

THE STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

DW 13-171

IN RE EASTMAN SEWER COMPANY, INC

Sale of Assets and Liabilities to the VILLAGE DISTRICT OF EASTMAN

LIST OF EXHIBITS (including related activities)

Here is the communication timeline between myself (Robert Logan) and William Weber as well as my communications with the VDE Commissioners sent by certified mail:

- 2/7/13—entered Due Diligence request on the VDE website (EXHIBIT A)
- 2/22/13—Called Bill Weber to discuss Due Diligence request above (Activity)
- 2/25/13— a.m. Mailed certified letter to Weber/Commissioners (EXHIBIT B)
- 2/25/13— a.m. Bill Weber returned my call, acknowledged my request verbally that he received it on the website—read the first few sentences on the phone (Activity)
- 2/25/13 4:30 pm— Weber acknowledged Logan request of 2/7/13 call “under advisement” (EXHIBIT C)
- 2/26/13 9:22—R Logan thanked Weber for response above and requested explicit date for response (EXHIBIT C)
- 2/26/13 11:08—Per a request from Bill W, I sent him the details of a Capital Report that would be necessary for ESC valuation (EXHIBIT D)
- 2/26/13 1 pm—Bill Weber thanked me for “clearing up the previous email/request” (EXHIBIT D)
- 3/5/13—10:55— Weber replied to “Capital Report”—Commissioners wil take up Due Diligence request 3/20/13 (EXHIBIT E)
- 3/6/13-4:17 pm—Logan reminded Weber of 2/26/13 request (EXHIBIT F)
- 3/6/13—9:10 pm— Weber to Logan “personnel record” rejects on Job Description made above (EXHIBIT F)
- 3/8/13—Logan to Weber -3 Questions (EXHIBIT G)
 - Capital Report?
 - Responsible?
 - VDE Requests?
- 3/12/13—12:52— Weber to Logan—response to the above 3 questions (EXHIBIT G)
 - WEBER MENTIONS PS FIRST TIME
- 3/14/13—12:53—R Logan requests statement on VDE failure to meet GAAP requirements (EXHIBIT H)
- 3/14/13—2:09— Weber to Logan “too busy to respond” and request does not conform with 91—A (EXHIBIT H)
- 3/14/13—3:33 Logan to Weber reiterates earlier request as “financial accountability” (EXHIBIT J)

- 3/20/13--I attended the VDE meeting and restated my request and verbally addressed the procrastination on responding to my request--see Communication Timeline below. I also provided to Mr. Weber the previously mailed documents for Mr Weber to copy (Activity)
- 4/3/13--I attended a "special VDE Meeting" and verbally reiterated the request again (Activity)
- 4/8/13-- I received the attached letter and documents for ESC assets (EXHIBIT K)
 - Mr. Logan; Attached is a current list of the ESC assets which should answer your questions presented at the April 3rd, 2013 Commissioner meeting. This document was received from the ESC as part of our ongoing due diligence. If the district can be of any more assistance please do not hesitate to contact us; at the return e-mail address or 863-6512, M-F 8-4:30.Sincerely;Bill Weber
- 4/12/13-- I sent a letter to Mr. Weber including timeline of my activities to get a response and requests for additional data (highlighted) (EXHIBIT L)
- 4/15/13-- Mr. Weber finally replied and post dated my original request to 4/12/13 as you can see. My original request was Feb 7. (EXHIBIT M)
- 5/1/13--my response to Mr. Weber (EXHIBIT N)
- 6/13/13 --RFL letter to VDE Commissioners (certified) (EXHIBIT O) with my 5/1/13 email attached (see EXHIBIT N)
- 6/19/13—Due Diligence request denial Weber to Logan (EXHIBIT P)

Exhibit A

Request to VDE 2-7-13 (Entered on the VDE Website on 2-7-13)

Before the VDE moves forward to acquire the Eastman Sewer Co the VDE voters/users need to know why the Sewer Co. Operations are in their current difficulty. Some of their problems stem from the fact that the Sewer Company has inadequately funded capital improvements for the past 11 years under ECA ownership. As a member/owner of the Water company (all ECA members own the VDE) I feel we need more transparency and more information about the Eastman Sewer Company, it's operations and its current financial state. I have been directly involved in more than 15 mergers/acquisitions-- I found The Sewer company's November mailing to homeowners was deficient in addressing several important areas. It was also confusing and contradictory in some areas. I am requesting that the VDE commissioners respond to the following:

- What exactly is the VDE Due Diligence process for evaluating the Sewer Company acquisition? I am requesting specific milestones, completion dates and the dates that information will be made available to all VDE members. I request that all information be made available at least 3 weeks before the scheduled 3/21 annual meeting through USPS mailed notification to all VDE voter/members. The information can be available on line and at the VDE office.
- When will a thorough and open independent financial evaluation of the sewer company's current financial capital and operational health occur? This needs to be done by an outside accounting firm with no allegiance to ECA or ESC.
- What is the acquisition criteria that would be acceptable to the VDE? I doubt the Sewer Company has much if any market value because of its current financial status.
- I noticed in the MOA that in addition to a \$1 payment, there is a statement "and other good and valuable consideration to ESC".
 - a. Could you please delete the quoted portion of the MOA and replace it with any other specific compensation or equivalent that the VDE will provide to ESC
 - b. If you are compensating ESC then it would imply that the legal entity ESC would continue after the acquisition. If that is correct I do not believe it has been represented as the case in all the documentation that has been provided to all VDE members.
- What is the 5 year plan for capital? I realize the mailed package contains some information that could be purported to address this, however I think this information is incomplete.
- When will you get an independent and respected engineering firm's comprehensive assessment of all existing ESC's capital, all known future state and federal requirements that could necessitate additional capital funding for the next five years? I would also want to see a system adequacy projection based on current and any potential future users.
- When will future funding requirements for the sewer company be put forth to VDE

Exhibit A

members?

- Where is the total capital report—expected life and current evaluation of the state of current capital? An equivalent report to the 2004 ECA/Noblin report??? (which may now be obsolete and inaccurate.

Respectfully,
Robert Logan

Exhibit B

Robert F. Logan
4 Azure Brae
PO Box 1514
Grantham, NH 03753
February 25, 2013

Mssrs. Sullivan, Fairweather, Wood
Village District of Eastman
PO Box 990
31 Draper Road
Grantham, NH 03753

Dear Sirs:

I am attaching a request that I submitted to the Village District on February 7, 2013 on the VDE website. I have received no response or acknowledgement to my request.

If the VDE commissioners are unable to provide a timely and comprehensive response to the attached questions as part of their due diligence in acquiring the Eastman Sewer Company, then I request that consideration of the ESC acquisition be removed from the Articles and Warrants to be voted on at its upcoming Annual Meeting on March 21.

Furthermore, any re-scheduling of consideration of acquiring the ESC needs to allow adequate time to provide the information I have requested along with additional information that is appropriate to VDE members. This would include time for mailing of the information to VDE members with a minimum of a 3-week content review period allowed to VDE members of the material transmitted.

As time is of the essence, please respond immediately.

Sincerely,

Robert F. Logan

Exhibit B

Request to VDE 2-7-13

Before the VDE moves forward to acquire the Eastman Sewer Co the VDE voters/users need to know why the Sewer Co. Operations are in their current difficulty. Some of their problems stem from the fact that the Sewer Company has inadequately funded capital improvements for the past 11 years under ECA ownership. As a member/owner of the Water company (all ECA members own the VDE) I feel we need more transparency and more information about the Eastman Sewer Company, it's operations and its current financial state. I have been directly involved in more than 15 mergers/acquisitions-- I found The Sewer company's November mailing to homeowners was deficient in addressing several important areas. It was also confusing and contradictory in some areas. I am requesting that the VDE commissioners respond to the following:

- What exactly is the VDE Due Diligence process for evaluating the Sewer Company acquisition? I am requesting specific milestones, completion dates and the dates that information will be made available to all VDE members. I request that all information be made available at least 3 weeks before the scheduled 3/21 annual meeting through USPS mailed notification to all VDE voter/members. The information can be available on line and at the VDE office.
- When will a thorough and open independent financial evaluation of the sewer company's current financial capital and operational health occur? This needs to be done by an outside accounting firm with no allegiance to ECA or ESC.
- What is the acquisition criteria that would be acceptable to the VDE? I doubt the Sewer Company has much if any market value because of its current financial status.
- I noticed in the MOA that in addition to a \$1 payment, there is a statement "and other good and valuable consideration to ESC".
 - a. Could you please delete the quoted portion of the MOA and replace it with any other specific compensation or equivalent that the VDE will provide to ESC
 - b. If you are compensating ESC then it would imply that the legal entity ESC would continue after the acquisition. If that is correct I do not believe it has been represented as the case in all the documentation that has been provided to all VDE members.
- What is the 5 year plan for capital? I realize the mailed package contains some information that could be purported to address this, however I think this information is incomplete.
- When will you get an independent and respected engineering firm's comprehensive assessment of all existing ESC's capital, all known future state and federal requirements that could necessitate additional capital funding for the next five years? I would also want to see a system adequacy projection based on current and any potential future users.

Exhibit B

- When will future funding requirements for the sewer company be put forth to VDE members?
- Where is the total capital report—expected life and current evaluation of the state of current capital? An equivalent report to the 2004 ECA/Noblin report??? (which may now be obsolete and inaccurate).

Respectfully,
Robert Logan

Exhibit C

On Feb 26, 2013, at 9:22 AM, R & G Logan wrote:

Thank you for your acknowledgement. I would like to know when I can expect an explicit response from the commissioners as time is of the essence.

A separate request: could you please send me your job description. What the responsibilities and expectations are of you and your position. Thank you.

Robert Logan VDE member

On Feb 25, 2013, at 4:30 PM, William Weber wrote:

Mr. Logan;

Thank you for your time today and as promised I am getting back to you. The Commissioners have taken your requests under advisement.

William Weber
District Manager

Exhibit D

From: "William Weber" <weber@eastmanh2o.org>
Subject: Re: Capital Report
Date: February 26, 2013 1:00:51 PM EST
To: "R & G Logan" <rlogannh@yahoo.com>

Bob;

Thank you for clearing up the previous e-mail / request.

Bill

From: [R & G Logan](#)
Sent: Tuesday, February 26, 2013 11:08 AM
To: [William Weber](#)
Subject: Capital Report

Hi Bill,

In response to your request yesterday that I provide you with specifics about what details would be contained in an ESC capital report. The report would be a complete equipment inventory of all ESC capital--the details for each major capital item that the ESC owns would include line items for each capital item containing the following:

- acquisition cost
- estimated average life expectancy
- current age
- current remaining depreciation (after 2012)
- Projected remaining life
- current replacement cost

Totals would reconcile to the ESC Balance Sheet and P&L Statement. The report would include a replacement cost projection for the next ten years showing by year the capital funds required based on the above data. The future ten year projected capital cost portion would also include any reasonable expected capital equipment expenses based on environmental regulations, State and Federal as well as any other State and Federal laws which would impact the sewer system. If expansion of the system is under consideration, then those costs ought to be projected.

The Capital Equipment Report outlined above needs to be created by an independent engineering firm with no current or previous relationship with either ECA or ESC.

The previously mentioned Noblin Report was done by Noblin Engineering in adhering to this standard for an ECA Capital Equipment evaluation and report. Unfortunately because of their relationship with ECA, they would not seem to be an "arms length" vendor in this proposed acquisition.

The aforementioned information is basic Due Diligence on the part of the buyer. Failure to obtain and disseminate this information to current VDE members is in my opinion, not properly representing the VDE members' interests.

Please advise me as to when the report will be available and please forward this correspondence to the Commissioners. Thank you.

Regards,
Bob Logan

Exhibit E

From: "William Weber" <weber@eastmanh2o.org>
Subject: Re: Capital Report
Date: March 5, 2013 10:55:55 AM EST
To: "R & G Logan" <rlogannh@yahoo.com>

Good Morning Bob;

Thank you for clearing up your earlier request the second version was considerably easier to read and follow. The district is also in receipt of your certified letter dated 2/25/13, which has been forwarded to the board of officials as requested. The Commission has requested that I inform you that your request will be reviewed at the commissioners regularly scheduled meeting on March 20th, 2013.

Sincerely;

William Weber
Village District of Eastman

Exhibit F

From: William Weber <williamweber8@me.com>
Subject: Re: Requests of the VDE
Date: March 6, 2013 9:10:02 PM EST
To: R & G Logan <rlogannh@yahoo.com>

Bob;

Because the second part of your request involves a "personnel record" and more specifically of a management position, only the commissioner's are authorized to fulfill or deny this request.

I have forwarded your request to the commissioners.

Sincerely;

Bill Weber

On Mar 6, 2013, at 4:17 PM, R & G Logan <rlogannh@yahoo.com> wrote:

Hi Bill,

This is a follow up to the attached request. Perhaps you have overlooked it. Could you send along the job description?

Thank you.

Bob Logan

On Feb 26, 2013, at 9:22 AM, R & G Logan wrote:

Thank you for your acknowledgement. I would like to know when I can expect an explicit response from the commissioners as time is of the essence.

A separate request: could you please send me your job description. What the responsibilities and expectations are of you and your position. Thank you.

Robert Logan VDE member

On Feb 25, 2013, at 4:30 PM, William Weber wrote:

Mr. Logan;

Thank you for your time today and as promised I am getting back to you. The Commissioners have taken your requests under advisement.

William Weber
District Manager

Exhibit G

From: "William Weber" <weber@eastmanh2o.org>
Subject: FOIA Request
Date: March 12, 2013 12:32:37 PM EDT
To: "Robert Logan" <rlogannh@yahoo.com>
Cc: "Amy Lewis" <amy@eastmanh2o.org>

Good Morning Bob;

I have answered your questions starting at # 3, working backwards to # 1, I believe this order will make more sense given the responses.

Question # 3 RL

What exactly is the process whereby I submit reasonable requests to the Commissioners under FOIA? Your role seems to be somewhat of a door opener in these matters and it would seem more appropriate to send my requests directly to the commissioners, with a cc to you. The current process seems to provide an imbedded delay in getting a real answer.

Answer to question # 3 WW

The FOIA is for Federal Agency records and does not apply to your request for information of the VDE. See www.foia.gov for a full text of the FOIA.

The state equivalent of the FOIA is found in the New Hampshire Statutes, this link <http://www.gencourt.state.nh.us/rsa/html/indexes/default.html> will take you to the New Hampshire Revised Statutes Annotated, (NHRSA) once there, search the titles and find NHRSA 91-A, which is the law, regarding the correct process for requests of information from the district. This statute is informally known as a "91-A" request.

Please understand, that unless directed otherwise, I am not at liberty to give out any personal information, including e-mail addresses of the commissioners or any other official.

Question # 2 RL

Under the FOIA what exact information am I as a member of the VDE (a public entity) entitled to know about your position, your responsibilities and your accountability to the constituency you serve and who pays your compensation? I would like complete disclosure of all information that I am entitled to regarding you as an employee including compensation and benefits. As you know, I made my original request for your job description on 2/26/13 and now with a 10 day delay you are "forwarding" my request. I do not consider this a reasonable response time

nor is the response itself reasonable. When will the commissioners respond?

Answer to request # 2 WW;

Part of which is addressed in my answer to # 3 in that the FOIA does not apply. My salary is paid by the Village District of Eastman, I have forwarded your request for "all information I am entitled to regarding you as an employee" to the Commissioners as I am not sure what they would consider the public is entitled to or what the law will allow, I do not have access, nor am I not authorized to release information from my employee file without Board approval. The 2013 Annual Report is on our website, www.eastmanh2o.org and lists the total salaries and benefits for the district employees. My job description is; To oversee and manage the process and distribution of providing potable water that meets the requirements of the New Department of Environmental Services, the Safe Drinking Water Act, and the EPA, and to further ensure the safety and wellbeing of the customers and guests of the Village District of Eastman that consume the district water.

As far as the balance of your request # 2, I cannot answer or speak for the commissioners as to when they will respond other than my first reply, Feb 26, that indicated that they would take up your request at their March 20, 2013 regularly scheduled meeting.

Question # 1 RL

Could you reply to my request for an ESC Capital Report which I detailed in an email of 2/26/2013 to you? I would like a specific date as to when you will provide that report to me and other members of the VDE constituency? I am requesting this information under the FOIA.

Answer to question # 1 WW

I responded previously that the board requested me to inform you that they have taken your request under advisement and would take up this particular request at the March 20, 2013 regular monthly meeting, which I have placed on the agenda.

I hope I have helped in answering your questions and requests and although the FOIA does not apply to your requests I have treated it as information you might look for utilizing the correct process, 91-A, also, I wanted to answer you in a timely manner. Let me know if I can be of further assistance to you.

Sincerely;

Bill

PS: Your first e-mail request that I asked you to clarify was quarantined by our virus software, as I learned later it was all of the hieroglyphics that were in it that impeded the delivery to me, my apology for not seeing it sooner, though I still would not have opened it until it was safe.

From: William Weber
Sent: Sunday, March 10, 2013 11:16 AM
To: Weber Bill
Subject: Fwd: Requests of the VDE

From: R & G Logan <rlogannh@yahoo.com>
Date: March 8, 2013, 3:54:34 PM EST
To: William Weber <williamweber8@me.com>
Subject: Re: Requests of the VDE

Bill,

First this email and all requests within it are being asked to be responded to consistent with the obligations of public entities and public employee obligations under FOIA.

1. Could you reply to my request for an ESC Capital Report which I detailed in an email of 2/26/2013 to you? I would like a specific date as to when you will provide that report to me and other members of the VDE constituency? I am requesting this information under the FOIA.

2. Under the FOIA what exact information am I as a member of the VDE (a public entity) entitled to know about your position, your responsibilities and your accountability to the constituency you serve and who pays your compensation? I would like complete disclosure of all information that I am entitled to regarding you as an employee including compensation and benefits. As you know, I made my original request for your job description on 2/26/13 and now with a 10 day delay you are "forwarding" my request. I do not consider this a reasonable response time nor is the response itself reasonable. When will the commissioners respond?

3. What exactly is the process whereby I submit reasonable requests to the commissioners under FOIA? Your role seems to be somewhat of a door opener in these matters and it would seem more appropriate to send my requests directly to the commissioners, with a cc to you. The current process seems to provide an imbedded delay in getting a real answer.

Regards,

Bob Logan

On Mar 6, 2013, at 9:10 PM, William Weber wrote:

Bob;

Because the second part of your request involves a "personnel record" and more specifically of a management position, only the commissioner's are authorized to fulfill or deny this request.

I have forwarded your request to the commissioners.

Sincerely;

Bill Weber

Hi Bill,

In response to your request yesterday that I provide you with specifics about what details would be contained in an ESC capital report. The report would be a complete equipment inventory of all ESC capital--the details for each major capital item that the ESC owns would include line items for each capital item containing the following:

- acquisition cost
- estimated average life expectancy
- current age
- current remaining depreciation (after 2012)
- Projected remaining life
- current replacement cost

Totals would reconcile to the ESC Balance Sheet and P&L Statement. The report would include a replacement cost projection for the next ten years showing by year the capital funds required based on the above data. The future ten year projected capital cost portion would also include any reasonable expected capital equipment expenses based on environmental regulations, State and Federal as well as any other State and Federal laws which would impact the sewer system. If expansion of the system is under consideration, then those costs ought to be projected.

The Capital Equipment Report outlined above needs to be created by an independent engineering firm with no current or previous relationship with either ECA or ESC.

The previously mentioned Noblin Report was done by Noblin Engineering in adhering to this standard for an ECA Capital Equipment evaluation and report. Unfortunately because of their relationship with ECA, they would not seem to be an "arms length" vendor in this proposed acquisition.

The aforementioned information is basic Due Diligence on the part of the buyer.

Failure to obtain and disseminate this information to current VDE members is in my opinion, not properly representing the VDE members' interests.

Please advise me as to when the report will be available and please forward this correspondence to the Commissioners. Thank you.

Regards,
Bob Logan

On Mar 6, 2013, at 4:17 PM, R & G Logan <rlogannh@yahoo.com> wrote:

Hi Bill,

This is a follow up to the attached request. Perhaps you have overlooked it. Could you send along the job description?

Thank you.

Bob Logan

On Feb 26, 2013, at 9:22 AM, R & G Logan wrote:

Thank you for your acknowledgement. I would like to know when I can expect an explicit response from the commissioners as time is of the essence.

A separate request: could you please send me your job description. What the responsibilities and expectations are of you and your position. Thank you.

Robert Logan VDE member

On Feb 25, 2013, at 4:30 PM, William Weber wrote:

Mr. Logan;

Thank you for your time today and as promised I am getting back to you. The Commissioners have taken your requests under advisement.

William Weber
District Manager

Exhibit H

From: "William Weber" <weber@eastmanh2o.org>
Subject: Re: Letter to Commissioners--Auditor's Report
Date: March 14, 2013 2:09:10 PM EDT
To: "R & G Logan" <rlogannh@yahoo.com>

Bob;

Because your request does not fall under a "91-A" request for information, I must treat it as a request made in the "normal course of business". Currently I have far too many tasks on my plate to even think of entertaining this request until after the VDE Annual Meeting. In our conversation yesterday you agreed that I had a lot going on with the sewer question and the Annual Meeting. and my normal day to day work.

I see from the second e-mail of the same text sent to the Commissioners that you are asking them to do the same as your request to me. Part of my job is to schedule the meetings for the officials of the district, either monthly or in a rare instance an emergency meeting, I find nothing in your request that would constitute an emergency meeting of the board to address your request.

Lastly; on our website you will find under "minutes" a copy of the December 19th, 2012 public minutes that includes the officials' dialogue with our auditor which will confirm what I explained to you yesterday on the phone.

Please let me know if I can be of further assistance on this or any other matter. I will do my best to get to this as soon after the annual meeting as possible.

Sincerely;

Bill W

From: R & G Logan
Sent: Thursday, March 14, 2013 12:53 PM
To: William Weber
Subject: Letter to Commissioners--Auditor's Report

To the Village District of Eastman Commissioners:

I would like a written statement from you no later than March 19, (prior to your scheduled VDE meeting on March 20). This statement would address comments made in the VDE independent auditor's report (Plodzick & Sanderson) dated Aug 16, 2012. Portions of the report are contained in the recently mailed VDE Annual Report 2012. Specifically on page 35 of that report (the auditor's letter to the Commissioners) the following two paragraphs are included:

As discussed in Note 10 to the financial statements, management has not recorded the long term costs of retirement health care and obligations for other post employment benefits in governmental activities. Accounting principles generally accepted in the United States of America require that those costs be recorded, which would increase the liabilities and expenses of the governmental activities. The amount by which this departure would affect the liabilities, net assets, and expenses of the governmental activities is not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the business-type activities of the Village District of Eastman as of December 31, 2011, or the changes in financial position thereof for the year then ended.

As hopefully you are aware, such issues normally require the restatement of financials after appropriate allowances are made for such long term costs. As the auditor states above, this increases the liabilities of the VDE and would therefore impact the balance sheet you have put forth in the annual report. I await your prompt response to this request.

Respectfully,
Bob Logan

Exhibit J

From: R & G Logan <rlogannh@yahoo.com>
Subject: Re: Letter to Commissioners--Auditor's Report
Date: March 14, 2013 3:33:28 PM EDT
To: "William Weber" <weber@eastmanh2o.org>

Hi Bill,

Thank you for your answer. I don't know if this is a "91-A" request for information--this is a request for financial accountability. I did not agree that "you agreed that I (you-Bill) had a lot going on with the sewer question and the Annual Meeting. and my normal day to day work." . My recollection is that you disagreed on my request for the statement I requested today in writing. We did not review your workload nor do I think it possible for me to arrive at the conclusions you suggest without a more detailed conversation with you. I do this work in my practice. I did not appreciate your hanging up the phone and telling me I had to communicate in writing in the future.

To me, the formal statement I requested ought to have been generated within a 30-90 day period of the auditor's report, so I consider the statement delinquent.

Regards,
Bob L

Exhibit K

From: "William Weber" <weber@eastmanh2o.org>

Subject: ESC Assets

Date: April 8, 2013 3:54:21 PM EDT

To: "Robert Logan" <rlogannh@yahoo.com>

Mr. Logan;

Attached is a current list of the ESC assets which should answer your questions presented at the April 3rd, 2013 Commissioner meeting. This document was received from the ESC as part of our ongoing due diligence.

If the district can be of any more assistance please do not hesitate to contact us; at the return e-mail address or 863-6512, M-F 8-4:30.

Sincerely;
Bill Weber

Exhibit L

From: R & G Logan <rlogannh@yahoo.com>
Subject: Re: Response to my request of Feb 7
Date: April 12, 2013 4:42:30 PM EDT
To: William Weber <williamweber8@me.com>

On Apr 12, 2013, at 2:02 PM, R & G Logan <rlogannh@yahoo.com> wrote:
Hi Bill,

Thank you for responding to one of my due diligence requests that were submitted to the commissioners on February 7. As you recall my request of that date included:

- What exactly is the VDE Due Diligence process for evaluating the Sewer Company acquisition? I am requesting specific milestones, completion dates and the dates that information will be made available to all VDE members. I request that all information be made available at least 3 weeks before the scheduled 3/21 annual meeting through USPS mailed notification to all VDE voter/members. The information can be available on line and at the VDE office.
- When will a thorough and open independent financial evaluation of the sewer company's current financial capital and operational health occur? This needs to be done by an outside accounting firm with no allegiance to ECA or ESC.
- What is the 5 year plan for capital? I realize the mailed package contains some information that could be purported to address this, however I think this information is incomplete.
- When will you get an independent and respected engineering firm's comprehensive assessment of all existing ESC's capital, all known future state and federal requirements that could necessitate additional capital funding for the next five years? I would also want to see a system adequacy projection based on current and any potential future users.
- When will future (capital) funding requirements for the sewer company be put forth to VDE members? The above information has not been provided as of today nor has a date been forthcoming as to when this information will be provided to me.

In your March 5 email to me, you stated that: ".....The district is also in receipt of your certified letter dated 2/25/13, which has been forwarded to the board of officials as requested. The Commission has requested that I inform you that your request will be reviewed at the commissioners regularly scheduled meeting on March 20th, 2013."

At the March 20th VDE meeting, the commissioners failed to provide the committed to answer to my February request. On that date they committed to address my request at a special meeting on April 3. The agenda for the April 3 meeting failed to include my February request on the agenda for that day.

At the April 3 meeting I addressed that oversight and requested from the VDE commissioners an explicit response as to when my request from February would be fulfilled. The response the commissioners gave me was that I would receive an answer from them by April 8. The answer you transmitted to me on April 8 is incomplete as itemized above. Why have the commissioners and you failed to respond to the reasonable request of a VDE member? This request ought to be part of a broader and more comprehensive due diligence process that you and the commissioners are completing in the matter of acquiring the assets and liabilities of the Eastman sewer company.

Given a cursory analysis of the recently released ECA/Seller's ESC Audit Report, I noticed several entries in the statements that require a more comprehensive analysis than the statements provide.

These include (and are not limited to):

- The ECA loan amount stated in the Audited Report is \$27,000. How and why has this amount been created given the fact that the preliminary 2012 year-end unaudited financial reports showed a loan amount of \$21,000? The \$21,000 loan amount was also communicated to ECA members on 11/14/12.
- The ESC capital reserve balance in the Audited Report is \$25,300 (Audit Report note C). This is a reduction from \$38,500 that the preliminary 2012 Year-end un-audited financial reports state. The \$38,500 was also communicated to the ECA members on 11/14/12.
- The financial reports in the due diligence process need to include a reconciliation of the capital funds:
 - how much has been contributed by the sewer uses?

- What amount of work has been completed?
- What amount of work remains to be done?

Regards,
Bob Logan

Exhibit M

On Apr 15, 2013, at 11:47 AM, William Weber wrote:
Good Morning Bob;

I will do the best I can to respond to your latest request of 4/12/13.

Bullet # 1, The due diligence will encompass any and all items our consultants have or will identify along with our own expertise that will completely satisfy the Commissioners that the acquisition of the ESC is acceptable as presented to include the current engineering study, audits, and anything else necessary that will protect the customers of the waste water operation going forward.

Bullet # 2, This item is pending, although the results of the 2012 Financial Audit of the ESC seems in order it has just recently been submitted to the PUC for their review.

Bullet # 3, The package that went out last fall was indicative of the various projects that will be necessary to maintain the waste water facility in good working order, the projects were listed as having a cost of \$1.3M, though all of the recommended work will not be done at the same time and as the information showed there will be priorities established prior to commencing the repairs to the facility. The recommended repairs / updates by Underwood Engineers does not constrain the repairs to a specific time rather an as need / permit specific approach has been offered which would satisfy the NHDES as far as discharge, by far the most critical task of the system.

Bullet # 4, I have no answer for this question, other than the system is more than adequate enough to withstand the addition of 25 more connections which was the original intent. There are no plans to enlarge the system.

Bullet # 5, The information you seek here was sent out to the community directly after the November 2012 forum which listed all of the options going forward that the ESC would need to do to remain compliant in the near and long term, with a low end cost of \$650K to a high of \$1.3M, covering the future capital costs.

As far as the discussion up to the April 3rd meeting, my apology for your request not being on the 4/3/13 agenda, however, from the meeting I took the following; that per the Commissioners I would respond to your request for a list of the ESC assets by Monday, April 8th, 2013, which I did. If I have misunderstood, again, I apologize.

Bullet # 6, I spoke with Brian Harding this morning and he answered that the loan was paid as the ESC had the cash not necessarily as a monthly amount, this was then adjusted to reflect the amount paid during the past year. The amount due to the ECA from the ESC is \$21K.

Bullet # 7, The capital was reduced by \$13,200 from \$38,500 to \$25,300 again as an adjustment made during the audit. Here is the reason; during the year it is not always clear what may or may not be acceptable to the PUC as a capital item or an operating cost, and as with previous years the auditor makes adjustments and applies the correct money in the correct column that is satisfactory to the PUC and follows applicable accounting practices. I admittedly know very little about the PUC and how they operate, I am told they will answer any questions you may have regarding this question / answer.

Bullet # 8, You can be assured the VDE will not move forward without this last question answered, and we are currently gathering this information. Please do not take this wrong, but I believe all capital funds are from the sewer users, correct me if I have misread this first sub bullet, the work to date will be a compilation as of the closing date which will be provided by the contract operator and the ESC, with the VDE monitoring in the background. The remaining work will then be established as a balance derived and subtracted from the completed tasks.

Bob, in closing, most of your request is further answered in the Underwood Engineer Report, dated January 4th 2013. My understanding is that Brian Harding sent an electronic copy to you awhile back. If

you cannot locate it and need a copy I have one here at the VDE office you may have. Each day I am tasked with furthering the due diligence required for the VDE acquisition of the ESC and some of what you request I have either not done, or I have not received answers from consultants yet, I will be far more prepared to answer more of your questions in another 4-6 weeks or as the due diligence aspect of the VDE / ESC acquisition winds down.

Sincerely;

Bill Weber

From: R & G Logan
Sent: Friday, April 12, 2013 2:02 PM
To: William Weber
Subject: Response to my request of Feb 7

Hi Bill,

Thank you for responding to one of my due diligence requests that were submitted to the commissioners on February 7. As you recall my request of that date included:

- What exactly is the VDE Due Diligence process for evaluating the Sewer Company acquisition? I am requesting specific milestones, completion dates and the dates that information will be made available to all VDE members. I request that all information be made available at least 3 weeks before the scheduled 3/21 annual meeting through USPS mailed notification to all VDE voter/members. The information can be available on line and at the VDE office.
- When will a thorough and open independent financial evaluation of the sewer company's current financial capital and operational health occur? This needs to be done by an outside accounting firm with no allegiance to ECA or ESC.
- What is the 5 year plan for capital? I realize the mailed package contains some information that could be purported to address this, however I think this information is incomplete.
- When will you get an independent and respected engineering firm's comprehensive assessment of all existing ESC's capital, all known future state and federal requirements that could necessitate additional capital funding for the next five years? I would also want to see a system adequacy projection based on current and any potential future users.
- When will future (capital) funding requirements for the sewer company be put forth to VDE members?

The above information has not been provided as of today nor has a date been forthcoming as to when this information will be provided to me.

In your March 5 email to me, you stated that: ".....The district is also in receipt of your certified letter dated 2/25/13, which has been forwarded to the board of officials as requested. The Commission has requested that I inform you that your request will be reviewed at the commissioners regularly scheduled meeting on March 20th, 2013."

At the March 20th VDE meeting, the commissioners failed to provide the committed to answer to my February request. On that date they committed to address my request at a special meeting on April 3. The agenda for the April 3 meeting failed to include my February request on the agenda for that day.

At the April 3 meeting I addressed that oversight and requested from the VDE commissioners an explicit response as to when my request from February would be fulfilled. The response the commissioners gave me was that I would receive an answer from them by April 8. The answer you transmitted to me on April 8 is incomplete as itemized above. Why have the commissioners and you failed to respond to the reasonable request of a VDE member? This request ought to be part of a broader and more comprehensive due diligence process that you and the commissioners are completing in the matter of acquiring the assets and liabilities of the Eastman sewer company.

Given a cursory analysis of the recently released ECA/Seller's ESC Audit Report, I noticed several entries in the statements that require a more comprehensive analysis than the statements provide.

These include (and are not limited to):

- The ECA loan amount stated in the Audited Report is \$27,000. How and why has this amount been created given the fact that the preliminary 2012 year-end unaudited financial reports showed a loan amount of \$21,000? The \$21,000 loan amount was also communicated to ECA members on 11/14/12.
- The ESC capital reserve balance in the Audited Report is \$25,300 (Audit Report note C). This is a reduction from \$38,500 that the preliminary 2012 Year-end un-audited financial reports state. The \$38,500 was also communicated to the ECA members on 11/14/12.
- The financial reports in the due diligence process need to include a reconciliation of the capital funds:
 - how much has been contributed by the sewer uses?
 - What amount of work has been completed?
 - What amount of work remains to be done?

Regards,
Bob Logan

Exhibit N

From: R & G Logan <rlogannh@yahoo.com>
Subject: Due Diligence request
Date: May 1, 2013 10:05:06 AM EDT
To: William Weber <weber@eastmanh2o.org>

Bill,

Your response does not address the due diligence request I made on Feb 7th. I would point out:

Bullet #1--you have not defined "specific milestones, completion dates and the dates that information will be made available to all VDE members"

Bullet #2--you have failed to answer "When will a thorough and open independent financial evaluation of the sewer company's current financial capital and operational health occur?"

The seller's audited report is unacceptable to anyone who has fiduciary responsibility to the buyers.

Bullet #3--your answer that no independent analysis has been done by you or the commissioners as fiduciary agents for the buyers is unacceptable.

Bullet #4--As you stated, you have no answer to my request. Why would you and/or the commissioners proceed with an acquisition on behalf of the buyers when you acknowledge that neither you nor they know the current state of the capital equipment?

Bullet #5--As you are well aware the information put forth in November 2012 was both erroneous, incomplete and produced by the seller (hardly an independent source)

Bullet #6--If your conversation with Brian overrides the Auditor's Report, then you/Brian have a responsibility to get the Auditor's Report corrected.

Bullet #7--I understand how Brian explains the reduction of the Capital Funds. What is a red flag to me is that on the ESC financials on 11/14 this "adjustment" was neither predicted nor noted.

Bullet #8--Underwood Engineers is an agent of the "seller", not the buyer. You are not representing the VDE members when you take a seller's report as due diligence.

Regards,
Bob

On Apr 15, 2013, at 11:47 AM, William Weber wrote:
Good Morning Bob;

I will do the best I can to respond to your latest request of 4/12/13.

Bullet # 1, The due diligence will encompass any and all items our consultants have or will identify along with our own expertise that will completely satisfy the Commissioners that the acquisition of the ESC is acceptable as presented to include the current engineering study, audits, and anything else necessary that will protect the customers of the waste water operation going forward.

Bullet # 2, This item is pending, although the results of the 2012 Financial Audit of the ESC seems in order it has just recently been submitted to the PUC for their review.

Bullet # 3, The package that went out last fall was indicative of the various projects that will be necessary to maintain the waste water facility in good working order, the projects were listed as having a cost of \$1.3M, though all of the recommended work will not be done at the same time and as the information showed there will be priorities established prior to commencing the repairs to the facility. The recommended repairs / updates by Underwood Engineers does not constrain the repairs to a specific time rather an as need / permit specific approach has been offered which would satisfy the NHDES as far as discharge, by far the most critical task of the system.

Bullet # 4, I have no answer for this question, other than the system is more than adequate enough to withstand the addition of 25 more connections which was the original intent. There are no plans to enlarge the system.

Bullet # 5, The information you seek here was sent out to the community directly after the November 2012 forum which listed all of the options going forward that the ESC would need to do to remain compliant in the near and long term, with a low end cost of \$650K to a high of \$1.3M, covering the future capital costs.

As far as the discussion up to the April 3rd meeting, my apology for your request not being on the 4/3/13 agenda, however, from the meeting I took the following; that per the Commissioners I would respond to your request for a list of the ESC assets by Monday, April 8th, 2013, which I did. If I have misunderstood, again, I apologize.

Bullet # 6, I spoke with Brian Harding this morning and he answered that the loan was paid as the ESC had the cash not necessarily as a monthly amount, this was then adjusted to reflect the amount paid during the past year. The amount due to the ECA from the ESC is \$21K.

Bullet # 7, The capital was reduced by \$13,200 from \$38,500 to \$25,300 again as an adjustment made during the audit. Here is the reason; during the year it is not always clear what may or may not be acceptable to the PUC as a capital item or an operating cost, and as with previous years the auditor makes adjustments and applies the correct money in the correct column that is satisfactory to the PUC and follows applicable accounting practices. I admittedly know very little about the PUC and how they operate, I am told they will answer any questions you may have regarding this question / answer.

Bullet # 8, You can be assured the VDE will not move forward without this last question answered, and we are currently gathering this information. Please do not take this wrong, but I believe all capital funds are from the sewer users, correct me if I have misread this first sub bullet, the work to date will be a compilation as of the closing date which will be provided by the contract operator and the ESC, with the VDE monitoring in the background. The remaining work will then be established as a balance derived and subtracted from the completed tasks.

Bob, in closing, most of your request is further answered in the Underwood Engineer Report, dated January 4th 2013. My understanding is that Brian Harding sent an electronic copy to you awhile back. If you cannot locate it and need a copy I have one here at the VDE office you may have. Each day I am tasked with furthering the due diligence required for the VDE acquisition of the ESC and some of what you request I have either not done, or I have not received answers from consultants yet, I will be far more prepared to answer more of your questions in another 4-6 weeks or as the due diligence aspect of the VDE / ESC acquisition winds down.

Sincerely;

Bill Weber

Exhibit O

Robert F. Logan
4 Azure Brae
PO Box 1514
Grantham, NH 03753
June 13, 2013

Mr. William Sullivan
Mr. Duncan Wood
Mr. Robert Fairweather
Village District of Eastman
PO Box 990
31 Draper Road
Grantham, NH 03753

Dear Sirs:

I am attaching a request that I submitted to the Village District on May 1, 2013 via email to Bill Weber. I have received no response or acknowledgement to my request.

If the VDE commissioners are unable or unwilling to provide a timely and comprehensive response to the attached questions as part of their due diligence in acquiring the Eastman Sewer Company, then I do not think that their actions have properly and singularly represented the best interests of the VDE constituents whom they are representing as buyers of ESC's depleted assets. Further, as my email addresses, the capital facilities and equipment have not been evaluated by independent sources to my knowledge.

As time is of the essence, please respond immediately.

Sincerely,

Robert F. Logan

Exhibit P

From: William Weber <weber@eastmanh2o.org>

Subject: Due Diligence Request

Date: June 19, 2013 12:43:28 PM EDT

To: R & G Logan <rlogannh@yahoo.com>

Bob;

In response to your letter of June 13th, 2013 I offer the following; the board of officials and I believe we have made every effort to respond to, and answer your requests in a timely and comprehensive manner. As I have said before, I assure you that the VDE will continue to look out for and protect the best interests of the customers of the VDE and the Eastman Community.

Sincerely;

Bill W