

*Redacted*

## Corning Natural Gas Holding Corporation

## Meeting of the Board of Directors

July 21, 2015

A meeting of the Board of Directors of Corning Natural Gas Holding Corporation was called to order by Henry Cook, Chairman at 8:35 AM, on Tuesday, July 21, 2015. Stanley Steve, Vice President and Corporate Secretary, was responsible for the minutes of the meeting.

In attendance were; Henry B. Cook, Jr., Ted W. Gibson, George J. Welch, John Williamson III, Joseph P. Mirabito, William Mirabito, Robert B. Johnston and Michael I. German. Fi Sarhangi, CFO, Matt Cook, VP Operations and Engineering and Russ Miller, VP Gas Supply and Marketing were also in attendance.

The minutes of the April 7 regularly scheduled meeting and special meeting on June 24, 2015 were presented and upon a motion duly made and seconded, they were unanimously VOTED, approved as presented.

Management then discussed the proposal for the potential to purchase the Pike County Power and Light Company from Orange and Rockland. There was discussion of the working capital and a true-up cap of \$3 million as a part of the bid. The proposal is being reviewed by our corporate counsel. Some items have been raised, but nothing significant at this point. We expect to keep on track and deliver a proposal to the seller today.

There was discussion on how savings could be found in the areas of pension costs and other staffing charges going forward. Also, there is a DISC program approved by the PAPUC that is the equivalent of a capital tracker and can help avoid going for a gas rate case. The company has approximately 4,700 electric customers and 1,200 natural gas customers.

Management then discussed how management of the company would be handled, including hiring staff for field operations, gas and electric supply (provided by O&R), customer service, billing, IT and HR from the Holding Corporation and Corning Natural Gas Corporation.

Next was discussion about financing the possible acquisition with a 60% debt and 40% equity allocation. At this time, it is estimated that a rights offering would be utilized to raise equity and that a five for one (five shares owned get the right to purchase one new share) rights offering is estimated at

this time. At this time there will be no public notice since we have not submitted a proposal. The trading window is closed for all Directors and Officers until we are told whether we are chosen.

Discussion of what could be done to raise equity in the event a rights offering is not adequately subscribed. In that event management will discuss options with the various lending agencies and seek to borrow more, perhaps a 70/30 debt to equity split. It was discussed that acquiring as much debt as possible be used as it could benefit the Company. After discussion, the consensus was to agree that a rights offering is the appropriate means to partially fund the acquisition. There was then discussion on setting the price for the rights offering. The range discussed was between \$17.10 and \$17.50/share.

Management of Pike County was discussed with the expectation to try to hire an experienced General Manager to operate the company on a day to day basis. Also discussed was the use of contractors to fulfill functions, such as construction, locating, tree trimming, etc.

After discussion on a motion duly made and seconded, it was unanimously

VOTED

To authorize management, with legal review, to complete the purchase agreement for Pike County Power and Light.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

With no further discussion or business before the Board, on a motion duly made and seconded, it was unanimously,

VOTED, to adjourn the meeting at 11:06 AM.

Attest: \_\_\_\_\_

Stanley G. Sleva

Corporate Secretary