

PENNICHUCK CORPORATION
BOARD OF DIRECTORS
MINUTES OF JUNE 25, 2021 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, June 25, 2021 at 8:00 a.m. at the Company’s offices at 25 Walnut Street, Nashua, New Hampshire.

Written materials relating to items listed in the Agenda were provided to the Board members for their review prior to the meeting.

The following Directors were present for the start of the meeting, constituting a quorum:

John D. McGrath, Acting Chairman
David P. Bernier
C. George Bower, telephonically
James P. Dore
Elizabeth A. Dunn
H. Scott Flegal
Stephen D. Genest
Jay N. Lustig
Deborah Novotny, telephonically
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
Tara King, Revenue and Customer Operations Manager, telephonically
Steven Greenwood, IT Director
John Boisvert, Chief Engineer
Chris Countie, Director, Water Supply and Community Systems
Alan Brown, Distribution Manager

G. Bower and D. Novotny stated the reason they were unable to attend the meeting in person, that they were alone and could hear the proceedings.

S. Ansara recorded the minutes of the meeting.

The Acting Chairman called the meeting to order.

Approval of Minutes

There being no comments on the draft minutes of the May 27, 2021 meeting of the Board of Directors, on motion duly made by D. Bernier and seconded by J. Dore, all of the Directors then voting, it was unanimously

Resolved: that the minutes of the May 27, 2021 meeting of the Board of Directors are hereby approved.

Financial Review

G. Torres reviewed the pumpage chart as of May 2021. Pumpage for the month of May (420 million gallons) was ahead of budget (395 million gallons).

He reviewed the Company's unaudited consolidated income statement, balance sheet and cash flow statement through May 30, 2021. Revenues of \$17.9 million were 8.4% above the prior year revenues and 1.0% below budget on a year-to-date basis. Operating expenses of \$17.0 million were 0.2% below budget and 10.0% above the prior year expenses. Operating income was \$0.9 million compared to prior year operating income of \$1.1 million and budgeted operating income of \$1.1 million. Interest expense of \$5.8 million was 2.2% less than budget and 24.9% greater than the prior year expense. Pre-tax loss was \$4.9 million compared to a budgeted pre-tax loss of \$4.9 million and prior year pre-tax loss of \$3.6 million. Year-to-date net loss was \$4.3 million compared to a budgeted net loss of \$4.1 million and prior year net loss of \$3.7 million. Year-to-date earnings before interest, taxes, depreciation and amortization was \$4.6 million compared to \$4.7 million in the 2021 budget and the prior year amount of \$4.7 million.

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 E. Dunn and seconded by J. Lustig, all of the Directors present then voting, it was unanimously

Resolved: that a dividend in the amount of \$69,713.69 be paid to the sole shareholder of record, the City of Nashua, New Hampshire, on August 6, 2021.

Strategic Plan Review

L. Goodhue conducted a slide presentation on the Company's updated strategic plan. The Company's Mission Statement and strategies remain unchanged.

Pension Plan / Savings Plan Issues

L. Goodhue reported that after recent meetings with Chairman Jay Leonard, the Company's Attorney John Rich, and members of the Retirement Plans Investment Committee, it was agreed to present to the Board a new framework for matters relating to the Pension Plan and Savings Plan. Copies of documents to be voted on were included in the written materials to the Board prior to the meeting. L. Goodhue indicated that these matters have been previously discussed with the Compensation and Benefits Committee, and all the documents presented to the Board today have been reviewed by Attorney Rich and Chairman Leonard, as well as Summit Financial. L. Goodhue referred the Board to the resolutions in the Agenda relating to the following:

- replacement of the Compensation and Benefits Committee as Trustee of the Company's Pension Plan and Savings Plan with the Retirement Plans Investment Committee;
- draft Investment Policy Statements for the Pension Plan and the Savings Plan;
- draft Charter for the Retirement Plans Investment Committee; and
- appointment of Stephen Genest, the Chairman of the Compensation and Benefits Committee, as a member of the Retirement Plans Investment Committee.

L. Goodhue stated that if the Board approves the changes in Trustee and the Charter, all duties previously held by the Compensation and Benefits Committee relating to the Pension and Savings Plans, including the semi-annual meetings with Summit Financial, will be transferred to the Retirement Plans Investment Committee.

L. Goodhue indicated that since there will not be a meeting of the Board of Directors in July, he is asking that the Board consider delegating authority to the Retirement Plans Investment Committee to review and approve a restatement of the Savings Plan, which the Company expects to receive from Empower Retirement sometime in July. The restatement will include the replacement of the Trustee (if approved today by the Board), and a change of the Company's corporate address. A restatement of the Savings Plan is required by the IRS every 6 years.

After discussion, the following resolutions were approved.

Resolution Regarding Replacement of Trustee for the Pension Plan

On motion duly made by J. Lustig and seconded by S. Genest, all of the Directors present then voting, it was unanimously

Resolved: that the Pension Plan for Employees of Pennichuck Corporation (the "Pension Plan") shall be amended by the Amendment presented to this meeting to provide that the Retirement Plans Investment Committee rather than the Compensation and Benefits Committee of the Board of Directors shall be the Trustee of the Pension Plan effective as of July 1, 2021; and that the Chief Executive Officer of Pennichuck Corporation is authorized to execute the Amendment and deliver any and all documents as may be necessary to carry out the intent of this resolution.

Charter – Retirement Plans Investment Committee

On motion duly made by J. Lustig and seconded by S. Genest, all of the Directors present then voting, it was unanimously

Resolved: that the Charter for the Retirement Plans Investment Committee, as presented at this meeting, is hereby approved.

Member of the Retirement Plans Investment Committee

On motion duly made by J. Lustig and seconded by S. Genest, all of the Directors present then voting, it was unanimously

Resolved: that Stephen Genest, the Chairman of the Compensation and Benefits Committee of the Board of Directors, is hereby appointed as a member of the Retirement Plans Investment Committee.

Investment Policy Statement – Pension Plan

On motion duly made by J. Lustig and seconded by S. Genest, all of the Directors present then voting, it was unanimously

Resolved: that the Investment Policy Statement for the Pension Plan for Employees of Pennichuck Corporation (the “Company”), substantially in the form presented at this meeting, is hereby approved and adopted; and that the Chief Executive Officer of the Company is authorized to execute the Investment Policy Statement on behalf of the Company.

Investment Policy Statement – Savings Plan

On motion duly made by J. Lustig and seconded by S. Genest, all of the Directors present then voting, it was unanimously

Resolved: that the Investment Policy Statement for the Savings Plan for Employees of Pennichuck Corporation (the “Company”), substantially in the form presented at this meeting, is hereby approved and adopted; and that the Chief Executive Officer of the Company is authorized to execute the Investment Policy Statement on behalf of the Company.

Replacement of Trustee for the Savings Plan / Delegation of Authority to the Retirement Plans Investment Committee to Review and Approve Restatement of the Savings Plan

On motion duly made by J. Lustig and seconded by S. Genest, all of the Directors present then voting, it was unanimously

Resolved: that the Savings Plan for Employees of Pennichuck Corporation (the “Savings Plan”) shall be amended to provide that the Retirement Plans Investment Committee, rather than the Compensation and Benefits Committee of the Board of Directors, shall be the Trustee of the Savings Plan, to be effective as of the date of the upcoming restatement of the Plan.

Further

Resolved: that the Board of Directors of Pennichuck Corporation (the “Company”) hereby delegates authority to the Retirement Plans Investment Committee to:

- (1) review and approve a restatement of the Savings Plan for Employees of Pennichuck Corporation (the “Restated Plan”), such Restated Plan to be effective as of the date determined by the Retirement Plans Investment Committee, and which Restated Plan will include (a) a change of the corporate address of the Company, and (b) the replacement of the Compensation and Benefits Committee of the Board of Directors as Trustee of the Plan with the Company’s Retirement Plans Investment Committee; and
- (2) review and approve any amendment to the Plan relating to the change in address and the change in Trustee, in the form to be provided by Empower Retirement, if required.

Further

Resolved: that the Chief Executive Officer of the Company is hereby authorized to execute the Restated Plan and any amendment, as approved by the Retirement Plans Investment Committee, on behalf of the Company; and deliver any and all documents as may be necessary to carry out the intent of these resolutions.

Compensation and Benefits Committee – Agreement to Trustee Replacement

The members of the Compensation and Benefits Committee who were present at the Board meeting, agreed by roll call to the replacement of the Compensation and Benefits Committee as Trustee of the Company’s Pension Plan with the Retirement Plans Investment Committee, to be effective as of July 1, 2021; and agreed to the replacement of the Compensation and Benefits Committee as Trustee of the Savings Plan with the Retirement Plans Investment Committee, to be effective as of the date of the upcoming restatement. Chairman Thomas Leonard, a member of the Compensation and Benefits Committee, was not present at the meeting, but had previously given his verbal consent to the changes in Trustee.

Revised Compensation and Benefits Committee Charter

L. Goodhue reported that changes to the Charter of the Compensation and Benefits Committee are recommended in relation to the change in Trustee for the Pension and Savings Plans. He indicated that Chairman Leonard has reviewed the changes and is in agreement.

On motion duly made by E. Dunn and seconded by D. Bernier, all of the Directors present then voting, it was unanimously

Resolved: that the Charter for the Compensation and Benefits Committee, as revised and presented to this meeting, is hereby approved and adopted.

Business Updates and Comments from Management

Management updated the Board on a number of ongoing matters, including (a) the progress of the PEU and PAC rate cases and the QCPAC filings, (b) the Kessler Farm tank replacement, (c) the potential use of the funds coming into the State under the American Rescue Plan Act, (d) the situation in Londonderry due to PFAS contamination, and (e) the moderate drought conditions experienced in certain areas in the State. L. Goodhue answered a number of questions posed by the Board relating to these matters.

COVID-19 – L. Goodhue updated the Board on the Company’s COVID-19 protocols. He said that Governor Sununu has cancelled the state of emergency declaration and corresponding executive orders, which means that all meetings of the Board and its Committees are now required to be held in person. Employees are now working in the office on an alternating schedule.

Paycheck Protection Program Loan – G. Torres stated that he has been working with Melanson, the Company’s outside auditors, on completing the application for forgiveness of the paycheck protection program loan. He indicated that no reduction is necessary and the Company is eligible for forgiveness of the entire \$2.5 million. The plan is to file the application today or sometime next week. G. Torres said that the loan will likely be audited because it is over \$2 million. It is possible that the Company will not hear back regarding the loan until early next year, but there will be no impact to cash flow.

Move to Non-Public Session

S. Genest moved that the Board enter into non-public session to (i) discuss the acquisition, sale or lease of real or personal property pursuant to RSA 91-A:3, II(d), and (ii) discuss confidential or financial information pursuant to RSA 91-A:3, II(j). J. Dore 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,
J. Lustig, J. McGrath, D. Novotny, P. Stanley

Nay:

Motion was carried to enter into non-public session at 10:00 a.m.

Reconvene in Public Session

The non-public session ended at 10:51 a.m. and the Board reconvened in public session.

Matters Discussed in Non-Public Session

At the non-public session, the following occurred:

- On a motion duly made by J. Lustig and seconded by G. Bower, all of the Directors present then voting, it was unanimously

Resolved: that the sealed minutes of the May 27, 2021 non-public session of the Board of Directors are hereby approved.

- L. Goodhue gave a presentation on the Company's strategic plan relating to its subsidiaries, and treasury and financing strategies. The Board agreed that the presentation will remain non-public.

Miscellaneous Matters

In response to a question from J. Dore regarding summer construction projects, J. Boisvert said that the Coburn Woods main replacement project and the Kessler Farm Tank project are ongoing. He said that several street projects have been put out to bid that are associated with the City of Nashua's sewer projects. The Company is also working on a project with the DOT on Route 101A by Continental Boulevard and is negotiating the partial relocation of the 24" main located there.

In response to a question asked by G. Bower, J. Boisvert updated the Board on its project with the DES to develop a modified source water protection plan for the Merrimack River. The Company has been working with its consultant, Geosyntec, on identifying potential contamination sources within a 10-hour area, and completing a risk assessment of those sources.

There being no further business to come before the Board, the meeting was adjourned at 10:54 a.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara
Corporate Secretary