



RESOLUTION

CREATING A SPECIAL REVENUE FUND FOR PAYMENT OF THE ACQUISITION BOND FOR PENNICHUCK CORPORATION

CITY OF NASHUA

In the Year Two Thousand and Eleven

RESOLVED by the Board of Aldermen of the City of Nashua that

WHEREAS on November, 11, 2010 the City of Nashua and Pennichuck Corporation entered into an Agreement and Plan of Merger for the City to purchase all the outstanding stock of Pennichuck Corporation, subject to the approval of the New Hampshire Public Utilities Commission; and

WHEREAS on November 23, 2011 the New Hampshire Public Utilities Commission ("PUC") issued Order No. 25,292 ("PUC Approval Order") which approved the City's acquisition of the Pennichuck Corporation stock and a comprehensive settlement agreement ("Settlement Agreement") among the parties to the PUC proceeding, and

WHEREAS the Merger Agreement, Settlement Agreement and prior Resolutions of the City's Board of Aldermen (R-10-82) contemplate that the City will issue general obligation bonds as authorized by state law (N.H. Laws 2007 Chapter 347, Section 5, as amended by N.H. Laws 2010 (Special Session) Chapter 1: Section 118), and

WHEREAS the Settlement Agreement approved by the PUC establishes a ratemaking structure for the Pennichuck water utilities that is intended to "ensure that the utilities will have rates at levels that are sufficient to enable each utility to meet their operating requirements and to satisfy each utility's apportioned share of responsibility to pay the debt service arising from the City Acquisition Bonds", and

WHEREAS pursuant to NH RSA 31:95-c, 1, the city may vote to restrict revenues from a specific source to expenditures for specific purposes, the majority of the board of aldermen answer "yes" to the following question:

RESOLUTION

R-11-169

“Shall we adopt the provisions of RSA 31:95-c, 1 to restrict revenues acquired from the surviving Pennichuck Corporation, intended to pay the acquisition cost of Pennichuck Corporation, to expenditures for the purpose of paying the principle and interest on bonds related to that acquisition each year? Such revenues and expenditures shall be accounted for in a special revenue fund to be known as the Pennichuck Corporation Acquisition Special Revenue Fund, separate from the general fund. Any surplus in such fund shall not be deemed part of the general fund accumulated surplus and shall be expended only after a vote by the legislative body to appropriate a specific amount from said fund for a specific purpose related to the purpose of the fund or source of the revenue.”

NOW THEREFORE, BE IT RESOLVED by the Board of Aldermen of the City of *Nashua*, upon the date of passage, such special revenue fund is created.

LEGISLATIVE YEAR 2011

RESOLUTION:

R-11-169

PURPOSE:

Creating a special revenue fund for payment of the acquisition bond for Pennichuck Corporation

SPONSOR(S):

Mayor Donnalee Lozeau

**COMMITTEE
ASSIGNMENT:**

FISCAL NOTE:

As a special revenue fund, it has no impact to the general fund.

ANALYSIS

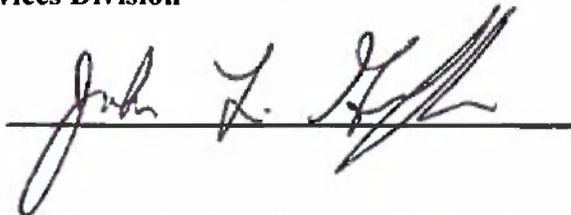
The state gives municipalities the ability to restrict revenues from a specific source to expenditures for specific purposes in 31:95-c, 1. This legislation creates a special revenue fund for the purpose of repaying the principle and interest on bonds issued to acquire Pennichuck Corporation. Special revenue funds require an annual appropriation and will be included in the annual municipal budget.

State law requires the board of aldermen to hold a public hearing on this legislation at least 15 days but not more than 30 days before this legislation is to be voted on. Notice of the public hearing must be posted in at least 2 public places in the city and published in a newspaper of general circulation at least 7 days before the hearing. NH RSA 31:95-d, I (b).

If this special revenue fund is created, the city may rescind its action at a later date, in a similar manner. NH RSA 31:95-d, I (a)-(b).

Approved as to content: Financial Services Division

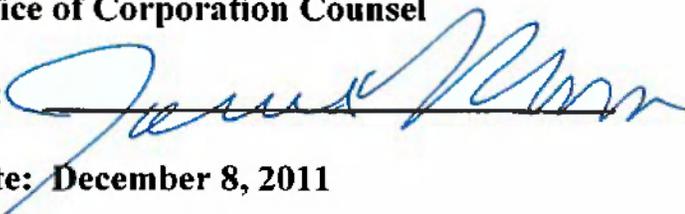
By:



Approved as to form:

Office of Corporation Counsel

By:



Date: December 8, 2011



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WHEREAS the Settlement Agreement approved by the PUC establishes a ratemaking structure for the Pennichuck water utilities that is intended to "ensure that the utilities will have rates at levels that are sufficient to enable each utility to meet their operating requirements and to satisfy each utility's apportioned share of responsibility to pay the debt service arising from the City Acquisition Bonds", and

WHEREAS pursuant to NH RSA 47:1-b, I, the city may vote to restrict revenues from a specific source to expenditures for specific purposes, the majority of the board of aldermen answer "yes" to the following question:

RESOLUTION

R-11-169

“Shall we adopt the provisions of RSA 47:1-b, I to restrict revenues acquired from the surviving Pennichuck Corporation, intended to pay the acquisition cost of Pennichuck Corporation, to expenditures for the purpose of paying the principle and interest on bonds related to that acquisition each year? Such revenues and expenditures shall be accounted for in a special revenue fund to be known as the Pennichuck Corporation Acquisition Special Revenue Fund, separate from the general fund. Any surplus in such fund shall not be deemed part of the general fund accumulated surplus and shall be expended only after a vote by the legislative body to appropriate a specific amount from said fund for a specific purpose related to the purpose of the fund or source of the revenue.”

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