

PENNICHUCK CORPORATION

AUDIT, FINANCE AND RISK COMMITTEE
MINUTES OF FEBRUARY 23, 2017 MEETING

A meeting of the Audit, Finance and Risk Committee (“Committee”) of the Board of Directors of Pennichuck Corporation (“Company”) was held on Thursday, February 23, 2017 at 4:30 p.m. at the Company’s offices at 25 Manchester Street, Merrimack, New Hampshire.

The following persons were in attendance for all or a portion of the meeting:

Committee Members:	James P. Dore, Chairman Paul A. Indeglia Thomas J. Leonard John D. McGrath (telephonically)
Pennichuck Corporation:	Larry D. Goodhue, Chief Executive Officer Donald L. Ware, Chief Operating Officer Suzanne L. Ansara, Corporate Secretary George Torres, Corporate Controller Carol Ann Howe, Assistant Treasurer Jay Kerrigan, Regulatory Financial Analyst

Written materials relating to items listed in the Agenda were provided to the Committee members for their review prior to the meeting.

J. McGrath stated the reason why he was unable to attend the meeting in person, that he was alone and could hear the proceedings.

Approval of Minutes

The Chairman inquired whether there were any comments with respect to the draft minutes of the November 16, 2016 Committee meeting. There being none, on motion duly made by P. Indeglia and seconded by T. Leonard, all of the Committee members then voting, it was unanimously

Resolved: that the minutes of the November 16, 2016 meeting of the Audit, Finance and Risk Committee are hereby approved.

Bond Financing – Pennichuck Water Works, Inc.

L. Goodhue reviewed the Company’s plan to finance the 2017-2019 capital expenditure needs of Pennichuck Water Works, Inc. through the issuance of tax-exempt bonds from the New Hampshire Business Finance Authority (NHBFA). He discussed the amount of the proposed

bond issuance and the estimated fees. He indicated that the plan would be to issue the bonds in three tranches, at the end of 2017, 2018 and 2019. Approval of the bond issuance would be required from the Public Utilities Commission, the Governor and Executive Council, and the City of Nashua. He indicated that, at this time, management will be seeking approval from the Pennichuck Water Works Board of Directors to file an application with the NHBFA to preserve the Company's rights for tax exempt treatment since there is a 60-day look back. Committee and Board approval of the actual amount of the bonds will take place at a future meeting. A discussion ensued. The Committee expressed their agreement with management's plan.

Internal Controls

C. Howe gave a presentation on the 2016 Internal Controls review and testing project. She reported that 78 controls were tested in Payroll/HR, Regulatory, IT, Treasury, Accounting and Financial Reporting, Purchasing and Accounts Payable, Revenue and Accounts Receivable, Fixed Asset and Inventory, Equity, and Entity Wide. Five control deficiencies were identified in IT, Regulatory and Accounts Payable. She indicated that none of the control deficiencies were significant and did not represent material weaknesses. She reported that there were also 3 audit recommendations that were suggested for operator process improvements. A discussion ensued. The Chairman stated that the testing showed that the appropriate controls are in place and effective. The Committee commended C. Howe for a job well done. C. Howe in turn commended J. Kerrigan for his contribution to the process.

Other Business

L. Goodhue indicated that he will be meeting with TD Bank next week for discussions and to review the Company's audited results and approved budget.

L. Goodhue reported that the Company is in full compliance with all of its covenants at year end.

There being no further business to come before the Committee, the Chairman adjourned the meeting at 5:40 p.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara
Corporate Secretary