

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

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, October 26, 2018 at 8:05 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 (telephonically)
C. George Bower
James P. Dore
Elizabeth A. Dunn
Stephen D. Genest
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
Suzanne L. Ansara, Corporate Secretary
George Torres, Corporate Controller
Carol Ann Howe, Assistant Treasurer
John Boisvert, Chief Engineer
Christopher Countie, Director, Water Supply and Community Systems

D. Bernier stated the reason he was unable to attend the meeting in person, that he was alone and could hear the proceedings.

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 September 28, 2018 Board meeting. There being none, on motion duly made by S. Genest and seconded by J. McGrath, all of the Directors present then voting, it was unanimously

Resolved: that the minutes of the September 28, 2018 meeting of the Board of Directors are hereby approved.

Financial Results

G. Torres presented a review of the Company's unaudited consolidated financial results for the month ended September 2018 and a review of revenues/water usage. The Company's revenues of \$34.6 million were 10.7% above the prior year revenues and 3.2% below budget on a year-to-date basis. Operating expenses of \$28.7 million were 2.5% above budget and 8.5% above the prior year expenses. Operating income was \$5.9 million compared to prior year operating income of \$4.8 million and budgeted operating income of \$7.7 million. Interest expense of \$8.1 million was 2.6% less than budget and 0.2% greater than the prior year expense. Pre-tax loss was \$2.2 million compared to a budgeted pre-tax loss of \$0.7 million and prior year pre-tax loss of \$3.3 million. Year-to-date net loss was \$2.1 million compared to a budgeted net loss of \$0.6 million and prior year net loss of \$2.9 million. Year-to-date earnings before interest, taxes, depreciation and amortization was \$11.9 million compared to \$13.8 million in the 2018 budget and the prior year amount of \$10.6 million. Capital expenditures of \$6.9 million were below the budgeted amount of \$14.2 million. Pumpage for the month of September (395 million gallons) was below budget (411 million gallons). G. Torres commented on the Company's debt covenant schedule, and reviewed the budget variance analysis and prior year variance analysis for each subsidiary. A discussion ensued.

There was a discussion relative to unaccounted for water.

2019 Budget – Global Goals and Objectives

G. Torres reviewed the global and specific considerations to be utilized in the 2019 budgeting process. A discussion ensued.

C. Countie joined the meeting at 9:05 a.m.

Dividend to Sole Shareholder

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 J. McGrath, 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 November 2, 2018.

Report of the Compensation and Benefits Committee

S. Genest, Chairman of the Compensation and Benefits Committee, reported on the Committee's October 24, 2018 meeting. The Committee was presented with a review on the performance of the Company's pension plan and 401(k) plan investments by Summit Financial. He indicated that both plans are performing well.

Other Business

L. Goodhue indicated that the Company is installing a new company-wide notification system for use in the event of an emergency. Once the notification system is complete, management will schedule a “table top” exercise of an emergency drill.

L. Goodhue reported that the NHDES would like to have a Ribbon Cutting Ceremony for the river crossing project sometime in late November. Invitees would include the Board of Directors, the Mayor and members of the Special Water Committee of the Board of Aldermen.

G. Torres left the meeting at 9:18 a.m.

Move to Non-Public Session

S. Genest moved that the Board enter into non-public session to (i) discuss the acquisition, sale or lease of real or personal property pursuant to RSA 91-A:3, II(d), and (ii) discuss confidential or financial information pursuant to RSA 91-A:3, II(j). J. McGrath 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, S. Genest, T. Leonard,
J. McGrath, J. Murphy, P. Stanley
Nay:

Motion was carried to enter into non-public session at 9:19 a.m.

Reconvene in Public Session

The non-public session ended at 11:40 a.m. and the Board reconvened in public session. Present were the Directors except for D. Bernier and J. McGrath who left during the non-public session, and S. Ansara.

S. Genest moved that the Board seal the minutes of the non-public session under RSA 91-A:3, II(d) 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: G. Bower, J. Dore, E. Dunn, S. Genest, T. Leonard,
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 11:41 a.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara
Corporate Secretary