

PENNICHUCK CORPORATION
BOARD OF DIRECTORS
MINUTES OF DECEMBER 17, 2021 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, December 17, 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 meeting, constituting a quorum:

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

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

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 DeRoche, HR Director (via Microsoft Teams)
Suzanne L. Ansara, Corporate Secretary
George Torres, Corporate Controller and Treasurer
Carol Ann Howe, Assistant Treasurer (via Microsoft Teams)
Steven Greenwood, IT Director (via Microsoft Teams)
Tara King, Revenue and Customer Operations Manager (via Microsoft Teams)
John Boisvert, Chief Engineer (via Microsoft Teams)
Alan Brown, Distribution Manager (via Microsoft Teams)
Daniel Wojcik, Director of Sales, PWSC (via Microsoft Teams)
Chris Countie, Director, Water Supply and Community Systems (via Microsoft Teams)
Lori Douglas, Accounting Manager (via Microsoft Teams)

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 November 19, 2021 meeting of the Board of Directors, on motion duly made by J. Dore and seconded by J. McGrath, all of the Directors then voting, it was unanimously

Resolved: that the minutes of the November 19, 2021 meeting of the Board of Directors are hereby approved.

Dividend to 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 J. McGrath and seconded by P. Stanley, all of the Directors 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 January 4, 2022.

Preliminary 2022 Capital Budget, 2023-2024 Capital Expenditure Plans

G. Torres presented a revised preliminary 2022 Capital Expenditure Budget, including 2023-2024 capital expenditure plans, updated from the preliminary budget reviewed at the November Board meeting. The preliminary 2022 consolidated capital budget is estimated at \$15.1 million. There was a discussion regarding the projects at Kessler Farm and Coburn Woods. G. Torres indicated that a final 2022 capital expenditure budget will be presented to the Board for approval at the January 2022 Board meeting.

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

Resolved: that the preliminary 2022 Capital Budget and 2023 and 2024 Capital Expenditure Plans, as presented at this meeting, are hereby approved.

Preliminary 2022 Operating Budget

G. Torres presented the preliminary 2022 Operating Budget. He reviewed the budgeted statements of expenses for PW, PEU, PAC and PWSC, and reviewed with the management team the supporting schedules for production expenses, transmission and distribution expenses, engineering and IT expenses, customer account and collection expenses, and administrative and general expenses. There was a discussion regarding the increasing costs for chemicals and carbon. The final 2022 operating budget will be presented to the Board at the January Board meeting.

2021 Major Accomplishments

L. Goodhue reviewed the Company's major accomplishments in 2021:

- Maintained and improved existing relationships with the sole shareholder and municipalities served, including efforts related to ongoing changes in City leadership, as well as implications and communications related to rate case activities.
- Cityworks rollout and enhancements:
 - Implementation of PFF – Cap projects, main extension, service apps tracking and coordination
 - Operational Insights – implementation and initial risk and criticality assessment Nashua core
- Certification of the AWIA Risk and Resiliency Assessments and ERP
- Substantial completion of the replacement of the Kessler Farm Tank
- Startup and utilization of the Locke Lake surface water treatment system
- Completion of the PAC 2019 test year rate case, including implementation and approval of rate structure elements on par with PWW and PEU.
- Substantial completion of the PEU 2019 test year rate case, including filing of Settlement Agreement on 12/9/2021, awaiting final hearing on 12/15/2021 and permanent rates in Q1 2022.
- Successful filing of annual QCPAC filings for PEU and PWW, for 2020 Capex. Awaiting on final orders.
- Ongoing compliance and processing of all dockets with the NHPUC, including annual report filings, tariff updates, and notice requirements.
- Order received for PWW QCPAC for 2019 Capex projects; PEU QCPAC embedded in current rate case
- Successful completion of annual Internal Control Review, with no significant deficiencies identified
- Ongoing replacement of aging infrastructure in City of Nashua, coupled with sewer replacements by the City
- Comprehensive work completed in support of City's aggressive paving plan
- Cost of Service Studies (COSS) completed for new or renewed contracts: A-B, Town of Hudson, Town of Milford, and MVD
- First year (of ten years) of radio changeout program completed
- Emergency rate for supply of water to MVD for PFOA mitigation established and in place
- Continued efforts related to training, mentoring and succession planning throughout the organization
- Comprehensive response to COVID-19 pandemic, including but not limited to:
 - Response and actions needed to facilitate “work from home” and “hybrid re-entry in June” for work force

- Ongoing monitoring, testing and communication to and for employees
- Preparations ongoing for compliancy with OSHA ETS/Mandate, if upheld and enforceable
- Successfully collected and processed all necessary samples to remain in compliance with NHDES/EPA regulations
 - New PFAS standards
 - New Arsenic standards
 - All other existing standards
- Install first small system PFAS removal system
- Successfully managed very challenging water quality issues to maintain full compliance at the Nashua WTP
- Reorganized Water Supply staff to prepare for impending retirements and improve technically skilled resource availability
- Completion of installation of Solar Field, with annual lease payments received and offset to Kwh costs initiated
- MUNIS server upgrade completed in January
- Tyler Notify upgrade completed (customer notification system)
- Restructure of the Disconnect Program, and training of staff on new processes
- Focus on enhanced Training program in RCO, including switch to webinars to enhance and supplement written and in-person training
- RCO timely processing of all rate increases and changes, temporary or permanent, for regulated utilities and PWSC contracts
- Started a new Service Requests process to track customer calls transferred to other departments from RCO
- Establishment of property management needs and relationships for new HQ facility, including certifications, maintenance agreements, testing requirements, and HVAC and facility maintenance
- Applied for loan forgiveness for PPP loan; final response/approval still in pendency
- Continued focus on Safety and Emergency Action Plans, including annual safety walkthroughs of the facilities, ongoing training of employees, internal audit of compliancy with EAP requirements, and monthly Safety Committee meetings
- Sale of parking lot adjacent to old headquarters in Merrimack completed in December 2021
- Gained approval for partial surrender of Windham Franchise area to Town of Salem, in support of regional water main project funded by the DWGTF (final transfer still pending)
- Continued focus on system and applications integration Company-wide

- Successful completion of annual fiscal audit, pension plan audit, initial 401(k) plan audit, and single audit for SRF financing program. All with unqualified opinions.
- Successful pending renewal of Company's insurance portfolio in December 2021, with equivalent or elevated levels of coverage
- PWSC:
 - Added 2 new small contracts in 2021, retained all others existing
 - Renewed larger contracts for Woodstock (thru 12/31/2024) and Belmont (thru 4/1/2024)
 - Renewed billing contracts for Eastham and Wellfleet; annual /one year agreements
 - Installation of arsenic treatment systems in multiple small contracts
 - Ongoing review and analysis of rate structures, subcontractor usage and markups
- Procured the necessary funding in support of Capital Projects for identified projects for the three regulated utilities, including:
 - Completed \$5.2M Bond Offering in April for PWW, to refinance and repay FALOC borrowings for 2020 Capex
 - Completed \$1.2M term loan closing for PEU to refinance and repay FALOC borrowings for 2020 Capex
 - Completed \$2.5M term loan closing for PEU to facilitate completion of current rate case, refill RSF funds, and implement MOEF in rate structure
 - Prepare TEFRA reapproval of 5-year Plan of Financing for PWW to issue bonds for 2021-2025 Capex needs. To be addressed and approved by NHBFA in December and G&C in January 2022.

2022 Major Goals

L. Goodhue reviewed the Company's major goals in 2022:

- Complete PEU Rate Case for test year 2019, with new permanent rates expected late Q2 2022
- File annual PWW and PEU QCPAC cases
- File PWW rate case (2021 test year) including likely merger of PAC into PWW
- Complete Bond issuance reimbursement financing in April for PWW 2021 Capex
- Complete CoBank term loan financing in Q2/Q3 for PEU 2021 Capex reimbursement/refinance
- Seek additional funding sources (loans or grants) NH DWGTF, SRF, or other, for planned capital projects
- Continued effective management of all open NHPUC dockets and filings.

- Continued roll-out and implementation of companywide Customer Security Program, to the benefit and safety of customers and employees
- Continued training, mentoring and succession planning throughout the organization, including impending retirements occurring in 2022 and 2023 for certain key roles
- Research and install potential enhancements or upgrade to Macola ES application
- MUNIS upgrades to be installed, including change to web based application
- Ongoing revamp of RCO training programs
- Complete redesign of Consumer Confidence Reports
- Continue to promote customer education through newsletters and social media
- Setting up procedures and protocols to ensure compliance with all requirements for the upkeep, maintenance and periodic inspections for the HQ facility, insuring a safe and inclusive working environment for employees and customers
- Complete upgrades to the Bowers Dam spillway, including replacement of the spillway gate and the construction of an auxiliary spillway
- Amend process monitoring in systems treating for the removal of manganese to ensure compliance with the proposed NHDES primary drinking water MCL
- Continue to collect and process all necessary compliance samples to ensure compliance with NHDES and EPA MCLs
- Work with external engineering consultants to evaluate improvements to the WTP to achieve optimal PFAS removal, chemical feed and storage, and improved monitoring at the plant
- Continued participation in multiple educational outreach efforts within the Company's customer coverage radius
- Continued focus on system and applications integration companywide, in response to results of gap analysis done with ISO 27001 study
- Continual enhancement and review of cybersecurity needs, risks and tools
- Comprehensive review of Emergency Action Plan conducted during Internal Control Review process
- Secure renewal of Rowley billing and customer service contract that is set to expire in Spring 2022
- Increase planned fees for select small contracts (NH and MA) to reflect current actual visitation frequency and positively effect margins
- Plan, prepare and coordinate efforts for PWSC customers, as it relates to proposed lower MCL for manganese
- Cityworks:
 - Refinement of Operational Insights assessment of the Nashua core, and extension of that assessment to other PWW and PEU CWS
 - Incorporation of vertical assets into Operational Insights

- Asset Management:
 - Incorporate operations data (flows, pressure, water quality) into dashboards accessible by “point and click” in GIS
- Implementation of Source Water Protection Plans for Locke Lake and Merrimack River
- Continued monitoring and response to COVID-19 pandemic, including but not limited to:
 - Timing of possible resumption of “full normal” operating activities
 - Ongoing monitoring and protection of customers and employees served
 - Continued monitoring and response to financial impact on the Company of the pandemic
 - Compliancy with OSHA ETS, if upheld and enforceable.

Charitable Contributions. The Board acknowledged the summary of contributions approved by the Company’s Contributions Committee in 2021, which was included in the written materials.

Presentations – The Board reviewed the list of management presentations for 2022 and had no additions at this time.

The meeting was temporarily adjourned for meetings of the Company’s subsidiaries at 9:42 a.m. The meeting was reconvened at 9:52 a.m.

COVID-19 – There was a lengthy discussion relative to the COVID-19 virus and the OMICRON variant. The Board recommended that management consider having employees start working from home once again to try to minimize exposure, especially from the unvaccinated. The Board also recommended that the Company continue to provide masks and disinfectant materials to those employees who need to come into the office, and that the Company continue to send communications to the employees. G. Bower indicated that the best masks to use are either the KN95 or the N95 masks. L. Goodhue indicated that the Company has asked employees to confidentially provide proof of vaccination to HR or to let HR know if they are unvaccinated so that the Company can be prepared if President Biden’s proposed mandate goes into effect. There was a discussion relative to the number of employees who have indicated whether they are vaccinated or unvaccinated. L. Goodhue said that there has been no infections emanating from the office, but there has been an uptick in infections to employees from outside the office.

There was a discussion relative to implementing virtual meetings of the Board and the Board Committees. Some Board members indicated that they no longer wish to expose themselves to people who are not vaccinated. It was the consensus of the Board to hold future Board and Board Committee meetings virtually until further notice, to protect the health and well-being of the Board members and Pennichuck employees.

D. Ware, M. DeRoche, G. Torres, C. Howe, S. Greenwood, T. King, J. Boisvert, A. Brown, D. Wojcik, C. Countie, and L. Douglas left the meeting at 11:05 a.m.

Move to Non-Public Session

S. Genest moved that the Board enter into non-public session to discuss matters, which if discussed in public, would likely affect adversely the reputation of a person pursuant to RSA 91-A:3, II(c). J. McGrath 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, J. McGrath, D. Novotny, P. Stanley

Nay:

Motion was carried to enter into non-public session at 11:10 a.m.

Reconvene in Public Session

The non-public session ended at 11:46 a.m. and the Board reconvened in public session.

E. Dunn moved that the Board seal the minutes of the non-public session under RSA 91-A:3, II(c). J. McGrath 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, 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 Chairman adjourned the meeting at 11:47 a.m.

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