

PENNICHUCK CORPORATION
BOARD OF DIRECTORS
MINUTES OF APRIL 27, 2018 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, April 27, 2018 at 8:18 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:

John D. McGrath, Acting Chairman
David P. Bernier
C. George Bower
James P. Dore
Elizabeth A. Dunn
Jay N. Lustig
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
Steven Greenwood, IT Director

S. Ansara recorded the minutes of the meeting.

J. McGrath called the meeting to order.

Approval of Minutes

J. McGrath inquired whether there were any comments with respect to the draft minutes of the March 23, 2018 Board meeting. There being none, on motion duly made by J. Dore and seconded by P. Stanley, all of the Directors present then voting in favor except for J. Murphy who abstained, it was

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

Financial Results

L. Goodhue presented a review of the Company's unaudited consolidated financial results for the month ended March 31, 2018 and a review of revenues/water usage. The Company's revenues of \$9.3 million were 5.2% above the prior year revenues and 2.3% below budget on a year-to-date basis. Operating expenses of \$9.1 million were 1.9% above budget and 5.6% above the prior year expenses. Operating income was \$0.25 million compared to prior year operating income of \$0.26 million and budgeted operating income of \$0.64 million. Interest expense of \$2.6 million was 4.4% less than budget and 0.9% less than the prior year expense. Pre-tax loss was \$2.4 million compared to a budgeted pre-tax loss of \$2.1 million and prior year pre-tax loss of \$2.4 million. Year-to-date net loss was \$1.5 million compared to a budgeted net loss of \$2.1 million and prior year net loss of \$1.4 million. Year-to-date earnings before interest, taxes, depreciation and amortization was \$2.3 million compared to \$2.7 million in the 2018 budget and the prior year amount of \$2.2 million. Capital expenditures of \$0.5 million were below the budgeted amount of \$1.0 million. Pumpage for the month of March (284 million gallons) was ahead of budget (275 million gallons). L. Goodhue commented on the Company's balance sheet, cash flow statement, and debt covenant schedule, and on the income statements for each subsidiary, and reviewed the variances from budget and prior year results for each subsidiary. A discussion ensued.

Term Loan – Radio Reads – Pennichuck Water Service Corporation (PWSC)

L. Goodhue reported that in the response to the RFP for the Hudson contract, Pennichuck offered pricing for installation of Neptune radio reads to improve efficiency. The cost to install would be \$915,000. He indicated that PWSC would obtain a loan through TD Bank to purchase the radio reads. The radio reads would remain the property of PWSC until the end of the loan. However, if the Town of Hudson terminates the contract prior to completion of the 10 year term, the Town would be obligated to purchase the value of the radio reads from PWSC. PWSC would hire a subcontractor to perform the installation work. L. Goodhue indicated that he wanted to make the Board aware of the matter, and will return to the Board regarding the loan if the Town of Hudson awards the contract to PWSC.

TD Bank, N.A. – Fixed Asset Line of Credit - PWW

L. Goodhue referred the Board to the resolutions set forth in the Agenda. He indicated that adoption of the resolutions is needed to close on the fixed asset line of credit with TD Bank, N.A. for Pennichuck Water Works, Inc. The closing is expected to take place sometime next week. After a brief discussion, on motion duly made by J. Dore and seconded by D. Bernier, all of the Directors present then voting, the following resolutions were approved:

Whereas, reference is made to the resolution of the Board adopted on August 25, 2017 authorizing Pennichuck Water Works, Inc. ("PWW") to enter into a Line of Credit (the "FALOC") with TD Bank, N.A. (the "Bank");

Whereas, the Corporation and PWW have filed a petition with the New Hampshire Public Utilities Commission ("NHPUC") under Docket DW 17-183 for approval of the FALOC on the terms presented to the NHPUC;

Whereas, as a condition precedent to closing under the FALOC, the Bank has required the Corporation to pledge the stock the Corporation owns in PWW; and

Whereas, the Corporation finds it beneficial that PWW enter into the FALOC for purposes of financing capital expenditures and that the Corporation pledge to the Bank the stock of PWW owned by the Corporation pursuant to a Stock Pledge Agreement (the “Stock Pledge Agreement”);

Now, Therefore, be it hereby:

Resolved: to authorize and approve PWW to enter into the FALOC and execute a Revolving Note with terms as follows: up to Ten Million Dollars and No Cents (\$10,000,000.00) for up to 2 years; at a rate of interest based on one of two interest rate options: a variable rate option based on 30-Day LIBOR + 1.75% or a quoted fixed rate option.

Further

Resolved: that the Chief Executive Officer and the Chief Operating Officer of the Corporation are, and each of them hereby is, authorized to act as the Corporation’s representative (either in its own capacity, or in the Corporation’s capacity as the sole shareholder of PWW) for purposes of executing and administering the above-referenced FALOC and/or executing any other related documents, certificates and undertakings on behalf of the Corporation with respect to the said FALOC.

Further

Resolved: that the Chief Executive Officer and the Chief Operating Officer of the Corporation are, and each of them hereby is, authorized to act as the Corporation’s representative for purposes of executing and administering the above-referenced Stock Pledge Agreement by the Corporation and/or executing any other related loan documents, certificates and undertakings on behalf of the Corporation with respect to the said FALOC and Stock Pledge Agreement.

Further

Resolved: that the Chief Executive Officer and the Chief Operating Officer of the Corporation are hereby jointly and severally authorized and directed to do and/or cause to be done, from time to time, all things which may be necessary and/or proper for the carrying out of the terms of these Resolutions.

Further

Resolved: that all prior acts of the Chief Executive Officer and the Chief Operating Officer of the Corporation or other employees or agents of the Corporation to accomplish the purposes of these Resolutions are hereby approved and ratified.

2018 Annual Meeting of Sole Shareholder

S. Ansara indicated that the Annual Shareholder Meeting will be held on Saturday, May 5, 2018 at the Crowne Plaza. The annual meeting of the Board will be held immediately following the shareholder meeting, at which a Chairman of the Board, Board Committees and Officers will be elected. After discussion, it was the consensus of the Board that Thomas Leonard continue as Chairman of the Board for another year. It was requested that a discussion on appointing a Vice Chairman of the Board be added to the Agenda for the May Board meeting.

Business Comments and Updates from the CEO

L. Goodhue reported that the financing activities are coming to a close. The issuance of bonds was completed on April 4, the refinancing of the intercompany loan between Pennichuck Corporation and Pennichuck East Utility, Inc. closed on April 26, and the line of credit with TD Bank for Pennichuck Corporation is scheduled to close on April 27. Both the intercompany loan between Pennichuck Corporation and Pittsfield Aqueduct Company, Inc., and the fixed asset line of credit with TD Bank for Pennichuck Water Works, Inc. are scheduled to close next week.

L. Goodhue updated the Board on various matters, including the PEU rate case, the QCPAC filing, marketing of lots in Derry and Amherst, PFOA matters in Litchfield and Bedford, and additional supply for Locke Lake.

L. Goodhue reported on a recent meeting he and T. Leonard had with the Mayor and members of his staff relating to the relocation of the corporate office.

It was requested that a meeting of the Ad Hoc Building Committee be scheduled for some time in mid-June.

D. Ware, M. DeRoche and S. Greenwood left the meeting at 9:30 a.m.

Report of the Compensation and Benefits Committee

J. Lustig reported on the April 12, 2018 meeting of the Compensation and Benefits Committee. He reported that Summit Financial reviewed the investments for the 401(k) plan and the pension plan. At the recommendation of Summit, the Committee approved replacing the MassMutual RetireSMART Target Date funds with American Funds Target Date Retirement Funds, in 5-year increments.

Move to Non-Public Session

J. Dore moved that the Board enter into non-public session to discuss (i) matters, which if discussed in public, would likely affect adversely the reputation of a person pursuant to RSA 91-A:3, II(c), and (ii) confidential or financial information pursuant to 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, J. Lustig, J. McGrath,
J. Murphy, P. Stanley

Nay:

Motion was carried to enter into non-public session at 9:33 a.m.

Reconvene in Public Session

The non-public session ended at 10:03 a.m. and the Board reconvened in public session. Present were the Directors and S. Ansara.

J. Lustig moved that the Board seal the minutes of the non-public session under RSA 91-A:3, II(c) and RSA 91-A:3, II(j). P. Stanley 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, J. Lustig, J. McGrath,
J. Murphy, 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 10:04 a.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara
Corporate Secretary