

PENNICHUCK CORPORATION
BOARD OF DIRECTORS
MINUTES OF JUNE 28, 2019 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, June 28, 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, telephonically
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
Mary V. DeRoche, HR Director
Suzanne L. Ansara, Corporate Secretary
George Torres, Corporate Controller
Carol Ann Howe, Assistant Treasurer
Steven Greenwood, IT Director
Tara King, Revenue and Customer Operations Manager
John Boisvert, Chief Engineer
Chris Countie, Director, Water Supply and Community Systems

G. Bower 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

There being no comments on the draft minutes of the May 23, 2019 Board meeting, on motion duly made by J. McGrath and seconded by J. Murphy, all of the Directors then voting, it was unanimously

Resolved: that the minutes of the May 23, 2019 meeting of the Board of Directors are hereby approved.

There being no comments on the draft minutes of the May 23, 2019 Annual Meeting of Shareholder for the Company's subsidiaries, on motion duly made by J. McGrath and seconded by J. Murphy, all of the Directors then voting, it was unanimously

Resolved: that the minutes of the May 23, 2019 Annual Meeting of Shareholder for the Company's subsidiaries are hereby approved.

Financial Results

G. Torres reviewed the summary of capital expenditures and pumpage chart as of May 2019. Capital expenditures of \$2.3 million were below the budgeted amount of \$5.8 million. Capital projects included the Locke Lake new groundwater source project, the Merrimack Intake project, and improvements to the Northwest water system. Pumpage for May was behind budget (330 million gallons to 367 million gallons) due to the wet spring weather. 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 \$16.3 million were 0.8% above the prior year revenues and 1.0% below budget on a year-to-date basis. Operating expenses of \$15.5 million were 0.9% below budget and 0.5% above the prior year expenses. Operating income was \$0.7 million compared to prior year operating income of \$0.7 million and budgeted operating income of \$0.8 million. Interest expense of \$4.6 million was 3.3% less than budget and 2.7% more than the prior year expense. Pre-tax loss was \$3.8 million compared to a budgeted pre-tax loss of \$4.0 million and prior year pre-tax loss of \$3.8 million. Year-to-date net loss was \$3.8 million compared to a budgeted net loss of \$3.9 million and prior year net loss of \$2.5 million. Year-to-date earnings before interest, taxes, depreciation and amortization was \$4.2 million compared to \$4.2 million in the 2019 budget and the prior year amount of \$4.0 million.

Dividend to Shareholder

L. Goodhue indicated that management is recommending that the Board approve the payment of a quarterly dividend 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 J. McGrath and seconded by J. Murphy, all of the Directors then voting, it was unanimously

Resolved: that a dividend in the amount of \$69,748.09 be paid to the sole shareholder of record, the City of Nashua, New Hampshire, on August 6, 2019.

Report of the Compensation and Benefits Committee

S. Genest, Chairman of the Compensation and Benefits Committee, gave a report on the Committee's June 27 meeting. He reported that the Committee discussed adding a "super roth" option to the 401(k) Plan. A final decision on the matter was postponed until the Committee's meeting with Summit Financial in the fall. The Committee was also provided with a detailed, comparative review of all benefits provided to employees.

Business Comments and Updates from the CEO and COO

Fixed Asset Line of Credit – The current line of credit with TD Bank expires on August 31, 2019. Renewal of the line of credit will not require PUC approval. If the renewal is not completed by August 31, the Bank will provide an extension.

CoBank Loan - PEU – CoBank has performed a full credit review and a review of the covenants in the prior loan agreement. Credit has been approved. CoBank is going to adopt the same covenants included in the Company's bond agreements. A closing has not yet been scheduled.

CIAC Order – Still waiting for an Order from the PUC. As to the Woodmont Commons matter, the PUC Staff has approved and issued a recommendation letter to the Commission.

Other Business

The Board reviewed the list of upcoming management presentations and had no comments or changes.

Move to Non-Public Session

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

Nay:

Motion was carried to enter into non-public session at 8:30 a.m.

Reconvene in Public Session

The non-public session ended at 11:06 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 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, D. Novotny, 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 11:07 a.m.

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