

PENNICHUCK CORPORATION
BOARD OF DIRECTORS
MINUTES OF OCTOBER 23, 2020 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, October 23, 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
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
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

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 September 25, 2020 Board meeting, on motion duly made by S. Genest and seconded by J. Dore, all of the Directors present then voting by roll call, it was unanimously

Resolved: that the minutes of the September 25, 2020 meeting of the Board of Directors are hereby approved.

Resolved: that the minutes of the September 25, 2020 non-public session of the Board of Directors are hereby approved.

September 2020 Financial Report

G. Torres reviewed pumpage levels for the month of September. Pumpage of 420 million gallons was less than the budgeted amount of 436 million gallons. He also reviewed the Company's consolidated balance sheet, income statement and cash flow statement through the month of September. There was a discussion regarding deferred land costs.

At September 30, 2020, revenues of \$37.6 million were 10.8% above the prior year revenues and 4.5% above budget on a year-to-date basis. Operating expenses of \$29.0 million were 5.1% below budget and 0.8% above the prior year expenses. Operating income was \$8.6 million compared to prior year operating income of \$5.1 million and budgeted operating income of \$5.4 million. Year-to-date net income was \$0.6 million compared to a budgeted net loss of \$2.9 million and prior year net loss of \$3.3 million. Year-to-date earnings before interest, taxes, depreciation and amortization was \$15.1 million compared to \$11.9 million in the 2020 budget and the prior year amount of \$11.5 million.

At the request of the Chairman, G. Torres and L. Goodhue reviewed the purpose of each of the different accounts of restricted cash on the balance sheet and discussed how the accounts will change through the year in terms of changes to the rate structure.

Pension Plan – Golden Certificates

G. Torres presented an update on the annuitization of the golden certificates held in the pension plan, which was authorized by the Board at the July 24 meeting. He reported that annuities were purchased on September 30, 2020 with assets currently held in the pension plan's guaranteed (GIA) investment account. The value of the annuities purchased was \$1,203,525, with a market value adjustment (credit) of \$118,046. He said that the loss in funding valuation will be partially offset by the reduction in annual Pension Benefit Guaranty Corporation (PBGC) premiums. G. Torres indicated that the completion of the transaction will now allow the Company the flexibility to determine how to invest the remaining assets in the guaranteed fund and will allow the Company the flexibility to pursue a Liability Driven Investment portfolio (LDI) strategy for the pension's current assets, which would reduce liability and contribution volatility.

2021 Budget – Global Goals and Objectives

G. Torres reviewed the global and specific considerations to be utilized in the 2021 budgeting process. He indicated that a preliminary capital budget will be presented to the Board at the November meeting.

Dividend to Sole 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. Dore and seconded by J. Lustig, all of the Directors present then voting by roll call, it was unanimously

Resolved: that a dividend in the amount of \$70,004.01 be paid to the sole shareholder of record, the City of Nashua, New Hampshire, on November 2, 2020.

Business Updates and Comments from CEO

Pennichuck Water Works, Inc. Rate Case

L. Goodhue indicated that he is waiting on a final order on permanent rates from the PUC relative to the PWW rate case, which the PUC Staff anticipates will be in the next few weeks. He reported that one of the PUC Commissioners has recently resigned and a replacement has not yet been appointed.

Paycheck Protection Program Loan

L. Goodhue reported that the Company will not be filing an application for forgiveness of the paycheck protection program loan until after the first of the new year. Management is currently reviewing the requirements for the filing with the Company's attorney.

Pennichuck Water Works, Inc. Bond Financing / Renewal of Fixed Asset Line of Credit

L. Goodhue updated the Board on the status of the petition filed with the PUC for the renewal of the fixed asset line of credit (FALOC) with TD Bank and the \$57.5 million 5-year plan of financing for 2020-2024 capital expenditures. He indicated that the Company has filed a Motion to Bifurcate with the PUC to allow for separate orders to be issued since the FALOC is due to expire on December 31, 2020. He said that management met with the Special Water Committee of the Board of Aldermen on October 19 to discuss the approval of the 5-year financing plan, the renewal of the FALOC and also the renewal of the Pennichuck Corporation working capital line of credit, and the Committee approved all for final passage by the Board of Aldermen. The items are on the Agenda for the October 27 Board of Aldermen meeting.

Bond Underwriters

There was a discussion regarding bond underwriting opportunities for the next bond issuance.

PILOT Agreement – City of Nashua

L. Goodhue reported that at the October 27 meeting with the Special Water Committee of the Board of Aldermen, a draft PILOT (payment in lieu of taxes) agreement was discussed. This matter relates to the installation of solar equipment by New England Solar Garden on land owned by the Company in north Nashua. The Committee approved the PILOT agreement for final passage by the Board of Aldermen. The purpose of the agreement is to allow the Company to make a payment in lieu of taxes to the City each year on the value of the land, but excluding the value of the solar facilities and related equipment installed on the land.

D. Ware reported that a meeting is scheduled for November 5 with the Nashua Planning Board to obtain site plan approval. He discussed the issues relating to two small lots that abut the site where the solar field will be installed. Pennichuck has attempted to acquire these two lots in the past but the owners have not been willing to sell. New England Solar Garden will be reaching out to the owners of these two lots seeking permission to clear some of the trees on those lots. Management is also working with the DES to obtain an alteration of terrain permit.

COVID-19

L. Goodhue reported that most employees continue to work from home and that he anticipates that this will continue for the foreseeable future. He said that there have been no positive cases within the employee workforce.

New Headquarters

L. Goodhue reported that employees will begin packing for the move next week. The move of equipment, desks and files will begin on November 6 and continue through the following week. Unpacking will begin the week of November 16.

L. Goodhue, D. Ware, M. DeRoche, G. Torres, C. Howe, S. Greenwood, T. King, J. Boisvert and C. Countie left the meeting at 10:03 a.m.

Board Discussion

E. Dunn indicated that the Nominating and Governance Committee will need to schedule a meeting in either November or early December. Items for the Agenda will include a discussion of the current Board structure, review of the form of Board evaluation, and annual reviews of the Committee charter, corporate governance principles, and corporate code of conduct. It was agreed to schedule a meeting in early December.

There was a discussion regarding scheduled management presentations that have not been provided to the Board during the year due to the pandemic. The Board agreed to have management begin providing the presentations to the Board in 2021 regardless of whether the Board meetings are still being held electronically. G. Bower requested a presentation on staffing for the December Board meeting.

The Board discussed whether to dissolve the Communications Committee. The Board agreed that while the Committee has not met since July 2019, it still serves a purpose and that the Committee should not be dissolved.

There being no further business to come before the Board, the meeting was adjourned at 10:25 a.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara
Corporate Secretary