

PENNICHUCK CORPORATION
BOARD OF DIRECTORS
MINUTES OF MARCH 23, 2018 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, March 23, 2018 at 8:15 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
C. George Bower
James P. Dore
Elizabeth A. Dunn
Stephen D. Genest
Jay N. Lustig
John D. McGrath
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
Chris Countie, Water Supply Manager
John Boisvert, Chief Engineer

S. Ansara recorded the minutes of the meeting.

The Chairman called the meeting to order.

Approval of Minutes

The Chairman inquired whether there were any comments with respect to the draft minutes of the February 23, 2018 Board meeting. There being none, on motion duly made by S. Genest and seconded by P. Stanley, all of the Directors present then voting, it was unanimously

Resolved: that the minutes of the February 23, 2018 meeting of the Board of Directors are hereby approved.

Financial Results

G. Torres reported that the financial review for the 1st quarter of 2018 will be presented at the April Board meeting. He indicated that there is nothing significant to report at this time.

Dividend

L. Goodhue indicated that management is recommending that the Board approve the payment of a quarterly dividend in the amount of \$70,045.08 to the City of Nashua. The dividend will supplement the monthly interest and note payment made by the Company to the City of Nashua for the funding of the City's acquisition debt.

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

Resolved: that a dividend in the amount of \$70,045.08 be paid to the sole shareholder of record, the City of Nashua, New Hampshire, on April 25, 2018.

Report of the Nominating Committee

E. Dunn, Chairman of the Nominating and Governance Committee, gave a report on the Committee's March 14, 2018 meeting. She reported that the Committee met with the Company's compliance officer to review the Corporate Code of Conduct and discuss the Company's procedures to educate employees regarding the Code. The Committee reviewed a draft revision to the section of the Code relating to confidentiality and are having the draft reviewed by counsel. The Committee also amended its Charter to add an annual review of the Corporate Code of Conduct to its responsibilities. There was also a review of the draft proxy material for the 2018 Annual Meeting of Sole Shareholder. E. Dunn indicated that the Committee is recommending that the Board approve the Charter amendments and approve the draft proxy materials, copies of which are included in the written materials to the Board.

Nominating Committee Charter - Amendments

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

Resolved: that the amendments to the Nominating and Governance Committee Charter, as presented at this meeting, are hereby approved.

Proxy Material for 2018 Annual Meeting of Sole Shareholder

There was a discussion relative to the draft proxy material for the 2018 Annual Meeting of Sole Shareholder. L. Goodhue indicated that the proxy material will be delivered to the sole shareholder during the week of March 26. The Board had no comments or changes to the drafts.

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

Resolved: that the draft Proxy Card, Notice of Annual Meeting and Proxy Statement for the 2018 Annual Meeting of Sole Shareholder, as presented at this meeting, are hereby approved; and that the Chief Executive Officer and the Corporate Secretary are each hereby authorized to make such changes as they deem necessary and appropriate.

Report of the Audit, Finance and Risk Committee

J. Dore, Chairman of the Audit, Finance and Risk Committee, gave a report on the Committee's March 21, 2018 meeting. He reported that the Committee met with representatives of the Company's auditors, Melanson Heath, to discuss Melanson's audit report and to review in detail the draft of the 2017 audited consolidated financial statements and related notes. The Company received a clean, unmodified opinion from Melanson Heath. The auditors reported that during the audit, there were no disagreements with management, no material deficiencies detected, and no occurrences of fraud identified. The Committee approved the 2017 audited financial statements. J. Dore indicated that debt covenant compliance was discussed and that the auditors tested drawdowns for bond project funds and found no exceptions. The Committee reviewed the Company's draft Annual Report to Sole Shareholder and had no changes or comments. J. Dore reported that the Committee was also given a presentation on the 2017 internal controls review and testing project. He indicated that 5 control deficiencies were identified but were not significant and did not represent material weaknesses. J. Dore also reported that the audit services contract with Melanson Heath is expiring, and based on a number of concerns in changing auditors at this time, the Committee authorized L. Goodhue to obtain a 3-year proposal from Melanson Heath.

Annual Report to Shareholder

L. Goodhue referred the Board to the draft Annual Report to Sole Shareholder, a copy of which was included in the written materials. He indicated that the Annual Report will be delivered to the sole shareholder along with the proxy material. The Board had no comments on the draft.

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

Resolved: that the draft Annual Report to Sole Shareholder, substantially in the form presented at this meeting, is hereby approved.

Intercompany Loan / Short Term Obligations – Pittsfield Aqueduct Company, Inc.

L. Goodhue indicated that based on final year-end numbers, the resolution approving the refinancing of intercompany loans to Pittsfield Aqueduct Company, Inc. adopted by the Board at the February 23, 2018 meeting needs to be rescinded and a new resolution adopted. He indicated that the amount converting short term obligations to long term notes payable is decreasing from \$599,150 to \$409,150, and the total of the new combined intercompany loan is changing from \$1,376,000 to \$1,186,000. A discussion ensued.

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

Resolved: that the resolution adopted at the February 23, 2018 Board of Directors meeting approving the refinancing of an intercompany loan between the Company and Pittsfield Aqueduct Company, Inc., and the conversion of short term obligations to long term notes payable, is hereby rescinded.

Resolved: that the Board of Directors of Pennichuck Corporation (the "Company") hereby authorizes the Company to refinance the outstanding balance of \$776,850.00 of the January 1, 2010 intercompany loan between the Company and Pittsfield Aqueduct Company, Inc. (PAC), for a term of 30 years at an interest rate of approximately 3.2% on a fully amortizing basis, along with an additional sum of \$409,150.00, converting short term obligations from PAC to the Company to long term notes payable, on the same terms; in the aggregate, the new obligation will be for \$1,186,000.00 over 30 years at 3.2%, fully amortizing.

Risks of the New Rate Structure

There was a lengthy discussion on the risks of the new rate structure approved by the NH Public Utilities Commission for Pennichuck Water Works, Inc. Areas of concern included regulatory lag and the ability to increase the level of the rate stabilization fund in the future.

CEO Updates

L. Goodhue reported that St. Gobain has recently reached an agreement with the NHDES to extend water service to properties in Bedford and Litchfield due to contamination from PFOA. Pennichuck will be conducting the engineering design work for St. Gobain for Bedford.

L. Goodhue reported that he and Jay Leonard will be meeting with Mayor Donchess and other City officials on March 29 to discuss the relocation of the Company's corporate office.

L. Goodhue reported that the Meet and Greet with City of Nashua officials held on Saturday, March 10, was a success. The Mayor and 3 members of his staff, and 6 members of the Board of Aldermen, attended. Also attending were 7 members of the Company's Board of Directors and 9 members of the Company's management team. Tours of the Company's corporate office, water treatment plant, and distribution facility were given, followed by a luncheon and presentation by the CEO.

L. Goodhue passed out a copy of a Preliminary Official Statement to members of the Pricing Committee of the Pennichuck Water Works Board of Directors. Meetings of the Pricing Committee relating to the issuance of bonds are scheduled for March 27 and March 28.

Move to Non-Public Session

S. Genest moved that the Board enter into non-public session to discuss (i) the promotion or compensation of employees pursuant to RSA 91-A:3, II(a), (ii) matters, which if discussed in public, would likely affect adversely the reputation of a person pursuant to RSA 91-A:3, II(c), and (iii) confidential or financial information pursuant to RSA 91-A:3, II(j). J. Dore seconded the motion.

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

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

Nay:

Motion was carried to enter into non-public session at 10:00 a.m.

Reconvene in Public Session

The non-public session ended at 11:27 a.m. and the Board reconvened in public session. Present were the Directors except for J. McGrath who left during the non-public session, L. Goodhue and S. Ansara.

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

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

Nay:

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

There being no further business to come before the Board, the meeting was adjourned at 11:28 a.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara
Corporate Secretary