

PENNICHUCK CORPORATION
BOARD OF DIRECTORS
MINUTES OF MAY 23, 2019 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Thursday, May 23, 2019 at 8:09 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
C. George Bower
James P. Dore
Elizabeth A. Dunn
Stephen D. Genest
Jay N. Lustig
John D. McGrath
John M. Murphy
Deborah Novotny
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
Bernard Rousseau, Vice President, Sales and Service
Steven Greenwood, IT Director
Tara King, Revenue and Customer Operations Manager
John Boisvert, Chief Engineer
Lori Douglas, Accounting Manager
Dan Wojcik, Community Water Systems Supervisor

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 April 26, 2019 Board meeting, on motion duly made by S. Genest and seconded by P. Stanley, all of the Directors present voting in favor except for D. Novotny who abstained, it was

Resolved: that the minutes of the April 26, 2019 meeting of the Board of Directors are hereby approved.

There being no comments on the draft minutes of the May 4, 2019 Annual Meeting of Sole Shareholder and Annual Meeting of the Board of Directors, on motion duly made by S. Genest and seconded by P. Stanley, all of the Directors present voting in favor except for J. Murphy who abstained, it was

Resolved: that the minutes of the May 4, 2019 Annual Meeting of Sole Shareholder are hereby approved.

Resolved: that the minutes of the May 4, 2019 Annual Meeting of the Board of Directors are hereby approved.

Financial Results

G. Torres reviewed the summary of capital expenditures and pumpage chart as of April 2019. Capital expenditures of \$0.9 million were below the budgeted amount of \$2.7 million. Pumpage for April was behind budget (271 million gallons to 291 million gallons). G. Torres commented on the Company's debt covenant schedule. He reviewed the variances from budget and prior year results for each subsidiary, and reviewed the consolidated balance sheets. A discussion ensued.

The Company's revenues of \$12.8 million were 1.3% above the prior year revenues and 1.7% below budget on a year-to-date basis. Operating expenses of \$12.2 million were 1.6% below budget and 0.2% above the prior year expenses. Operating income was \$0.6 million compared to prior year operating income of \$0.4 million and budgeted operating income of \$0.6 million. Interest expense of \$3.6 million was 4.2% less than budget and 2.3% more than the prior year expense. Pre-tax loss was \$3.0 million compared to a budgeted pre-tax loss of \$3.2 million and prior year pre-tax loss of \$3.1 million. Year-to-date net loss was \$2.9 million compared to a budgeted net loss of \$3.1 million and prior year net loss of \$2.0 million. Year-to-date earnings before interest, taxes, depreciation and amortization was \$3.4 million compared to \$3.4 million in the 2019 budget and the prior year amount of \$3.1 million.

Business Comments and Updates from the CEO and COO

Financings – An Order has been received from the NHPUC approving the Trust Fund Loan for the Merrimack River Intake project. Closing on the loan is scheduled for June 12. An Order has been received from the NHPUC approving the CoBank loan. Closing to be scheduled.

PWW Rate Case – L. Goodhue reported that a Notice of Intent to file a rate case was filed with the NHPUC on May 14, 2019. A complete rate case filing must be filed on or after June 13, but before July 13. He indicated that management is seeking a waiver from the PUC with respect to the filing of certain schedules for the rate case that appear redundant or out of date. Letters were sent to the communities served by PWW, and to the senators and representatives for those communities, informing them of the filing of the Notice of Intent.

Software – Management is looking at upgrading the Company’s work order management system (WAM). An upgrade to the newest version of WAM would cost approximately \$1.9 million. Management is considering other options. Goal would be to replace the system in 2020 with a go live date of January 1, 2021. The current version of WAM will be unsupported in 2020.

Filter Media – D. Ware reported that the replacement of filter media at the Water Treatment Plant will begin in the summer. Cost is approximately \$480,000.

Other Matters – L. Goodhue updated the Board on the CIAC/Woodmont Commons matter, the Locke Lake project, and legislation concerning water standards. D. Ware updated the Board on the progress of the Stump Pond Stormwater evaluation project and on the expansion of the northwest portion of the water system, which needs to be completed prior to the removal and replacement of the Kessler Farm water tank.

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). E. Dunn seconded the motion.

A roll call of the Directors was taken, which resulted as follows:

Yea: G. Bower, J. Dore, E. Dunn, S. Genest, T. Leonard, J. Lustig,
J. McGrath, J. Murphy, D. Novotny, P. Stanley

Nay:

Motion was carried to enter into non-public session at 9:12 a.m.

Reconvene in Public Session

The non-public session ended at 10:29 a.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(j). J. Lustig 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. Lustig,
J. McGrath, J. Murphy, D. Novotny, P. Stanley

Nay:

Motion was carried to seal the minutes of the non-public session.

Other Business

It was agreed to cancel the Board meeting scheduled for July 26.

There being no further business to come before the Board, the meeting was adjourned at 10:30 a.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara
Corporate Secretary