

PENNICHUCK CORPORATION
BOARD OF DIRECTORS
MINUTES OF JANUARY 28, 2022 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, January 28, 2022 at 8:15 a.m. The meeting was held virtually using the Microsoft Teams platform.

Due to the current spread of the COVID-19 virus and the OMICRON variant, the Board of Directors agreed at their December 17, 2021 Board meeting, that for the safety and health of the Board Members and Company employees, meetings of the Board and Board Committees would be held virtually until further notice. Telephone access to the meeting was provided for members of the public and any Board members who were unable to connect through Microsoft Teams.

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 Board Members were present at the start of the meeting, constituting a quorum. Each Board Member stated that they were alone and could hear the proceedings.

Thomas J. Leonard, Chairman
David P. Bernier
James P. Dore
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
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
Daniel Wojcik, Directors of Sales, PWSC
Lori Douglas, Accounting 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 17, 2021 Board meeting, on motion duly made by E. Dunn and seconded by J. Dore, all of the Directors present then voting by roll call, it was unanimously

Resolved: that the minutes of the December 17, 2021 meeting of the Board of Directors are hereby approved.

Budget Assumptions and Pumpage Budget

G. Torres presented the key budget assumptions utilized in preparing the 2022 Budget. He presented the pumpage budget for 2022 (4.16 billion gallons).

2022 Capital Expenditure Budget and 2023/2024 Capital Expenditure Plans

G. Torres presented a review of the 2022 capital expenditure budget and 2023/2024 capital expenditure plans. The revised 2022 consolidated capital budget consists of approximately \$3.5 million of carry-over projects from 2021 and approximately \$11.5 million for new projects, for a total 2022 consolidated capital budget of approximately \$15.1 million. Estimates for planned capital expenditures in 2023 and 2024 are approximately \$10.7 million and \$13.8 million, respectively. Included in the 2022 budget are maintenance-type projects, such as mains and main replacements, services to hydrants and meters, and IT applications and system monitoring. Special projects in 2022 include the Bowers Pond Spillway Reconstruction, Coburn Woods Booster Station and Carbon Media Filter Bed Replacement.

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

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

2022 Operating Budget

G. Torres presented a review of the Company's proposed 2022 operating budget. Supporting schedules to the operating budget were reviewed at the December Board meeting. The proposed budget includes revenues of \$55.3 million, operating expenses of \$43.4 million, operating income of \$11.9 million, interest expense of \$14.6 million and a net loss of \$1.8 million. EBITDA is budgeted at \$21.1 million.

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

Resolved: that the 2022 Operating Budget, as presented at this meeting, is hereby approved.

Bond Financing - PWW Pricing Committee

L. Goodhue discussed the Company's plans to finance the 2021 capital expenditure needs of Pennichuck Water Works, Inc. (PWW) through the issuance of bonds. He discussed the

anticipated amount of the proposed bond issuance. He said that this financing will be a component of the \$57.5 million 5-year plan of financing which was approved by the City of Nashua in 2020 and by the PUC in 2021. In answer to a question from the Board as to whether the Company could borrow additional money at today's interest rates to use in 2023, 2024 and 2025, L. Goodhue indicated that the PUC does not allow the Company revenue recovery for money that is not applicable to assets that are actually used and useful; the Company is not allowed to pre-fund capital needs, even if current interest rates might be at low levels.

L. Goodhue said that members of the Board will need to be appointed to the PWW Pricing Committee for the upcoming financing. S. Flegal, T. Leonard, J. Lustig, D. Novotny and P. Stanley indicated that they would be willing to serve on the Pricing Committee. E. Dunn said that she would be willing to serve as an alternate.

L. Goodhue said that the Pricing Committee is currently scheduled to meet on April 12 and April 13 to price the bonds. Alternate dates are April 19 and 20.

PEU - W&E CWS Interconnection to Town of Salem Water System – DWGTF Grant and Loan

L. Goodhue reported that Pennichuck East Utility, Inc. (PEU) applied for a grant and loan with the NHDES under the Drinking Water and Groundwater Trust Fund to fund a project which will interconnect the W&E CWS in Windham to the Town of Salem water system. PEU was recently informed that the Drinking Water and Groundwater Advisory Commission has awarded a grant to PEU of up to \$211,500 and a loan of up to \$493,500 for the project. L. Goodhue stated that the project is included in the 2022 budget. The PEU Board approved the grant and loan at its meeting earlier today. L. Goodhue referred the Board to the draft resolutions in the Agenda.

Grant Resolution

On motion duly made by E. Dunn and seconded by J. Dore, all of the Directors present then voting by roll call, it was unanimously

Resolved: that the Board of Directors of Pennichuck Corporation hereby approves the acceptance by Pennichuck East Utility, Inc. of a grant of up to \$211,500 from the State of New Hampshire Drinking Water and Groundwater Trust Fund for the purpose of funding the interconnection of the W&E small community water system in Windham to the Town of Salem water system.

Loan Resolution

On motion duly made by E. Dunn and seconded by J. Dore, all of the Directors present then voting by roll call, it was unanimously

Resolved: that the Board of Directors hereby approves the guaranty by Pennichuck Corporation (the "Company") of the payment by Pennichuck East Utility, Inc. ("PEU") of all of its obligations with respect to PEU's borrowing of up to \$493,500 in principal amount from the New Hampshire Drinking Water and Groundwater Trust Fund (the "Trust Fund"), such amount to be paid over a term not to exceed 30 years, level payment, at the prevailing interest rate for the Drinking Water and

Groundwater Trust Fund (currently 1.57%) and related costs, for the purpose of funding the interconnection of the W&E small community water system in Windham to the Town of Salem water system, pursuant to a Loan Agreement between PEU and the New Hampshire Department of Environmental Services.

Further

Resolved: that the officers of the Company are severally authorized, empowered and directed to execute and deliver, in the name and on behalf of the Company, the Guaranty agreement with respect to the Trust Fund loan described in the prior resolution (the “Trust Fund Loan”), with such terms as may be deemed necessary or advisable in the several judgment of the officers executing the Guaranty agreement.

Further

Resolved: that the officers of the Company are hereby authorized, empowered and directed to take any and all actions to obtain all necessary approvals for the Guaranty from the New Hampshire Department of Environmental Services, the Governor and Executive Council, and the City of Nashua in its capacity as the sole shareholder of the Company, and any other authority determined by such officers relating to the Guaranty.

Further

Resolved: that Larry D. Goodhue, Donald L. Ware, George Torres and Carol Ann Howe are severally authorized, empowered and directed to take such actions and to execute and deliver such documents as in the opinion of the officer or officers so acting or in the opinion of counsel, are necessary or desirable to effect the Guaranty and the Trust Fund Loan and to carry out the purposes of the preceding resolutions, the taking of such actions and the execution and delivery of such documents to be sufficient and conclusive evidence that the same are within the authority conferred by these resolutions.

Business Updates and Comments from the CEO

Legislation – L. Goodhue reported that there are currently a number of bills relating to water and PFAS in the House. He said that the Company is using the services of Teresa Rosenberger to monitor these bills, along with John Boisvert, Don Ware and Chris Countie, who are involved with various state organizations that also monitor these activities. One of the bills is trying to establish maximum contamination levels for surface water in NH. Another bill is to allow wastewater facilities to require a corporation, a commercial entity or septic haulers to test the waste they are bringing for PFAS exceedances, and be fined or not allowed to bring the waste to that facility. L. Goodhue said that he submitted a letter with questions relating to these two bills through T. Rosenberger to place on file. He said that other organizations will probably weigh in on these bills, including NH Water Works and the Rivers Management Council.

Rate Case – Pennichuck Water Works, Inc. – L. Goodhue indicated that management is preparing to file a PWW rate case. He said that management was intending to include in the rate case filing the potential merger of Pittsfield Aqueduct into PWW, but after discussing the matter with attorneys, it has decided to file the rate case and the potential merger separately.

QCPAC – Management is in the process of preparing the annual QCPAC filings, to be filed within the next month.

Director George Bower joined the meeting at 9:24 a.m.

COVID-19 – L. Goodhue said that all employees who can are working from home. He said that the Company has supplied employees with N-95 masks and self-tests. An employee meeting was held last Monday to review the Company’s protocols.

Cybersecurity – L. Goodhue reported that the premium for cybersecurity insurance is going up significantly this year. The efficacy of the Company’s cybersecurity protocols and protections were tested by an independent consultant used by the Company’s insurance company. The IT group is doing some further enhancements to the Company’s overall cyber security protections. In answer to a question from the Board, L. Goodhue said that the Company’s cybersecurity insurance does cover ransomware with a 50% co-insurance.

Hiring – In answer to a question from the Board relating to hiring, L. Goodhue indicated that hiring has been more problematic than in the past, especially in Distribution. HR is working very hard to find qualified people. He said that fortunately there has not been a high degree of turnover from our existing workforce. T. King said that she has seen a lot of ghosting, and not a lot of resumes. She said that quite a few people do not show up for scheduled interviews, or do not follow through with the hiring process.

Education Program – St. Anselm – S. Genest reported that St. Anselm College has a program for students regarding the Merrimack River. He said that on this past Tuesday there was a presentation by the students in the biology/chemistry class on their research, which included stormwater runoff, quality of the water in the Merrimack River, and PFAS. S. Genest said that he is an alumni of St. Anselm, and that he asked Bernie Rousseau, also a St. Anselm alumni, to volunteer his knowledge of the water industry during the presentation. S. Genest said that Bernie (as a former employee) did a fantastic job representing the Company and his enthusiasm was really vibrant. S. Genest said that the reason he got involved in this program, was his hope that the program would generate interns for the Company going forward from either the chemistry or biology majors. He has connected M. DeRoche with the career development person at the college, as well as the teachers in the biology and chemistry departments.

L. Goodhue, D. Ware, G. Torres, C. Howe, S. Greenwood, C. Countie, J. Boisvert, T. King, D. Wojcik and L. Douglas left the meeting at 9:38 a.m.

Move to Non-Public Session

D. Bernier 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 9:40 a.m.

Reconvene in Public Session

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

J. Lustig moved that the Board seal the minutes of the non-public session under RSA 91-A:3, II(c). G. Bower 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.

Certain Matters Discussed in Non-Public Session

During the non-public session, the Nominating and Governance Committee reported that they have identified two potential Board candidates to move forward in the nomination process. The Board concurred with the Committee's decision. Public interviews of the Board candidates will be scheduled. The Committee also advised the Board that it is looking at folding the Communications Committee into the Nominating and Governance Committee.

There being no further business to come before the Board, the meeting was adjourned at 10:24 a.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara
Corporate Secretary