

PENNICHUCK CORPORATION

AUDIT, FINANCE AND RISK COMMITTEE
MINUTES OF MARCH 24, 2015 NON-PUBLIC SESSION

A non-public session of the Audit, Finance and Risk Committee (“Committee”) of the Board of Directors of Pennichuck Corporation (“Company”) was held on Tuesday, March 24, 2015 at 5:32 p.m. at the Company’s offices at 25 Manchester Street, Merrimack, New Hampshire.

The following persons were in attendance for the non-public session:

Committee Members: James McMahon, Chairman
James P. Dore
Paul A. Indeglia

Pennichuck Corporation: Thomas J. Leonard, Chairman of the Board
John L. Patenaude, Chief Executive Officer
Larry D. Goodhue, Chief Financial Officer
Suzanne L. Ansara, Corporate Secretary
George Torres, Accounting Manager
Carol Ann Howe, Director of Regulatory Affairs,
Treasury and Business Services

Written materials relating to items listed in the Agenda were provided to the Committee members for their review prior to the non-public session.

Tax Training

L. Goodhue indicated that he has requested a proposal from Melanson Heath & Company to provide tax training to two or three of the Company’s finance employees. The proposal would also include the development by Melanson of year-end tax reporting templates which would include current and deferred provision calculations, and the training of the Company’s employees in the use of the templates. After discussion, the Committee requested that the proposal from Melanson be provided to them for their review at their next meeting.

Engagement of Auditors

L. Goodhue reported that the 3-year engagement of Melanson Heath & Company as the Company’s independent auditors has concluded. < REDACTION > L. Goodhue indicated that the question before the Committee is whether the Committee wants to go out to bid for audit services or retain Melanson. After discussion, the Committee instructed management to obtain a proposal from Melanson, and based on the proposal, the Committee will decide whether or not to go out to bid for audit services.

2015 Capital Finance Proposal

L. Goodhue referred the Committee to the summary on the Company’s 2015 Capital Financing Proposal. Two financing alternatives were discussed. Alternative 1 would include the refinancing of Pennichuck Water Works, Inc.’s existing “balloon” payment bonds with fully amortizing bonds, and the issuance of up to \$7 million of tax-exempt bonds to finance the replacement of the current Will Street operations facility. Alternative 2 would consist of only the refinancing of the existing “balloon” payment bonds. The replacement of the Will Street facility would be financed separately through a mortgage.

L. Goodhue discussed the advantages of Alternative 1, including:

- one aggregate transaction
- simplified covenant structure
- 30-year term to repay money for Will Street replacement
- fixed interest rate for entire term
- no mortgage required.

L. Goodhue then discussed the disadvantages of obtaining a mortgage if Alternative 2 is chosen.

L. Goodhue indicated that management is recommending that the Company pursue Alternative 1. Approvals for the financing would need to be obtained from the Company’s shareholder, the New Hampshire Public Utilities Commission and the Governor and Executive Council. After discussion, the Committee agreed with management’s recommendation to pursue Alternative 1 as presented.

On motion duly made by P. Indeglia and seconded by J. Dore, all of the Committee members then voting, it was unanimously

Resolved: that the plan for the financing of Pennichuck Water Works, Inc.’s (PWW) distribution and operations facility and the refinancing of PWW’s existing “balloon” payment debt, together with associated debt issuance and other associated costs, such plan to consist of the following items:

Project Funding	\$ 7,000,000
Debt Refinancing (including accrued interest)	\$ 16,356,950
Estimated Issuance and Other Costs	\$ 1,394,549
Contingency	\$ <u>748,501</u>
Total Estimated 2015 Financing Plan	\$ 25,500,000

(the “2015 Financing Plan”), be and it is hereby favorably recommended for consideration and approval by the Board of Directors of Pennichuck Corporation and PWW.

Resolved: that the officers of Pennichuck Corporation and PWW are severally authorized, empowered and directed to take such actions necessary to present the 2015 Financing Plan to the Board of Directors of Pennichuck Corporation and PWW, and to report the favorable recommendation of this Committee to each such Board.

There being no further business to discuss in non-public session, on motion duly made by P. Indeglia and seconded by J. Dore, all of the Committee members then voting, it was unanimously agreed to end the non-public session at 6:18 p.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara
Corporate Secretary