

PENNICHUCK CORPORATION

COMPENSATION AND BENEFITS COMMITTEE
MINUTES OF OCTOBER 24, 2018 MEETING

A meeting of the Compensation and Benefits Committee (“Committee”) of the Board of Directors of Pennichuck Corporation (“Company”) was held on Wednesday, October 24, 2018, at 4:00 p.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 Committee members for their review prior to the meeting.

The following persons were in attendance for the meeting:

Committee Members:	Stephen D. Genest, Chairman David P. Bernier, telephonically (4:25 p.m.) C. George Bower Elizabeth A. Dunn Thomas J. Leonard
Pennichuck Corporation:	Larry D. Goodhue, Chief Executive Officer Donald L. Ware, Chief Operating Officer Mary V. DeRoche, HR Director Suzanne L. Ansara, Corporate Secretary
Summit Financial Corp.:	Jason Denton, Senior Actuarial Consultant Douglas Johnson, Vice President

S. Ansara recorded the minutes of the meeting.

Approval of Minutes

There being no comments on the draft minutes of the September 13, 2018 Committee meeting, on motion duly made by T. Leonard and seconded by E. Dunn, all of the Committee members present then voting, it was unanimously

Resolved: that the minutes of the September 13, 2018 meeting of the Compensation and Benefits Committee are hereby approved.

Summit Financial Corporation - Pension Plan and 401(k) Plan Investments Review

The representatives from Summit Financial presented a review of the Company’s pension plan and 401(k) plan investments. A copy of the presentation was provided to the Committee members in the written materials.

401(k) Plan Investments

Mr. Johnson reviewed participant activity in the 401(k) plan. As of June 30, 2018, there were 137 participants in the plan (94% participation rate) and there was approximately \$16.6 million invested in the plan. He reviewed the Monitoring Report which summarizes in detail the performance of each of the funds in the Plan, and indicated that two funds are currently on the watchlist: MassMutual Premier International Eq I and MassMutual Select Fundamental Value I. He reported that the target date retirement funds (American Funds) were performing very well.

There was a discussion relative to another option for savings in the 401(k) Plan, known as a “Super Roth.” Summit will investigate further and discuss with the Plan’s Investment Committee.

Committee Member David Bernier joined the meeting by telephone at 4:25 p.m. during the discussion on the 401(k) Plan. D. Bernier stated the reason he was unable to attend the meeting in person, that he was alone and could hear the proceedings.

Pension Plan Investments

Mr. Denton conducted a slide presentation focused on the actuarial assumptions and projected funding obligations for the pension plan. He reviewed the Company’s contribution schedule and PBGC premium rates. Mr. Johnson then provided the Committee with an update on the investment performance of the pension plan assets. At June 30, 2018, the pension plan had approximately \$18.3 million in assets invested. He indicated that the portfolio is currently allocated 60.78% in stocks and 39.22% in Bonds-General Investment Account. He reviewed the pension fund Monitoring Report, and indicated that 4 funds are currently on the watch list: Templeton Global Bond A, MassMutual Select Fundamental Value I, JP Morgan Mid Cap Value I, and Invesco Small Cap Value A. Summit will continue to monitor these funds and will take action if the funds continue on the watch list for 7 consecutive quarters. A discussion ensued.

Mr. Denton reported that they are seeing negative performance on the bond funds. To lessen the risk, Summit recommended rebalancing the portfolio by moving 5% of the assets from the Loomis Sayles Strategic Income bond fund to the General Investment Account, which would guarantee a 2% return. After discussion, the Committee agreed with Summit’s recommendation.

L. Goodhue stated that the Committee had authorized a change to an LDI investment strategy model in late 2015, but was deferred by Summit for a number of reasons. He inquired when the change can be made. Mr. Denton indicated that a problem exists with respect to the “gold certificates” which are held by 13 individuals in the plan. These certificates guarantee the payment of retirement benefits by MassMutual and are paid out of the plan’s General Investment Account. A discussion ensued. It was agreed that Summit will readdress the LDI strategy matter and discuss the issues relating to the gold certificates with MassMutual.

Mr. Denton reviewed Summit’s updated fund selection and monitoring process.

There being no further business to come before the Committee, the Chairman adjourned the meeting at 5:30 p.m.

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