

PENNICHUCK CORPORATION

AUDIT, FINANCE AND RISK COMMITTEE
MINUTES OF MARCH 26, 2020 MEETING

A meeting of the Audit, Finance and Risk Committee (“Committee”) of the Board of Directors of Pennichuck Corporation (“Company”) was held on Thursday, March 26, 2020 at 4:30 p.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 all or a portion of the meeting:

Committee Members:	James P. Dore, Chairman C. George Bower Thomas J. Leonard Deborah Novotny
Pennichuck Corporation:	Larry D. Goodhue, Chief Executive Officer Donald L. Ware, Chief Operating Officer Suzanne L. Ansara, Corporate Secretary George Torres, Corporate Controller Carol Ann Howe, Assistant Treasurer Jay Kerrigan, Regulatory/Treasury Financial Analyst Lori Douglas, Accounting Manager
Melanson Heath:	Deborah Tarbox, Principal Matthew Sawyer, Audit Manager

S. Ansara recorded the minutes of the meeting.

Approval of Minutes

There being no comments on the draft minutes of the February 25, 2020 Committee meeting, on motion duly made by T. Leonard and seconded by D. Novotny, all of the Committee members then voting by roll call, it was unanimously

Resolved: that the minutes of the February 25, 2020 meeting of the Audit, Finance and Risk Committee are hereby approved.

2019 Audited Consolidated Financial Statements / Independent Auditor's Report

The draft 2019 Audited Consolidated Financial Statements and related Notes were reviewed in detail. L. Goodhue and G. Torres answered questions posed by the Committee members.

Ms. Tarbox indicated that Melanson Heath has issued a clean, unmodified audit opinion that the financial statements present fairly, in all material respects, the financial position of the Company. She thanked the members of the Company's finance team for their responsiveness and cooperation during the audit. Ms. Tarbox reported that there were no disagreements with management during the audit, and that no deficiencies were detected. She reported that the bond drawdowns were tested and found the Company to be in compliance.

The Chairman called for a motion to approve the 2019 audited consolidated financial statements.

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

Resolved: that the audited consolidated financial statements for the calendar year 2019, as presented at this meeting, are hereby approved and authorized for release.

The Chairman indicated that he was confident that the audit went very well with no problems or issues, and that he was fine with not having an executive session with Melanson. The remaining Committee members agreed.

Ms. Tarbox and Mr. Sawyer left the meeting at 5:24 p.m.

Annual Report to Sole Shareholder

L. Goodhue referred the Committee to the draft Annual Report to Sole Shareholder included in the written materials. He indicated that the Annual Report will be provided to the City along with a copy of the audited financial statements shortly after the Board meeting on Friday. The Committee members had no comments or changes to the Annual Report.

Update on Bond Financing

L. Goodhue reported that the municipal bond market has recovered and that he is quite certain that the bond issuance for the 2019 PWW capital expenditures can be completed by April 30. He said that a private purchaser has already been lined up if it becomes necessary to issue Bond Anticipation Notes.

TD Bank

L. Goodhue reported that TD Bank's meeting with its credit team went well. The Bank has indicated that they will be giving the Company a 4-month extension on the working capital line of credit and a waiver to May 31 to clean up the fixed asset line of credit.

Internal Controls

C. Howe gave a presentation on the 2019 Internal Controls review and testing project, a copy of which was provided to the Committee in the written materials. She reported that there was one incident of a control failure which was determined to not be a significant deficiency and did not represent a material weakness. There were also two audit recommendations for operational process improvements. C. Howe answered questions posed by the Committee members. She indicated that it was determined that the Company's internal control over financial reporting is effective. She then reviewed the update provided by IT. The Committee commended C. Howe for a job well done.

Other Business

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

There being no further business to come before the Committee, the Chairman adjourned the meeting at 6:06 p.m.

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