

THE STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION

Sale of Assets and Liabilities to VILLAGE DISTRICT OF EASTMAN

LIST OF EXHIBITS

1. Letter To ECA 1-4-13
2. Announcement of Community Forum 11-7-12
3. Now You Know the rest of the story 4-18-13 ELECTRONIC ONLY

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Jan. 4, 2013

Fellow Members,

I write to urge you to attend the Special Meeting of the Village District of Eastman scheduled for Wednesday evening, January 9th, 2013 at 7:00 p.m. at the Grantham Hall. The warrant articles for discussion relate to the possible acquisition of the assets and liabilities of the Eastman Sewer Company (ESC) by the VDE. All residents of Eastman are VDE customers and who are registered voters in Grantham, Enfield, and Springfield are eligible to vote. Even if you are not a sewer user you have a vital stake in this matter which is critical to the future of the Association.

The Boards of the Eastman Sewer Company and the Eastman Community Association voted to proceed with the proposal subject to approval of negotiated terms and conditions. The Commissioners of the Village District have voted (2 to 1) to proceed subject to a general agreement of their users and final review of the proposed deal.

We recently mailed a packet of information to Eastman residents with [historical data and a review of the Community Forum](#) on this topic held a short time ago. Below are a few

facts important in your consideration of this matter. I hope you will review them and contact Brian Harding at the ECA Office (863-4240), Bill Weber at the VDE office (863-651-1111) or myself (863-5811) with any questions you may have.

The ECA has run the sewer system for 12 years. The Company has no employees and has been operated by a Board and administered by several ECA employees on a part-time basis. Actual day-to-day operations are performed by an outside contractor. It is anticipated that the existing VDE staff would take over the administrative responsibilities and that a new, volunteer Sewer Advisory Board would make recommendations regarding ongoing sewer operations and capital projects.

Since the formation of the Sewer Company, all costs have been borne exclusively by sewer customers. This was the case when the company was owned and operated by the developer, and it has continued this way since the company was purchased by ECA in 2001. Sewer customers would continue to pay all sewer expenses under the proposed agreement between the ECA and the VDE.

The reasons for the proposed acquisition are:

To remove the Sewer Company from regulation by the state Public Utilities Commission, which is designed to regulate large companies such as PSNH;

To save significant overhead charges and inordinate amounts of time required to initiate and obtain PUC approvals for loans, rate increases, capital expenditures, and like;

Pro-forma savings as a result of the combination should reduce costs for items such as real estate and utility taxes, insurance, professional services (legal, accounting, and consulting), and other operational costs which would be covered by existing VDE liabilities. Any VDE administrative time attributable to the sewer operation will be charged to the sewer account.

Assuming all of the capital projects now underway or proposed by the Sewer Company are completed using current estimates, the resulting total annual charges for sewer users would increase from \$368 per annum to about \$650 per annum, well within the reasonable costs for such services.

Another option would be to form a separate Village District for sewer users. This would reduce anticipated cost savings from the proposed combination, e.g., two organizations requiring duplicate costs for many items. In addition, it would add another formal governing body here at Eastman within which there would be only about 100 or so

eligible to vote given current registration data.

The importance of the sewer system and its operation to the health, safety, environmental and financial security of our entire Community cannot be ignored. In the end, we as members will bear the ultimate responsibility regardless of which entity has day-to-day control.

I hope you will take the time to participate in this most important meeting. Thank you for your interest in our Community and best wishes for a happy and healthy New Year.

Sincerely,

Maynard Goldman,

President, Eastman Community Association

Exhibit #2

Special Community Open Forum

Saturday, November 17th

9 a.m. at South Cove Activity Center

The Eastman Sewer Company and the Village District of Eastman are proposing a merger. Both wish to stress that this is an important educational and informational meeting to discuss the rationale for the merger and to get feedback. The close proximity of the sewer system to our lake and the need to upgrade a 30+year-old system make this a community issue, not just a sewer-user issue.

While only about a third of households in Eastman are connected to the sewer system and are (and will continue to be) responsible for the expense associated with its operations and capital improvement projects, the long-term health of the system requires some capital projects that may affect the land usage within Eastman.

Come join us for a presentation and question-and-answer period, and learn about this merger and the vital capital improvement projects.

Eastman Sewer Company Board of Directors and

Village District of Eastman Commissioners

“...now you know the rest of the story.”

April 18, 2013

Members of the Council and Special Place Chairs,

Prior to the April Council meeting, many of you received a letter purporting to be an “April Fools Joke” supposedly signed by me. Like many writings of this nature the author(s) use bits and pieces of factual information mixed with incorrect data to create a skewed version of history or to reach conclusions that are unsupported when you “...know the rest of the story.” I do not think that document should go unchallenged. I apologize in advance for the length and detail provided herein. However, it is the best way to indicate the lengths to which some people will go with intellectual dishonesty and the way they change the facts to suit their own ends. It is a perfect example of how a kernel of truth can turn into a bowl of “poopcorn.”

Although together we have made considerable progress at Eastman in recent years there continues to be a small group of dissenters who have opposed virtually every initiative to improve our Community. Imagine what Eastman would be like today without the investment in roads, the golf irrigation and drainage systems, the construction of South Cove, changes to the Declaration to ensure our financial health, the universal amenity program or the institution of the membership fee.

People have every right to dissent in this country. It is one of our most treasured privileges. We are also bombarded nearly every day by the complete dysfunction of our federal government and many state and local municipalities. Everyone wants to be sure that they get the rights to which they feel they are entitled but very few seem to be concerned about the responsibilities they have as citizens. This is no different at Eastman. Our owners not only have rights but they have concurrent responsibilities.

There are several ways to respond to the types of irresponsible material contained in the anonymous letter and many postings that appear on the listserv. I am often advised to “let it go” or to “ignore it.” Some say that by responding we are only adding credibility to the continued use of misinformation or twisted facts designed to mislead. There are some reasons to pursue this course but it also provides opportunity for further mischief by the perpetrators. The longer you keep throwing “poopcorn” at the wall the more likely it is to stick. Others have urged that we go on the offensive and communicate more actively with our membership. Frankly, we have so many ways to provide information to our members that it is arguable we have overloaded most people’s senses. Then there is the oft-made point that you can never win one of these arguments. The cacophony of who said what to whom and when and at which meeting many months ago leads to a depressing spiral which puts most people to sleep and/or turns them off to the entire process entirely.

It should be obvious that I did not write the "April Fools" letter but I have heard some have been confused by the context. The so called "facts" are typical of the way these letters are constructed. Find a statement or number that appears in a letter, report or other document, and then surround it with innuendo or misstatement(s) wrapped in a cocoon of venom. Finally, make sure that at all costs the writer(s) is/are anonymous. We believe so strongly in what we say that we don't want our names associated with it under any circumstances. The gratuitous mention of Mario Savio in the letter is laughable. One of his beliefs was in the importance of confrontation and he was the poster child for his willingness to stand up and be counted in public.

Imagine what kind of a message this sends to our members and prospective volunteers. Why would anyone want to serve in a governance or committee position in a community where character assassination was a way of life?

So, here are the principal charges and "....the rest of the story."

Quote from the anonymous letter, "At that [June 2010] F&B meeting, Committee members completed an extensive review of the golf course's financial statements from the prior four years and arrived at an unwelcome conclusion (seasons '06, '07, '08, and '09). It was determined that, on an inflation-adjusted basis, course revenue was down 50% from its high with no sign of the trend improving."

Fact: Golf revenues during that period (06 to 09) were actually up by 7.8% as the following chart demonstrates.

Season	Revenue (\$000)
2006	\$786
2007	\$783
2008	\$809
2009	\$847

To be completely candid, golf memberships were down considerably but the underlying premise for the quotes in the letter was revenue.

Quote from the anonymous letter, "F&B Committee members then held a unanimous vote of **NO CONFIDENCE** in the Eastman Golf Committee's four year effort to reverse falling revenues."

Fact: This meeting was held almost three years ago. Anyone who suggests he or she remembers precisely what was discussed is not being honest. It is possible that dissatisfaction may have been felt with the result of certain golf initiatives, but I do not recall any vote of no confidence nor does the record document any such discussion or vote.

Quote from the anonymous letter, *"The F&B Committee voted [June 14, 2010] to recommend that the ECA Board hire an outside consultant to analyze course revenue and provide recommendations on ways to increase income."*

Fact: This is not even a correct quote from the F&B minutes used by the author(s) of that letter. The minutes actually state that the committee recommends that the Board "should consider" hiring an outside consultant. The letter goes on to state that as Chair of the committee at the time I buried the recommendation and neglected my fiduciary responsibility. This is absurd and no viable reason is given as to why I would do this. What did happen is that I met with Board President, Bob Peterson, Treasurer, Frank Lasher, Council Chair, Garth Rand and General Manager, Ken Ryder to discuss the best way to proceed. Remember that Mr. Lasher and Mr. Ryder had also been at the meeting where this issue was discussed. An alternate recommendation surfaced at that time and was considered.

Shortly thereafter a decision was reached to form Golf Task Force II and to formulate a charge for the group. I was asked to contact Bob Friday, former Board President, Golf Committee Chair and Chair of Golf Task Force I to see if he would be willing to lead the new group. Bob accepted the challenge and began seeking task force membership to include non-golfers. Within a very short time the new Golf Task Force membership was formed and announced at the August meetings of the Golf, Finance & Budget Committees, and the Board.

Golf Task Force II worked tirelessly for several months and produced a preliminary report which was presented to the Board, Council Executive, Finance & Budget and Golf Committees in a joint workshop in October. The report was endorsed by the groups concerned and approval was recommended to the Board. The final report was presented to and endorsed by the Board at a special meeting on October 19, 2010.

We all know that Eastman is not an island unto itself that can be isolated from national trends and events. The golf industry has been struggling for the past ten years and is beginning to show some modest signs of improvement. This year we made some significant changes to our model which is showing positive signs. As of this writing, golf memberships have exceeded budget by \$40,000.

".....now you know the rest of the story."

Quote from the anonymous letter, *"....I [Maynard Goldman] relieved Golf Members of the \$63,210 debt that remained on the course irrigation system, in favor of passing that cost on to the entire Eastman Community."*

Fact: It should be obvious that no one person has the power to unilaterally make any such decision. The action to close the irrigation fund was recommended by a dozen members of Golf Task Force II and endorsed by seven members of the Finance & Budget Committee and was the unanimous action (nine members) of the Board of Directors. Twenty-eight (28) people participated in these discussions. Neither our annual assessments nor the Association's consolidated balance sheet were affected by the action to close the Irrigation System Fund.

The Fund was established in 1999 as part of the package to purchase the Eastman Sewer Company, lake water rights, the dam and the golf irrigation system from the CEC, developer of Eastman. The irrigation system was in dire need of replacement, but at that time it was not owned by ECA. The developer had no

incentive to replace it since they no longer received revenue from the golf course. However, the only way the developer would sell the irrigation system was for ECA to acquire the sewer system as part of the package.

At the June 1999 meeting, the ECA Board approved a motion to support the so-called 3-2-1 plan, whereby all homeowners would pay a special assessment of \$100 per year for eight years; golf membership fees would be increased by \$100 for single members and \$200 for a couple for the same period. Lot owners would pay a special assessment of \$50 per year. The project funding proposal was based on estimates for acquisition of the Sewer Company assets, annual operating costs for the Sewer Company, expected revenue from golf fees and the Sewer operation, and anticipated costs for replacement of the golf irrigation system. That plan was approved by the Council at the September 4, 1999 Council meeting.

At the end of the eight years (2008) the irrigation system fund still owed the Capital Fund \$114,535. That deficit was due to several factors, not just a reduction in golf memberships. Related factors included the loss of assessable properties caused by the lot retirement/annexation program; fewer home starts than anticipated; smaller income from the sewer fund than anticipated; reduction of golf memberships used as the basis for the 1999 funding model and overall project cost overruns in excess of \$75,000. In other words, the entire project cost more than anticipated due to a combination of all of the above factors.

The Committees recommending this course of action felt that the 8 year payback period had already been exceeded and that it was unfair to those who would continue to be required to pay beyond the time frame originally anticipated. It is a fact that the irrigation system fund was closed with a balance of \$63,210 owed to the Capital Fund to repay an internal loan. But that write off wasn't simply a forgiveness for golfers, it was a recognition that the anticipated revenues and expenses for the entire project from all sources had not met estimates.

"...now you know the rest of the story."

The final fabrication in the "April Fools" letter relates to The Center and the work by The Center Evaluation Task Force. As Council members and Special Place Chairs you know for a fact that no decisions have been made on any future project at The Center. The conclusions reach by the author(s) is pure fiction and another attempt to misrepresent the facts.

The Center Evaluation Task Force has been briefing Special Place Chairs and the Council since they began their work last fall. A full article about the Task Force and their work was published in the February 2013 edition of Happenings which provided the entire Community with background information and outlined the work of the Task Force. It is well known that much of the infrastructure at The Center is coming to the end of its service life. There will need to be improvements and the roof will need to be replaced as we make the facility more energy efficient. This is not news; a renovation project for The Center has been in the Long Range Plan for several years.

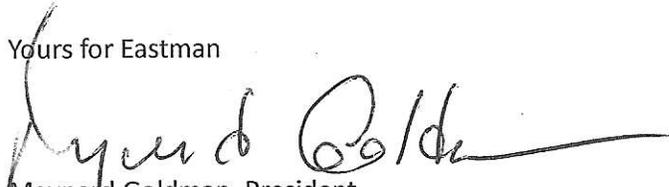
The work of the Task Force and the primary purpose of the current evaluation is to ensure that if we do undertake a project at The Center, it will be properly planned and serve our needs for the future. The Task Force has recently sent an invitation for a Council Workshop to be held at The Center on April 28th at 2pm. I encourage you to attend so you can help inform the Community as we proceed.

I'm sure we can identify many other examples of intellectual dishonesty we have read or heard during the last several months. We do have a choice. We can continue to spend countless hours and your assessment dollars responding to this small group of owners who have never supported any proposal by Eastman governance or we can do our best to stay informed and encourage others to do so. Periodic viewing of the web site, opening and reading Highlights and Happenings and other materials mailed to you should be helpful. In addition, as Special Place Chairs, I urge you to attend the quarterly meetings with the Council Chair and promote active engagement within your Special Place.

I thank those of you who have had the fortitude to stay with me through this lengthy response. I am sure you are aware that we have recently completed a lengthy community wide strategic planning process which we hope will take us well into the future. And I am pleased to report that in the last 24 hours the ice has completely melted from the lake and the loons have once again magically reappeared.

Despite all of the turmoil, hope does spring eternal.

Yours for Eastman



Maynard Goldman, President
Eastman Community Association