

PENNICHUCK CORPORATION  
AUDIT, FINANCE AND RISK COMMITTEE  
MINUTES OF AUGUST 22, 2017 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, August 22, 2017 at 4:53 p.m. at the Company’s offices at 25 Manchester Street, Merrimack, New Hampshire.

The following persons were in attendance:

Committee Members:	James P. Dore, Chairman Paul A. Indeglia Thomas J. Leonard John M. Murphy
Pennichuck Corporation:	Larry D. Goodhue, Chief Executive Officer Donald L. Ware, Chief Operating Officer Suzanne L. Ansara, Corporate Secretary George Torres, Corporate Controller

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

TD Bank – Line of Credit for Pennichuck Corporation and Pennichuck Water Works, Inc.

L. Goodhue referred the Committee to the draft Term Sheets, copies of which were included in the written materials. He indicated that the Company is pursuing through TD Bank a Line of Credit for Pennichuck Corporation for working capital purposes in the amount of \$4 million, and a Fixed Asset Line of Credit for Pennichuck Water Works, Inc. in the amount of \$10 million. The Committee reviewed the draft Term Sheets. There was a discussion regarding the financial covenants.

After discussion, with respect to the draft Term Sheets, the Committee requested that L. Goodhue discuss the following issues with representatives of TD Bank:

- (1) the possibility of lowering the interest rates;
- (2) revising the “Repayment/Authorization” section in the Pennichuck Corporation Term Sheet by adding the word “unpaid” before “principal paid at maturity” (or alternate wording to reflect the actual intent of borrowing and repayment of funds); and

- (3) revising paragraphs (h) and (g) of the “Additional Indebtedness” section in the Pennichuck Corporation Term Sheet and the Pennichuck Water Works Term Sheet, by increasing the allowable lease expense amount incurred each year.

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

Resolved: that, once the Chief Executive Officer has discussed the matters raised by the Committee with representatives of TD Bank and is satisfied with the result, the Committee hereby recommends to the Board of Directors of Pennichuck Corporation that the Chief Executive Officer be given the authority and additional discretion to pursue the Lines of Credit with TD Bank, N.A. and proceed with obtaining the required approvals from the New Hampshire Public Utilities Commission and the City of Nashua.

#### Update on Bonding Process

L. Goodhue indicated that the Company has received preliminary approval from the NH Business Finance Authority for the issuance of up to \$32.5 million of revenue bonds for 2017, 2018 and 2019. L. Goodhue indicated that he is waiting for the final Order from the PUC on the Pennichuck Water Works rate case before filing a petition with the PUC and submitting a request to the City of Nashua for approval on the financing.

#### CoBank, ACB – Pennichuck East Utility, Inc.

L. Goodhue reported that he is working on obtaining financing through CoBank for Pennichuck East Utility, Inc. in the form of a \$1 Million term loan to finance capital expenditures, and a \$3 Million fixed asset line of credit. A discussion ensued. The matter will be voted upon at the August 25 meeting of the Board of Directors.

#### Other Business

L. Goodhue updated the Committee on the property tax disputes with the Towns of Pittsfield, Derry, Pelham and Litchfield.

L. Goodhue reported that Moody’s may be increasing the Company’s credit rating for Pennichuck Water Works’ AULI debt. The current rating is Baa2.

There being no further business to discuss in non-public session, on motion duly made by P. Indeglia and seconded by J. Murphy, all of the Committee members present then voting, it was unanimously agreed to end the non-public session at 6:16 p.m.

/s/ Suzanne L. Ansara

Suzanne L. Ansara  
Corporate Secretary