

PENNICHUCK CORPORATION  
BOARD OF DIRECTORS  
MINUTES OF JANUARY 26, 2018 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, January 26, 2018 at 8:00 a.m. at the Company’s offices at 25 Manchester Street, Merrimack, New Hampshire.

Written materials relating to items listed in the Agenda were provided to the Board members for their review prior to the meeting.

The following Directors were present for the meeting, constituting a quorum:

Thomas J. Leonard, Chairman  
David P. Bernier  
C. George Bower  
James P. Dore  
Elizabeth A. Dunn  
Stephen D. Genest  
Jay N. Lustig  
John D. McGrath  
John M. Murphy  
Preston J. Stanley, Jr.

Also attending all or a portion of the meeting from the Company were:

Larry D. Goodhue, Chief Executive Officer  
Donald L. Ware, Chief Operating Officer  
Mary V. DeRoche, HR Director  
Suzanne L. Ansara, Corporate Secretary  
Carol Ann Howe, Assistant Treasurer  
George Torres, Corporate Controller  
Steven Greenwood, IT Director  
Bernard Rousseau, Vice President, PWSC  
Tara King, Revenue and Customer Service Manager  
Chris Countie, Water Supply Manager  
John Boisvert, Chief Engineer

Approval of Minutes

The Chairman inquired whether there were any comments with respect to the draft minutes of the December 15, 2017 Board meeting. There being none, on motion duly made by S. Genest and seconded by P. Stanley, all of the Directors then voting, it was unanimously

Resolved: that the minutes of the December 15, 2017 meeting of the Board of Directors are hereby approved.

## Capital Expenditures and Pumpage Review – December 2017

G. Torres reviewed the summary of capital expenditures and pumpage chart as of December 2017. Capital expenditures of \$8.0 million were below the budgeted amount of \$16.3 million. Pumpage for the month of December (285 million gallons) was ahead of budget (265 million gallons).

### 2018 Budget

G. Torres reviewed the key budget assumptions utilized in preparing the 2018 Budget.

2018 Capital Budget and 2019/2020 CapEx Plans - G. Torres presented a revised 2018 capital budget and 2019/2020 CapEx Plans. He reviewed the change from the capital budget presented at the December Board meeting, which has resulted in an increase in the budget of \$30,000. The increase was due to a true-up of carryover projects from 2017 for asset management, resulting in an overall 2018 capital budget of \$15.899 million.

After discussion, on motion duly made by S. Genest and seconded by P. Stanley, all of the Directors then voting, it was unanimously

Resolved: that the revised 2018 Capital Budget and 2019/2020 Capital Expenditure Plans, as presented at this meeting, are hereby approved.

2018 Operating Budget - L. Goodhue and G. Torres presented a review of the Company's proposed 2018 operating budget, a copy of which was included in the written materials. After discussion, it was determined that corrections need to be made to the balance sheet and cash flow statements prior to approval by the Board.

On motion duly made by J. Dore and seconded by J. Murphy, all of the Directors then voting, it was unanimously

Resolved: that the Consolidated 2018 Budgeted Statement of Income, as presented at this meeting, is hereby approved.

### Move to Non-Public Session

S. Genest moved that the Board enter into non-public session to (i) discuss the promotion or compensation of employees pursuant to RSA 91-A:3, II(a), and (ii) discuss confidential or financial information pursuant to RSA 91-A:3, II(j). P. Stanley seconded the motion.

A roll call of the Directors was taken, which resulted as follows:

Yea: D. Bernier, G. Bower, J. Dore, E. Dunn, S. Genest, T. Leonard, J. Lustig,  
J. McGrath, J. Murphy, P. Stanley

Nay:

Motion was carried to enter into non-public session at 9:39 a.m.

### Reconvene in Public Session

The non-public session ended at 12:45 p.m. and the Board reconvened in public session. Present were all the Directors except for S. Genest who left during the non-public session, L. Goodhue, D. Ware and S. Ansara.

J. Lustig moved that the Board seal the minutes of the non-public session under RSA 91-A:3, II(a) and RSA 91-A:3, II(j). J. Murphy seconded the motion. A roll call of the Directors present was taken, which resulted as follows:

Yea: D. Bernier, G. Bower, J. Dore, E. Dunn, T. Leonard, J. Lustig,  
J. McGrath, J. Murphy, P. Stanley

Nay:

Motion was carried to seal the minutes of the non-public session.

### Audit, Finance and Risk Committee Charter

J. Dore, Chairman of the Audit, Finance and Risk Committee, reviewed draft amendments to the Committee's Charter which the Committee is recommending the Board approve.

After discussion, on motion duly made by D. Bernier and seconded by P. Stanley, all of the Directors present then voting, it was unanimously

Resolved: that the amendments to the Audit, Finance and Risk Committee Charter, as presented at this meeting, are hereby approved.

### Report of the Nominating and Governance Committee

E. Dunn, Chairman of the Nominating and Governance Committee, gave a report on the Committee's recent meeting. She reported that the Committee reviewed the results of the annual evaluation of the Board and Committees and will discuss the results with the full Board at the February Board meeting. The Committee also (1) reviewed the current structure of the Board and decided to not fill the vacancy on the Board at this time but to begin a study of the skills and expertise needed on the Board in the future; (2) discussed a confidentiality policy for Directors, the Chairman of the Committee to draft language to include in the Corporate Code of Conduct; and (3) agreed to add an annual review of the Corporate Code of Conduct with the Company's Compliance Officer to the Committee's responsibilities under its Charter.

E. Dunn reported that the Committee reviewed the draft record retention plan for Board documents. She indicated that the Committee is recommending that the changes to the draft record retention plan as presented in the written materials to the Board be approved.

After discussion, on motion duly made by J. Lustig and seconded by P. Stanley, all of the Directors present then voting, it was unanimously

Resolved: that the revised Record Retention Schedule of Board documents, as presented at this meeting, is hereby approved.

E. Dunn reported that the Committee assessed the performance of the three incumbent Directors whose terms will expire in 2018. She indicated that based on the Committee's assessment, the Committee is recommending to the Board that David Bernier, Stephen Genest and Thomas Leonard be nominated for election to the Board at the 2018 Annual Meeting of Sole Shareholder, each for a three-year term. T. Leonard indicated that the Board will consider the Committee's recommendation of nominees for election to the Board at the next Board meeting.

#### Report of the Communications Committee

J. Lustig, Chairman of the Communications Committee, gave a report on the Committee's recent meeting. He reported that the Committee discussed the Company's relationship with the Board of Aldermen and the City's Mayor. The Company will be scheduling a "meet and greet" with City officials in late February, early March, to educate them on Pennichuck's history and to provide tours of the Water Treatment Plant and the Distribution facility. The Committee also discussed the Company's message relating to the Southern NH Regional Interconnection Project. Attendance by Board members at the Aldermen's Special Water Committee meetings was discussed. It was agreed that J. Lustig will attend the meetings going forward. The Committee discussed the relocation of the corporate office to downtown Nashua. The Committee authorized Don Ware to obtain the services of H. L. Turner Group for space planning purposes.

#### Other Business

401(k) Plan – L. Goodhue reported that management is recommending that a new target retirement fund be added to the 401(k) plan investment portfolio – the MassMutual RetireSMART 2060 fund. After discussion, the Board agreed with management's recommendation.

VEBA Plans – L. Goodhue reported that TD Bank, N.A., the trustee of the VEBA trust funds, will no longer offer trustee services as part of its business. He indicated that a new trustee will need to be appointed as well as an investment advisor. L. Goodhue indicated that the matter will be discussed and voted upon at the next Compensation and Benefits Committee meeting.

Bonding Process. L. Goodhue indicated that a meeting of the Pricing Committee will be scheduled for some time in March. Pricing Committee members will need to be appointed at a meeting of the Pennichuck Water Works Board in late February.

PEU Rate Case – L. Goodhue reported that a hearing on temporary rates is scheduled for February 26, 2018. A draft settlement agreement is being circulated between the parties.

PFOA – L. Goodhue updated the Board on PFOA matters.

There being no further business to come before the Board, the meeting was adjourned at 1:25 p.m.

/s/ Suzanne L. Ansara  
Suzanne L. Ansara  
Corporate Secretary