

PENNICHUCK CORPORATION  
BOARD OF DIRECTORS  
MINUTES OF DECEMBER 19, 2014 MEETING

A regular meeting of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, December 19, 2014 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  
Elizabeth A. Dunn  
Stephen D. Genest  
Paul A. Indeglia  
Jay N. Lustig  
John D. McGrath  
James McMahan  
Preston J. Stanley, Jr.

Also attending all or a portion of 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  
Bernard Rousseau, Vice President, Sales  
John Boisvert, Chief Engineer  
Christopher Countie, Water Supply Manager  
Tara King, Revenue and Customer Operations Manager  
Steven Greenwood, Director, Information Technology  
George Torres, Accounting Manager  
Jim Lavacchia, Distribution Manager

S. Ansara recorded the minutes of the meeting. The Chairman called the meeting to order.

The Chairman welcomed G. Bower to the Board.

### Approval of Minutes

The Chairman inquired whether there were any comments with respect to the draft minutes of the November 21, 2014 Board meeting. There being none, on motion duly made by D. Bernier and seconded by J. McGrath, all of the Directors voting in favor, except for G. Bower who abstained, it was

Resolved: that the minutes of the November 21, 2014 meeting of the Board of Directors are hereby approved.

### Subsidiaries – Election of Director

The Chairman asked for a motion to elect C. George Bower as a director of each of the Company's subsidiaries.

On motion duly made by E. Dunn and seconded by P. Indeglia, all of the Directors then voting, it was unanimously

Resolved: that C. George Bower be, and hereby is, elected to serve as a director of each and all of the following corporations, in accordance with the By-Laws of each corporation: Pennichuck Water Works, Inc., Pennichuck East Utility, Inc., Pittsfield Aqueduct Company, Inc., Pennichuck Water Service Corporation, and The Southwood Corporation.

### Appointment to Nominating and Governance Committee

The Chairman asked for a motion to appoint C. George Bower as a member of the Nominating and Governance Committee. On motion duly made by J. McGrath and seconded by P. Stanley, all of the Directors then voting, it was unanimously

Resolved: that C. George Bower is hereby appointed a member of the Nominating and Governance Committee.

### 2015 Board Meeting Schedule

The Board reviewed and approved the draft 2015 Board Meeting schedule with one exception: the February meeting was changed from February 27 to February 20.

### Report of the Audit, Finance and Risk Committee

J. McMahon, Chairman of the Audit, Finance and Risk Committee, gave a report on the Committee's December 8 meeting. He indicated that the Committee was provided with an analysis of expenses (actual vs. budget). He indicated that management responded to questions provided to them by J. Dore prior to the meeting with respect to a number of items included in the expense analysis. J. Dore gave an update on his review of the Company's internal controls.

### Report of the Pricing Committee

T. Leonard reported on the recent meetings of the Pricing Committee. He indicated that the Committee met on both December 9 and December 10 to approve final pricing for the Series A tax-exempt bonds and the Series B taxable bonds. The average all-in rate was 4.21%. The Company will realize savings of approximately \$278,000 each year over the existing structure. J. Patenaude indicated that a letter was delivered to the Board of Aldermen on December 18 updating them on the closing of the transaction.

### Integrated Capital Finance Plan

L. Goodhue updated the Board on the Closing of the financing transaction.

### TD Bank – Line of Credit

L. Goodhue indicated that the Loan Agreement between Pennichuck Corporation and TD Bank, N.A. needs to be amended in order to clarify that the “30-day out window” requirement will become effective beginning January 1, 2015. A draft copy of the amendment was provided to the Board members prior to the meeting.

On motion duly made by J. McGrath and seconded by P. Stanley, all of the Directors then voting, it was unanimously

Resolved: that Amendment No. 1 to Loan Agreement, substantially in the form presented at this meeting, amending the Loan Agreement between Pennichuck Corporation and TD Bank, N.A. dated as of June 25, 2014, be and it is hereby, approved; and that Larry D. Goodhue, the Company’s Chief Financial Officer, is hereby authorized to execute said Amendment on behalf of the Company.

### Financial Review – November 2014

G. Torres presented a review of the Company’s unaudited consolidated financial results and a review of revenues/water usage through the month of November 2014. The Company’s revenues of \$36 million were 3.2% above the prior year revenues and 1% above budget on a year-to-date basis. Operating expenses of \$27.5 million were 1.8% below budget and 1.3% below the prior year expenses. Operating income of \$8.5 million was 21.3% greater than the prior year operating income of \$7 million and 11.6% greater than the budgeted operating income of \$7.6 million. Interest expense of \$9.2 million was on budget and slightly less than the prior year expense. Pre-tax loss was \$707,000 compared to a budgeted pre-tax loss of \$1.6 million and prior year pre-tax loss of \$1.4 million. Year-to-date net loss was \$975,000 compared to a budgeted net loss of \$1.7 million and prior year net loss of 1.8 million. Year-to-date earnings before interest, taxes, depreciation and amortization was \$14.2 million compared to \$13.4 million in the 2014 budget and the prior year amount of \$13.2 million. Capital expenditures of \$8.7 million were below the budgeted amount of \$10.8 million due to the late start of the construction season and the conservation of cash. Pumpage was ahead of budget. G. Torres commented on the Company’s balance sheet and income statements for each subsidiary and reviewed the variances from budget for each subsidiary.

### Dividend to Shareholder

J. Patenaude indicated that management is recommending that the Board approve the payment of a quarterly dividend in the amount of \$69,136.61 to the City of Nashua. The dividend would 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.

On motion duly made by P. Stanley and seconded by D. Bernier, all of the Directors then voting, it was unanimously

Resolved: that a dividend in the amount of \$69,136.61 be paid to the sole shareholder of record, the City of Nashua, New Hampshire, on January 5, 2015.

### 2015 Budget

L. Goodhue presented the Company's Financial Budget for 2015. Drafts of his presentation materials had previously been furnished to the Board.

L. Goodhue reviewed the 2015 budget for property taxes, the 2015 key budget assumptions and 2015 budgeted pumpage data. He then reviewed the Pennichuck Consolidated 2015 Budgeted Statement of Income. Revenues for 2015 are budgeted at \$38.6 million and operating expenses are budgeted at \$31.8 million. Operating income is budgeted at \$6.8 million. A net loss of \$3.1 million is budgeted for 2015. Earnings before interest, taxes, depreciation and amortization is budgeted at \$13.2 million. L. Goodhue then commented on the Company's budgeted balance sheet and cash flow statement, and the budgeted statements of income for each subsidiary.

After discussion, on motion duly made by J. McGrath and seconded by P. Stanley, all of the Directors then voting, it was unanimously

Resolved: that the 2015 Budget, as presented at this meeting, is hereby approved.

### 2014 Major Accomplishments

J. Patenaude reviewed the Company's accomplishments relative to the 2014 goals.

### 2015 Major Objectives

J. Patenaude then reviewed the Company's objectives for 2015:

- Enable seamless management transition by November 15, 2015
- Go live with Data Presentation (DPaC Work Order Project) by March 30, 2015
- Go live with GeoNexus portion of Asset Management by September 30, 2015
- Refinance existing "balloon" payment bonds by November 1, 2015
- Begin construction of a distribution facility by year-end
- Negotiation of union contract which expires October 31, 2015.

B. Rousseau, C. Countie, M. DeRoche, G. Torres, S. Greenwood, J. Boisvert, T. King and J. Lavacchia left the meeting.

#### Move to Non-Public Session

E. Dunn 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 was taken, which resulted as follows:

Yea: D. Bernier, G. Bower, J. Dore, E. Dunn, S. Genest, P. Indeglia, T. Leonard,  
J. Lustig, J. McGrath, J. McMahan, P. Stanley

Nay:

Motion was carried to enter into non-public session at 10:18 a.m.

#### Reconvene in Public Session

The non-public session ended at 11:01 a.m. and the Board reconvened in public session.

D. Ware and L. Goodhue, who left the meeting during the non-public session, were not present.

J. McMahan left the meeting.

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

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

Nay:

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

#### Other Business

The Board reviewed the summary of management presentations for upcoming Board meetings and had no changes or comments.

J. Patenaude left the meeting. J. McMahan rejoined the meeting.

### Report of the Nominating and Governance Committee

J. Lustig, Chairman of the Nominating and Governance Committee, gave a report on the Committee's December 1 meeting. He indicated that the Committee reviewed and discussed the results of the Annual Evaluation of the Board and Board Committees and that a copy of the results were included in the written materials to the Board.

### Board Discussion

The Board reviewed and discussed the results of the Annual Evaluation of the Board and Board Committees.

There being no further business to come before the Board, the Chairman adjourned the meeting at 11:52 a.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara  
Corporate Secretary