

PENNICHUCK CORPORATION

AUDIT, FINANCE AND RISK COMMITTEE
MINUTES OF MARCH 23, 2021 MEETING

A meeting of the Audit, Finance and Risk Committee (“Committee”) of the Board of Directors of Pennichuck Corporation (“Company”) was held on Tuesday, March 23, 2021 at 4:30 p.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 in attendance for the start of the meeting, constituting a quorum. Each Committee Member stated that they were alone.

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

Attending the meeting from the Company were:

Larry D. Goodhue, Chief Executive Officer
Suzanne L. Ansara, Corporate Secretary
George Torres, Corporate Controller and Treasurer
Carol Ann Howe, Assistant Treasurer
Jay Kerrigan, Regulatory/Treasury Financial Analyst
Lori Douglas, Accounting Manager

Attending the meeting from Melanson, PC were:

Deborah Tarbox, Principal
Matthew Sawyer, Audit Manager

S. Ansara recorded the minutes of the meeting.

Approval of Minutes

There being no comments on the draft minutes of the February 22, 2021 Committee meeting, on motion duly made by D. Novotny and seconded by T. Leonard, all of the Committee Members then voting by roll call, it was unanimously

Resolved: that the minutes of the February 22, 2021 meeting of the Audit, Finance and Risk Committee are hereby approved.

2020 Audited Consolidated Financial Statements / Independent Auditor's Report

The draft 2020 Audited Consolidated Financial Statements and related Notes were reviewed in detail. L. Goodhue and G. Torres answered questions posed by the Committee members.

Ms. Tarbox indicated that Melanson has issued a clean, unmodified audit opinion that the financial statements present fairly, in all material respects, the financial position of the Company. She thanked the members of the Company's accounting team for their responsiveness and cooperation during the audit. Ms. Tarbox reported that there were no disagreements with management during the audit, and that no significant deficiencies were detected. Ms. Tarbox answered a number of questions from the Committee. There was a discussion regarding the Paycheck Protection Program loan disclosure and the new lease standards which become effective in 2022.

It was agreed that an executive session was not necessary this year.

Ms. Tarbox and Mr. Sawyer left the meeting at 5:32 p.m.

The Chairman called for a motion to approve the 2020 audited consolidated financial statements.

On motion duly made by T. Leonard and seconded by G. Bower, all of the Committee Members then voting by roll call in favor, except for S. Flegal who abstained, it was unanimously

Resolved: that the audited consolidated financial statements for the calendar year 2020, as presented at this meeting, are hereby approved and authorized for release.

Annual Report to Sole Shareholder

L. Goodhue reviewed the draft Annual Report to Sole Shareholder, a copy of which was included in the written materials to the Committee. He indicated that the Annual Report will be provided to the City along with a copy of the audited financial statements and the proxy material next week. The Committee members had no comments or changes to the Annual Report. The Annual Report was accepted by the Committee.

Internal Controls

C. Howe gave a presentation on the 2020 Internal Controls project, a copy of which was provided to the Committee in the written materials. She reported that 109 controls were tested, and no exceptions were found, which was the first time there have been no exceptions since such testing was implemented. She said that the controls continue to work as indicated. During the review, three additional controls in payroll and two additional controls in tax were identified and added. C. Howe answered questions posed by the Committee members. She indicated that it was determined that the Company's internal control over financial reporting is effective. The Committee thanked C. Howe for a job well done.

There was a discussion relative to the memorandum provided to the Committee from Steve Greenwood, IT Director. The Committee asked that S. Greenwood provide a presentation to the Committee at a future meeting in 2021 regarding the status of the ISO 27001 gap findings and the Company's efforts in regard to cyber security.

There being no further business to come before the Committee, the Chairman adjourned the meeting at 6:02 p.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara
Corporate Secretary