

PENNICHUCK CORPORATION
BOARD OF DIRECTORS
MINUTES OF AUGUST 15, 2014 NON-PUBLIC SESSION

A non-public session of the Board of Directors of Pennichuck Corporation (the “Company”) was held on Friday, August 15, 2014 at 10:20 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 non-public session.

The following Directors were present for the non-public session:

Thomas J. Leonard
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 non-public session from the Company were:

John L. Patenaude, Chief Executive Officer
Donald L. Ware, Chief Operating Officer
Larry D. Goodhue, Chief Financial Officer
Suzanne L. Ansara, Corporate Secretary
John Boisvert, Chief Engineer
James Lavacchia, Distribution Manager

Will Street Replacement Update

D. Ware reviewed the options discussed at the June 2014 Board meeting and the decisions made at that meeting with respect to the replacement of the Will Street facility. He reported that the Letter of Intent, which was sent to the real estate agent of the owner of the 575 Amherst Street property in Nashua, was rejected because the owner had recently entered into a purchase and sale agreement for the property with another party.

D. Ware indicated that management has decided to revisit the possible redevelopment of the Will Street property for the distribution group only (would not include the engineering group or the corporate offices). After working with Hayner and Swanson over the past month, management has concluded that the following would need to be completed to make the Will Street property workable and efficient for the operations group:

- the construction of an addition to the existing building;
- the purchase of 0.18 acres from Bronzecraft Corporation (Pennichuck currently rents this property for additional parking spaces); and
- the purchase of a portion (0.27 acres) of the adjacent Spilios property.

A spreadsheet comparing the costs of the following three options was handed out to the Board members:

- (1) to construct a new operations facility on Parcel N in Merrimack;
- (2) to redevelop the current Will Street property, which would include the purchase of 0.18 acres from Bronzecraft Corporation and approximately 0.27 acres of the adjacent Spilios property; and
- (3) to redevelop the current Will Street property, which would include the purchase of 0.18 acres from Bronzecraft Corporation but without the purchase of 0.27 acres of the Spilios property.

D. Ware reported that Bronzecraft has expressed their willingness to sell the 0.18 acres to Pennichuck. He indicated that after a review of the NHDES notes and sketches of the Spilios property, it does not appear that the 0.27 acres of land is contaminated with asbestos. A boring company would need to be hired to probe the strip of land to insure that it is asbestos free. He also indicated that the option to redevelop the Will Street property without the purchase of the Spilios property would require permission from the City of Nashua to dump snow on City property across from the Will Street property.

D. Ware indicated that based on the preliminary estimates, the cost to ratepayers would be the same for all three options.

D. Ware indicated that management is recommending that the Company pursue the redevelopment of the Will Street property (with the purchase of the Bronzecraft and Spilios property) as opposed to the development of the Parcel N site, for the following reasons:

Will Street Redevelopment Option

- (1) Property currently used and zoned for the operations facility.
- (2) It is centrally and most efficiently located for the Company's primary service area.
- (3) No clearing and development of undeveloped land would be required.
- (4) The property has city sewer connections.

Parcel N Development

- (1) More cumbersome from a transportation perspective for the distribution group.
- (2) Would require a septic field for its wastewater discharge.
- (3) Would require the clearing of undeveloped land.
- (4) Could become an issue if circumferential highway project is revisited or resurrected.

He indicated that the option to redevelop the Will Street property would be subject to receiving a report that there is no asbestos on the portion of the Spilios property proposed to be purchased and that the Company can purchase the Spilios and Bronzecraft properties at reasonable prices.

D. Ware indicated that management is seeking the Board's approval to (i) proceed with an evaluation of the Spilios property for the presence of asbestos, if agreed to by the owner, (ii) if no asbestos is found, negotiate a purchase price for both the Spilios and Bronzecraft properties; and (iii) approach the City about a possible easement if the Spilios property is found to be contaminated. The cost to evaluate the Spilios property would be approximately \$10,000.

After discussion, the Board gave management their approval to proceed as indicated above.

Solar Panel Project

D. Ware referred the Board to his memorandum regarding power supply options for 2015, which was included in the written materials. The Company currently has two power supply contracts that expire at the end of November 2014. An RFP is being prepared to seek power supply pricing for all of the Company's accounts. Responses to the RFP should be available in mid-October.

D. Ware indicated that the Company is also continuing to seek alternative sources of lower cost electricity to operate the water treatment plant. The Company looked at solar energy last year and concluded that it was too expensive based upon estimates received of \$3.5 million. Recently, D. Ware requested estimated pricing to construct a 1 Megawatt solar array at the water treatment plant and received a preliminary estimate of \$2.1 million. D. Ware indicated that management feels it would be prudent to obtain proposals from solar firms to construct a solar array, based on the decrease in pricing from that received in 2012, the availability of grant money from the PUC, and the projected future pricing for electricity from the power grid.

After discussion, the Board gave management its approval to proceed with the two RFPs and to report back to the Board with the results of the RFPs and detailed cost information.

J. Boisvert left the meeting.

Approval of Minutes

The Chairman inquired whether there were any comments with respect to the draft minutes of the June 27, 2014 non-public session. There being none, on motion duly made by S. Genest and seconded by J. McGrath, all of the Directors present then voting, it was unanimously

Resolved: that the minutes of the June 27, 2014 non-public session of the Board of Directors are hereby approved.

There being no further business to discuss in non-public session, on motion duly made by P. Stanley and seconded by J. McGrath, all of the Directors present then voting, it was unanimously agreed to end the non-public session at 11:39 a.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara
Corporate Secretary