

PENNICHUCK CORPORATION
BOARD OF DIRECTORS
MINUTES OF APRIL 26, 2019 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, April 26, 2019 at 8:00 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
C. George Bower
Elizabeth A. Dunn, telephonically
Stephen D. Genest
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
George Torres, Corporate Controller
Bernard Rousseau, Vice President, PWSC
Steve Greenwood, IT Director
John Boisvert, Chief Engineer

E. Dunn stated the reason she was unable to attend the meeting in person, that she 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

There being no comments on the draft minutes of the March 22, 2019 Board meeting, 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 March 22, 2019 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 March 2019 and a review of revenues/water usage. The Company's revenues of \$9.4 million were 1.0% above the prior year revenues and 2.2% below budget on a year-to-date basis. Operating expenses of \$9.1 million were 2.0% below budget and 0.4% below the prior year expenses. Operating income was \$0.4 million compared to prior year operating income of \$0.2 million and budgeted operating income of \$0.4 million. Interest expense of \$2.7 million was 4.5% less than budget and 2.8% greater than the prior year expense. Pre-tax loss was \$2.3 million compared to a budgeted pre-tax loss of \$2.4 million and prior year pre-tax loss of \$2.4 million. Year-to-date net loss was \$2.2 million compared to a budgeted net loss of \$2.4 million and prior year net loss of \$1.5 million. Year-to-date earnings before interest, taxes, depreciation and amortization was \$2.5 million compared to \$2.5 million in the 2019 budget and the prior year amount of \$2.3 million. Capital expenditures of \$0.7 million were above the budgeted amount of \$0.4 million. Pumpage for the month of March (269 million gallons) was below budget (275 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.

Report of the Compensation and Benefits Committee

S. Genest, Chairman of the Compensation and Benefits Committee, gave a report on the Committee's April 22, 2019 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. A few funds are currently on the watch list and will be addressed at the fall meeting with Summit. The Committee discussed the possibility of annuitizing the "golden certificates" held by 13 individuals, and moving to an LDI model. An addition of a "Super Roth" option in the 401(k) plan was also discussed.

CEO Updates

House Bill 700 – L. Goodhue reported that House Bill 700, relative to the valuation of utility company assets for local property taxation, passed the Senate and is going to the Governor for signature. There will be a 5-year phase in. Assets for water companies will be taxed 25% on original cost and 75% on net book value.

Pennichuck Water Special Committee – L. Goodhue reported that he, Don Ware and Jay Leonard met with the Special Water Committee of the Board of Aldermen to review the Company's proxy material. The Committee voted to recommend to the Board of Aldermen the approval of the nominees listed on the proxy card.

PFOA – Wrapping up Bedford. Litchfield design work is done, going out to bid.

Banking – Finance – There are 2 open items with the PUC, the Merrimack River intake and the CoBank financing. Waiting for orders from the PUC.

TD Bank – The Working Capital Line of Credit with TD Bank expires at the end of August 2019. Management is working on whether to extend or renew.

Locke Lake – Pilot tested 2 technologies. Water is treatable. Water main portion has been designed. Out to bid next week. In process of securing easements from Locke Lake.

PWW Rate Case – An RFP was sent to 3 law firms in March. Brown Law was the low bidder. Since Brown Law is a one-lawyer firm, Rath, Young and Pignatelli will serve as a backup if needed. The plan is to file a Notice of Intent with the PUC around May 14 and file the rate case mid-June. Letters will be mailed to the communities served by PWW notifying them of the filing of the Notice of Intent. Temporary rates are expected this fall and permanent rates next year. This will be the second rate increase since 2012.

Accounting – New accounting treatment relative to leases is on the horizon. It will cause issues for lenders.

Annual Meeting of Sole Shareholder

The Annual Shareholder Meeting will take place on Saturday, May 4, at the DoubleTree by Hilton in Nashua. One proposal is on the Agenda, the election of Directors.

Board Committees

The Board considered and agreed to changes to the membership of the Board Committees, to be voted on at the Annual Board of Directors meeting on May 4.

Management Presentations

The Board reviewed the list of upcoming management presentations. The Board requested that a presentation on sustainability be added to the September meeting, and a vulnerability assessment be added to the October meeting.

Move to Non-Public Session

S. Genest moved that the Board enter into non-public session to (i) discuss matters, which if discussed in public, would likely affect adversely the reputation of a person pursuant to RSA 91-A:3, II(c); (ii) discuss the acquisition, sale or lease of real or personal property pursuant to RSA 91-A:3, II(d), and (iii) discuss confidential or financial information, pursuant to 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, E. Dunn, S. Genest, T. Leonard,
J. Lustig, J. Murphy, P. Stanley

Nay:

Motion was carried to enter into non-public session at 9:29 a.m.

Reconvene in Public Session

The non-public session ended at 11:18 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), RSA 91-A:3, II(d), 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, E. Dunn, S. Genest, T. Leonard,
J. Lustig, 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 11:19 a.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara
Corporate Secretary