

PENNICHUCK CORPORATION

BOARD OF DIRECTORS

MINUTES OF SEPTEMBER 27, 2024 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, September 27, 2024 at 8:13 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
Aymarie R. Corriveau
Scott A. Cote
Elizabeth A. Dunn
H. Scott Flegal (via Microsoft Teams)
Ralph Jenkins
Ronald J. Houle
John D. McGrath
Deborah B. Novotny
Sarah Pillsbury

Attending all or a portion of the meeting from the Company were:

John J. Boisvert, Chief Executive Officer and Chief Engineer
Donald L. Ware, Chief Operating Officer
George Torres, Chief Financial Officer and Treasurer
Christopher J. Countie, Director of Operations
Sarah E. Rossetti, Human Resources Director
Tara King, Revenue and Customer Operations Director (via Microsoft Teams)
Steve M. Greenwood, IT Director
Erin Holmes, Director of Engineering and Environmental Services
Alan D. Brown, Manager, Distribution
Carol Ann Howe, Assistant Treasurer and Corporate Secretary
Lori Douglas, Corporate Controller
Jay Kerrigan, Manager, Regulatory Affairs, Internal Control and Business Services
Dawn Lavacchia, Engineering Business Analyst

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 August 23, 2024 meeting of the Pennichuck Corporation Board of Directors, on motion duly made by R. Jenkins and seconded by D. Novotny, all of the Directors then voting by roll call, it was unanimously

Resolved: that the minutes of the August 23, 2024 meeting of the Board of Directors are hereby approved.

Financial Update

G. Torres indicated that L. Douglas will provide a review of the financial results through August 31, 2024. L. Douglas provided an overview of the financial review package that was provided to the Board members in advance of the meeting. She first presented the year-to-date chart of pumpage for August month-over-month. She noted revenues are up about 3.1 million compared to prior year. Operating expenses continue to decrease due to timing of expenses related to training, health insurance and other items. Forecasted cash is under budget due to a Fixed Asset Line of Credit (FALOC) draw that was not realized prior to the end of the month which was again related to timing. There were some questions posed about cash balances compared to budget and prior year and G. Torres provided further explanation.

G. Torres provided an update on current financial events. He indicated he had some conversations with Stifel, our bond underwriter, about looking at future financing options related to consolidation of debt. He also noted we will soon be closing on a term loan in Pennichuck East Utility, Inc. (PEU) which is related to the payoff of the FALOC on PEU. He also stated they had met with our Auditing Firm, Marcum, related to audit planning for the 2024 financial year and we are also in the completion stages of our Pension and Savings Plan Audits. G. Bower indicated he had received the engagement letters related to the audit and also noted a new Chair will need to be elected at the next Audit, Finance and Risk Committee Meeting. G. Torres also indicated we will be meeting with the Pennichuck Special Water Committee for the purpose of renewing the Pennichuck Water Works, Inc. (PWW) FALOC. He will also be working on filing the five-year plan of financing which had been previously approved by the Board. L. Douglas noted that we are currently in the final stages of dissolving the Southwood Corporation which has been inactive for over 5 years. She indicated it should be finalized by the end of the year. G. Bower asked if we are going to be budgeting based on a consolidated entity and G. Torres indicated we would be but it would also be done at the entity level as it has been in the past.

Budget Schedule

L. Douglas presented the 2025 budget schedule, which was distributed in the materials to the Board prior to the meeting. She noted the timing of items is the same as it has been in prior years. D. Novotny provided input on some cash management options to consider and there was a brief discussion by management related to this topic.

Grant by NHDES to assess the scope and location for a water main crossing of the Merrimack River

G. Bower stated this Resolution was related to the same one that was discussed in the Pennichuck Water Works, Inc. board meeting.

There being no further comments, the Pennichuck Corporation Board of Directors, on motion duly made by S. Pillsbury and seconded by J. McGrath, all of the Directors then voting by roll call, it was unanimously

Resolved: at the Board of Directors of Pennichuck Corporation hereby approves the acceptance by Pennichuck Water Works, Inc. of a grant of up to \$410,190 from the State of New Hampshire acting through the New Hampshire Department of Environmental Services (NHDES) to assess potential Merrimack River crossing locations for water main construction. This will include multiple surveys of the Merrimack River, underwater dive inspections, post data processing and a summary report, coordination of stakeholder meetings, geotechnical evaluations, environmental due diligence, preliminary design for the river and railroad crossing, and other associated eligible project costs for the purpose identifying the most feasible scope for and location of a water main crossing of the Merrimack River.

Tax Presentation

G. Torres indicated there was a request by a board member to provide a presentation on amounts in the financials that were tax related. G. Torres started by discussing the taxes that are paid by the Corporation. He noted that in 2020 the company obtained approval by the New Hampshire Public Utility Commission (NHPUC) to recover the state business taxes in our rates which was granted under DW 20-055 Order No. 26,383. He listed the various taxes paid by the Corporation including Income, Property, NHDOR Utility, Payroll, NH Business Enterprise, Excise and other. He noted the amount of taxes and the timing of the payments that occurred in each of these categories in 2023. He discussed the Municipal Acquisition Regulatory Adjustment (MARA) and what it represented and its effect on taxes. He then next addressed the tax related items that are on the balance sheet. He explained the Total Deferred Tax Assets (DTA's) that it is available to reduce future income tax obligations. He then went on to discuss the Total Deferred Tax Liabilities (DTL). Our DTA and DTL are netted together. G. Torres explained the three line items that make up the DTL and how they were created. There was some discussion between the Board and management related to the significance of our property tax liability as well as the DTA balance.

Revenue and Customer Operations Update:

Lead and Cooper Rule – Status, Public Outreach & Activity Summary

T. King provided a presentation, which was provided to the Board in advance of the meeting, an update on the Lead and Cooper Rule and the activity on our part surrounding this. She noted this encompassed a total of 63 of our Systems. We were required to provide the State with an inventory listing of each system. We have submitted 57 of which 56 have been accepted by the State and there are 6 remaining systems to be completed. The submission of our inventory listing to the State represents what materials our pipes are made of in addition to the age, size, etc. Based on this information, it will be categorized into a testing schedule. She noted we have not identified any lead in our system and our customers' systems to date but there are unknowns. Unknowns are those which we are not able to access and identify the materials. This project has been ongoing for a while. There was a lengthy discussion on the ability, or lack of it, to identify the materials of all the pipes in our systems and our customers' systems. T. King also discussed the various methods that are being used to accomplish what is required as well as other potential approaches we are taking to accomplish this. She further described the requirements of the rule and the required customer notifications as well as the methods by which that is being accomplished. J. Boisvert noted that you will be seeing the effect of the cost of implementing the Lead and Cooper Rule on the budget in many different areas.

Brian H. Law joined the meeting at 10:25 a.m.

Social Media – Activity and Future Goals and Objectives

T. King provided a presentation on the various methods of corporate communications that occur at Pennichuck. External communications are provided on our Company website as well as other social media methods (i.e. Facebook, LinkedIn), phone/text/email campaigns, mailings and newsletters. She noted the website is very interactive and you can input your address and it will provide information related to activity in your specific area. We are continuing to implement enhancements which will assist in improving the user friendliness of the site and the ability to access the appropriate data easier. It is also a method of communicating important notifications including shutdowns, road closures resulting from water repair related construction, etc. She also discussed the specific other methods of communication that are made through mailings, newsletters, etc. J. Boisvert stated that we are in the early stages of growing the website and our goal is to continue to expand its use to provide a larger profile of the organization and what is happening as well as the benefits of working at Pennichuck.

Business Updates and Comments

J. Boisvert provided a few comments and noted some additional information will be discussed in Non-Public. He mentioned the upcoming budget and took the opportunity to introduce Erin Holmes, Director of Engineering and Environmental Services, noting she is a welcome addition to organization and the Engineering team. He also noted some PFOA related items that he had recent discussions with other parties on. He further stated we will now be moving into several months of a very busy schedule.

D. Lavacchia left at 10:40 a.m.

Move to Non-Public Session

R. Houle moved that the Board enter into non-public session to discuss financial or confidential information, pursuant to RSA 91-A:3, II(a), II(j), and A. Corriveau seconded the motion.

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

Yea: G. Bower, R. Houle, S. Cote, R. Jenkins, B. Law, A. Corriveau,
S. Pillsbury, D. Novotny, E. Dunn, J. McGrath, S. Flegal

Nay:

Motion was carried to enter into non-public session at 10:51 a.m.

Reconvene in Public Session

The non-public session ended at 12:53 p.m. and the Board reconvened in public session.

E. Dunn moved that the Board seal the minutes of the non-public session to discuss financial or confidential information, pursuant to RSA 91-A:3, II(j), II(a). S. Pillsbury seconded the motion.

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

Yea: G. Bower, R. Houle, S. Cote, R. Jenkins, A. Corriveau,
S. Pillsbury, D. Novotny, E. Dunn, J. McGrath,

Nay:

There being no further business to come before the Board, the Chairman adjourned the meeting at 12:54 p.m.

Carol Ann Howe

Carol Ann Howe, CPA
Assistant Treasurer & Corporate Secretary