

PENNICHUCK CORPORATION

COMPENSATION AND BENEFITS COMMITTEE
MINUTES OF JULY 20, 2020 MEETING

A meeting of the Compensation and Benefits Committee (“Committee”) of the Board of Directors of Pennichuck Corporation (“Company”) was held on Monday, July 20, 2020, at 9:00 a.m.

Due to the COVID-19 virus and in accordance with the emergency stay at home order imposed by Governor Sununu, the meeting was held electronically using the Microsoft Teams platform, for the safety of the Committee Members and Pennichuck employees. Telephone access to the meeting was provided for members of the public.

Pursuant to Governor Sununu’s Emergency Order #12 dated March 23, 2020, the requirement under RSA 91-A:2, III(b) that a quorum be physically present at a meeting has been waived.

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
 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
 George Torres, Corporate Controller and Treasurer
 Carol Ann Howe, Assistant Treasurer
 Sarah Rossetti, HR Generalist
 Chris Countie, Director, Water Supply and Community Systems

S. Ansara recorded the minutes of the meeting.

Approval of Minutes

There being no comments on the draft minutes of the May 6, 2020 Committee meeting, on motion duly made by D. Bernier and seconded by G. Bower, all of the Committee members present then voting by roll call, it was unanimously

Resolved: that the minutes of the May 6, 2020 meeting of the Compensation and Benefits Committee are hereby approved.

Pension Matters

L. Goodhue reported that the Company's Investment Committee for the Pension Plan met with Summit Financial on July 7 to further review various pension matters discussed at the May 6 Compensation and Benefits Committee meeting.

Pension Plan Restatement – L. Goodhue referred the Committee to the draft revised pension plan restatement document, a copy of which was included in the written materials. He indicated that the plan restatement includes changes based on comments received from the Company's attorney, which comments were received after a prior draft of the restated plan was presented to the Committee at their last meeting. The Pension Plan Investment Committee recently met with Summit Financial to discuss the attorney's comments. L. Goodhue then reviewed each of the changes to the restated plan and answered questions from the Committee members. He indicated that the Investment Committee is recommending that the restated plan be approved.

On motion duly made by S. Genest and seconded by D. Bernier, all of the Committee members present then voting by roll call, it was unanimously

Resolved: that the resolution adopted at the March 24, 2020 meeting of the Compensation and Benefits Committee relating to the draft restatement of the pension plan is hereby rescinded.

On motion duly made by S. Genest and seconded by D. Bernier, all of the Committee members present then voting by roll call, it was unanimously

Resolved: that the Compensation and Benefits Committee, as Trustee of the Pension Plan for Employees of Pennichuck Corporation (the "Plan"), after review and evaluation of the draft restated Plan document (a copy of which was presented at this meeting), and at the recommendation of the Pension Plan Investment Committee, hereby recommends to the Pennichuck Corporation Board of Directors that the restated Plan be approved.

Pension Plan - Golden Certificates – L. Goodhue reported that the Investment Committee met with Summit Financial to discuss annuitizing the golden certificates held under the pension plan. There are currently 12 individuals holding golden certificates, 10 retirees and 2 beneficiaries. The payment of benefits to those holding golden certificates are co-guaranteed by MassMutual. MassMutual has required that the full current value of the future benefits to be paid to those individuals with golden certificates be held in the pension plan's GIA (guaranteed) account. This requirement has limited the Company's ability to invest the money in other funds, to move to an LDI strategy, and to move the pension plan to another provider of administrative services, if it chose to do so. L. Goodhue indicated that Summit Financial and the Investment Committee believe that it is a good time to move forward in annuitizing these golden certificates based on overall economic factors in the marketplace and in the economy.

L. Goodhue then reviewed the analysis provided by Summit Financial, which was included in the written materials. The impact of annuitizing the certificates on required contributions and PBGC premiums was discussed. The net annual impact to the pension plan would be approximately \$3,000 a year over several years. L. Goodhue indicated that the Investment Committee and Summit are recommending that the Company proceed with annuitizing the golden certificates at this time.

On motion duly made by T. Leonard and seconded by G. Bower, all of the Committee members present then voting by roll call, it was unanimously

Resolved: that the Compensation and Benefits Committee hereby recommends to the Board of Directors of Pennichuck Corporation that the golden certificates issued to certain individuals under the Pension Plan for Employees of Pennichuck Corporation by MassMutual, and held by the individuals listed in the analysis provided by Summit Financial and presented at this meeting, be annuitized with MassMutual for a buy-out price currently estimated to be \$1,104,898 (the actual amount to be determined and verified on the date for which the annuities are actually priced and purchased).

Pension Plan - LDI Strategy – L. Goodhue reported that the Pension Plan Investment Committee met with Summit Financial to discuss adopting an LDI strategy. It was the consensus of both the Investment Committee and Summit that it would be better to hold off on a decision until the golden certificates are annuitized, and after the general election in November. L. Goodhue then discussed the structure of an LDI strategy. He said that the Investment Committee is recommending to consider this option at a later date. After discussion, the Committee agreed.

401(k) Plan – MassMutual Overcharge

L. Goodhue reported that the issue with MassMutual overcharging fees to participants in the 401(k) plan has been resolved. MassMutual has corrected the error and returned monies to all participant's accounts. He referred the Committee to a copy of the recent mailing by MassMutual to all participant's explaining the error. In addition, in acknowledging their error, MassMutual has reduced the overall annual administrative fee from 16 basis points to 13 basis points going forward.

Move to Non-Public Session

T. Leonard moved that the Committee enter into non-public session to (i) discuss the compensation of employees pursuant to RSA 91-A:3, II(a), 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 Committee members present was taken, which resulted as follows:

Yea: D. Bernier, G. Bower, E. Dunn, S. Genest, T. Leonard
Nay:

Motion was carried to enter into non-public session at 9:37 a.m.

Reconvene in Public Session

The non-public session ended at 10:11 a.m. and the Committee reconvened in public session.

Matters Discussed at Non-Public Session

There was a discussion relating to the adoption of new mortality tables that were recently issued by the IRS for use in calculating benefits for individuals who choose an optional form of benefit (i.e., the 10 year certain or the 50%/75%/100% spousal forms of benefit).

On motion duly made by S. Genest and seconded by E. Dunn, all of the Committee members present then voting by roll call, it was unanimously

Resolved: that the Compensation and Benefits Committee recommends to the Board of Directors of Pennichuck Corporation that the 2020 mortality tables be adopted, retroactive to January 1, 2020.

There was a discussion relating to a Suspension of Benefits Notice to be provided to employees turning age 65 who may elect to continue employment with the Company past their normal retirement date.

There being no further business to come before the Committee, the Chairman adjourned the meeting at 10:12 a.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara
Corporate Secretary