

PENNICHUCK WATER WORKS, INC.

BOARD OF DIRECTORS
MINUTES OF JUNE 26, 2015 MEETING

A meeting of the Board of Directors of Pennichuck Water Works, Inc. (the “Company”) was held on Friday, June 26, 2015 at 8:02 a.m. at the Company’s offices at 25 Manchester Street, Merrimack, 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, constituting a quorum:

Thomas J. Leonard, Chairman
David P. Bernier
C. George Bower
James P. Dore
Stephen D. Genest
Paul A. Indeglia
Jay N. Lustig
James McMahan
Preston J. Stanley, Jr.

Also attending the meeting from the Company were:

John L. Patenaude, Chief Executive Officer
Donald L. Ware, Chief Operating Officer
Larry D. Goodhue, Chief Financial Officer
Mary V. DeRoche, Human Resources Director
Suzanne L. Ansara, Corporate Secretary
Steven Greenwood, IT Director
George Torres, Accounting Manager
James Lavacchia, Distribution Manager

S. Ansara recorded the minutes of the meeting.

Approval of Minutes

The Chairman inquired whether there were any comments with respect to the draft minutes of the May 29, 2015 Annual Board meeting. There being none, on motion duly made by S. Genest and seconded by D. Bernier, all of the Directors present then voting, it was unanimously

Resolved: that the minutes of the May 29, 2015 Annual Meeting of the Board of Directors are hereby approved.

Amendment to the Employee Benefit Trust for Non-Union Employees (VEBA)

J. Patenaude referred the Board to the draft First Amendment to the Pennichuck Water Works, Inc. Employee Benefit Trust for Non-Union Employees, a copy of which was included in the written materials. He indicated that the amendment reflects the IRS ruling received on April 8, 2015 to allow approximately \$104,000 of the funds in the Trust to be used to provide health benefits to active employees.

After discussion, on a motion duly made by S. Genest and seconded by P. Stanley, all of the Directors present then voting, the following resolution was unanimously adopted:

WHEREAS, Pennichuck Water Works, Inc. (the “Company”) entered into an Agreement of Trust dated as of December 22, 1999 to establish the Pennichuck Water Works, Inc. Employee Benefit Trust for Non-Union Employees (the “Trust”); and

WHEREAS, the Company and certain of its affiliates and/or subsidiaries have heretofore adopted plans to provide for the payment of welfare benefits to eligible employees and their dependents (including plans to provide for the payment of health care benefits to active employees and their dependents) and in the future may adopt certain other programs to provide such benefits within the meaning of Section 501(c)(9) of the Internal Revenue Code of 1986; and

WHEREAS, Section 1.3 of said Agreement of Trust provides that the Trustee shall make payments from the portion of the Trust Fund attributed to each Plan as directed by the respective Committee which administers such Plan in such amounts and in such form as the Committee shall direct; and

WHEREAS, Section 9.4 of said Agreement of Trust provides that the Company may designate a group of eligible employees or dependents covered by a Plan as a separate class and may direct the Trustee to segregate in a separate fund, to be held for the benefit of such class, the part of the Trust funds allocable to such class as determined by the Company; and the Company shall cause the Trustee to effect such segregation by delivering to the Trustee a certified copy of the Company’s determination, together with a certified copy of a resolution of the Company’s board of directors directing such segregation; and

WHEREAS, the Company has determined that it is desirable for a certain portion of the Trust Fund to be used to pay for certain welfare benefits for active employees; and

WHEREAS, the following resolutions have been developed in consultation with the Internal Revenue Service in connection with private letter ruling requests by the Company and the Trust; and

WHEREAS, on April 8, 2015, the Internal Revenue Service issued these private letter rulings to the Company and the Trust;

NOW, THEREFORE, it is hereby RESOLVED that

1. The First Amendment to the Pennichuck Water Works, Inc. Employee Benefit Trust for Non-Union Employees, as attached and presented to this meeting, shall be executed and the Agreement of Trust amended as described therein.
2. The Trustee of the Trust, TD Bank, N.A., shall segregate the \$104,560.50 of the Trust Fund to be used to provide health benefits to active employees in a separate subpart of the Trust Fund and use such subpart exclusively for such benefits.
3. The Trustee shall segregate an amount of each money market fund, mutual fund or other asset that bears the same relationship to the value of the Trust's holdings in said fund or asset as \$104,560.50 bears to the value of the Trust Fund as of the date of such segregation.
4. The Chief Executive Officer or the Chief Financial Officer of the Company and the Trustee of the Trust are authorized and directed to take such actions as may be necessary or advisable in connection with the implementation of the foregoing resolutions.

Defeasance of 2005 Series B-1 Bonds

L. Goodhue reviewed the history of the 2005 Series B-1 bonds currently held in treasury, as detailed in his memorandum to the Board included in the written materials. L. Goodhue indicated that the defeasance of the B-1 bonds would eliminate any covenant compliance risk associated with the bonds.

After discussion, on motion duly made by S. Genest and seconded by D. Bernier, all of the Directors present then voting, it was unanimously

Resolved: that the officers of Pennichuck Water Works, Inc. (PWW) are hereby authorized, empowered and directed to take any and all necessary and prudent actions under the Master Loan and Trust Agreement among the Business Finance Authority of the State of New Hampshire, PWW and The Bank of New York Trust Company, N.A. dated as of October 1, 2005, as amended, to redeem, cancel and defease the 2005 Series B-1 Bonds with a stated principal amount of \$6,000,000 and currently held in PWW's treasury.

Move to Non-Public Session

S. Genest moved that the Board enter into non-public session to discuss the acquisition, sale or lease of real or personal property or services, pursuant to RSA 91-A:3, II(d). P. Stanley seconded the motion.

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

Yea: D. Bernier, G. Bower, J. Dore, S. Genest, P. Indeglia, T. Leonard,
J. Lustig, J. McMahon, P. Stanley

Nay:

Motion was carried to enter into non-public session at 8:08 a.m.

Reconvene in Public Session

The non-public session ended at 8:13 a.m. and the Board reconvened in public session.

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

Yea: D. Bernier, G. Bower, J. Dore, S. Genest, P. Indeglia, T. Leonard,
J. Lustig, J. McMahon, P. Stanley

Nay:

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

There being no further business to come before the Board, the meeting was adjourned at 8:13 a.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara
Corporate Secretary