

PENNICHUCK WATER SPECIAL COMMITTEE

APRIL 14, 2022

A meeting of the Pennichuck Water Special Committee was held Thursday, April 14, 2022, at 7:00\_\_ p.m. in the Aldermanic Chamber and via Zoom which meeting link can be found on the agenda and on the city's website.

Let's start the meeting by taking a roll call attendance. If you are participating by Zoom, please state whether there is anyone in the room with you during this meeting and your reason for not participating in person, which is required under the Right-To-Know Law.

The roll call was taken with 5 members of the Board of Aldermen present: Alderman Patricia Klee, Alderman-at-Large Michael B. O'Brien, Sr., Alderman Richard A. Dowd, Alderman Thomas Lopez, and Alderman-at-Large Melbourne Moran, Jr.

Also in Attendance: Larry Goodhue, CEO/CFO, Pennichuck  
Donald Ware, Chief Operating Officer, Pennichuck  
John Boisvert, Chief Engineer  
Jay Lustig, Representing Board Directors  
George Torres, Chief Accounting Officer/Treasurer

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ELECTION OF CLERK

Chairman Klee called for nominations for the Committee Clerk for the 2022-2023 term.

**ALDERMAN O'BRIEN NOMINATED ALDERMAN LOPEZ AS THE PENNICHUCK WATER SPECIAL COMMITTEE CLERK**

**MOTION BY ALDERMAN DOWD TO CLOSE THE NOMINATIONS  
MOTION CARRIED**

**MOTION TO VOTE ON ELECTION OF ALDERMAN LOPEZ AS THE PENNICHUCK WATER SPECIAL COMMITTEE CLERK FOR THE 2022-2023 TERM  
MOTION CARRIED**

PUBLIC COMMENT - None

COMMUNICATIONS

From: Larry D. Goodhue, Chief Executive Officer of Pennichuck  
Re: Notice of Annual Meeting of Sole Shareholders and Proxy Statement; Proxy Card; and Annual Report to the Sole Shareholders

**MOTION BY ALDERMAN O'BRIEN TO RECOMMEND THAT THE SOLE SHAREHOLDER INCREASE THE NUMBER OF DIRECTORS FROM ELEVEN (11) TO A FULL SLATE OF THIRTEEN (13) AND TO ELECT THE FOLLOWING INDIVIDUALS TO THE PENNICHUCK CORPORATION BOARD OF DIRECTORS UNTIL THEIR SUCCESSORS ARE ELECTED AND QUALIFIED: C. GEORGE BOWER, AMYMARIE R. CORRIVEAU, JAY N. LUSTIG, JOHN D. MCGRATH, AND PRESTON J. STANLEY, JR. TO THE PENNICHUCK CORPORATION BOARD OF DIRECTORS, AS CLASS A DIRECTORS, EACH FOR THREE-YEAR TERM, AND UNTIL THEIR SUCCESSIONS ARE ELECTED AND QUALIFIED; AND TO ELECT SARAH PILLSBURY TO THE PENNICHUCK CORPORATION BOARD OF DIRECTORS, AS A CLASS C DIRECTOR, FOR A TWO-YEAR TERM, AND UNTIL HER SUCCESSOR IS ELECTED AND QUALIFIED, AND TO AUTHORIZE THE MAYOR TO TRANSMIT, BY PROXY CARD, THE VOTE OF THE SOLE SHAREHOLDERS TO THE BOARD OF DIRECTORS OF PENNICHUCK CORPORATION, BY ROLL CALL**

A viva voce roll call was taken which resulted as follows:

Yea: Alderman Klee, Alderman O'Brien, Alderman Dowd, Alderman Lopez,  
Alderman Moran 5

Nay: 0

**MOTION CARRIED**

From: Larry D. Goodhue, Chief Executive Officer of Pennichuck  
Re: Pennichuck's Audited Consolidated Financial Statements for years ended December 31, 2021 and  
December 31, 2020

***There being no objection, Chairman Klee accepted the communications and placed them on file and waive the reading.***

GENERAL DISCUSSION

Alderman Dowd

Do we want to give Mr. Goodhue an opportunity to speak to what's going on?

Chairman Klee

Yes. Thank you very much. Mr. Goodhue - and I apologize for kind of fumbling through this. It's my first time at Chair and this and this one is a little unique in this meeting.

Larry Goodhue, CEO/CFO, Pennichuck

Sure. Thank you and I appreciate that. This activity tonight is something we only do once a year. So it's easy to say okay what is it we need to do again and just voted on. You know we have an annual shareholder meeting coming up on May 7<sup>th</sup>. It's at nine o'clock in the morning. It is being held in our distribution facilities on the highway and we welcome anyone to attend that meeting. We've got a fairly significant room there. So we have adequate spacing to hold the meeting in a live setting with adequate social distancing deployed during the course of that meeting.

Voting tonight to elect and/or re-elected some Directors. As it was indicated in the vote, it takes our slate of Directors up to the full slate of 13 for our current By Laws. One of the Directors is a Nashua resident meeting the requirements of the five seats that need to be filled by Nashua Directors and want at per say at large director. So we're a fully fitted Board once this is actually voted at the meeting.

One of the new Directors is being added to the Class A Directors are one to a Class C such that we have fairly equal distribution between the three classes of Directors (inaudible) board such that they have expiring terms on an annual basis and three successive years. So that's why one is being added to a two (inaudible) and will be up for re-election in two years based on the class that they're being put into at this time.

Also, I submitted to you communications and applications - the annual report to the sole shareholder, which is an unaudited report of the results of operation incorporation for the year just concluded, as well as certain dialogue and communication in a written form for the shareholder to keep you fully apprised of activities going on at the company not just from a financial perspective but also just certain things as far as significant capital projects that have been completed, various things relative to our corporate governance relative to our relationship.

And then a separate communication was the audited financial statements transmitted to you. Those were done in two separate communications this year. It is a new precedent that will be going forward because the Financial Accounting Standards Board, or FASB, passed some new regulations this year that if we sent them to you in every part of the communication we sent to, it would have been subject to a full audit and we didn't feel that it was worthwhile to spend time on something other than our audited financial statements have been transmitted to you. So hence the two communications.

Chairman Klee

Excuse me Mr. Goodhue, you cut at one point so I just want to reiterate something. I know that you said - what you said is if you had put the documents in as one, it would have had to been a full audit. The as one kind of bleeped out there for a bit so I just want to make sure that we get that on the record.

Larry Goodhue, CEO/CFO, Pennichuck

In the communication to you would have been subject to audit, which is contrary to the objectives of a financial audit that

need to be done once a year to audit the financial statements of the corporation for reasonableness, and accuracy, on a material basis. And so that's why there are two separate communications this year and will be so on a going forward basis.

I don't know if you had any specific questions relative to the annual report, the audited financial statements as both myself and Mr. Torres, who is our Chief Accounting Officer and Treasurer are on the line or if you had any specific questions about the nomination process in our corporate governance process as Mr. Lustig here is a representative of the Board of Directors and a member of that committee that (inaudible) Governance and Nominating Committee (inaudible) ready to give any color that you would like relative to that aspect.

And then of course, we've got other members on the line who can talk about certain things that happened in the last year of material nature, one of which is that there's a little tank that we built up on a hill in the Kessler Farm area of Nashua that I think (inaudible) can talk about and (inaudible) can answer any questions operationally that you might have.

John Boisvert, Chief Engineer

Sure thing, Larry. This is John Boisvert for the record. And Alderman Dowd probably has seen it more recently than me. I haven't been by it in about a week or so. But the finish (inaudible) taking place on that tank, I believe, if it hasn't started already within the next week they'll start to add the final (inaudible) to that. It will be (inaudible). It's hard to imagine a tank that size that they're actually going to paint by hand and rollers. So there'll be an army of (inaudible) up there painting that tank. After that, it's fully in service, functioning, doing what it was supposed to do, happy with the conclusions, and this is going to be getting into the time in the year when the site can be restored - the tree plantings and all the other things that are associated with that tank will be done. So hopefully things are progressing and will be wrapping up fairly quickly.

Larry Goodhue, CEO/CFO, Pennichuck

Thank you, Mr. Boisvert.

Alderman Dowd

I just went by it tonight. They haven't started painting it yet. It's probably because it was going rain but as soon as they get a couple of nice days in a row, they'll be out there with a three inch roller.

Larry Goodhue, CEO/CFO, Pennichuck

Right. We want it to be a solid color, not a streaked color Alderman Dowd. So you're right, absolutely.

Alderman Dowd

Hopefully not rust color.

Larry Goodhue, CEO/CFO, Pennichuck

Yes, yes. Are there any specific questions that anybody has? Again, we've got people here. We'd love to be able to communicate to you as the shareholder (inaudible) represents the Board of Aldermen, who represents the city as the shareholder and it is our goal when we meet with you to be as fully communicative and transparent as we possibly can give you information about the operations of the water company.

Chairman Klee

Okay, Alderman Lopez has a question and then I have a question for you.

Alderman Lopez

Only a slightly tongue in cheek question. But you guys want to borrow my rechargeable sprayer because you save a lot on the amount of paint that you use when you use those.

Larry Goodhue, CEO/CFO, Pennichuck

We opted not to spray because the overspray on people's cars and apartments might be a problem.

Alderman Dowd

Definitely.

Alderman Lopez

It's probably not that strong but all right.

Alderman O'Brien

We might take Alderman Lopez's graciousness on the barriers. Maybe that'll (inaudible).

Alderman Lopez

But just to clarify for anybody who's listening, the battery powered sprayers are much lower power than the plug in ones. So that is a benefit when it comes to overspray. But for some things like the berries, it also means it'll take him like ten times as longer.

Chairman Klee

Mr. Goodhue it's always a question that I fear asking but at the same time, we have often the public does not quite understand the sole shareholder and you have explained it to me over and over and I appreciate that. Many members of the public feel that because the city "owns it" or that's their opinion rather than the sole shareholder, we should be able to tell you all exactly what to do, and how to do it, and so on. And that's not how this works. This is a very unique situation that has never - it's a precedented situation and so on. Would you mind just give me a quick overview of that if you don't mind so much.

Larry Goodhue, CEO/CFO, Pennichuck

Sure I'd be happy to and I'll ask Mr. Lustig to add color where I might miss some things.

January 25, 2012 was a seminal date in the history of Pennichuck Corporation and the City of Nashua. And that on that date, the City of Nashua became the sole shareholder of Pennichuck Corporation, which is the parent corporation and the consolidated group, including three regulated water utilities – Pennichuck Water Works, Pennichuck East Utility, Pittsfield Aqueduct Company, as well as an unregulated contract management services company called "Pennichuck Water Service Company", and a legacy real estate holding company called "The Southwood Corporation", which at this juncture is just a shell corporation because all the protected lands have either been made in Pennichuck Water Works or transferred up into the Pennichuck Corporation, the corporation with the city owns. That transaction Pennichuck Corporation out of public company status.

Prior to January 25, 2012, we were a publicly traded company on the NASDAQ Exchange, and public company shareholders, and where it is an expectation as a utility that you're not only a profitable entity but you're an entity generating dividend as a utility. That's an expectation as a utility as a publicly traded company or what is called "an investor owned utility". The transaction (inaudible) January 22, 2012 was the result of a negotiated settlement between the city and Pennichuck Corporation to complete this transaction and was a negotiated settlement over a nearly decade long dispute between the corporation and the city. That eminent domain proceeding went all the way through the Public Utilities Commission, which ruled on the taking was check (inaudible) appealed all the way up to New Hampshire State Supreme Court who remanded it back down to the Public Utilities Commission who upheld their decision. And that decision is a win and a lose and a lose and a win. And it was a win for the city that they were allowed to take the corporation but at a price that was far in excess of what the city wanted to purchase and did not (inaudible) the assets of the corporation that they wish to obtain.

It was a loss for the corporation in that the city was allowed to take the company in eminent domain. But then (inaudible) this wasn't going to happen. So it really forced the parties to the table to negotiate a settlement. As a result of negotiated settlement, the corporation is still a private corporation with a municipal shareholder. It is a unique entity in the State of New Hampshire and in the entire country. A specific law was put under the books for the State of New Hampshire under

the eminent domain statutes, specifically naming the city and Pennichuck Corporation and this transaction. This whole law was brought in place in order to allow this to happen where a municipality is a shareholder of a private corporation.

So as such, we are not a department of the city, we're not subject to the city's budget, we don't have the ability or taxing authority. We don't have to raise GEO bonds, you know, and support our activities there. We are totally debt dependent in order to fund the operations of the corporation based on that transaction. The city at that time raised \$150.6 million worth of bonds, revenue bonds, and those bonds are supported by revenues of the three regulated utilities within our group. We are also still subject to full regulation by the New Hampshire Public Utilities Commission (inaudible) corporation with the three regulated utilities serves part or all of 30 different communities within the State of New Hampshire not just the City of Nashua. We represent or are the public water supplier for virtually all of Nashua. There are some people in Nashua we have private wells and we serve part of 29 communities within the State within the Pennichuck Water Works Company, Pennichuck East Utility Company, or Pittsfield Aqueduct Company.

As such, everything that we do is subject to regulation on a financial basis from the Public Utilities Commission and everything we do relative to say, pre (inaudible) requirements, water quality water, water source protections, how we deal with anything from that environmental perspective is regulated by the New Hampshire Department of Environmental Services as well as the Environmental Protection Agency or EPA. So as a result, we are held to a very strict (inaudible) relative to everything we do. We can only adjust our rates as we go through filing petitions with the PUC and we must get approval (inaudible) any adjustments in our rates relative to either permanent rate changes and/or surcharges tied to our QC Act or our Qualified Capital Project Adjustment Charge, which is an annual surcharge tied to capital projects that are put in place every single year (inaudible) debt funded, so we have to have revenues to cover the debt service on those new assets as well as the rental property taxes on those who assets.

Mr. Boisvert this tank that was just constructed this last year. That tank cost \$4.4 million and that \$4.4 million dollars was a slice of the \$7 million that we put in place for PWW alone as well as we put in place about probably \$2 million worth of assets in place for Pennichuck East Utility and several hundred thousand dollars for Pittsfield Aqueduct. All of which was debt funded just for the year 2021. As a corporation (inaudible) very strongly about maintaining an ongoing program of infrastructure replacements. You need to continually monitor and replace aging infrastructure. The analogy I've used before for people that I think resonates as it kind of brings it down to a base level is if you have a house, paint your house once every couple of years, or maybe one (inaudible) type of years so every four years you got the whole house painted. Your house is always got a fresh coat of paint and you're (inaudible) maintaining the house. However if you go 20 years without painting the house, you don't just need to paint it in the 20 years, you're probably gonna have to reside it or make (inaudible) because everything is rotten and gone to pot per say so now all of a sudden your expenditures are much different expenditure.

So we have an ongoing placement program which John and his group monitor. We have an asset management program and we do comprehensive and proactive replacing aging infrastructure to make sure that we're constantly maintaining our system in compliance with all the regulations so that we can provide safe, clean drinking water. So hopefully (inaudible) answer but I think it's important to understand some of those factors. Mr. Lustig do you have anything to add to that?

Jay Lustig, Representing Board Director

I think you covered it quite well Larry. It's always an education. Thank you.

Chairman Klee

He's had to tell it so many times. I'm sure it's memorized and tattooed in his brain. Are there any questions here in the horseshoe?

Alderman Dowd

Just a couple quick questions. One, I think I asked this question when we had a meeting not too long ago whether there was any more lines, piping, or anything they had a run across Tinker Road because we want to finish the paving of Tinker Road. That one section where you put the large pipe through back to the Pennichuck from the new tower?

Larry Goodhue, CEO/CFO, Pennichuck

I'm gonna ask Mr. Boisvert to respond to that for you Alderman Dowd.

Alderman Dowd

Okay.

John Boisvert, Chief Engineer

Alderman Dowd – yeah that section where we worked which would be the east side of the highway. We're complete over there. So everything should be all set to go. I don't think there's a (inaudible) call but I don't think there's any residual work that's left there nor I are we planning any other immediate events along Tinker Road at this point in time.

Alderman Dowd

Because if we pave it, you have a five year moratorium.

John Boisvert, Chief Engineer

Absolutely.

Larry Goodhue, CEO/CFO, Pennichuck

We pay for the whole thing.

Alderman Dowd

The other question I have is we have a master paving plan and we find out week to week what street is gonna be paved. Do you have an infrastructure schedule for any streets that you need to have piping that you stay ahead of the paving plan?

John Boisvert, Chief Engineer

What we try to do is on a regular basis, our staff is meeting with your Department of Public Works staff. We cannot, you know - well I wish we could replace pipe at the same rate and speed that the city is paving their roads, but simply not the case from a level of effort we just couldn't do it. But what we are trying to do is that we have a plan that really is looking, you know, beyond three years out. We're keeping an eye on where major construction, other utilities, not only the city, but the gas company, telecom, and others and the city DPW staff has done a really good job at coordinating all of us so that we know where everybody is working. So we'll try to fit those in where we can.

Most of the piping, you know, the water main that we have that sort of life, you know, 70 - 80 years and some of our stuff has been in there over 140 years. So I think that, you know, when we look at this, we try to be ready to respond to the pavement but most of the time I will say this, you know, the city is much, much faster than we could keep up with both financially and physically to be able to replace our infrastructure.

Larry Goodhue, CEO/CFO, Pennichuck

And Mr. Boisvert would you also say that if you identify – if the city has identified a street for paving that we know has got a near term need to replace or it's a criticality issue you do adjust your plans in accordance?

John Boisvert, Chief Engineer

Yes, absolutely Larry. We want to take advantage of that because being in there all together it allows everybody to coordinate and really make sure it works efficiently, it's less costly for everybody, and are able to back in the day (inaudible) sometimes we find ourselves on top of each other. It allows us to really reorganize the buried infrastructure in the streets and make sure that there's room for everybody to do their thing.

Alderman Dowd

Thank you.

Chairman Klee

I just want to add per our last meeting, I think, Mr. Goodhue you talked about our sewer project and you've been working with our Public Works because your pipes and our sewer pipes are kind of like on top of each other. So you have been moving some of yours in accordance towards it so I do know that you are working hand in glove with Public Works to make sure that you're there and while the hole is open, you might as well fix it then and save having to do second dig.

Larry Goodhue, CEO/CFO, Pennichuck

That action becomes a higher area of criticality Alderman Klee because if they're doing sewer replacement near our water mains, it makes our water mains then an unstable situation and that would be really problematic. So that's actually more critical Mr. Boisvert would you (inaudible) then the paving program?

John Boisvert, Chief Engineer

That's correct, Larry. One of the things in our asset management program that rates vary heavily it's the proximity (inaudible) or main to the existence source. Generally both those two utilities have been in the ground for some time. So what we look at there, we look at the city's materials there, you know, the depths, and a whole number of things and we are able to rate and score our infrastructure and prioritize based on where we think or where we might know that it's likely that the city will be moving towards. Maybe not in the next year or two, but certainly, you know, 5, 10, or 15 years down the road. So those things will stack up in our in our priority list.

Chairman Klee

Thank you very much and I appreciate the explanation on all points of that. I know it's a long - and I've heard Mr. Goodhue tell the same thing over and over again and every time I get a little new piece of knowledge that makes me understand a little bit better. I've been doing this now for five years. So I'm sure that those that are new to it, it sounds like a foreign language but it is a very unique, unique situation. I appreciate you working with our Public Works.

Are there any other questions here? No. Okay. I think I had skipped that and I do want to make the comment. Our wonderful administrative person gave us this outline and it was my fault that I did not read it properly. So I want everybody to know that she did a phenomenal job as always and it was my stumbling here that did that.

Alderman Lopez

Nobody's going to impeach you.

Chairman Klee

You mean nobody wants to sit here?

Alderman Lopez

Nope.

Chairman Klee

No but I just wanted her to know that she's doing a great job. So there is no new business.

UNFINISHED BUSINESS – None

NEW BUSINESS – RESOLUTIONS - None

NEW BUSINESS – ORDINANCE - None

GENERAL DISCUSSION

Chairman Klee

Mr. Goodhue did any of your staff or yourself want to add anything more?

Larry Goodhue, CEO/CFO, Pennichuck

Unless you've got any specific questions. Mr. Ware is there anything specific you would want to share?

Donald Ware, COO, Pennichuck

Not at this time.

Larry Goodhue, CEO/CFO, Pennichuck

Thank you. Mr. Torres?

George Torres, Corporate Controller and Treasurer

No, Larry unless anyone has any specific questions regarding the 2021 audit results. I have nothing to add.

Larry Goodhue, CEO/CFO, Pennichuck

Great, thank you. Mr. Lustig would you like to add?

Jay Lustig, Representing Board Directors

Not unless there are questions regarding the selection of Board members of the way (inaudible).

Larry Goodhue, CEO/CFO, Pennichuck

Great, thank you. I think Mr. Boisvert and I have talked enough probably so we're probably all set right John?

Chairman Klee

I can appreciate that. Is there any other questions or comments here?

I did want to thank you very much again and I also wanted to state Mr. Goodhue from our last meeting when we talked about water pressure and so on and you don't know what you don't know. I made it very clear too and I'd like to repeat it all the time to the public. If there are any issues rather than Facebook complain or even complain to your neighbor, contact Pennichuck Water. Get on their website, the phone number is there. Let them know exactly what's happening and you guys have revamped the system so even those renters can call in and get it adequately so that you do have a history of what's happening. So I appreciate you guys doing that and I want the public just to remember that it's better to get the job done by going to the source than just to complain about it. So thank you so much.

PUBLIC COMMENT - None

REMARKS BY THE ALDERMEN

Alderman O'Brien

Yeah just want to congratulate Alderman Lopez for volunteering to be the Clerk.

Alderman Lopez

Already updating my resume.

Alderman O'Brien

I did it before. It's a very rewarding job. So thank you, Alderman Lopez and Madam Chair, fine job.

I just want to wish everybody we're coming into a holiday season so to my Jewish friends, the best of Passover and Happy Easter to everybody else. So thank you.

Alderman Dowd

Just real quick. Thanks for all your assistance and all of our city buildings that we're putting in. There'll be a lot new uses of water going into the new schools, and the DPW building, and so all those hookups are taking place.

Also, I'd just like let you know that the water coming out of the new tank is crystal clear, cold and great water pressure. So the tank is working like a charm.

Larry Goodhue, CEO/CFO, Pennichuck

That's kind of the trifecta Alderman Dowd, isn't it?

Alderman Moran

Thank you, Madam Chair. I'd just like to echo Alderman O'Brien's wishing everyone a Happy Easter and a Happy Passover to my Jewish brothers and sisters. Today is Holy Week. Today is Holy Thursday and I was going to take my daughter to church tonight but we had this very important meeting. So she's at St. Christopher's parish right now with a family friend and I want to thank that family friend for taking her and had a great conversation about civic responsibility with my daughter today. I think she read loud and clear why it couldn't bring her tonight and we'll have plenty other opportunities through Sunday.

Chairman Klee

Very good. It's always a teaching moment so thank you very much.

Alderman Lopez

I don't want to get - I don't know all the religions but I know Ramadan is also being observed. So I just wanted to acknowledge that for those Nashuans who are recognized as well.

Chairman Klee

Thank you. I would like to wish each and every one who is celebrating whichever holiday you are this weekend, today, this past week. My best wishes and I'm afraid to say that I will miss something or somebody but Easter, Passover, Ramadan. I'm sure that there are some Wicca holiday in here somewhere too, but not minimizing anything.

Alderman O'Brien

Thank you Madam Chair. I would like to make a motion to adjourn.

ADJOURNMENT

**MOTION BY ALDERMAN O'BRIEN TO ADJOURN  
MOTION CARRIED**

The meeting was declared closed at 7:35 p.m.

Alderman Thomas Lopez  
Committee Clerk