

PENNICHUCK CORPORATION
BOARD OF DIRECTORS
MINUTES OF JUNE 23, 2023 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, June 23, 2023, at 8:31 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:

C. George Bower, Chairman
David P. Bernier
Aymarie R. Corriveau (via Microsoft Teams)
Elizabeth A. Dunn
H. Scott Flegal
Stephen D. Genest
Ralph Jenkins
Thomas J. Leonard III
Jay N. Lustig (via Microsoft Teams)
John D. McGrath
Deborah B. Novotny
Sarah Pillsbury (via Microsoft Teams)

J. Lustig, A. Corriveau, 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)
George Torres, Chief Financial Officer, Treasurer and Corporate Controller
Carol Ann Howe, Assistant Treasurer and Corporate Secretary
Steven Greenwood, IT Director (via Microsoft Teams)
Tara King, Revenue and Customer Operations Director (via Microsoft Teams)
John Boisvert, Chief Engineer (via Microsoft Teams)
Chris J. Countie, Director, Water Supply and Community Systems
Alan D. Brown, Manager, Distribution
Lori Douglas, Assistant Controller
Hannah Marshall, Engineer
Ryan Houle, Distribution Engineer
Ashley Piper, Environmental Scientist
Casey Harding, Engineer
Peter Tedder, Distribution Engineer Manager

C. Howe recorded the minutes of the meeting.

The Chairman called the meeting to order.

Move to Non-Public Session

S. Flegal moved that the Board enter into non-public session to discuss the promotion or compensation of employees pursuant to RSA 91-A:3, II(a) and matters which would likely affect adversely the reputation of a person pursuant to RSA 91-A:3, II(c) and to discuss financial or 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, G. Bower, S. Genest, R. Jenkins, T. Leonard, S. Pillsbury,
D. Novotny, E. Dunn, J. Lustig, A. Corriveau, S. Flegal, J. McGrath
Nay:

Motion was carried to enter into non-public session at 8:32 a.m.

Reconvene in Public Session

The non-public session ended at 9:52 a.m. and the Board reconvened in public session.

S. Genest moved that the Board seal the minutes of the non-public session under RSA 91-A:3, II(a) and matters which would likely affect adversely the reputation of a person pursuant to RSA 91-A:3, II(c) and to discuss financial or confidential information, pursuant to RSA 91-A:3, II (j). D. Bernier seconded the motion. A roll call of the Directors was taken, which resulted as follows:

Yea: D. Bernier, G. Bower, S. Genest, R. Jenkins, T. Leonard, J. McGrath,
S. Pillsbury, D. Novotny, E. Dunn, J. Lustig, S. Flegal
Nay:

Motion was carried to seal the minutes of the non-public session.

Approval of Minutes

There being no comments on the draft minutes of the May 25, 2023 meeting of the Pennichuck Corporation Board of Directors and the May 25, 2023 Subsidiaries – Pennichuck Corporation Annual Shareholder Meeting are hereby approved on motion duly made by S. Genest and seconded by T. Leonard all of the Directors then voting by roll call, it was unanimously

Resolved: that the minutes of the May 25, 2023 meeting of the Board of Directors are hereby approved.

Resolved: that the minutes of the May 25, 2023 Subsidiaries – Pennichuck Corporation Annual Shareholder Meeting are hereby approved.

J. Lustig left the meeting at 10:05 a.m.

Financial Review

L. Douglas presented a financial update through May 2023. Pumpage for the month of May is 456 million gallons and ahead of budget (419 million gallons). Total EBITA is \$5.9 million compared to budget at \$4.7 million for a favorable variance of \$1.2 million and compared to prior year of \$7.3 million, an unfavorable variance of 1.4 million. Most of this is related to the operating income. The operating expense is \$6 million which is slightly favorable over budget due to the patronage this year which was \$124,000. Compared to prior year, we are \$183,000 over budget due to the timing of the bond payments including an additional year of bonding.

Total revenue through May is \$20 million which is primarily on budget and \$1 million lower than prior year due to the recoupment from the PEU rate case which was realized in prior year. Operating income is \$2.1 year to date and \$1.2 million higher than budget (\$974K) due to production purchases which were based on prior year and the 100% increase from Eversource which has not been realized to date. Favorability also related to G&A timing differences in health insurance and a favorable audit adjustment.

Total assets are below expectations at \$340 million compared to budgeted \$351 million and \$345 million in prior year. This is primarily due to the pension valuation and changes due to the discount rate which also drove down the liabilities by over \$6 million in other assets. The discount rate has doubled from prior years of 2.5% to over 5%. Our debt is where we expected to be as we are out of the line of credit and have been since May 2 and for a significant portion of the year. Short Term debt is \$8.2 million versus a budgeted \$6.2 million primarily due to the timing of the CoBank term loan balloon payment which was coming due and is in the process of being refinanced which will shift it from short term to long term in July when the refinance is completed.

On the cash flow, we are ahead of projections at \$13.6 versus a budgeted \$15.4 million year primarily due to timing of debt payments. Compared to prior year, we are higher by \$1 million. In capital expenditures, we are where we expect to be as we are just starting construction season. Actual is \$2.6 million which is on budget.

Dividend to Sole Shareholder – L. Goodhue

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 in which the City makes payments twice a year in January and June.

On motion duly made by T. Leonard and seconded by R. Jenkins, all of the Directors present then voting by roll call, it was unanimously

Resolved: that a dividend in the amount of \$69,554.60 be paid to the sole shareholder of record, the City of Nashua, New Hampshire, on August 6, 2023.

2023 Construction Update - H. Marshall, R. Houle, C. Harding

A 2023 construction update was provided by H. Marshall, R. Houle and C. Harding. They started off the presentation with information related to their backgrounds and which area of the Engineering group each of them focuses their attention on. The presentation was broken down in three areas – Distribution, Water Supply and System Expansion.

R. Houle spoke first and discussed the area related to Water Mains and the projects involved in that area. He went through each of the projects, providing some background on each, including the time frame and details on the project including the bidding process with contractors (if used) the current status as well as any nuances related to each.

The projects reviewed were as follows:

- Gage Hill Area Water Main Improvements (Pelham)
- 2023 Water Main Replacements – Phase I (Nashua)
 - Approximately 3,215 of LF
 - Mains Ranging from 4” to 16”
 - Construction began in 2023
 - 90% Complete
 - Dawn Street - Complete
 - Cote Avenue - Complete
 - Chapman Street - Complete
 - Swan Street - Complete
 - Savoy Street - Complete
 - Salem Street - Complete
 - Walnut Street – In Progress
- 2023 Water Main Replacements – Phase II (Nahua)
 - Approximately 11,540 LF of new mains ranging from 2” to 24”
 - Mix of Service Connects and new main to stops
 - Construction began in April 2023
 - 35% Completed
 - Hanover St. - Completed
 - Raymond Street – Working on Services
 - Berkeley Street – Not Started
 - Temple Street – Not Started
 - Armory Street – Not Started
 - Union Street – Not Started
 - Eckler Avenue – Not Started
 - Blossom Street – Not Started
 - 271 Main Street – Not Started

Several of the Board members asked questions and R. Houle provided input.

H. Marshall next provided an update on water supply projects.

The projects reviewed were as follows:

- Locke Lake – Update on Water Supply

- System can only operate seasonally 3 months of the year as they need a substantial recovery period
- Larger pumps are installed in wells to draw more
- Middleton Pump Station Reconstruction
 - Complete replacement of existing pump station
 - They will be constructing an entirely new station right next to the current one and then old one will be demolished once the new one is completed
 - Completion date end of year 2023
 - This will be a basis station
- Small System Improvement (30 homes)

C. Harding then provided an update on water supply projects. She reviewed the recently completed projects including the funding sources as well as the details on the projects on the work being done related to Water Mains and Water Services. The projects discussed were as follows:

- Lancaster Drive PFOA – resulted from Fire Station activity – funded by DWGTF through the Town of Londonderry
- Amherst PFOA – funded by PFAS RLF through Town of Amherst
- W&E Improvements – Station Improvements & Water Main
- Bedford Center Road – Water Services & Water Main – resulted from Fire Station activity – funded by PFAS RLF through the Town of Bedford
- Litchfield Hillcrest Road Area – Water Service & Water Main – funded by Saint-Gobain
- Londonderry Tank, Trans. Main and Station
 - Currently out to bid
 - Detailed work needed related to storage tank, transmission main and booster station

Other projects included:

- Sweet Hill and Twin Ridge - interconnection with Plaistow
- English Woods – supplemental source from MWW
- Substructure Inspection – inspection of Merrimack River raw water intake
- Saint-Gobain Londonderry Evaluation – approximately 47,000 LF of water main and 355 new services

Business Updates and Comments from CEO

Larry provided an update on behalf of M. DeRoche who was not at the meeting. He also indicated that our training project is again up and running in full earnest and we have an employee dedicated to this role. We are putting a significant effort in to stay adequately staffed.

He also indicated we are waiting for the current Pennichuck Water Works Rate Case finalization as well as QCPAC filings in process. There is a significant activity on this front.

Other Business

Management Presentation Schedule - L. Goodhue noted the items which had been added for the August meeting including the presentation related to the Status of the Pension and Savings Plan.

S. Genest also pointed out the presentation that M. DeRoche will provide in September on Workforce Development.

S. Greenwood spoke to the Board on the Cyber issue we had in which someone was able to get hold of a high level management authorization signature. No financial harm came of it as we quickly identified it as an issue. S. Greenwood notified our Insurance Company and the steps we are taking to stop future activity. The issue was identified on how they were able to gain access to the user account and he noted we had made changes to prohibit future exposure. He also indicated that he has worked with our Insurance company to make sure all that was required had been completed. We are enhancing our password change standards and they will be finalized in the near term. The board will be notified when the changes are being made and any actions on their end which may be required.

Legislation Updates – None Discussed

Prior to the closure of the meeting, L. Goodhue asked, for the benefit of Engineering staff who were in the meeting, that each Board member indicate who they are and what they do outside of the board.

There being no further business to come before the Board, the Chairman adjourned the meeting at 11:35 a.m.

Carol Ann Howe
Carol Ann Howe, CPA
Corporate Secretary