

PENNICHUCK CORPORATION
BOARD OF DIRECTORS
MINUTES OF JANUARY 22, 2021 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, January 22, 2021 at 8:05 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.

By roll call, the following Directors were present for the start of the meeting, constituting a quorum. Each director stated that they were alone.

Thomas J. Leonard, Chairman
David P. Bernier
C. George Bower
Elizabeth A. Dunn
H. Scott Flegal
Stephen D. Genest
Jay N. Lustig
John D. McGrath
Deborah Novotny
Preston J. Stanley, Jr.

Attending all or a portion of 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
Carol Ann Howe, Assistant Treasurer
Steven Greenwood, IT Director
Chris Countie, Director, Water Supply and Community Systems
John Boisvert, Chief Engineer
Tara King, Revenue and Customer Operations Manager
Alan Brown, Distribution Manager

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 December 18, 2020 Board meeting, on a motion duly made by J. Lustig and seconded by D. Novotny, all of the Directors present then voting by roll call, it was unanimously

Resolved: that the minutes of the December 18, 2020 meeting of the Board of Directors are hereby approved.

2021 Budget Assumptions and Pumpage Budget

G. Torres presented the key budget assumptions utilized in preparing the 2021 Budget. He presented the pumpage budget for 2021 (4.26 billion gallons). Management answered questions from the Board relating to 401(k) plan and pension plan expenses referred to in the budget assumptions.

2021 Capital Expenditure Budget and 2022/2023 Capital Expenditure Plans

G. Torres presented a revised 2021 capital expenditure budget and 2022/2023 capital expenditure plans from that reviewed at the December Board meeting. The revised 2021 consolidated capital budget consists of approximately \$8.4 million of carry-over projects from 2020 and approximately \$6.5 million for new projects, for a total 2021 consolidated capital budget of approximately \$14.9 million. Estimates for planned capital expenditures in 2022 and 2023 are approximately \$13.7 million and \$12.4 million, respectively. Special projects in 2021 include the Kessler Farm tank replacement, the Milford booster station rebuild, improvements to the Londonderry system, and improvements to the supply pond spillway, totaling approximately \$7.5 million. Also included in the 2021 budget are maintenance-type projects, such as mains and main replacements, services to booster stations, tanks and hydrants, and IT applications and system monitoring, which total approximately \$7.4 million.

Director J. Dore joined the meeting at 8:24 a.m. during the discussion on the Capital Expenditure Budget.

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

Resolved: that the 2021 Capital Expenditure Budget and 2022/2023 Capital Expenditure Plans, as presented at this meeting, are hereby approved.

2021 Operating Budget

G. Torres presented a review of the Company's proposed 2021 operating budget, a copy of which was included in the written materials. Supporting schedules to the operating budget were reviewed at the December Board meeting. The proposed budget includes revenues of \$51.2 million, operating expenses of \$42.1 million, operating income of \$9.1 million, interest expense of \$14.4 million and a net loss of \$4.4 million. EBITDA is budgeted at \$17.98 million. L. Goodhue briefed the Board on the potential impact of the PWW rate case on revenues. L. Goodhue answered questions from the Board regarding the Company's equity position.

J. McGrath left the meeting at 8:58 a.m. during the discussion on the Operating Budget.

After discussion, on motion duly made by J. Lustig and seconded by D. Novotny, all of the Directors present then voting by roll call, it was unanimously

Resolved: that the 2021 Operating Budget, as presented at this meeting, is hereby approved.

Business Updates and Comments from the CEO

New Corporate Headquarters – L. Goodhue reported on some plumbing and roof issues at the new facility, which are in the process of being repaired. He said that the elevator is now operational and the Company is waiting on a final inspection before use.

Financings – L. Goodhue updated the Board on the 5-year plan of financing for capital projects. He indicated that the Company is waiting on an order from the PUC approving its petition to issue bonds. He also indicated that management will be coming to the Board for approval of a term loan with CoBank for PEU.

Other – L. Goodhue indicated that the Company is continuing with its current COVID-19 protocols at this time. D. Ware updated the Board on the solar project. L. Goodhue and T. King discussed a recent problem that occurred with customer billing and direct deposits. There was a discussion relating to the use of the pond system for recreational activities, such as boating and canoeing. L. Goodhue indicated that the Company's position is that those types of activities should not be allowed on the ponds.

Move to Non-Public Session

E. Dunn moved that the Board enter into non-public session to (i) discuss matters which if discussed in public would likely affect adversely the reputation of a person, pursuant to RSA 91-A:3, II(c), and (ii) discuss financial or confidential information pursuant to RSA 91-A:3, II(j). J. Dore 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, D. Novotny, P. Stanley

Nay:

Motion was carried to enter into non-public session at 9:32 a.m.

G. Bower left the meeting at 9:33 a.m.

Reconvene in Public Session

The non-public session ended at 10:19 a.m. and the Board reconvened in public session.

Present from the Board were D. Bernier, J. Dore, E. Dunn, S. Flegal, S. Genest, T. Leonard, J. Lustig, J. McGrath, D. Novotny and P. Stanley. Present from the Company was S. Ansara.

S. Genest moved that the Board seal the minutes of the non-public session under RSA 91-A:3, II(c) and 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, 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 10:22 a.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara
Corporate Secretary