

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

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, October 28, 2022 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 start of the meeting, constituting a quorum:

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

D. Bernier, S, Genest and J. Lustig stated the reasons they could not attend the meeting in person, that they were alone and could hear the proceedings.

From the Company, attending all or a portion of the meeting in person were:

Larry D. Goodhue, Chief Executive Officer
Donald L. Ware, Chief Operating Officer
George Torres, Corporate Controller and Treasurer
Lori Douglas, Assistant Controller
Carol Ann Howe, Assistant Treasurer
Chris Countie, Director of Water Supply and Community Systems
John Boisvert, Chief Engineer

From the Company, attending all or a portion of the meeting via Microsoft Teams were:

Mary V. DeRoche, Human Resources Director
Suzanne L. Ansara, Corporate Secretary
Tara King, Revenue and Customer Operations Manager
Alan Brown, Distribution Manager
Daniel Wojcik, Director of Sales, PWSC

C. Howe 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 September 23, 2022 meeting of the Board of Directors, on motion duly made by J. McGrath and seconded by G. Bower, all of the Directors then voting by roll call in favor, except for T. Leonard who abstained, it was

Resolved: that the minutes of the September 23, 2022 meeting of the Board of Directors are hereby approved.

Financial Review

G. Torres presented a financial update through September 2022. Pumpage for the month of September (468 million gallons) was greater than budget (416 million gallons). Capital expenditures of \$4.6 million were below the budgeted amount of \$13.7 million.

G. Torres reviewed the Company's unaudited consolidated income statement, balance sheet and cash flow statement through September 30, 2022. Revenues of \$44.4 million were 16.2% above the prior year revenues and 4.3% greater than budget on a year-to-date basis. Operating expenses of \$33.4 million were 1.3% greater than budget and 5.9% greater than the prior year expenses. Operating income was \$11.0 million compared to prior year operating income of \$6.7 million and budgeted operating income of \$9.6 million. Interest expense of \$10.6 million was 3.5% less than budget and 0.2% greater than the prior year expense. Pre-tax income was \$0.4 million compared to a budgeted pre-tax loss of \$1.4 million and prior year pre-tax loss of \$3.7 million. Year-to-date net income was \$0.6 million compared to a budgeted net loss of \$0.7 million and prior year net loss of \$3.3 million. Year-to-date earnings before interest, taxes, depreciation and amortization was \$17.7 million compared to \$16.3 million in the 2022 budget and the prior year amount of \$13.5 million.

Global Goals and Objectives – 2023 Budget

L. Douglas reviewed the global and specific considerations to be utilized in the 2023 budgeting process. She indicated that a preliminary capital budget will be presented to the Board at the November meeting.

Dividend to Sole 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 E. Dunn, all of the Directors then voting by roll call, it was unanimously

Resolved: that a dividend in the amount of \$69,555.28 be paid to the sole shareholder of record, the City of Nashua, New Hampshire, on November 2, 2022.

Appointment of New Member – Audit, Finance and Risk Committee

T. Leonard indicated that due to the resignation of Jim Dore from the Board of Directors effective September 30, 2022, the Audit, Finance and Risk Committee has a lost a member. T. Leonard nominated Deborah Novotny to replace Jim Dore as a member of the Committee.

On motion duly made by G. Bower and seconded by A. Corriveau, all of the Directors then voting by roll call, it was unanimously

Resolved: that Deborah Novotny is hereby appointed a member of the Audit, Finance and Risk Committee.

PEU Loan with CoBank

L. Goodhue referred the Board to the term sheet included in the written materials. He said that he is seeking approval from the Board to refinance a loan with CoBank that has a balloon maturity due in June 2023. The amount of the refinanced loan would be \$1,050,000 for a 10-year term. The interest rate will be determined based on market conditions. He said that the City and the PUC will need to approve the refinancing of the loan.

After a brief discussion, on a motion duly made by G. Bower and seconded by D. Novotny, all of the Directors then voting by roll call, 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 refinancing an existing T4 loan which matures on June 20, 2023, including interest accrued thereupon.

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 One Million Fifty Thousand Dollars and No Cents (\$1,050,000.00) with an up to 10 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 Financial 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 Financial 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.

Further

Resolved: that the Chief Executive Officer, the Chief Financial Officer, the Chief Operating Officer, the Treasurer and the Assistant Treasurer of the Corporation are, and each of them hereby is, authorized and directed to take any and all actions to obtain all necessary approvals for the guarantee from the City of Nashua (in its capacity as the sole shareholder of Pennichuck Corporation), and any other authority determined, as a requirement, by such officers.

Report of the Retirement Plans Investment Committee

L. Goodhue referred the Board to the draft amendment to the Savings Plan, which was included in the written materials. He said that the amendment is to implement SECURE Act and other law changes. L. Goodhue reported that Dave Mulkern of Summit Financial, reviewed the amendment and provided his analysis. Based on the Committee's review of the amendment and Dave Mulkern's analysis, the Committee is recommending that the Board approve the amendment.

After a brief discussion, on a motion duly made by J. McGrath and seconded by E. Dunn, all of the Directors then voting by roll call, the following resolutions were unanimously approved:

Whereas, Pennichuck Corporation (the "Company") maintains the Savings Plan for Employees of Pennichuck Corporation ("Plan"), a qualified retirement plan, for the benefit of its eligible employees;

Whereas, the Retirement Plans Investment Committee of the Company has reviewed and evaluated proposed amendments to the Plan, and is recommending that the Board of Directors approve the amendments.

Now, Therefore, be it hereby:

Resolved: that the Board of Directors of the Company hereby approves the Amendment to Implement Secure Act and Other Law Changes to the Savings Plan for Employees of Pennichuck Corporation (the “Plan Amendment”), as presented at this meeting.

Further

Resolved: that the Chief Executive Officer and the Treasurer of the Company, are severally authorized to execute the Plan Amendment and perform any other actions necessary to implement the Plan Amendment.

Further

Resolved: that if the Plan Amendment modifies the provisions of the Summary Plan Description, Plan participants will receive a Summary of Material Modifications summarizing the changes under the Plan Amendment.

Presentation – Elements of Opportunities for Financing

L. Goodhue reviewed the current sources of working capital and CWIP financing, and long-term debt funding, utilized by the Company. He also reviewed potential available sources of long-term debt funding or grants under the American Rescue Plan Act, EPA grants for Dam Rehab, the Infrastructure Investment and Jobs Act, and the NH Municipal Bond Bank. He answered a number of questions from the Board regarding these options. There was a discussion regarding the risks to the Company if the current sources of financing were no longer available.

J. Lustig left the meeting at 8:54 a.m. during the presentation on opportunities for financing.

Presentation – State of the Water Industry

D. Ware discussed water quality standards for PFAS, Lead/Copper, and Manganese. He discussed Pennichuck’s aging infrastructure - water mains, tanks and booster stations - and reviewed the estimated cost of replacement. D. Ware discussed ways the Company has improved security of its IT infrastructure, and upgrades to the SCADA network. There was a discussion regarding aging workforce, the lack of trained operators, and the competition between water utilities for staff.

During the presentation on the state of the water industry, T. King left the meeting at 10:03 a.m., S. Genest left the meeting at 10:20 a.m., and D. Bernier left the meeting at 10:26 a.m.

Business Updates from CEO

The CEO had no updates for the Board.

J. McGrath left the meeting at 11:03 a.m.

Management Presentations

The Board reviewed the list of upcoming management presentations. G. Bower requested that an annual presentation on the status of the pension and savings plans be added in April of each year.

D. Ware, M. DeRoche, L. Douglas, C. Countie, A. Brown, D. Wojcik and J. Boisvert left the meeting at 11:10 a.m.

Move to Non-Public Session

E. Dunn moved that the Board enter into non-public session to (i) discuss the acquisition, sale or lease of real or personal property pursuant to RSA 91-A:3, II(d); (ii) discuss financial or confidential information pursuant to RSA 91-A:3, II(j); and (iii) consider legal advice provided by legal counsel pursuant to RSA 91-A:3, II(l). G. Bower seconded the motion.

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

Yea: G. Bower, A. Corriveau, E. Dunn, S. Flegal, T. Leonard,
D. Novotny, S. Pillsbury, P. Stanley
Nay:

Motion was carried to enter into non-public session at 11:13 a.m.

Reconvene in Public Session

The Board reconvened in public session at 11:30 a.m.

E. Dunn moved that the Board seal the minutes of the non-public session under RSA 91-A:3, II(d), RSA 91-A:3, II(j), and RSA 91-A:3, II(l). G. Bower seconded the motion. A roll call of the Directors present was taken, which resulted as follows:

Yea: G. Bower, A. Corriveau, E. Dunn, S. Flegal, T. Leonard,
D. Novotny, S. Pillsbury, 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 meeting was adjourned at 11:32 a.m.

/s/ Carol Ann Howe
Carol Ann Howe
Assistant Treasurer