

PENNICHUCK CORPORATION

AUDIT, FINANCE AND RISK COMMITTEE  
MINUTES OF NOVEMBER 17, 2020 MEETING

A meeting of the Audit, Finance and Risk Committee (“Committee”) of the Board of Directors of Pennichuck Corporation (“Company”) was held on Tuesday, November 17, 2020 at 9:00 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 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.

By roll call, the following Committee Members were present at the start of the meeting constituting a quorum. Each Committee Member stated that they were alone.

Committee Members:            James P. Dore, Chairman  
   C. George Bower  
   H. Scott Flegal  
   Thomas J. Leonard  
   Deborah Novotny

The following individuals were also present at the start of the meeting:

Pennichuck Corporation:        Larry D. Goodhue, Chief Executive Officer  
   Suzanne L. Ansara, Corporate Secretary  
   George Torres, Corporate Controller and Treasurer  
   Carol Ann Howe, Assistant Treasurer  
   Lori Douglas, Accounting Manager

Melanson, P.C.:                    Deborah Tarbox, Principal  
   Sheryl Burke, Principal  
   Matthew Sawyer, Audit Manager

S. Ansara recorded the minutes of the meeting.

## 2020 Audit Plan

Ms. Tarbox led a discussion relating to the 2020 year-end Audit Plan, a copy of which was included in the written materials to the Committee. She reviewed Melanson's responsibilities with regard to their audit of the financial statements. She indicated that there will be no significant changes in staffing for the audit from last year. She then reviewed the timing and scope of the audit work to be performed. Ms. Tarbox indicated that they expect to complete their fieldwork by the end of the 2<sup>nd</sup> week of February. Draft financial statements are expected to be available by March 16, 2021 and final audited financial statements released no later than March 24, 2021. She indicated that the timeline could change due to the pandemic.

## Review of 2019 Audited Defined Benefit Plan Financials (Pension Plan)

L. Douglas led a review and discussion of the 2019 audited defined benefit plan financial statements, accompanying notes and supplemental schedules. The form and content of the information included in the financial statements and supplemental schedules, other than information certified by MassMutual as custodian of the Plan, were audited by Melanson in accordance with auditing standards generally accepted in the United States and, in Melanson's opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. At December 31, 2019, the pension plan had approximately \$21.8 million in net assets available for benefits.

## Review of 2019 Audited Defined Contribution Plan Financials (401k Plan)

L. Douglas led a review and discussion of the 2019 audited defined contribution plan financial statements, accompanying notes and supplemental schedule. The form and content of the information included in the financial statements and supplemental schedule, other than information certified by MassMutual and Reliance Trust as custodians, were audited by Melanson in accordance with auditing standards generally accepted in the United States and, in Melanson's opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. As of December 31, 2019, the plan had approximately \$18.9 million in net assets available for benefits.

## SRF Loans – Audited Schedule of Expenditures of Federal Awards

L. Douglas led a review of the audited Schedule of Expenditures of Federal Awards and accompanying notes for the year ended December 31, 2019. The audit is required because Pennichuck East Utility, Inc. has more than \$750,000 of SRF loans outstanding in 2019. In the opinion of Melanson, the Schedule of Expenditures of Federal Awards presents fairly, in all material respects, the expenditures of federal awards under the Capitalization Grants for Drinking Water State Revolving Loan Funds – Loan Program in accordance with accounting principles generally accepted in the United States.

Ms. Tarbox, Ms. Burke and Mr. Sawyer left the meeting at 9:56 a.m.

### 2020 Internal Control Review and Testing Update

C. Howe provided a status update on the internal control review and testing plan for 2020. She indicated that testing plans for each business area have been created, and that testing and review of the information is underway. She said that the core structure of the internal control testing has not changed over the past several years. High risk areas are tested each year and include cash in the Treasury area, cash in the Corporate Accounting and Financial Reporting area and accounts receivable. Medium risk areas are tested every other year. C. Howe indicated that she has selected 9 controls to be tested in IT. Testing will hopefully be completed by year-end, but due to COVID-19 and the move of the corporate headquarters, delays may occur. A final report will be presented to the Committee at the Committee's March 2021 meeting.

### Committee Charter

There was a review of the Committee's Charter. The Committee agreed that the Charter was adequate for its purposes and no changes were necessary.

### Approval of Minutes

There being no comments on the draft minutes of the March 26, 2020 Committee meeting, 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 minutes of the March 26, 2020 meeting of the Audit, Finance and Risk Committee are hereby approved.

### Move to Non-Public Session

G. Bower moved that the Committee enter into non-public session to discuss confidential or financial information pursuant to RSA 91-A:3, II(j). D. Novotny seconded the motion.

A roll call of the Committee Members was taken, which resulted as follows:

Yea: G. Bower, J. Dore, S. Flegal, T. Leonard, D. Novotny

Nay:

Motion was carried to enter into non-public session at 10:25 a.m.

### Reconvene in Public Session

The non-public session ended at 10:33 a.m. and the Committee reconvened in public session.

T. Leonard moved that the Committee seal the minutes of the non-public session that are not related to the unsealing of non-public session minutes of prior meetings, under RSA 91-A:3, II(j). G. Bower seconded the motion. A roll call of the Committee members was taken, which resulted as follows:

Yea: G. Bower, J. Dore, S. Flegal, T. Leonard, D. Novotny

Nay:

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

#### Matter Addressed at Non-Public Session

One of the matters addressed at the non-public session was the review of certain non-public session minutes of prior meetings of the Committee for possible unsealing. These minutes were previously reviewed by the Committee and partially unsealed with redactions. The Committee agreed to vote on the matter in public session.

#### Possible Unsealing of Non-Public Minutes

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: to unseal the non-public session minutes of the March 19, 2014 and August 13, 2014 Audit, Finance and Risk Committee meetings in their entirety.

Resolved: that the previously sealed redactions in the February 21, 2014 and March 24, 2015 non-public session minutes of the Audit, Finance and Risk Committee remain sealed.

There being no further business to come before the Committee, the Chairman adjourned the meeting at 10:36 a.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara  
Corporate Secretary