

PENNICHUCK CORPORATION  
BOARD OF DIRECTORS  
MINUTES OF AUGUST 21, 2020 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, August 21, 2020 at 8:00 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 Board 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 Board members for their review prior to the meeting.

The following Directors were present for all or a portion of the meeting, constituting a quorum:

Thomas J. Leonard, Chairman  
David P. Bernier  
C. George Bower  
James P. Dore  
Elizabeth A. Dunn  
H. Scott Flegal  
Jay N. Lustig  
Deborah Novotny  
Preston J. Stanley, Jr.

Attending the meeting from the Company were:

Larry D. Goodhue, Chief Executive Officer  
Donald L. Ware, Chief Operating Officer  
Mary V. DeRoche, Human Resources Director  
Suzanne L. Ansara, Corporate Secretary  
George Torres, Corporate Controller and Treasurer  
Steven Greenwood, IT Director  
John Boisvert, Chief Engineer  
Christopher Countie, Director, Water Supply and Community Systems

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 July 24, 2020 Board meeting, on motion duly made by E. Dunn and seconded by J. Lustig, all of the Directors present then voting by roll call, it was unanimously

Resolved: that the minutes of the July 24, 2020 meeting of the Board of Directors are hereby approved.

### Financial Report Through July 2020

G. Torres presented a review of the Company's unaudited consolidated financial results for the year ended July 31, 2020 and a review of revenues/water usage. The Company's revenues of \$28.2 million were 13.7% above the prior year revenues and 6.3% above budget on a year-to-date basis. Operating expenses of \$22.4 million were 4.7% below budget and 1.0% above the prior year expenses. Operating income was \$5.7 million compared to prior year operating income of \$2.6 million and budgeted operating income of \$3.0 million. Interest expense of \$6.6 million was 4.2% less than budget and 1.4% greater than the prior year expense. Pre-tax loss was \$0.7 million compared to a budgeted pre-tax loss of \$3.9 million and prior year pre-tax loss of \$3.8 million. Year-to-date net loss was \$2.2 million compared to a budgeted net loss of \$3.2 million and prior year net loss of \$3.9 million. Year-to-date earnings before interest, taxes, depreciation and amortization was \$10.8 million compared to \$8.1 million in the 2020 budget and the prior year amount of \$7.5 million. Capital expenditures of \$3.3 million were below the budgeted amount of \$8.9 million. Pumpage for the month of July (569 million gallons) was ahead of budget (517 million gallons). G. Torres commented on the Company's consolidated balance sheet, cash flow statement, and debt covenant schedule, and on the income statements for each subsidiary, and reviewed the variances from budget and prior year results for each subsidiary. G. Torres answered a number of questions from the Board.

### PWW Bond Financing – Debt Restructuring

L. Goodhue referred the Board to the draft resolutions set forth in the Agenda relating to the Pennichuck Water Works \$75 million bond financing for the Company's debt restructuring plan. He said that the bonds will be used to refinance the Series 2014A, 2015A and 2015B bonds, refinance the outstanding AULI loan, refill the MOERR Rate Stabilization Fund to its imprest level, and pay costs of issuance related to the bond offering. The bonds will carry a credit rating of "A" with Negative outlook from S&P. The Pricing Committee will meet for a pre-pricing call with Ziegler on August 25 and for the pricing and award calls on Wednesday, August 26. A closing is scheduled to take place the first week of September.

On motion duly made by J. Dore and seconded by D. Bernier, all of the Directors present then voting by roll call, it was unanimously

Resolved: that the financing plan as presented to the Pennichuck Corporation Board by the Chief Executive Officer and/or other officers of Pennichuck Corporation (the "Company") and Pennichuck Water Works, Inc.

(“PWW”) and as referenced in the minutes of the Company Board meeting on February 28, 2020 for (i) the refinancing of the Business Finance Authority of the State of New Hampshire Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2014A, the Business Finance Authority of the State of New Hampshire Water Facility Revenue Bonds (Pennichuck Water Works, Inc. Project) Series 2015A (AMT) and the Business Finance Authority of the State of New Hampshire Water Facility Revenue Bonds (Pennichuck Water Works Inc. Project) Series 2015B (Non-AMT), (ii) the replenishment of PWW’s Material Operating Expense Revenue Requirement – Rate Stabilization Fund (MOERR-RSF) and (iii) the refinance of a certain loan to PWW from American United Life Insurance Company dated March 1, 1996 and due March 1, 2021, such plan to consist of the entering into of the following credit facilities:

Taxable Bonds in one Series plus the cost of issuance of such bonds in the aggregate amount of:	<u>\$ 75,000,000</u>
Total 2020 Financing Plan:	\$ 75,000,000

(the “2020 Financing Plan”), be and it is hereby approved.

Further

Resolved: that any actions taken by the officers of the Company and PWW in obtaining all necessary approvals and consents for the borrowings contemplated by the 2020 Financing Plan from the City of Nashua in its capacity as the sole shareholder of the Company, the New Hampshire Public Utilities Commission, and any other person from which approval or consent may be required related to such borrowings as determined by such officers are hereby formally ratified, confirmed and approved as actions of the Company as previously informally approved in the minutes to the Company’s meeting on February 28, 2020.

Further

Resolved: that the officers of the Company and PWW are directed to take any and all actions to develop and effect the borrowings contemplated by the 2020 Financing Plan and to finalize the terms of the 2020 Financing Plan, including preparation of a loan and trust agreement, credit facility agreement, bond purchase agreement, official statement, refunding trust agreement, petitions and such other documents that are necessary to effect the 2020 Financing Plan, and to present such documents to the Audit, Finance and Risk Committee and then to this Board for further approvals as may be required by such final documents.

Further

Resolved: that any actions taken by the officers of the Company prior to the date of the foregoing resolutions adopted hereby that are within the authority conferred thereby are hereby ratified, confirmed, approved and adopted as actions of the Company.

#### New Headquarters

L. Goodhue updated the Board on the progress of the construction of the new corporate headquarters on Walnut Street in Nashua. He said that the project is 3 weeks ahead of schedule. Due to the COVID-19 virus, employees' time in the office to pack up for the move will be staggered to allow for social distancing.

#### Solar Field

L. Goodhue updated the Board on his discussion with Mayor Donchess relating to the possibility of the City allowing for a PILOT for the solar field project.

#### Pension Plan

L. Goodhue indicated that the process is underway to annuitize the "golden certificates" held by 12 individuals in the pension plan, as authorized by the Board at the last meeting. The restatement of the pension plan has been put in place and the update of the mortality tables relative to the form factors is in process.

#### PFOA – Litchfield

L. Goodhue indicated that Phase 2 to connect approximately 37 customers in Litchfield affected by PFOA to the PEU system is in process. The contract for main extensions was put out to bid yesterday with a good result. The winning bidder came in below engineering estimates.

#### COVID-19

Management updated the Board on the protocols being followed due to the COVID-19 virus. L. Goodhue stated that there are no material deficiencies in anything being done at the Company from a functional basis based on COVID-19.

#### Succession Planning

L. Goodhue reported that Bernie Rousseau, Vice President of PWSC, and a 43-year employee, will be retiring on September 30, 2020. Dan Wojcik has assumed Bernie's responsibilities.

J. Lustig left the meeting.

Move to Non-Public Session

J. Dore moved that the Board enter into non-public session to discuss confidential or financial information pursuant to RSA 91-A:3, II(j). E. Dunn seconded the motion.

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

Yea: D. Bernier, G. Bower, J. Dore, E. Dunn, S. Flegal, T. Leonard,  
D. Novotny, 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 10:33 a.m. and the Board reconvened in public session.

E. Dunn moved that the Board seal a portion of the minutes of the non-public session under RSA 91-A:3, II(j). T. Leonard seconded the motion. A roll call of the Directors present was taken, which resulted as follows:

Yea: D. Bernier, G. Bower, J. Dore, E. Dunn, S. Flegal, T. Leonard,  
D. Novotny, P. Stanley

Nay:

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

Matter Discussed During Non-Public Session

At the non-public session, one of the items discussed was the renewal of the Company's Working Capital Line of Credit (WCLOC) with TD Bank and the renewal of Pennichuck Water Works' Fixed Asset Line of Credit with TD Bank. It was the consensus of the Board that management proceed with the renewals.

There being no further business to come before the Board, the meeting was adjourned at 10:34 a.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara  
Corporate Secretary