

PENNICHUCK CORPORATION

BOARD OF DIRECTORS  
MINUTES OF JANUARY 25, 2019 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, January 25, 2019 at 8:38 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, 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 the meeting from the Company were:

Larry D. Goodhue, Chief Executive Officer  
Donald L. Ware, Chief Operating Officer  
Mary V. DeRoche, Human Resources Director  
George Torres, Corporate Controller  
Carol Ann Howe, Assistant Treasurer  
Steven Greenwood, IT Director  
Chris Countie, Director, Water Supply and Community Systems  
Bernard Rousseau, Vice President, PWSC  
John Boisvert, Chief Engineer  
Alan Brown, Distribution Manager

L. Goodhue was appointed Acting Secretary of the meeting and recorded the minutes of the meeting.

## Approval of Minutes

There being no comments on the draft minutes of the December 14, 2018 Board meeting, on motion duly made by S. Genest and seconded by E. Dunn, all of the Directors then voting, it was unanimously

Resolved: that the minutes of the December 14, 2018 meeting of the Board of Directors are hereby approved.

## Capital Expenditures and Pumpage Review – December 2018

G. Torres reviewed the summary of capital expenditures and pumpage chart as of December 2018. Capital expenditures of \$13.6 million were below the budgeted amount of \$15.9 million. Pumpage for the month of December (264 million gallons) was behind budget (274 million gallons).

## 2019 Key Budget Assumptions and Pumpage Budget

G. Torres reviewed an updated list of key budget assumptions utilized in preparing the 2019 Budget, and reviewed the pumpage budget for 2019. A discussion ensued relative to pumpage and leak detection. Pumpage is budgeted at 4.178 billion gallons in 2019.

2019 Capital Expenditure Budget and 2020/2021 Capital Expenditure Plans - G. Torres presented a revised 2019 capital expenditure budget and 2020/2021 capital expenditure plans from that reviewed at the December Board meeting. The revised 2019 consolidated capital budget consists of approximately \$1.5 million of carry-over projects from 2018 and approximately \$17.0 million for new projects, for a total 2019 consolidated capital budget of approximately \$18.5 million. Estimates for planned capital expenditures in 2020 and 2021 are approximately \$16.3 million and \$13.7 million, respectively.

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 2019 Capital Expenditure Budget and 2020/2021 Capital Expenditure Plans, as presented at this meeting, are hereby approved.

2019 Operating Budget - L. Goodhue and G. Torres presented a review of the Company's proposed 2019 operating budget, a copy of which was included in the written materials. The proposed budget includes revenues of \$46.3 million, operating expenses of \$38.4 million, operating income of \$7.9 million, and a net loss of \$3.5 million. A discussion ensued.

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

Resolved: that the 2019 Operating Budget, as presented at this meeting, is hereby approved.

Pension Plan – Administrators, Investment Committee Members

L. Goodhue recommended that the Board appoint George Torres, the Company’s Corporate Controller, as an Administrator of the Company’s pension plan, and as a member of the pension plan Investment Committee.

After a brief discussion, on motion duly made by S. Genest and seconded by E. Dunn, all of the Directors then voting, it was unanimously

Resolved: that the Board of Directors hereby appoints George Torres as an Administrator of the Pension Plan for Employees of Pennichuck Corporation, effective immediately; and affirms that the Administrators of the Pension Plan going forward will be Larry Goodhue, Mary DeRoche, Carol Ann Howe and George Torres.

Resolved: that the Board of Directors hereby appoints George Torres as a member of the Investment Committee for the Pension Plan for Employees of Pennichuck Corporation, effective immediately; and affirms that the members of the Investment Committee going forward will consist of Larry Goodhue, Mary DeRoche, Carol Ann Howe and George Torres.

Savings Plan (401k) – Trustees, Investment Committee Members

L. Goodhue recommended that the Board appoint George Torres, the Company’s Corporate Controller, as a Trustee of the Company’s 401(k) plan, and as a member of the 401(k) plan’s Investment Committee.

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

Resolved: that the Board of Directors hereby appoints George Torres as a Trustee for the Savings Plan for Employees of Pennichuck Corporation, effective immediately; and affirms that the Trustees of the Savings Plan going forward will consist of Larry Goodhue, Mary DeRoche, Carol Ann Howe and George Torres.

Resolved: that the Board of Directors hereby appoints George Torres as a member of the Investment Committee for the Savings Plan for Employees of Pennichuck Corporation, effective immediately; and affirms that the members of the Investment Committee going forward will consist of Larry Goodhue, Mary DeRoche, Carol Ann Howe and George Torres.

Guaranty of PWW Trust Fund Loan – Merrimack River Raw Water Intake Project

L. Goodhue indicated that management is seeking the Board’s approval for Pennichuck Corporation to guaranty the loan to Pennichuck Water Works, Inc. from the NH Drinking Water

and Groundwater Trust Fund to fund the Merrimack River Raw Water Intake project. The matter was discussed earlier in the day at the Pennichuck Water Works Board meeting.

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

Resolved: that the Board of Directors hereby approves the guaranty by Pennichuck Corporation (the "Company") of the payment by Pennichuck Water Works, Inc. ("PWW") of all of its obligations with respect to PWW's borrowing of up to \$5,500,000 in principal amount from the New Hampshire Drinking Water and Groundwater Trust Fund (the "Trust Fund"), such amount to be paid over a term not to exceed 40 years, level payment, at the prevailing interest rate for the Drinking Water and Groundwater Trust Fund (currently 3.38%) and related costs, for the purpose of funding the Merrimack River Raw Water Intake project, pursuant to a Loan Agreement between PWW and the New Hampshire Department of Environmental Services.

Further

Resolved: that the officers of the Company are severally authorized, empowered and directed to execute and deliver, in the name and on behalf of the Company, the Guaranty agreement with respect to the Trust Fund loan described in the prior resolution (the "Trust Fund Loan"), with such terms as may be deemed necessary or advisable in the several judgment of the officers executing the Guaranty agreement.

Further

Resolved: that the officers of the Company are hereby authorized, empowered and directed to take any and all actions to obtain all necessary approvals for the Guaranty from the New Hampshire Department of Environmental Services, the Governor and Executive Council, and the City of Nashua in its capacity as the sole shareholder of the Company, and any other authority determined by such officers relating to the Guaranty.

Further

Resolved: that Larry D. Goodhue, Donald L. Ware and Carol Ann Howe are severally authorized, empowered and directed to take such actions and to execute and deliver such documents as in the opinion of the officer or officers so acting or in the opinion of counsel, are necessary or desirable to effect the Guaranty and the Trust Fund Loan and to carry out the purposes of the preceding resolutions, the taking of such actions and the execution and delivery of such documents to be sufficient and conclusive evidence that the same are within the authority conferred by these resolutions.

## Other Business

Pricing Committee – L. Goodhue indicated that members of the Board will need to be appointed to the Pennichuck Water Works, Inc. Pricing Committee for the upcoming bond financing. After discussion, G. Bower, J. Leonard, J. Lustig, J. Murphy and P. Stanley agreed to be members of the Pricing Committee, and J. Dore and E. Dunn agreed to serve as alternates.

Meet and Greet with City Officials – L. Goodhue indicated that he is planning on scheduling a “Meet and Greet” event with City Officials, as was done in 2018. After discussion, it was agreed that the Mayor and Board of Aldermen will be invited to the event, that the meeting will take place at the Operations facility, and the attendees will be offered a tour of the Water Treatment Plant if they so desire. The event will take place in April.

Dams – Letters of Deficiency – C. Countie discussed three letters of deficiency received from the New Hampshire Department of Environmental Services regarding the Supply Pond, Harris, and Bowers dams. He reported that no defects or deficiencies as to legacy standards were found and that the letters were to address new climate impact calculations and regulatory requirement changes. A discussion ensued relative to studies and potential financial impact.

Miscellaneous Matters – There were discussions relative to the following matters: (1) new emerging State of New Hampshire arsenic and PFAS standards, (2) CIAC taxation, (3) IRS interest expense deduction limitation, (4) NOL carryforward usage limits and demarcation, (5) state and local property taxes, and (6) the Company’s working capital line of credit, which expires on August 31, 2019, and Pennichuck Water Works’ fixed asset line of credit, which expires on August 31, 2020.

## 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 matters which if discussed in public would likely affect adversely the reputation of a person, pursuant to RSA 91-A:3, II(c). J. Lustig 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 10:37 a.m.

Reconvene in Public Session

The non-public session ended at 12:18 p.m. and the Board reconvened in public session.

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(c). 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, S. Genest, T. Leonard, 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 12:20 p.m.

/s/ Larry D. Goodhue

Larry D. Goodhue

Acting Secretary