

PENNICHUCK CORPORATION  
BOARD OF DIRECTORS  
MINUTES OF DECEMBER 16, 2022 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, December 16, 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  
Aymarie R. Corriveau  
Elizabeth A. Dunn (via Microsoft Teams)  
H. Scott Flegal  
Stephen D. Genest (via Microsoft Teams)  
Jay N. Lustig (via Microsoft Teams)  
John D. McGrath  
Deborah Novotny (via Microsoft Teams)  
Sarah Pillsbury (via Microsoft Teams)  
Preston J. Stanley, Jr.

D. Bernier, E. Dunn, S. Genest, J. Lustig, D. Novotny and S. Pillsbury stated the reasons they could not attend the meeting in person, that they were 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 V. DeRoche, Human Resources Director (via Microsoft Teams)  
Suzanne L. Ansara, Corporate Secretary  
George Torres, Corporate Controller and Treasurer  
Carol Ann Howe, Assistant Treasurer  
Steven Greenwood, IT Director (via Microsoft Teams)  
Tara King, Revenue and Customer Operations Manager (via Microsoft Teams)  
John Boisvert, Chief Engineer (via Microsoft Teams)  
Chris Countie, Director, Water Supply and Community Systems (via Microsoft Teams)  
Daniel Wojcik, Director of Sales, PWSC (via Microsoft Teams)  
Lori Douglas, Assistant Controller

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 November 18, 2022 meeting of the Pennichuck Corporation Board of Directors, on motion duly made by J. Lustig and seconded by A. Corriveau, all of the Directors then voting by roll call, it was unanimously

Resolved: that the minutes of the November 18, 2022 meeting of the Pennichuck Corporation Board of Directors are hereby approved.

There being no comments on the draft minutes of meetings of the Board of Directors of the Company's Subsidiaries, on motion duly made by J. Lustig and seconded by A. Corriveau, all of the Directors then voting by roll call, it was unanimously

Resolved: that the minutes of the October 28, 2022 meeting of the Pennichuck East Utility, Inc. Board of Directors are hereby approved.

Resolved: that the minutes of the May 26, 2022 Annual Meeting of the Pittsfield Aqueduct Company, Inc. Board of Directors are hereby approved.

Resolved: that the minutes of the May 26, 2022 Annual Meeting of The Southwood Corporation Board of Directors are hereby approved.

Resolved: that the minutes of the May 26, 2022 Annual Meeting of the Pennichuck Water Service Corporation Board of Directors are hereby approved.

## Financial Review – October

G. Torres presented a financial update through October 31, 2022. Pumpage for the month of October (372 million gallons) was greater than budget (321 million gallons). Capital expenditures of \$6.2 million were below the budgeted amount of \$14.8 million.

G. Torres reviewed the Company's unaudited consolidated income statement, balance sheet and cash flow statement through October 31, 2022. Revenues of \$48.6 million were 15.6% above the prior year revenues and 2.9% greater than budget on a year-to-date basis. Operating expenses of \$37.1 million were 1.6% greater than budget and 5.6% greater than the prior year expenses. Operating income was \$11.6 million compared to prior year operating income of \$7.0 million and budgeted operating income of \$10.7 million. Interest expense of \$11.8 million was 3.4% less than budget and 0.4% higher than the prior year expense. Pre-tax loss was \$0.2 million compared to a budgeted pre-tax loss of \$1.5 million and prior year pre-tax loss of \$4.6 million. Year-to-date net loss was \$0.3 million compared to a budgeted net loss of \$0.8 million and prior year net loss of \$4.1 million. Year-to-date earnings before interest, taxes, depreciation and amortization was \$19.0 million compared to \$18.2 million in the 2022 budget and the prior year amount of \$14.5 million.

There was a brief discussion related to pumpage and the current and anticipated future demands in several surrounding communities and its relation to where revenues would be trending in future months, and discussions on capital expenditures and its effect on debt levels which are

trending lower. It was noted that lower than budgeted capital expenditures were due to project delays resulting from supply chain issues.

#### 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 S. Flegal, 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 January 4, 2023.

J. Lustig left the meeting at 8:30 a.m.

#### Review of Preliminary 2023 Capital Budget and 2024-2025 Capital Expenditure Plans

L. Douglas, along with the management group, presented a review of the Company's preliminary capital budget for 2023 indicating that there are certain items that have not been finalized. A final 2023 capital budget will be presented for final approval at the January Board of Directors meeting. L. Douglas also presented the capital expenditure plans for years 2024 and 2025. Detailed capital budget worksheets by subsidiary and department were discussed and management answered questions from the Board relating to certain costs. L. Goodhue and J. Boisvert spoke to the change in methodology related to project management. Projects are now designed in the current year for the next year so that projects are ready to go and out to bid as soon as the spring arrives. Capital funding is not available until the year in which the projects are completed.

On motion duly made by J. McGrath and seconded by P. Stanley, all of the Directors present then voting by roll call, it was unanimously

Resolved: that the preliminary 2023 Capital Budget and 2024 and 2025 Capital Expenditure Plans, as presented at this meeting, are hereby approved.

#### Preliminary 2023 Operating Budget Review

L. Douglas presented the preliminary 2023 Operating Budget. She provided a brief review of budgeted statements of expenses for PWW, PEU, PAC and PWSC including a review of the supporting schedules for production expenses, transmission and distribution expenses, engineering and IT expenses, customer account and collection expenses, and administrative and general expenses. She briefly highlighted various areas of the budgets in each of the companies indicating changes over prior year and reasons for them.

C. Countie provided a brief explanation related to the increased chemical costs at the Water Treatment Plant. D. Ware also provided additional comments on the increased costs and how those have been addressed during the year. There was also a brief discussion on purification and

power costs as being one of the largest expense concerns. In response to a question from G. Bower, D. Ware discussed the solar fields contract; L. Goodhue indicated the revenues from this contract are included in the budget. L. Douglas indicated a final 2023 operating budget will be presented to the Board for approval at the January 2023 Board meeting.

#### Report of the Nominating and Governance Committee

E. Dunn gave a summary overview of the public interview held with Ralph Jenkins, candidate for the Pennichuck Corporation Board of Directors. She highlighted the far reaching conversations which took place at the interview. She indicated that no officials from the City of Nashua or members of the public attended the interview. E. Dunn reported that the Committee voted to recommend to the Board of Directors that Ralph Jenkins be nominated for election to the Board as a Class B director to replace Jim Dore. Chairman Leonard also pointed out that this Director position will need to be re-nominated in May, since the term of Class B directors expires as of the date of the 2023 Annual Meeting of Sole Shareholder.

After a brief discussion, on motion duly made by S. Flegal and seconded by G. Bower, all of the Directors present then voting by roll call, it was unanimously

Resolved: to nominate Ralph Jenkins for election to the Pennichuck Corporation Board of Directors at a Special Meeting of the Sole Shareholder, to serve as a Class B director to fill the vacancy resulting from the resignation of James Dore from the Board.

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

Resolved: to call a Special Meeting of Sole Shareholder on Friday, January 27, 2023 at 8:00 a.m., to be held at the Company's offices at 25 Walnut Street, Nashua, NH, for the following purpose: to elect Ralph Jenkins to the Pennichuck Corporation Board of Directors as a Class B director to fill the vacancy resulting from the resignation of James Dore from the Board.

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

Resolved: that the draft Proxy Card, Notice of Special Meeting of Sole Shareholder and Proxy Statement, as presented and reviewed at this meeting, are hereby approved.

## Report of the Audit, Finance and Risk Committee

G. Bower provided a summary of the items discussed at the November 28, 2022 Audit, Finance and Risk Committee meeting. The Committee reviewed and approved Melanson's Audit Plan for 2022, reviewed and signed off on the Engagement Letter for the audit, and reviewed the 2021 audited financial statements for the Pension Plan and Savings Plan.

G. Bower indicated that the current contract with Melanson expires at the end of the 2022 audit, and that as a result, a Request for Proposal (RFP) for audit services for 2023, 2024 and 2025 was sent out to five audit firms. Only two firms responded to the RFP, one of which was Melanson. The Committee reviewed the proposals submitted, and based on many factors, the Committee agreed to accept the proposal submitted by Melanson for audit services for 2023-2025.

## 2022 Major Accomplishments and 2023 Major Goals

L. Goodhue reviewed the Company's 2022 Major Accomplishments and the 2023 Major Goals. Each of the items were reviewed at a summary level and L. Goodhue addressed various comments and or questions brought forward by Board members.

J. Lustig rejoined the meeting at 9:56 a.m.

## Corporate Matters – Resignations and Appointments of Officers

Chairman Leonard indicated that a number of matters need to be voted upon due to the pending retirement of Suzanne Ansara as Corporate Secretary, effective December 31, 2022, and Larry Goodhue's resignation as Chief Financial Officer, effective January 1, 2023. He referred the Board to the resolutions in the Agenda.

After a brief discussion, on motion duly made by G. Bower and seconded by A. Corriveau, all of the Directors then voting, it was unanimously

Resolved: that the Board of Directors hereby accepts the resignation of Suzanne L. Ansara as Corporate Secretary of Pennichuck Corporation, Pennichuck Water Works, Inc., Pennichuck East Utility, Inc., Pittsfield Aqueduct Company, Inc., Pennichuck Water Service Corporation, and The Southwood Corporation, effective December 31, 2022.

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

Resolved: that the Board of Directors hereby accepts the resignation of Larry D. Goodhue as Chief Financial Officer of Pennichuck Corporation, Pennichuck Water Works, Inc., Pennichuck East Utility, Inc., Pittsfield Aqueduct Company, Inc., Pennichuck Water Service Corporation, and The Southwood Corporation, effective January 1, 2023.

On motion duly made by S. Flegal and seconded by P. Stanley, all of the Directors then voting, it was unanimously

Resolved: that Carol Ann Howe is hereby elected to the office of Corporate Secretary of Pennichuck Corporation, Pennichuck Water Works, Inc., Pennichuck East Utility, Inc., Pittsfield Aqueduct Company, Inc., Pennichuck Water Service Corporation, and The Southwood Corporation, effective January 1, 2023, to serve in accordance with the By-Laws of the corporation and at the discretion of the Board of Directors.

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

Resolved: that George Torres is hereby elected to the office of Chief Financial Officer of Pennichuck Corporation, Pennichuck Water Works, Inc., Pennichuck East Utility, Inc., Pittsfield Aqueduct Company, Inc., Pennichuck Water Service Corporation, and The Southwood Corporation, effective January 1, 2023, to serve in accordance with the By-Laws of the corporation and at the discretion of the Board of Directors.

#### Business Updates from CEO

L. Goodhue took the opportunity to discuss with the Board some potential future activity related to two pieces of special legislation that would be beneficial to Pennichuck – one associated with the New Hampshire Municipal Bond Bank and the other with tax legislation. L. Goodhue discussed the specifics of discussions that took place when he, D. Ware and the Company's legal counsel met separately with State Senators Avar and Rosenwald, with the DES, and with the New Hampshire Municipal Bond Bank. L. Goodhue brought the Board up to speed on the current status of the items discussed and indicated the plans going forward related to this potential special legislation.

#### Other Business

A schedule of Charitable Contributions for the year was distributed to all Board members. T. Leonard indicated that it was not necessary to review each of the items in detail. He pointed out, specifically for the benefit of the new Board members, that the Board leaves it to the discretion of the Company as to which organizations/charities they wish to contribute to, and that the Board encourages community activity. It was noted that S. Ansara is currently a member of the Contributions Committee, and will be replaced by Alicia Dufresne, Supervisor for Corporate Communications.

At 10:29 a.m., all members of the management team left the meeting except for L. Goodhue, S. Ansara and C. Howe. M. DeRoche joined the meeting in person at 10:30 a.m.

Move to Non-Public Session

J. McGrath moved that the Board enter into non-public session to (i) 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 (ii) discuss financial or confidential information pursuant to RSA 91-A:3, II(j). P. Stanley seconded the motion.

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

Yea: D. Bernier, G. Bower, A. Corriveau, E. Dunn, S. Flegal, S. Genest,  
T. Leonard, J. Lustig, J. McGrath, D. Novotny, P. Stanley, S. Pillsbury

Nay:

Motion was carried to enter into non-public session at 10:30 a.m.

Reconvene in Public Session

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

J. McGrath moved that the Board seal the minutes of the non-public session under RSA 91-A:3, II(c) and RSA 91-A:3, II(j). P. Stanley seconded the motion. A roll call of the Directors was taken, which resulted as follows:

Yea: D. Bernier, G. Bower, A. Corriveau, E. Dunn, S. Flegal, S. Genest,  
T. Leonard, J. Lustig, J. McGrath, D. Novotny, P. Stanley, S. Pillsbury

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 11:12 a.m.

/s/ Carol Ann Howe

Carol Ann Howe  
Assistant Treasurer &  
Corporate Secretary