7:00 PM Aldermanic Chamber

1. ROLL CALL

2. PUBLIC COMMENT

3. COMMUNICATIONS

From: John J. Boisvert, Chief Executive Officer of Pennichuck Corporation
Re: Quarterly Report of the Sole Shareholder for the Quarter Ended March 31, 2026

From: Office of Corporation Counsel
Re: R-26-054 "Authorizing Pennichuck Corporation to renew and extend its line of credit with TD Bank, N.A."

4. UNFINISHED BUSINESS

5. NEW BUSINESS – RESOLUTIONS

R-26-054
Endorsers: Alderman Patricia Klee
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman Richard A. Dowd
Alderman-at-Large Lori Wilshire

AUTHORIZING PENNICHUCK CORPORATION TO RENEW AND EXTEND ITS LINE OF CREDIT WITH TD BANK, N.A.

6. NEW BUSINESS – ORDINANCES

7. GENERAL DISCUSSION

8. PUBLIC COMMENT

9. REMARKS BY THE ALDERMEN

10. ADJOURNMENT

PENNICHUCK®

25 WALNUT STREET
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NASHUA, NH 03061-0428

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FAX (603) 913-2305

WWW.PENNICHUCK.COM

July 15, 2026

Ms. Lori Wilshire
President, Board of Aldermen
City of Nashua
229 Main Street
Nashua, NH 03060

Dear President Wilshire:

Enclosed for your information is the Pennichuck Corporation Quarterly Report to the Sole Shareholder for the Quarter Ended March 31, 2026.

Please contact me at 603-913-2328 if you have any questions relative to the report.

Sincerely,

John J. Boisvert
Chief Executive Officer

cc. Board of Aldermen
Mayor James Donchess
Steven Bolton, City Corporation Counsel
Dawn Enwright, City Chief Financial Officer
George Torres, Chief Financial Officer and Treasurer, Pennichuck Corporation
Lori Douglas, Director of Accounting and Corporate Controller, Pennichuck Corporation
Carol Ann Howe, CPA, Assistant Treasurer and Corporate Secretary

PENNICHUCK

Pennichuck Corporation

Quarterly Report to the

Sole Shareholder
(City of Nashua Board of Aldermen)

Quarter Ended March 31, 2026

Executive Summary

- Revenues for 2026 were 3.3% higher in comparison to the prior year ($12.6 million versus $12.2 million).
- Operating Income for 2026 was 71.0% lower than the prior year ($0.2 million versus $0.7 million) due to increased operating expenses year-over-year.
- Pre-Tax Loss for 2026 was 20.8% higher than the prior year loss ($2.9 million versus $2.4 million).
- Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) for 2026 were 16.1% lower than the prior year ($2.6 million versus $3.1 million).
- As expected, the Company paid approximately $2.1 million to the City in principal, interest, and dividends to fund the City Acquisition Debt.
- Capital expenditures for 2026 were slightly decreased in comparison to prior year ($1.8 million versus $2.0 million).
- The Annual Meeting of Sole Shareholder was held on Friday, May 29, 2026, 8:30 am at The Event Center at Courtyard Marriot, 2200 Southwood Drive, Nashua, NH.

We remain focused on the Company's primary mission, in that we continue to provide clean water and excellent service to our customers and operate within the confines of the budgeted and planned levels of operating and capital expenditures.

Unaudited Financial Highlights

Financial highlights on a Generally Accepted Accounting Principles ("GAAP") basis for the first quarter of 2026 as compared to the first quarter of 2025 are as follows:

	(000's) Quarter Ended March 31, 2026 (Unaudited)	Quarter Ended March 31, 2025 (Unaudited)
Revenues		
Regulated Utilities	$ 12,154	$ 11,725
Other	426	446
Total	$ 12,580	$ 12,171
Operating Expenses		
Regulated Utilities	$ 12,011	$ 11,088
Other	360	395
Total	$ 12,371	$ 11,483
Operating Income	$ 209	$ 688
Non-Operational Income (Expense)	-	-
Net Interest Expense	(3,137)	(3,047)
Pre-Tax (Loss)	$ (2,928)	$ (2,359)
Income Tax Provision (Benefit)	(630)	(483)
Net (Loss)	$ (2,298)	$ (1,876)
Earnings Before Interest, Taxes, Depreciation and Amortization	$ 2,647	$ 3,094

Revenues from water utility operations were 3.7% higher compared to prior year due to the 6.31% increase in rates for PWW in DW 23-101, Order No. 27,098, which were in effect as of March of 2025. Revenues from the unregulated water services business declined by 4.5% compared to the prior year, primarily driven by a reduction in unplanned contract work.

Operating Expenses have increased approximately 8.3% year-over-year. The increase is attributable to inflationary increases in purification and power costs within the regulated utilities. As well as general administrative costs which include increases in employee benefits .

Operating Income has decreased year-over-year as a result of the increase in operating expenses, over and above any revenue increases, as previously noted.

Interest Expense increased 3.0% year-over-year, driven by a full year of interest related to the issuance of the 2025 Bonds.

The income tax provision in the current year reflects the tax treatment for the Municipal Acquisition Regulatory Asset (MARA), as a permanent book to tax difference in deductible amounts. As of the end of the first quarter, the tax benefit rate is 21.5% versus the statutory rate provision of 26.9%.

The pre-tax loss for 2026 is higher than the pre-tax loss for 2025, for reasons as discussed in this quarterly report. Typically, the first quarter is the lowest quarter from a profitability perspective, as water usage is at its lowest level for the year.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) is 14.4% lower than EBITDA for the same period last year. This was due to the increase in operating expenses year-over-year, which exceeded the slight increase in revenues, as previously discussed.

Balance Sheet

	(000's) As of March 31, 2026 (Unaudited)	As of December 31, 2025 (Audited)
Assets		
Property, Plant & Equipment, Net	$ 271,949	$ 266,983
Current Assets:		
Cash	3,147	304
Restricted Cash	4,075	8,930
Restricted Cash – Bond Project Funds	17	234
Accounts Receivable	8,774	8,823
Inventory	1,405	1,386
Other Current Assets Note 1	1,098	1,619
Total Current Assets	18,516	21,296
Other Assets:		
Acquisition Premium	55,291	58,318
Other Assets	8,355	7,688
Total Other Assets	63,646	66,006
TOTAL ASSETS	$ 354,111	$ 354,168
Shareholders' Equity and Liabilities		
Shareholders' Equity	$ (22,083)	$ (19,012)
Bonds, Notes and Mortgages	247,297	241,462
Current Liabilities:		
Lines of Credit Note 2	9,197	8,833
Current Portion of Long-Term Debt	8,384	7,834
Other Current Liabilities Notes 3	4,793	7,988
Total Current Liabilities	22,374	24,655
Other Long-Term Liabilities:		
CIAC, net	65,646	64,507
Deferred Income Taxes	17,934	19,853
Accrued Pension Liability Note 4	-	4,704
Other Long-Term Liabilities	22,943	17,999
Total Other Long-Term Liabilities	106,523	107,063
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	$ 354,111	$ 354,168

Notes to Balance Sheet

Note 1 (Other Current Assets) – At December 31, 2025, approximately $.9 million of this balance was comprised of prepaid property taxes, which were expensed in the first quarter of 2026, relating to taxes paid in November and December of 2025 for the second half of the property tax year ended March 31, 2026. The balance of prepaid property taxes as of March 31, 2026, is $0.

Note 2 (Lines of Credit) – At March 31, 2026, $9.2 million of this balance was comprised of the borrowed balance against the Fixed Asset Lines of Credit, which exist for Pennichuck Water Works, and provided short-term financing for its prior year capital expenditures.

Note 3 (Other Current Liabilities) – At March 31, 2026, approximately $2.0 million of this balance is comprised of accounts payable which relates to activities that were performed in the first quarter of 2026.

Note 4 (Accrued Pension Liability) – At March 31, 2026, the balance decrease since the end of 2025 was attributed to positive pension valuation results.

Additionally, during the first quarter of 2026, $375,000 was contributed into the Pension Plan, while approximately $367,336 in benefit payments were made to participants and approximately $-422,231 of investment income and appreciation was earned in the plan.

Unaudited Cash Flow Statement

Cash Flow on a GAAP basis for the first quarter of 2026 as compared to the first quarter of 2025 is as follows:

	March 31, 2026 (Unaudited) (000's)	March 31, 2025 (Unaudited) (000's)
Operating Activities:		
Net Income (Loss)	$ (2,298)	$ (1,876)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,438	2,497
Provision for Deferred Taxes	(619)	(475)
Other	(8)	(136)
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	1,553	1,065
(Increase) Decrease in Inventory	(51)	(235)
(Increase) Decrease in Other Assets	702	555
Increase (Decrease) in Accounts Payable	323	(1,801)
Increase (Decrease) in Other Liabilities	(719)	(840)
Net Cash Provided by (Used in) Operating Activities	1,321	(1,246)
Investing Activities:		
Purchases of Property, Plant & Equipment	(1,429)	(1,870)
Proceeds from Sale of Property	-	-
Net Cash Provided by (Used in) Investing Activities	(1,429)	(1,870)
Financing Activities:		
Borrowings (Repayments) on Lines of Credit	325	4,770
Payments on Long-term Debt	(2,070)	(2,183)
Contributions in Aid of Construction	-	-
Proceeds from Long-term Borrowings	-	-
Debt Issuance Costs	(1)	(8)
Dividends Paid	(69)	(70)
Net Cash Provided by (Used in) Financing Activities	(1,815)	2,509
Increase (Decrease) in Cash and Cash Equivalents	(1,923)	(607)
Cash and Cash Equivalents at Beginning of Period	9,162	9,468
Cash and Cash Equivalents at End of Period	$ 7,239	$ 8,861

Financial information is available on the Company's website (www.Pennichuck.com) under the "Management and Financial Information" caption.

Capital Expenditures

Capital Expenditures in the first quarter of 2026 were $1.8 million as compared to $2.0 million in the first quarter of 2025. Major expenditures in the first quarter of 2026 included:

PWW – Chemical Feed Building	$984,000
PWW – Intermediate Pump 4 Rebuild	$104,000

Qualified Capital Project Adjustment Charge

Pennichuck Water Works – On February 13, 2026, Pennichuck Water Works filed a petition with the NHPUC for a 1.69% surcharge on all capital improvements completed and placed in service by Pennichuck Water Works in 2025. The Commission has not yet issued an Order approving this requested surcharge. When the Commission issues the Order, the approved surcharge will become effective retroactively on a "services rendered" basis. The Order will allow recoupment of the surcharge from all its customers based on their actual bills incurred between the date of the issuance of bonds on June 11, 2026, and the final effective date of the Order. Final approval by the NHPUC on this QCPAC surcharge is expected to be received in late 2026. It is anticipated that this surcharge will be billed to customers over a one-to-three-month period following the approval of the recoupment calculation of the approved surcharge.

Subsequent Events

Flushing of Mains

As in prior years, we have commenced the flushing of the water mains in critical areas of our systems. The process is conducted annually to flush impurities built up in the mains during the year. The flushing program is expected to be completed by mid-June.

Annual Meeting

Friday, May 29, 2026, 8:30 am at The Event Center at Courtyard Marriot, 2200 Southwood Drive, Nashua, NH.

Steven A. Bolton
Corporation Counsel
BoltonS@nashuanh.gov

Celia K. Leonard
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CITY OF NASHUA
OFFICE OF
CORPORATION COUNSEL

FIRST MEMORANDUM

TO: Board of Aldermen

FROM: Office of Corporation Counsel

DATE: August 4, 2026

RE: R-26-054 "Authorizing Pennichuck Corporation to renew and extend its line of credit with TD Bank, N.A."

Attached please find a letter from Pennichuck with supporting information for Resolution R-24-054 "Authorizing Pennichuck Corporation to renew and extend its line of credit with TD Bank, N.A."

Please note that the letter references Attachment A, which is a confidential term sheet for the line of credit renewal with TD Bank, N.A. This attachment is **<u>not</u>** included in the document attached to this memo. Attachment A, which is a confidential financial document, will be provided to the Board separately.

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Via Email

July 9, 2026

Mr. Steven A. Bolton
Corporation Counsel
City of Nashua
229 Main Street
Nashua, NH 03060

Re: Pennichuck Corporation – Request for Approval to Renew and Extend its Line of Credit with TD Bank, N.A.

Dear Attorney Bolton:

Introduction. As you know, the City of Nashua, New Hampshire (the "City") is the sole corporate shareholder of Pennichuck Corporation ("Pennichuck" or the "Company"). The City has been the sole shareholder since the acquisition of Pennichuck on January 25, 2012.

The purpose for this letter is to request that the City, acting in its capacity as sole shareholder, approve resolutions authorizing Pennichuck Corporation to renew its current $4 million working capital line of credit which expires September 30, 2026, with a new three-year term, but reviewable annually for renewal and extension, with terms and conditions as included in the term sheet, attached as Attachment A (to be treated as Confidential Information for Board of Aldermen usage only).

Background. As part of the City's acquisition of Pennichuck, in accordance with special legislation enacted by the State Legislature, and as unanimously approved by the Mayor and Board of Aldermen on January 11, 2011, the corporate structure of Pennichuck and its utility subsidiaries was retained. This corporate structure was retained for several reasons. First, the Mayor and Board of Aldermen desired to maintain stability and continuity for customers and employees of the Pennichuck utilities and the communities they serve. Second, retaining the corporate structure provided continuity for the existing relationships with regulatory agencies and financial/banking partners. Third, the Mayor and Board of Aldermen unanimously agreed that the corporate structure would encourage business-smart decisions and rely upon well-established governance principles of corporate law, pursuant to Pennichuck's Articles of Incorporation and its by-laws.

Shareholder Approval of Borrowings Required. Under Article IX of Pennichuck's Articles of Incorporation, the City, acting in its capacity as Pennichuck's sole shareholder, must approve:

"(3) any action to (A) create, incur or assume any indebtedness for borrowed money or guarantee any such indebtedness of any person, (B) issue or sell any debt securities or warrants or other rights to acquire any debt securities of the [Pennichuck] Corporation or any of its Subsidiaries, or (C) guarantee any debt securities of any person."

Pennichuck Corporation Line of Credit. Pennichuck requests the City's approval to renew and extend its existing Line of Credit which will expire on September 30, 2026, with a new three-year Line of Credit, at the current limit of $4 million. This line of credit facility will continue to be used for working capital purposes only. In conjunction with this, and in conformity with the approved modified rate methodology for Pennichuck Water Works, Inc. (PWW) under NHPUC docket DW 16-806, DW 19-084, and DW 23-101. This extension of the current W/C Line of Credit will extend this facility to a new maturity date of September 30, 2029.

Terms of the Line of Credit Borrowings. The replacement Line of Credit facility will include the following terms:

- Term: The proposed Line of Credit will expire as of September 30, 2029 and is reviewable annually for renewal and extension by the Bank.
- Interest Rate: Loans under the Line of Credit will bear interest at an annual rate equal to the 1 Month Term SOFR plus 1.75%.
- Renewal Fee: The Line of Credit will charge a renewal fee of $4,000.
- Financial Covenants: The financial covenants that the Company must meet are consistent with those under the Integrated Capital Finance Plan covenants at PWW, as outlined as covenants 3 through 7 on the attached term sheet. Additionally, the Company's PWW subsidiary must maintain a S&P bond rating of at least BBB+ (currently PWW is rated as an A Stable credit by S&P), and an annual "out of debt" requirement is included, which requires the Company to fully pay off any Line of Credit balance for at least 30 consecutive days during each fiscal year.
- Subordination: Consistent with the current line of credit, the Company's obligations to the City under its existing Senior Unsecured Note.
- Security: As currently exists, the Line of Credit will be secured by: the pledge of stock of the subsidiary companies of Pennichuck Corporation (as is already in place with the current expiring Line of Credit), as well as a pledge of the accounts receivable and inventory of those subsidiaries, and additionally, the assignment of the rights under the Money Pool Agreement and Cost Sharing Agreement, as approved by the NHPUC for the regulated utilities of the Company.
- Dividends: The Line of Credit will restrict payment of dividends to the City (the Company's sole shareholder) only to those required to allow the City to meet its obligations under the general obligation bonds issued to acquire the Company, plus $500,000 in any year.

Approval by the Pennichuck Board of Directors. The Pennichuck Board of Directors is expected to approve the proposed replacement of the Line of Credit with TD Bank, N.A. at its upcoming August 2026 Board of Directors meeting.

Purposes Served by the Line of Credit. The Company requires the proposed Line of Credit to allow it to continue to meet its obligations to provide high quality water service to all of its customers at affordable prices. The Company intends to draw upon the Line of Credit facility as needed to fund current operations on an interim basis until such costs may be funded on a permanent basis. A facility of this size is common for water utility operations of similar type and size, excluding funding needs for ongoing capital and infrastructure improvements. The proposed interest rate and terms are consistent with those required by current market conditions.

Requested Approvals. For the reasons described above, Pennichuck respectfully requests that the City, acting in its capacity as sole shareholder of Pennichuck and pursuant to Article IX (3) of Pennichuck's Articles of Incorporation, authorize the following actions:

> RESOLVED, that the City hereby approves the renewal of Pennichuck Corporation's existing line of credit facility, allowing for borrowing by Pennichuck Corporation under its line of credit, in the aggregate principal amount of up to $4,000,000.00 from TD Bank, N.A., pursuant to a senior line of credit facility (the "LOC Facility"), for the purpose of providing advances to be used for general corporate purposes.
>
> FURTHER RESOLVED, that Pennichuck Corporation, its Board of Directors and its Officers are severally authorized, empowered and directed to execute and deliver, in the name of and on behalf of the Company, all documents required to enter into the loan agreement governing the LOC Facility and related documents and agreements (the "Agreement"), with such terms, including exhibits and schedules to such Agreement, as may be deemed necessary or advisable in the several judgment of the Officers executing the Agreement, and to take all other actions as they deem necessary or desirable to effect the LOC Facility and the Agreement and to carry out the purposes of these resolutions. In approving these Resolutions, the Board of Aldermen hereby waives meeting notice requirements that it may waive for action by the Board and treats this resolution as an action by written consent in its capacity as the sole shareholder of Pennichuck."

Respectfully submitted,

PENNICHUCK CORPORATION

By: George Torres

George Torres
Chief Financial Officer and Treasurer

cc: Mayor James Donchess
Dorothy Clarke, Deputy Corp. Counsel

R-26-054

RESOLUTION

AUTHORIZING PENNICHUCK CORPORATION TO RENEW AND EXTEND ITS LINE OF CREDIT WITH TD BANK, N.A.

CITY OF NASHUA

In the Year Two Thousand and Twenty-Six

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

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, assume, or guarantee any indebtedness for borrowed money, which includes contracting a loan on behalf of Pennichuck or its subsidiaries.

NOW, THEREFORE, BE IT RESOLVED by the Board of Aldermen of the City of Nashua that the City approves the renewal of Pennichuck Corporation's existing line of credit facility, allowing for borrowing by Pennichuck Corporation under its line of credit, in the aggregate principal amount of up to $4,000,000.00 from TD Bank, N.A., pursuant to a senior line of credit facility for the purpose of providing advances to be used for general corporate purposes.

LEGISLATIVE YEAR 2026

RESOLUTION: R-26-054

PURPOSE: Authorizing Pennichuck Corporation to renew and extend its line of credit with TD Bank, N.A.

ENDORSERS: Alderman Patricia Klee
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman Richard A. Dowd
Alderman-at-Large Lori Wilshire

COMMITTEE ASSIGNMENT: Pennichuck Water Special Committee

FISCAL NOTE: None.

ANALYSIS

This resolution approves the proposal by Pennichuck Corporation to renew and extend a line of credit as described in the resolution.

Additional information provided by Pennichick on the proposal has been forwarded 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.

Approved as to form: **Office of Corporation Counsel**

By: Dorothy Clarke

Date: 4 August 2026