

PENNICHUCK CORPORATION
BOARD OF DIRECTORS
MINUTES OF MAY 26, 2022 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Thursday, May 26, 2022, at 8:25 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 (via Microsoft Teams)
Amymarie R. Corriveau
James P. Dore
Elizabeth A. Dunn
H. Scott Flegal
Deborah Novotny (via Microsoft Teams)
Sarah Pillsbury
Preston J. Stanley, Jr.

D. Bernier and D. Novotny each stated the reason they could not attend the meeting in person, that they were alone and could hear the proceedings.

Attending the meeting from the Company in person were:

Larry D. Goodhue, Chief Executive Officer
Donald L. Ware, Chief Operating Officer
Suzanne L. Ansara, Corporate Secretary
George Torres, Corporate Controller and Treasurer

Attending the meeting from the Company electronically via Microsoft Teams were:

Carol Ann Howe, Assistant Treasurer
Tara King, Director, Revenue and Customer Operations
Steven Greenwood, IT Director
John Boisvert, Chief Engineer
Alan Brown, Distribution Manager
Daniel Wojcik, Director of Sales, PWSC
Lori Douglas, Assistant Controller

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 April 22, 2022 meeting of the Board of Directors, the May 7, 2022 Annual Meeting of Sole Shareholder, and the May 7, 2022 Annual Meeting of the Board of Directors, on motion duly made by E. Dunn and seconded by S. Flegal, all of the Directors present then voting, it was unanimously

Resolved: that the minutes of the April 22, 2022 meeting of the Board of Directors are hereby approved.

Resolved: that the minutes of the May 7, 2022 Annual Meeting of Sole Shareholder are hereby approved.

Resolved: that the minutes of the May 7, 2022 Annual Meeting of the Board of Directors are hereby approved.

Financial Review

G. Torres presented a financial update through April 2022. Pumpage for the month of April (315 million gallons) was ahead of budget (277 million gallons). Capital expenditures of \$0.8 million were below the budgeted amount of \$2.2 million. Supply chain issues were discussed. It was noted that lead times on pipes is now 25-36 weeks.

G. Torres reviewed the Company's unaudited consolidated income statement, balance sheet and cash flow statement through April 30, 2022. Revenues of \$16.6 million were 21.8% greater than the prior year revenues and slightly better than budget on a year-to-date basis. Operating expenses of \$13.9 million were 0.2% below budget and 3.7% above the prior year expenses. Operating income was \$2.7 million compared to prior year operating income of \$0.2 million and budgeted operating income of \$2.6 million. Interest expense of \$4.6 million was 4.4% less than budget and 0.4% less than the prior year expense. Pre-tax loss was \$1.9 million compared to a budgeted pre-tax loss of \$2.3 million and prior year pre-tax loss of \$4.4 million. Year-to-date net loss was \$1.7 million compared to a budgeted net loss of \$2.0 million and prior year net loss of \$3.8 million. Year-to-date earnings before interest, taxes, depreciation and amortization was \$5.7 million compared to \$5.6 million in the 2022 budget and the prior year amount of \$3.1 million. G. Torres and L. Goodhue answered a number of questions from the Board relating to the financial results. There was a discussion regarding the supply of water to the Towns of Merrimack and Hudson through special contracts due to the exceedance of the State's MCL for PFAS in the Towns' wells.

Retirement Plans Investment Committee (RPIC) Report

L. Goodhue, Chairman of the RPIC, gave a report on the RPIC's recent meeting. He said that the RPIC met with representatives of Summit Financial, the Company's investment advisor and co-fiduciary for both the pension and savings plans.

Summit presented a review on the performance of the Company's Pension Plan investments. Funds in the Pension Plan are well-diversified across all style boxes – large-cap, mid-cap, small cap, etc., allocated 60% in equities and 40% in fixed income. Fixed income includes a 25% allocation in the Prudential Guaranteed Fund and a 15% allocation in PIMCO Income. Funds currently on the watch list were discussed, and no replacements were recommended at this time. Company contributions to the Pension Plan were reviewed. The Company paid \$1.14 million in contributions in 2021. L. Goodhue indicated that the RPIC, at its November meeting, voted to contribute \$500,000 to the pension plan in 2022 (\$125,000 quarterly) and to contribute \$1 million to the pension plan in 2023 (\$250,000 quarterly). PBGC premiums of \$115,248 will be due in October. Summit also provided an actuarial review.

Summit presented a review on the performance of the Company's Savings Plan investments. The Company's Savings Plan includes a diverse mix of high quality investment options covering the major asset classes – target date funds, balanced funds, fixed income and international funds. L. Goodhue indicated that the American Funds (target date funds) are performing very well, and that a Treasury Inflation Protected Securities (TIPS) fund was recently added to the Savings Plan portfolio. Funds currently on the watch list were discussed, and no replacements were recommended at this time. At March 31, 2022, there were 158 participants in the plan and total plan assets were approximately \$22.4 million.

Long Range Cash Flow – Pennichuck Water Works

L. Goodhue provided the Board with a presentation on long range cash flow for Pennichuck Water Works, Inc., and answered a number of questions from the Board. There was a brief discussion regarding the rate structure. L. Goodhue indicated that he did not foresee any further rate structure changes for the regulated subsidiaries.

Business Updates and Comments from the CEO

Working Capital Line of Credit – L. Goodhue reported that a letter requesting approval of the renewal of the working capital line of credit with TD Bank in the amount of \$4 million was delivered to the City of Nashua on May 6. The matter was referred to the Special Water Committee by the Board of Aldermen and a meeting of the Special Water Committee has been scheduled for June 14. The renewal was approved by the Pennichuck Board of Directors in April. Approval from the Public Utilities Commission is not required.

SRF Loans – L. Goodhue reported that a letter requesting approval of SRF loans to fund the Twin Ridge interconnection main project and the Sweet Hill interconnection main project, both in Plaistow, has been delivered to the City of Nashua. The SRF loans were approved by the Board of Directors of Pennichuck Corporation and Pennichuck Water Works in 2021. A petition will be filed with the Public Utilities Commission next week.

ESRI License for GIS – L. Goodhue reported management is in the process of renewing the ESRI license for GIS, which is held jointly with the City of Nashua.

L. Goodhue, D. Ware, G. Torres, C. Howe, T. King, S. Greenwood, J. Boisvert, A. Brown, L. Douglas and D. Wojcik left the meeting at 10:12 a.m.

Move to Non-Public Session

J. Dore 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), and to discuss confidential information pursuant to RSA 91-A:3, II(j). E. Dunn seconded the motion.

A roll call of the Directors was taken, which resulted as follows:

Yea: D. Bernier, A. Corriveau, J. Dore, E. Dunn, S. Flegal, T. Leonard,
D. Novotny, S. Pillsbury, P. Stanley
Nay:

Motion was carried to enter into non-public session at 10:13 a.m.

Reconvene in Public Session

The non-public session ended at 11:03 a.m. and the Board reconvened in public session.

Matters Discussed at Non-Public Session

At the non-public session, the Board reviewed the draft minutes of the Board's April 22, 2022 and May 7, 2022 non-public sessions, and on a motion duly made by E. Dunn and seconded by J. Dore, all of the Directors present then voting, it was unanimously resolved to approve the minutes of the April 22, 2022 and May 7, 2022 non-public sessions.

At the non-public session, the Board reviewed the results of the Board Survey. No votes were taken.

Management Presentations

The Board requested that management provide a presentation to the Board on the state of the water industry, and an update on construction projects.

There being no further business to come before the Board, the meeting was adjourned at 11:04 a.m.

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