

PENNICHUCK CORPORATION
BOARD OF DIRECTORS
MINUTES OF SEPTEMBER 25, 2020 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, September 25, 2020 at 8:00 a.m.

Due to the COVID-19 virus and in accordance with the state of emergency declared 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.

There was a roll call of the Directors present at the start of the meeting. The following Directors were present, constituting a quorum. Each director stated that they were alone.

Thomas J. Leonard, Chairman
David P. Bernier
C. George Bower
James P. Dore
Elizabeth A. Dunn
H. Scott Flegal
Stephen D. Genest
John D. McGrath
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
Carol Ann Howe, Assistant Treasurer
Steven Greenwood, IT Director
Tara King, Revenue and Customer Operations Manager
John Boisvert, Chief Engineer
Christopher Countie, Director, Water Supply and Community Systems
Bernard Rousseau, Vice President, Sales and Service
Daniel Wojcik, Director of Sales, PWSC

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 August 21, 2020 Board meeting, on motion duly made by E. Dunn and seconded by G. Bower, all of the Directors present then voting by roll call, it was unanimously

Resolved: that the minutes of the August 21, 2020 meeting of the Board of Directors are hereby approved.

August 2020 Financial Report – Pumpage, Balance Sheet and Cash Flow

G. Torres reviewed pumpage levels for the month of August. Pumpage of 548 million gallons was ahead of the budgeted amount of 494 million gallons. He also reviewed the Company's consolidated balance sheet, income statement and cash flow statement through the month of August.

At August 31, 2020, revenues of \$33.1 million were 11.8% above the prior year revenues and 4.4% above budget on a year-to-date basis. Operating expenses of \$25.8 million were 4.7% below budget and 1.4% above the prior year expenses. Operating income was \$7.3 million compared to prior year operating income of \$4.2 million and budgeted operating income of \$4.6 million. Year-to-date net loss was \$0.5 million compared to a budgeted net loss of \$2.7 million and prior year net loss of \$3.5 million. Year-to-date earnings before interest, taxes, depreciation and amortization was \$13.0 million compared to \$10.4 million in the 2020 budget and the prior year amount of \$9.9 million.

There was a discussion relative to the filing of an application for forgiveness of the Paycheck Protection Program loan.

2021 Budget Schedule

G. Torres reviewed the budget schedule for 2021. A presentation of the Global Budget Goals and Assumptions will be given to the Board in October. A review of the capital budget will be presented to the Board in November, and submitted to the Board in December for preliminary approval. A review of the operating budget will be presented to the Board in December. Final approval of the capital and operating budgets will be at the January 2021 meeting.

Banking – TD Bank

L. Goodhue indicated that due to the promotion of George Torres to Treasurer of the Company in May, resolutions need to be approved to add him as an authorized signer on all Pennichuck Corporation bank accounts at TD Bank.

On motion duly made by J. McGrath and seconded by S. Flegal, all of the Directors present then voting by roll call, it was unanimously

Resolved: that the Chief Executive Officer, the Chief Operating Officer, the Treasurer, and the Assistant Treasurer of Pennichuck Corporation (the “Corporation”) be, and they hereby are, authorized to open and/or maintain bank accounts in the name of the Corporation in TD Bank, N.A. for the deposit of funds of the Corporation, and that with respect to all such accounts: (1) all checks, drafts, notes, bills of exchange, acceptances, undertakings and other instruments or orders for payment, transfer, or withdrawal of money in the amount of Twenty Five Thousand Dollars (\$25,000.00) or less for whatever purpose and to whomever payable shall bear the signature of any one of the individuals listed on Schedule A, and (2) all checks, drafts, notes, bills of exchange, acceptances, undertakings and other instruments for payment, transfer, or withdrawal of money in excess of Twenty Five Thousand Dollars (\$25,000.00) for whatever reason and to whomever payable shall require the signature of any two of the individuals listed on Schedule A; and that the Chief Executive Officer, Chief Operating Officer, Treasurer and Assistant Treasurer of the Corporation are authorized to establish and maintain cash management services for the bank accounts referenced above.

Further

Resolved: that the resolutions set forth on Schedule B relating to bank accounts of the Corporation held at TD Bank, N.A. are hereby approved, subject to the restrictions set forth in the first resolution above.

Report of the Compensation and Benefits Committee

S. Genest gave a report on the September 14 meeting of the Compensation and Benefits Committee. He reported that a press release has been issued by MassMutual stating that they are planning on selling their retirement plan business to Empower Retirement. MassMutual provides administrative services for the Company’s pension plan and 401(k) plan. The transaction is scheduled to take place sometime in the 4th quarter of 2020. S. Genest said that the Committee was provided with final figures for 2021 healthcare insurance premiums for the Company’s medical and dental insurance plans – 4% increase for health insurance and 5% increase for dental insurance. The Committee was provided with a draft CARES Act amendment to the Pennichuck Water Works 125 Cafeteria Plan, which amendment adds over the counter drugs as eligible expenses under the Flexible Spending Account (FSA). He said that the Committee will be recommending that the Pennichuck Water Works Board of Directors approve the amendment. The Committee also discussed with management issues relating to requirements under the pension and 401(k) plans relating to trustees, administrators and fiduciaries. Management will be meeting with its benefits attorney for further clarification on certain issues and report back to the Committee at its next meeting.

Business Updates and Comments from CEO

Special Water Committee Meeting – L. Goodhue reported that management will be meeting on September 29 with the Special Water Committee of the Nashua Board of Aldermen. The meeting will include a review of the Company’s Quarterly Reports to the City as sole shareholder for the 1st and 2nd quarters of 2020, and a discussion relating to a possible PILOT (payment in lieu of taxes) from the City to facilitate the development of the Company’s planned solar field on land in north Nashua.

PFOA – L. Goodhue reported that the phase 2 project in Litchfield to connect over 35 customers in the Town of Litchfield to the PEU public water system is ongoing at this time. The project is scheduled to be completed this year. The Company is also waiting on the actual turn on of the treatment of Well 5 in Merrimack which was paid for by St. Gobain. Testing of the efficacy of the treatment has begun and the hope is that the Town will be able to go live in the next several weeks. L. Goodhue said that 100% of the water that goes into the Company’s Cabot Preserve system comes from the Merrimack Village District. Tests by the Company in the Cabot Preserve System have been in the middle to low teens on a monthly basis, which is in compliance with the old standard, but is in exceedance of the current adopted standard.

Financing – L. Goodhue reported that the bonding event for the debt restructuring plan was completed on September 2. Taxable bonds in the amount of \$73.6 million were issued. The all-in TIC (true interest cost) was 4.01%. The transaction has generated approximately \$826,000 in annual debt service savings beginning in 2021. He said that schedules regarding the bonding have been filed with the PUC, and management is now waiting for a final order from the PUC on permanent rates for Pennichuck Water Works.

CoBank – Pennichuck East Utility, Inc. – L. Goodhue reported that management is waiting on a final order from the PUC regarding Pennichuck East Utility’s financing petition to enter into a term loan with CoBank and for the renewal and extension of the fixed asset line of credit with CoBank. CoBank has given a temporary extension for the fixed asset line of credit through December 31, 2020, which was set to expire on September 30, 2020.

New Headquarters – L. Goodhue said that construction of the new headquarters facility continues to be ahead of schedule. He will be meeting with the owners of the facility on Wednesday for a walk-through and to discuss some open items, and to discuss who will be responsible for the building during the transition.

Move to Non-Public Session

G. Bower moved that the Board enter into non-public session to discuss confidential or financial information pursuant to RSA 91-A:3, II(j). S. Genest 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, S. Genest, T. Leonard,
J. McGrath, D. Novotny, P. Stanley

Nay:

Motion was carried to enter into non-public session at 8:50 a.m.

Reconvene in Public Session

The non-public session ended at 9:48 a.m. and the Board reconvened in public session.

E. Dunn moved that the Board seal the minutes of the non-public session under RSA 91-A:3, II(j). D. Bernier 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. Flegal, S. Genest, T. Leonard,
J. Lustig, J. McGrath, 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 9:49 a.m.

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