

PENNICHUCK CORPORATION  
BOARD OF DIRECTORS  
MINUTES OF AUGUST 27, 2021 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, August 27, 2021 at 8:11 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:

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 (telephonically)  
John D. McGrath  
Preston J. Stanley, Jr.

Attending the meeting from the Company at the start of the meeting 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  
John Boisvert, Chief Engineer  
Daniel Wojcik, Director of Sales, PWSC

J. Lustig stated the reason he could not attend the meeting in person, that he was alone and could hear the proceedings.

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 May 27, 2021 Annual Meeting of Shareholder for the Company's subsidiaries and June 25, 2021 meeting of the Board of Directors, on motion duly made by J. Dore and seconded by S. Genest, all of the Directors present then voting, it was unanimously

Resolved: that the minutes of the May 27, 2021 Annual Meeting of Shareholder for the Pennichuck Corporation subsidiaries are hereby approved.

Resolved: that the minutes of the June 25, 2021 meeting of the Board of Directors are hereby approved.

## Financial Review

G. Torres presented a financial update through July 2021. Pumpage for the month of July (407 million gallons) was below budget (513 million gallons). Capital expenditures of \$5.2 million were below the budgeted amount of \$8.5 million.

He reviewed the Company's unaudited consolidated income statement, balance sheet and cash flow statement through July. Revenues of \$28.6 million were 1.7% above the prior year revenues and 0.6% below budget on a year-to-date basis. Operating expenses of \$24.3 million were 0.8% below budget and 8.5% above the prior year expenses. Operating income was \$4.3 million compared to prior year operating income of \$5.7 million and budgeted operating income of \$4.3 million. Interest expense of \$8.2 million was 2.2% less than budget and 24.9% greater than the prior year expense. Pre-tax loss was \$3.6 million compared to a budgeted pre-tax loss of \$4.1 million and prior year pre-tax loss of \$0.7 million. Year-to-date net loss was \$3.3 million compared to a budgeted net loss of \$3.5 million and prior year net loss of \$2.2 million. Year-to-date earnings before interest, taxes, depreciation and amortization was \$9.7 million compared to \$9.4 million in the 2021 budget and the prior year amount of \$10.8 million. G. Torres commented on the Company's debt covenant schedule, and reviewed the variances from budget and prior year results for each subsidiary. Management answered a number of questions from the Board relating to pumpage, the rate cases, and property taxes.

Director Deborah Novotny joined the meeting at 8:15 a.m.

Chris Countie, Director of Water Supply and Community Systems, joined the meeting at 8:22 a.m.

Tara King, Revenue and Customer Operations Manager, joined the meeting at 8:26 a.m.

## CoBank Term Loan – Pennichuck East Utility, Inc. (PEU)

L. Goodhue indicated that management is seeking approval for PEU to enter into a term loan with CoBank in an amount up to \$2,550,000, with an amortization period up to 25 years. The interest rate will be determined based on market conditions. Proceeds from the loan will be used to "one-time" refill the Rate Stabilization Funds to their imprest levels, and facilitate the establishment of the Material Operating Expense Factor as a part of the rate structure for PEU,

which PEU is seeking approval for from the Public Utilities Commission as part of its rate case. The loan will be secured by an unconditional guarantee of PEU's obligations by Pennichuck Corporation.

On motion duly made by J. McGrath and seconded by D. Bernier, all of the Directors then voting, the following resolutions were unanimously approved:

WHEREAS, reference is made to that certain Master Loan Agreement, dated as of February 9, 2010, between Pennichuck East Utility, Inc. ("PEU"), as borrower, and CoBank, ACB ("CoBank"), as lender (the "MLA");

WHEREAS, in connection with and as part of the consideration for inducing CoBank to enter into the MLA, Pennichuck Corporation (the "Corporation") agreed to enter into that certain Guarantee of Payment (Continuing) in favor of CoBank; and by resolutions taken on January 27, 2010, the Board of Directors of the Corporation approved the Guaranty and all related transactions to any loans under the MLA, including the New Loan, as described below; and

WHEREAS, the Corporation finds it beneficial that PEU take out an additional loan under the terms and conditions of the MLA (such New Loan further described below), for the purposes of providing funds to "one time" refill the "Rate Stabilization Funds" to their imprest levels, and facilitate the establishment of the Material Operating Expense Factor (MOEF) as a part of the rate structure for PEU, as it is seeking approval from the Public Utilities Commission as a part of the rate case for PEU under Docket No. DW 20-156.

NOW, THEREFORE, be it hereby:

Resolved: to authorize and approve PEU to enter into a term loan (the "New Loan") to be advanced under and subject to the terms and conditions of the MLA and a new Promissory Note and Supplement thereto, as follows: up to Two Million Five Hundred Fifty Thousand Dollars and No Cents (\$2,550,000.00) with an up to 25 year amortization schedule; at a rate of interest based on one of two interest rate options: a weekly quoted variable rate option or a quoted fixed rate option, each of which would be determined at closing on the New Loan.

Further

Resolved: that the Chief Executive Officer, the Chief Operating Officer, the Treasurer and the Assistant Treasurer of the Corporation are, and each of them hereby is, authorized to act as the Corporation's representative (either in its own capacity, or in the Corporation's capacity as the sole shareholder of PEU) for purposes of executing and administering the above-referenced New Loan and/or executing any other related documents, certificates and undertakings on behalf of the Corporation with respect to the said New Loan and/or MLA.

Further

Resolved: that the Chief Executive Officer, the Chief Operating Officer, the Treasurer and the Assistant Treasurer of the Corporation are, and each of them hereby is, authorized to act as the Corporation's representative for purposes of executing and administering the above-referenced continuing corporate guarantee by the Corporation and/or executing any other related loan documents, certificates and undertakings on behalf of the Corporation with respect to the said New Loan and/or the MLA.

### Solar Fields Update

D. Ware referred the Board to the Restrictive Covenant Release and Waivers, copies of which were provided to the Board in the written materials. He said that in the mid-1980's, Pennichuck Water Works executed a Declaration of Covenants and Restrictions which restricted certain uses of real property within a buffer area to ensure that the land would not be developed. The land owned by Pennichuck Water was subsequently transferred to Pennichuck Corporation and then transferred back down to The Southwood Corporation, with the restrictive covenants in place. D. Ware indicated that the solar field currently under construction is within the restricted area.

The solar company is concerned that if a waiver of the covenants is not approved, a succeeding Board or member of the public could claim that the Company violated the covenants by constructing the solar field. D. Ware indicated that he is requesting that the Board approve the Restrictive Covenant Release and Waivers, which are structured just for the area where the solar field is being constructed, in order for this project to go forward. L. Goodhue indicated that under AWWA guidance, a solar field is an allowed usage in watershed protected lands and is not considered a disruptive development that is adverse to protecting watershed lands.

After discussion, on motion duly made by G. Bower and seconded by E. Dunn, all of the Directors then voting, it was unanimously

Resolved: that the Board of Directors of Pennichuck Corporation ("PennCorp") hereby approves (1) the Restrictive Covenant Release and Waiver by and among PennCorp, Pennichuck Water Works, Inc. (PWW) and Pennichuck Water East Solar, LLC, and (2) the Restrictive Covenant Release and Waiver between PennCorp, PWW and Pennichuck Water West Solar, LLC (the "Waivers"), both in substantially the form presented at this meeting; and

Further

Resolved: that Larry D. Goodhue, Chief Executive Officer of PennCorp and PWW, and Donald L. Ware, Chief Operating Officer of PennCorp and PWW, are severally authorized and directed to execute and deliver the said Waivers on behalf of PennCorp and its wholly-owned subsidiary, PWW, and to execute any and all other documents that they may deem necessary, proper or advisable, to carry out the intent of these resolutions.

## Paper Streets Property

L. Goodhue reported that the area surrounding the solar field is overlaying two of the paper street lots that the Company attempted to purchase from the owners but were unable to. One of the lots had a number of liens on the property so the Company rescinded its offer to purchase until the liens were cleared, and the owner of the other property asked for an exorbitant amount for the land which the Company refused to pay. During construction of the solar field, the solar company erroneously cleared trees which were part of the two lots in question. After pushback from the owners, the solar company ended up purchasing both properties, at a premium. The solar company paid \$95,000 in the aggregate for these two lots. The solar company does not want to own the land and has approached Pennichuck to see if the Company would be willing to purchase the properties. L. Goodhue reviewed with the Board the offers made to the two property owners which were rejected and the value of the properties in the City's tax records. L. Goodhue said that when the solar field is no longer in operation, the Company would want to own all of the land in that area.

A discussion ensued as to whether the Board would support a purchase of the lots and the amount the Board would be willing to approve. It was the consensus of the Board that \$25,000 would be a fair assessment for both properties. L. Goodhue indicated that he will have the Company's attorney confirm that all liens have been cleared and that the Company will be able to get a clear title on the properties.

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

Resolved: that the Board of Directors of Pennichuck Corporation hereby approves and authorizes the purchase by its wholly-owned subsidiary Pennichuck Water Works, Inc. ("PWW"), of the parcel of land identified as L Westland Avenue, Nashua, New Hampshire (Tax Map 52-Lot 5), from GSSG Solar, LLC, for a purchase price of \$12,500; and

Further

Resolved: that Larry D. Goodhue, Chief Executive Officer of PWW and Donald L. Ware, Chief Operating Officer of PWW, are severally authorized and directed to take such actions and to execute and deliver such documents as either of them, in their sole discretion, may deem necessary, proper or advisable to effectuate the purchase of said parcel of land, the taking of any such actions and the execution and delivery of any such documents shall be conclusive evidence that the same are within the authority conferred by these resolutions.

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

Resolved: that the Board of Directors of Pennichuck Corporation hereby approves and authorizes the purchase by its wholly-owned subsidiary Pennichuck Water Works, Inc. ("PWW"), of the parcel of land identified as L Ferry Road, Nashua, New Hampshire (Tax Map 52-Lot 88), from GSSG Solar, LLC, for a purchase price of \$12,500; and

Further

Resolved: that Larry D. Goodhue, Chief Executive Officer of PWW and Donald L. Ware, Chief Operating Officer of PWW, are severally authorized and directed to take such actions and to execute and deliver such documents as either of them, in their sole discretion, may deem necessary, proper or advisable to effectuate the purchase of said parcel of land, the taking of any such actions and the execution and delivery of any such documents shall be conclusive evidence that the same are within the authority conferred by these resolutions.

#### Options for Separation of Litchfield from Hudson Water System

L. Goodhue indicated that management has been discussing what it would take for the Company to separate itself from the Town of Hudson relative to how the Company supplies water to its customers in Litchfield. He said that Hudson is experiencing some challenges in their ability to meet PFOA and manganese standards with its Dame, Ducharme and Weinstein wells.

C. Harding gave a presentation on the impacts of separating from Hudson. She reviewed the supply relationship between PWW, PEU and Hudson, discussed two possible options to separate from Hudson, and discussed the advantages and disadvantages along with other long-term considerations. L. Goodhue indicated that this review was to educate the Board on the situation and is not something that will be pursued in the near term.

#### Pumping Capacity and System Analysis

A presentation on this matter will be provided to the Board at the next meeting.

Deborah Novotny left the meeting at 10:33 a.m.

#### Business Updates and Comments from the CEO

L. Goodhue updated the Board on the pending rate cases for PAC and PEU. He said that the PAC rate case is progressing along nicely and a settlement agreement is pending awaiting a final hearing and resetting of the rates. He indicated that one of the Commissioners questioned why PAC, due to its size, is required to do all the reporting it does with the PUC and why it is a stand-alone utility. L. Goodhue indicated that most recent data supports the possibility of merging PAC into PWW.

PAC and PWW are similar systems, basically surface water systems with a treatment plant. L. Goodhue indicated that the PWW rate case to be filed next year could likely include a request to absorb PAC into PWW, for which he and the management team would come back to the Board to support, if it is to be pursued, when the case is being prepared for filing. Benefits would be an ability to borrow money for Pittsfield for capital projects and the rate shock would be negligible.

The PEU rate case has been a highly contentious process. The parties in the case are the staff, the OCA, the attorney representing Londonderry and Litchfield, and an independent intervenor. L. Goodhue indicated that all the parties are on the verge of a negotiated settlement except for the independent intervenor, and the case may have to go to litigation. A discussion ensued relative to the PUC process and next steps.

P. Stanley left the meeting at 10:52 a.m.

#### Public Communication Regarding the Pennichuck Brook Watershed System

L. Goodhue reported that he received a communication from a member of the public relating to possible public use of the Pennichuck brook watershed system. A copy of the communication was provided to the Board members prior to the meeting. The Board was also given a copy of L. Goodhue's response to the communication, which provided an explanation of certain facts pertinent to the importance of maintaining the status quo of the Pennichuck brook watershed and the lands surrounding the watershed owned by Pennichuck Water Works. A discussion ensued relating to L. Goodhue's response. L. Goodhue indicated that the City of Nashua has been kept fully apprised of the matter and that the NHDES has also responded. The Board was in agreement with the explanation in L. Goodhue's response to the communication.

#### Other Business

Business updates were given by members of management.

There being no further business to come before the Board, the meeting was adjourned at 11:40 a.m.

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