("Pennichuck") and each of its subsidiaries;

WHEREAS, Article IX (3) of the Articles of Incorporation of Pennichuck and Article V §2 of the by-laws of Pennichuck require the approval of the sole shareholder (the City of Nashua) for Pennichuck to create, incur or assume any indebtedness for borrowed money, which includes contracting a loan on behalf of Pennichuck or its subsidiaries, or to guarantee any such indebtedness;

WHEREAS, Pennichuck Water Works, Inc. ("PWW") is a New Hampshire public utility corporation providing retail water service to New Hampshire customers, and is wholly owned by Pennichuck which, in turn, is wholly owned by the City of Nashua;

WHEREAS, by Resolution R-14-006, passed February 11, 2014, this Board approved a loan from the State Drinking Water Revolving Loan Fund Program ("SRF") in the principal amount of up to $1,540,000 to finance the cost of replacing approximately 7,080 linear feet of water main in the Nashua Core Water System, in Nashua and Amherst, N.H.;

WHEREAS, subsequent to Resolution R-14-006, Pennichuck learned that it would need to replace an additional portion of the water main for the Nashua Core Water System, increasing the total cost required from up to $1,540,000 to up to $2,640,000 to finance the cost of replacing approximately 10,656 linear feet of water main in the Nashua Core Water System, in Nashua and Amherst, N.H.;

WHEREAS, PWW is proposing to enter into a new long term loan from SRF in the principal amount of up to $2,640,000 to finance the cost of replacing approximately 10,656 linear feet of water main in the Nashua Core Water System, in Nashua and Amherst, N.H. which new loan shall replace the previously approved loan of up to $1,540,000; and
WHEREAS, Pennichuck is proposing to provide an unsecured corporate guaranty of the repayment of the loan by PWW.

NOW, THEREFORE, BE IT RESOLVED by the Board of Aldermen of the City of Nashua that the City approves Pennichuck and PWW’s proposal for a loan from the State Drinking Water Revolving Loan Fund Program, administered by the New Hampshire Department of Environmental Services, in the principal amount of up to $2,640,000 and the unsecured corporate guaranty by Pennichuck of the payment by PWW of said loan.
LEGISLATIVE YEAR 2014

RESOLUTION: R-14-017

PURPOSE: Approving the proposal of Pennichuck Corporation to give Pennichuck Water Works, Inc. authority to enter into a long term loan from the State Drinking Water Revolving Loan Fund Program

ENDORSERS: Mayor Donnalee Lozeau

COMMITTEE ASSIGNMENT:

FISCAL NOTE: None.

ANALYSIS

This resolution approves the proposal by Pennichuck Corporation and Pennichuck Water Works, Inc. to obtain a loan of up to $2,640,000 from the State Drinking Water Revolving Loan Fund Program, administered by the New Hampshire Department of Environmental Services for the purposes described in the resolution. This loan will replace the previous $1,540,000 loan approved by R-14-006 from the same fund. Further, this resolution approves the unsecured corporate guaranty by Pennichuck of the payment by PWW of said loan.

Additional information on the proposal from Pennichuck will be provided to the Board of Aldermen.

Article IX (3) of Pennichuck Corporation’s Articles of Incorporation and Article V §2 of the Pennichuck Corporation’s by-laws requires City approval for the borrowing and the guaranty.

Approved as to form: Office of Corporation Counsel

By: [Signature]

Date: March 20, 2014