

THE STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION

Sale of Assets and Liabilities to VILLAGE DISTRICT OF EASTMAN

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EXHIBIT #1

Eastman Sewer Company, Inc.
DW 13-171

Responses to Geraldine Logan Set 1b

Data Request Received: 08/13/13 Date of Response: 09/12/13

Request No. Geraldine Logan 1b-7 Witness: Maynard Goldman

REQUEST: Can you define the standing ECA Board rules regarding the protocol of ECA Forums held at South Cove including:

- a. Are the meetings open to non-Eastman members, i.e. the public?
- b. Are the meetings posted in public sites?
- c. Are the meetings recorded and are the recordings made immediately available to the public?
- d. What "minutes" are published and exactly what is the criteria for creating and publishing the minutes?
- e. What is the timeframe for posting the minutes and what allowance is made for correction to those minutes?
- f. Given the above, is all documentation oral and written public as well as open and transparent conforming to the NH Right to Know law?

RESPONSE: Forums which are facilitated by ECA are held for Eastman owners and individuals who reside in the community (i.e., long-term renters). These forums are intended to foster a free exchange of questions, thoughts and suggestions. A set of "standing rules" would likely inhibit that exchange. The ECA Board has not established rules for forums that it hosts or sanctions.

Minutes are not taken nor is there any formal documentation of what is said. Those who attend are able to participate without concern for who else may be listening. As you have indicated we are a private organization and are not subject to rules of the Right to Know law. All of our members have an equal opportunity to participate in these events. Whether they choose to do so is their business.

EXHIBIT #2

From: Eastman Notices <notices@eastmannh.org>
Subject: Forum on proposed merger of Sewer Company and Village District of Eastman
Date: November 7, 2012 11:25:15 AM EST
To: rlogannh@yahoo.com
Reply-To: notices@eastmannh.org

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**

EXHIBIT #3

From: Brian Harding <Brian@eastmannh.org>
Subject: RE: time
Date: March 25, 2013 11:13:42 AM EDT
To: R & G Logan <rlogannh@yahoo.com>

Good Morning Bob,

I have not tracked the time I've spent doing work for the Eastman Sewer Company. Because ESC has reimbursed ECA based on set allocation for my time (\$2,400 per year originally and then \$3,600 per year starting in 2012) there was no need to record specific hours worked. As you might imagine the hours worked has varied widely, with less hours during "normal" fiscal years and more hours during the rate case and over the past year with the VDE proposal.

I hope this answers your question.

Brian Harding

Assistant General Manager
Eastman Community Association
P.O. Box 53 - Grantham, NH 03753
Phone: 603-863-4240
Fax: 603-863-3889
brian@eastmannh.org

EXHIBIT #4

Brian Harding <Brian@eastmannh.org>

From: Brian Harding

Jul 1

To: Phil Schaefer philschaefer42@gmail.com

Date: Mon, Jul 1, 2013 at 2:35 PM

Subject: Planned Forum - July 24

Good Afternoon Phil,

As I'm sure you heard during Maynard's report at Saturday's Council meeting, a forum to discuss the VDE vs. separate Sewer District options is being planned for Wednesday, July 24 at 7:00 pm at South Cove. Although nothing is cast in stone, we're hoping to have an independent moderator facilitate the forum, with a basic format that would probably include:

1. Background
2. Rationale for Petition to establish Sewer District
3. Rational for Purchase and Sale to VDE
4. Aspects in Common, Differences. Discussion
5. Next steps

Obviously, you are the best person to explain the rationale to establish a Sewer District, and we'd like to invite you to participate in this forum. Assuming you wish to do that, we would probably have a joint meeting with the moderator a week or so before the forum to establish the format, agree on ground rules, etc. We're hoping to get Cotton Cleveland to serve as moderator, but that still needs to be confirmed. Cotton served as the moderator for New London town meetings for many years

Please confirm if you would like to participate in the forum and the "pre-forum" meeting, and we'll go from there. Thanks Phil.

Brian Harding

Assistant General Manager
Eastman Community Association
P.O. Box 53 - Grantham, NH 03753
Phone: [603-863-4240](tel:603-863-4240)

Fax: 603-863-3889
brian@eastmannh.org

From: PhilSchaefer philschaefer42@gmail.com
To: Brian Harding Brian@eastmannh.org
Date: Tue, Jul 2, 2013 at 3:53 PM
Subject: Re: Planned Forum - July 24

Hi Brian,

I'm thinking about your offer. I'll get back to you by Friday.

Have a good 4th.

Phil

From: Brian Harding Brian@eastmannh.org
To: PhilSchaefer philschaefer42@gmail.com
Date: Tue, Jul 2, 2013 at 4:34 PM
Subject: Re: Planned Forum - July 24

Fair enough Phil.

Thanks, and you and Mary Lou have a good 4th as well.

Brian Harding

Assistant General Manager
Eastman Community Association
P.O. Box 53 - Grantham, NH 03753
Phone: 603-863-4240
Fax: 603-863-3889
brian@eastmannh.org

From: Brian Harding Brian@eastmannh.org
To: PhilSchaefer philschaefer42@gmail.com
Date: Fri, Jul 5, 2013 at 4:18 PM
Subject: Re: Planned Forum - July 24

Brian,

I've given serious consideration to ECA's scheduled July 24 meeting. I agree to participate in deciding the format, establishing the ground rules and making a

Exhibit # 4 cont'd

presentation, provided certain conditions are met.

The conditions are based on recognition of: 1. The importance of having an informational/educational public meeting to assist sewer users in their understanding of the pros and cons of either a sale of the sewer company to the VDE or the establishment of an independent sewer district and the sale of the sewer company to it.

2. The undesirable negativity and divisiveness that can result in our community if the sewer issues are addressed on an emotional, accusatory level, as has been the case in recent statements by members of ECA governance.

My ground rules for participating would be:

- Meeting to be described/advertised as "Informational Meeting: Different Perspectives"
- Location--Town Hall
- Meeting is open to public
- Only registered voters in the sewer district may speak. ECA employees, Board and Council Members or parties to existing agreements among or between ECA/ESC/VDE may not speak even if they are registered voters.
- No presenters may be ECA employees, ECA Board or Council Members, or parties to existing agreements among or between ECA/ESC/VDE
- Equal number of presenters for both, no more than two for either.
- There will be no personal attacks.
- We will offer names for a moderator.
- Meeting must be video recorded and broadcast on the Eastman Community TV channel during prime time (7 - 10 p.m.) three times a week until the election.

I need your response by Wednesday, July 10.

Phil

From: PhilSchaefer philschaefer42@gmail.com
To: Brian Harding Brian@eastmannh.org
Date: Sat, Jul 6, 2013 at 8:28 AM
Subject: Re: Planned Forum - July 24

Good Morning Phil,

Thank you for your note. I will have to past your requests up the ladder (so to speak) and will do my best to get back to you by Wednesday.

Enjoy your weekend, and let's hope we have some relief soon from the unpleasant weather of the past month.

Brian

From: Brian Harding Brian@eastmannh.org
To: Phil Schaefer philschaefer42@gmail.com
Date: Mon, Jul 8, 2013 at 11:23 AM
Subject: Re: Planned Forum - July 24
Good Morning Phil,

I have received feedback from representatives for ECA, ESC and VDE. Please see the following responses to your requested ground rules:

1. Meeting to be described/advertised as "Informational Meeting: Different Perspectives" – Agree
2. Location--Town Hall – Do not agree. This is an Eastman issue and it has already been announced as being held at South Cove.
3. Meeting is open to public – Agree. This is an important topic for the entire Eastman community.
4. Only registered voters in the sewer district may speak. ECA employees, Board and Council Members or parties to existing agreements among or between ECA/ESC/VDE may not speak even if they are registered voters – Do not agree. At the August 17th sewer district meeting and vote, there will almost certainly be restrictions on who may or may not speak. Such restrictions should not be enforced at an informational meeting. The intent of the meeting is to provide information from both sides of the issue. Also, it does not make sense to prohibit parties to existing agreements between ECA/ESC/VDE from speaking, since those agreements are at the core of this discussion and debate.
5. No presenters may be ECA employees, ECA Board or Council Members, or parties to existing agreements among or between ECA/ESC/VDE – Do not agree, for the reasons stated above. All parties with an interest in the issue must be allowed to express their views.
6. Equal number of presenters for both, no more than two for either - Agree
7. There will be no personal attacks - Agree
8. We will offer names for a moderator – Agree. We suggest Cotton Cleveland from New London. She is well qualified to moderate this forum, and has no stake in this issue. We also request the two sides share the cost for the moderator who is ultimately selected.
9. Meeting must be video recorded and broadcast on the Eastman Community TV channel during prime time (7 - 10 p.m.) three times a week

Exhibit # 4 cont'd

until the election. – We do not object, but you would need to arrange for and facilitate the taping. Also, according to Lorie McClory, we cannot guarantee to still have the capability to broadcast video on Channel 10. To the best of our knowledge, it has been years since we last broadcast video and the VCR equipment used to do that no longer works. We have never broadcast a digital video file and do not know if we have the capability to do so. However, we are willing to try. As with the cost for the moderator, we suggest any costs for taping and broadcast be shared 50/50.

Thus we can agree to 6 of your 9 ground rules. We plan to hold the forum at South Cove on July 24th with or without you. We ask that you let us know whether you or others who share your position will or will not participate no later than close of business this Wednesday, July 10th. If you do plan to participate, we will need to agree on the moderator and schedule a pre-forum meeting to establish the meeting format. Thank you Phil. We look forward to your reply.
Brian Harding

From: PhilSchaefer philschaefer42@gmail.com

To: Brian Harding Brian@eastmannh.org

Date: Wed, Jul 10, 2013 at 4:04 PM

Subject: Re: Planned Forum - July 24

Dear Brian,

I have eliminated the points on which there is already agreement to focus the message better.

2. Location--Town Hall – Do not agree. This is an Eastman issue and it has already been announced as being held at South Cove.

The election is open to sewer-users (plus a few). It is therefore a sewer-user issue, not an Eastman issue. The VDE discussions and elections in January and March were held in Town Hall because they were municipal. Similarly, it is totally appropriate for discussions to be held in Town Hall, which is where the Aug. 17 election will be held. To hold the informational session on Eastman property gives the impression that the ECA is politically involved with a municipal election. That, I suggest, runs afoul of the 501 c(4) status of the community, which restricts ECA's political activity. I will not agree to participate in risking Eastman's tax-free status.

4. Only registered voters in the sewer district may speak. ECA employees, Board and Council Members or parties to existing agreements among or between ECA/ESC/VDE may not speak even if they are registered voters – Do not agree. At the August 17th sewer district meeting and vote, there will almost certainly be restrictions on who may or may not speak. Such restrictions should not be enforced at an informational meeting. The intent of the meeting is to provide information

Exhibit # 4 cont'd

from both sides of the issue. Also, it does not make sense to prohibit parties to existing agreements between ECA/ESC/VDE from speaking, since those agreements are at the core of this discussion and debate.

The intent of the meeting should be for qualified voters to discuss the issues and pose questions among themselves to become better informed. Adding in people who are not potential voters only creates the precise environment that the vote for a sewer district is trying to avoid. If tennis players can set the rules for running the tennis courts and golfers can set the rules and fees for the golf course, both without participation of 'outsiders,' then certainly sewer-users should be allowed the same protocol. The individuals who have participated in the negotiating/signing of the agreements perhaps want to justify their efforts. However to me, it is a clear conflict of interest for them to participate in an 'informational' meeting, trying to convince the voters of their position.

5. No presenters may be ECA employees, ECA Board or Council Members, or parties to existing agreements among or between ECA/ESC/VDE – Do not agree, for the reasons stated above. All parties with an interest in the issue must be allowed to express their views.

See 4. above. It is of utmost importance that the meeting be maintained as 'informational,' as you have already agreed. Therefore, ECA governance, ECA employees, ECA members who are non-sewer users and VDE Commissioners and employees (participants in the negotiations) have to step aside. They can facilitate by making the meeting possible in an appropriate, neutral location, and they can listen, but they have to recognize their conflicted status. (see 4. above)

8. We will offer names for a moderator – Agree. We suggest Cotton Cleveland from New London. She is well qualified to moderate this forum, and has no stake in this issue. We also request the two sides share the cost for the moderator who is ultimately selected.

If you agree to the prior points, then the sewer-users will offer names for moderator, otherwise we can discontinue dialog.

9. Meeting must be video recorded and broadcast on the Eastman Community TV channel during prime time (7 - 10 p.m.) three times a week until the election. – We do not object, but you would need to arrange for and facilitate the taping. Also, according to Lorie McClory, we cannot guarantee to still have the capability to broadcast video on Channel 10. To the best of our knowledge, it has been years since we last broadcast video and the VCR equipment used to do that no longer works. We have never broadcast a digital video file and do not know if we have the capability to do so. However, we are willing to try. As with

Exhibit # 4 cont'd

the cost for the moderator, we suggest any costs for taping and broadcast be shared 50/50.

We can discuss this item when you know whether you can broadcast on channel 10 and what format you would need.

I look forward to hearing from you by Friday (7/12).

Phil

From: Brian Harding Brian@eastmannh.org
To: Phil Schaefer philschaefer42@gmail.com
Date: Wed, Jul 10, 2013 at 4:34 PM
Subject: Re: Planned Forum - July 24

Hi Phil,

Thank you for your note. I will pass along your additional input, and will be sure to get back to you by this Friday.

Enjoy the ongoing lovely weather {groan}. At least the weekend looks promising!

Brian Harding

From: **Brian Harding** <Brian@eastmannh.org>
Date: Thu, Jul 11, 2013 at 11:34 AM
Subject: Planned Forum - July 24
To: Mary Lou Schaefer <philschaefer42@gmail.com>

Good Morning Phil.

After reviewing your responses to our offer for you to participate in the forum, it is clear that your conditions are not acceptable. We are moving forward as originally planned.

Sincerely,

Brian Harding

Assistant General Manager

Eastman Community Association

P.O. Box 53 - Grantham, NH 03753

Village District of Eastman
with Eastman Sewer Company and the Eastman Community Association
Non-Public meeting, February 7, 2012

In Attendance:

For Village District of Eastman (hereafter VDE): Commissioner William Sullivan, Commissioner Duncan Wood, Commissioner Robert Fairweather, Treasurer David Wright, District Manager William Weber, Office Manager Amy Lewis and Water Operator Neil Perez.

For Eastman Sewer Company (hereafter ESC): Board Representative Brad Moses, Office Manager Gayle Burns.

For Eastman Community Association (hereafter ECA): General Manager Ken Ryder, Assistant General Manager Brian Harding (also Manager of ESC), Board President Maynard Goldman, Golf Course Superintendent Mike Gornert.

Also in attendance was Joe Damour of Water Systems Operators.

The meeting was called to order at 8:04AM by Commissioner Sullivan.

Introductions were made around the table. Mr. Weber explained that he was approached by Mr. Harding about the possibility of bringing the ESC under the VDE. The purpose of the meeting was to be exploratory only, to discuss the benefits and possible ramifications of the VDE taking over the ESC operations.

A general history of the ESC was given by Mr. Harding. The ESC was purchased by the ECA in 2001. In 2008 a capital analysis of the ESC was performed, which prioritized capital projects. Potential issues indicated were headworks replacement and South Cove pump replacements, which would incur costs of \$350,000-380,000. Because of the for-profit status of the ESC, any changes must be approved by the Public Utilities Commission. The ESC took the recommendations and a proposed rate change to raise the capital to the PUC for approval. The approval process took 15 months to push through the PUC, which incurred costs between \$20,000-\$25,000. Because of the PUC delay the rate changes were not made in a timely fashion. The ESC no longer feels that it makes sense for such a small customer base to remain under the PUC. The auditor for the ESC had raised potential tax implications with merging the ESC with the ECA; the ESC stepped back from that possibility to consider the benefits to merging with the VDE instead. Mr. Ryder indicated that a 2004 study was done on that possibility and that talks were initiated at that time, but that nothing moved forward.

There are very strong arguments as to why bringing the ESC under the VDE is the best option. There is a natural connection between the two entities – water and waste water management are commonly combined. The Town of Hanover was brought up as an excellent example; as the Town has recently completed a very similar merger. The VDE, being a municipal entity, has the ability to tap federal and state grants for capital improvements that the ESC cannot. The VDE also has greater borrowing ability because of the municipal bonding.

ECA Board President Goldman made a point of saying that between the VDE, ESC and ECA, everyone is working on their own but all the money is coming from the same people, and all three entities are working for the same good. This is an opportunity to bring it together in a positive way.

Exhibit # 5 cont'd

Mr. Weber asked if the ESC ever received customer complaints, explaining that all complaints to the VDE were tracked along with all resolutions. Mr. Harding responded that one backup had occurred, and the issue was resolved satisfactorily.

Commissioner Wood asked why the VDE and ESC went in separate directions to begin with. Mr. Ryder explained that the entities were split by the voters. Prior to the 1980's, water was regulated by the PUC and waste management was not. The 1980's flipped that – the dams, irrigation and sewer system were part of the purchase in 2001. Commissioner Wood expressed concern that the municipality would end up dependent on the current golf course irrigation as part of the disposal system.

Commissioner Fairweather asked what shelved the 2004 discussion. Mr. Ryder said that there were major changes in the VDE board, attitude issues at the board level, difficulties with the water system; the VDE board had at the time the opinion that any merge would have the voters disenfranchised by not having the ability to vote for the commissioners.

Mr. Weber cited the Hanover case; the state and town would probably not allow two Village Districts to operate in such close range of each other. The ESC if dissolved could possibly be a sub-committee under the VDE to continue operating, which would require the Town of Grantham's approval. He expressed concern that there would be difficulties getting the ESC out from under the PUC. Mr. Ryder stated that if the ESC was transferred to the VDE, the PUC loses authority. Mr. Harding added that the ESC staff met several years ago with the PUC to discuss such an occurrence; it is very possible that the PUC would approve the move. To all involved, the protection of the customer is paramount.

ESC Board Representative Moses indicated that there would be dissenters within Eastman, and that having the District vote on the potential merge would show evidence that the majority of the District, as well as the Board, approve the move.

Commissioner Wood brought up the fact that the sewer system is long overdue for capital improvements, and all customers on the system would have to shoulder some responsibility. Portions of the cost would be allocated to users and non-users, with non-users paying less.

At this time Mr. Goldman suggested specific topics for discussion: technical, legal, organizational and financial aspects would all need to be addressed.

Commissioner Sullivan expressed concern that any merger would require more time from the current VDE Board, as the Board at present is all volunteer. One of the options could be that a sub-board be created for and comprised of sewer users, and be responsible for day-to-day operations, with the VDE Board having ultimate control.

Commissioner Wood asked if the storage ponds function as infiltration ponds under winter operations, when the golf course is not in use; the response by Joe Damour was that they are not designed to, and it would require a different kind of permit. Under the existing issues with DES, is the focus on solids or nutrients – has the issue been raised of transferring nutrients to the golf course? Mr. Damour indicated that the issue is surface discharge vs. nutrients – irrigation on the golf course. Disinfection and TSS are large issues. Mr. Gornnert stated that the system pumps directly from the pond and lake; 80% to the golf course is lake water as piping just from the holding ponds cannot keep up with demand. There is no pumping on the weekends due to testing requirements. Mr. Ryder said that the golf course does not need the waste water from the ESC; irrigation can be done without pulling from the lake. Per Mr. Damour, with the proper permits discharge can be made to the surface. There are two other methods to irrigate: trucking, which will be costly, and utilizing a different in-house method. There also may be a

Exhibit # 5 cont'd

major impact with the Town of Grantham, as it is currently exploring long-range plans for providing water and waste water management on its own. Mr. Harding said that the most effective and affordable solution at present is to continue to spray irrigate and research how to meet the DES standards without spray irrigation. Per Mr. Moses, such a study would cost approximately \$21,000, which the ESC does not have. Mr. Harding added that the PUC dictates that a for-profit utility cannot have a real capital reserve; under the current, the ESC is allowed \$10,000 per year.

Commissioner Wood asked about any legal implications of creating a sub-municipality. Mr. Weber replied that the creation could be done in 6-7 months, if there are no appropriations involved. A town meeting would be required, possibly a VDE Special Meeting, with a formal agreement presented as a discussion point to the Grantham Selectmen. Once approval is received, a plan to come out from under the PUC would be drafted and submitted to the Selectmen for final approval. Residents would not have to approve/vote on the change; Selectmen only. A warrant article may be needed. Mr. Goldman added that the ECA Board has the authority to sell Eastman properties; real estate could be sold to a municipality once the municipality is created. Commissioner Fairweather wanted to know how the users of the system would have a say; Mr. Ryder answered that it was his understanding that the voters of the sub-precinct would dictate what occurs. Commissioner Wood added that members not on the sewer service would be better off having a separate district – non-ESC members would not pay for the sewer. On the same line of thinking, the benefits would have to be allocated carefully as it would be a community responsibility. Mr. Goldman stressed that this will be an education process for all in order to come to a common understanding.

Mr. Moses asked when any proposal for change would go to the PUC. Mr. Ryder responded that in Hanover's instance, the District was created and then the PUC was told of the change. The PUC does not need to approve such a move, although the municipality may have to be validated under the state statutes. Treasurer Wright suggested a "road map" outlining the process be created. Commissioner Wood would like to see estimates for time, money and permits; decisions would need to be made as to the current Board set-up; integrations between the two offices; the VDE field operators would require training on sampling and routine maintenance. Commissioner Fairweather also suggested that a due diligence financial look be taken in order for the VDE Board to fully understand what it would be undertaking. It was noted that recommended capital improvements as well as the current debt were outlined in the handbook given by Mr. Harding to the VDE.

Mr. Damour mentioned that the existing system – collection, pipes and tank – were all around 40 years old. The life span of the sewer system should be longer than the water system, as there is less pressure with the sewer. Mr. Ryder made a point to acknowledge the management of the golf course by Mr. Gornnert.

Commissioner Wood requested that Mr. Weber and Mr. Harding work together to formulate a potential plan – something that can be put before both boards to clearly outline the work that needs to be completed. Mr. Harding will take care of the PUC part. It was suggested that the Town Administrator in Hanover be contacted for information. Commissioner Wood also moved that the VDE Board continue talks with ESC and ECA. Commissioner Fairweather added to the motion that the meetings stay in non-public session until such time that the information is presentable to the public. Mr. Moses asked that it be clear that a representative from the sewer board be present at every meeting. Both the amendment and initial motion were seconded; VDE voted unanimously to continue with talks.

Exhibit # 5 cont'd

Commissioner Wood stated that he would like to see preliminary structure outlines at the next VDE meeting. Mr. Weber and Mr. Harding will schedule time to begin planning. Mr. Harding would like to not contact the PUC, as the project is exploratory/educational only at this time.

Mr. Goldman made a point to thank everyone in attendance, saying that key issues were touched on and that the problem must be resolved within the community to keep things flowing smoothly; if the sewer company fails, the community fails.

A motion was made and seconded to adjourn; the meeting was closed at 9:34 AM.

Respectfully submitted,



Amy Lewis
Office Manager, Village District of Eastman


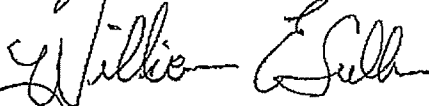
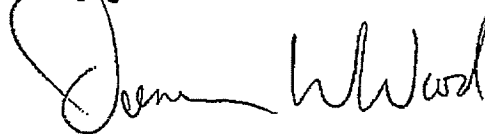
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Exhibit # 5 cont'd

Village District of Eastman Commissioners' Meeting, February 15, 2012 Non-public session, Final minutes

In attendance: Commissioners Wood, Sullivan and Fairweather, District Manager Bill Weber, Deputy Treasurer Ben Conroy, Office Manager Amy Lewis and Water Operators Nell Perez and Josh Worthen.

The commissioners entered the non-public session at 9:05 AM.

The January minutes were approved as amended.

Commissioner Wood had no amendments to the proposed minutes from the 2/7/12 meeting with the ECA and ESC. He moved that the minutes be accepted after edits requested by Commissioner Fairweather and District Manager Weber. The motion was seconded by Commissioner Sullivan and was unanimously approved.

Commissioner Wood expressed concern over the potential challenges the District would inherit if the proposed plan with the ESC goes forward. He also said that hiding information regarding the merge is inviting dissention. Going forward, the issue should be part of a public dialogue to prevent questions as to why discussions were begun in non-public session. The VDE board needs to coordinate with the ESC and ECA as to releasing the information currently available. Commissioner Fairweather stressed that the VDE needs to be as open as possible.

Commissioner Wood would like further discussions regarding the role of the VDE in the ESC's future be done in public; he made the motion that any meetings referencing the ESC be done in open meetings. The motion was seconded by Commissioner Sullivan and was unanimously approved.

District Manager Weber relayed that he and ESC Manager Brian Harding had completed a schedule outlining the necessary steps for the transfer of the ESC to the VDE. A preliminary budget was also created. The research completed by Mr. Weber showed that the District is already purposed for sewer treatment, and legally the VDE can take over responsibility to operate the ESC. The biggest hurdle would be appropriations. The existing debt burden was examined, as well as the relationship between the ESC and the DES. Mr. Weber indicated that the DES would not object to a permit transfer between companies. The ECA land lease would most likely not go away. Regarding a warrant for ESC incorporation into the VDE, there is legally enough time but it would not be fair to the voters to try and get it onto this year's Annual Meeting agenda. Commissioner Fairweather suggested working on the plan to present at the 2013 annual meeting, complete with the warrant and schedules. Commissioner Wood added that the ECA will find a way to keep the ESC going until a full plan can be presented next year.

Deputy Treasurer Conroy raised the question of SRF funding for the sewer, referencing the Financial section, Line Item 6, of the draft protocol prepared by Mr. Weber. He clarified that the ESC must apply and then be chosen for any SRF funding. Mr. Weber explained that a requirement for SRF funding is having the population served be greater than 50% full-time residents. The ESC did rank very high several years ago, which indicates there is a chance to receive future funding. A municipality would also receive better bank financing rates.

Commissioner Wood raised the issue of potential benefits to the VDE by continuing with the proposed merger; what is the advantage to the VDE absorbing the ESC as opposed to a second district being created specifically for the sewer. There are direct and indirect benefits to the entire community. There are administrative savings, and if appropriate, some of the capital cost burden could be spread over the entire district rather than just the sewer users. Commissioner Sullivan added that we need to consider the operators and the community as well; the big picture is maintaining ECA members' property values. It would be in the Town of Grantham's best interest to allow a second district; if property values go down in Eastman the Grantham tax burden falls on the remainder of the town. There is also the potential of Grantham developing its own water and sewer systems, although not in the immediate future.

Exhibit # 5 cont'd

At this time District Manager Weber relayed that Treasurer David Wright would like to see the talks move forward with the ESC.

Referring to the draft budget, Commissioner Fairweather would like to see ideas on cost sharing, and costs of establishing capital funding, and asked for a more detailed outline of operating expenses and current debt burden. Commissioner Sullivan showed interest in speaking informally with Grantham selectmen to get an idea of whether the town would be favorable toward a new district. He will also speak with Brian Harding of the ESC prior to any talks with selectmen. Commissioner Wood agreed that talking with the selectmen would be a good idea; he would like to be convinced that there should be only one municipality covering both water and sewer rather than two separate municipalities. The VDE needs to show the pros and cons of one Village District with a subset of customers versus a free-standing second district for the sewer that may or may not contract services from the original Village District. The benefit to the ESC of having both under one roof is apparent, we need to see the benefit to the existing Village District. The issue was also raised about the possibility of any merger being halted at the state level should the Town of Grantham allow this to go forward; according to Mr. Weber the state cannot stop a town-approved move. Deputy Treasurer Conroy expressed concern that there will not be a fair billing system.

Commissioner Sullivan said that he had talked with both Water Operators, and had concerns that the ESC was attempting to unload the system without fully disclosing any potential capital costs that would arise in the near future and indicated that Operator Perez had suggested taking a site tour, perhaps with Joe Damour of Water Systems Operators. Commissioner Fairweather agreed that a tour would be valuable, and that perhaps prior to the tour the ESC could provide a list of capital improvements that need to be addressed. He would also like to see a plan to ameliorate the irrigation waste water disposal issues. Operator Perez said that a tour of the entire system would take several hours in order to see the condos on the system, the treatment plant and the polishing pond. He also expressed concern that the ESC survey did not address 100% of the system because of the inaccessibility of some of the manholes and junctions. Operator Worthen added that any observations made on the tour would be discouraging, but that to move forward with the tour to get a full idea of how much capital will need to be put into the existing system. There is concern by both operators that the VDE would be taking on too many inherent problems. Commissioner Wood responded that as a sewer customer rather than a Commissioner of the district, he would like to be part of the fix rather than part of the problem. He referred to ECA board president Maynard Goldman's comment from February 7: each organization has different obligations but all obligations are to the same community. Mr. Weber added that this is the responsible thing to do ecologically as it is the community's problem. A tour of the ESC facility was tentatively scheduled for April 18, 2012 following the commissioners' meeting that morning.

Commissioner Fairweather moved to continue meeting with the ESC and ECA, and to plan it on the public agenda in order to speak of it in open session as community input is respected. The motion was seconded by Commissioner Wood and was unanimously approved. Commissioner Fairweather added that he would like to see the ESC move forward with the DES permit requirements as soon as possible.

The Commissioners voted to return to public session at 10:27 AM.

Respectfully submitted,



Amy Lewis
Office Manager
Village District of Eastman

EXHIBIT #6 DELETED

EXHIBIT #7 VDE -- ESC FINANCIAL COMPARISON

All numbers are in thousands

	VDE 2013 Budget (Annual Report 2012)	ESC Sched of Operating Expenses- 2012 (Audited Financials)
Admin-Mgmt Fee	198000.00	3600.00
Benefits	59250.00	
Payroll Taxes	15147.00	
NHRS System	13310.00	
IRA Contrib	4000.00	
Total	289710.00	3600.00
Contract Labor	20000.00	
Rent and Cleaning/Land lease	16100.00	2200.00
Office Supplies	6000.00	2100.00
Postage	5000.00	1300.00
Audit	10000.00	9700.00 *
Legal	5000.00	
ESC Acquisition	12000.00	
Work Clothing	1000.00	
RE Taxes		8600.00
Telephone		4300.00
Utilities		20000.00
Util Taxes		3800.00
Annual Mtg	6000.00	
Education	3000.00	
Insurance	11000.00	7900.00
Total	384807.00	63500.00

* Legal and Accounting Fees

EXHIBIT #8

Water Works tax agreement moves closer to approval

Dec 17, 2013

An agreement between the Manchester Water Works and the town of Auburn that could reduce the city's tax burden by nearly \$400,000 over five years took another step forward Monday and was scheduled for action by the full Board of Mayor and Aldermen on Tuesday night.

By TED SIEFER

New Hampshire Union Leader

MANCHESTER — An agreement between the Manchester Water Works and the town of Auburn that could reduce the city's tax burden by nearly \$400,000 over five years took another step forward on Monday.

The aldermen's Committee on Land and Buildings on Monday approved easements requested by the town as part of the deal. The proposal will go before the full Board of Mayor and Aldermen this evening. Water Works owns 7,200 acres in the Lake Massabesic watershed — the main source of the Manchester area's water supply — and 4,000 acres of it are in Auburn. Under state law, a water district is liable for the amount of property tax a private owner would pay on the same land. The city has long sought to reduce its property tax burden for the watershed land, and earlier this year the Water Works was actively considering selling the land to conservation groups.

The agreement with Auburn was made possible by a new state law that allows a negotiated payment in lieu of taxes (PILOT) for land a water district owns in a separate community. The five-year agreement calls for the bill paid by the Water Works to Auburn to drop from \$680,000 this year to \$300,000 in 2018. The easements will allow Auburn to use a 200-foot stretch of land for an access road to a couple properties until a faulty bridge is repaired, as well as an approximately five-acre parcel of land for a planned community center or playground.

Water Works Director David Paris told the aldermen that the easements would increase the likelihood that the agreement would continue beyond the initial five years. "The incentive we built into the PILOT we feel will promote its extension beyond five years. We also have had conversations with the town about seeking to change the state law to go beyond five years," he said.

Paris said savings from the agreement would go back into the Water Works capital project fund. "It will go toward the main relay... Our capital program will greatly benefit from our ability to invest in capital infrastructure," he said. "It will be put to good use. This is a monumental process that is not taken lightly." Paris said after the meeting that he hopes a final draft of the agreement can be completed in the next couple weeks.

The Water Works also pays taxes on watershed land in Candia, Chester and Hooksett. Paris said no deals have been reached with the other communities, but that he'd like to have conversations with them "in the future."

tsiefer@newstote.com

EXHIBIT #9

From: **William Weber** <weber@eastmanh2o.org>
Date: Tue, Mar 5, 2013 at 10:26 AM
Subject: Re: Request for minutes of Executive Sessions
To: Mary Lou and Phil Schaefer <philschaefer42@gmail.com>
Cc: Amy Lewis <amy@eastmanh2o.org>

Good Morning Phil and Mary Lou;

I will address your request for minutes in the order you sent it;

- 1) Executive Session Minutes: 1/19/12 are on the web site as are the 2/15/12 minutes.
- 2) Executive Session Minutes: 3/21/12, 4/18/12, 5/16/12, and 7/18/12 are personnel issues / subject matter. At this point I am not able to release these not knowing the specific content and not having the authority to open them. The Commissioners will take up this portion of your request at their regularly scheduled monthly meeting on March 20th, 2013.
- 3) Executive Session Minutes: 6/21/12, there was no meeting on 6/21/12, so I will assume you meant 6/20/12, if so, I am treating this set of minutes the same as the answer in number 2 above.
- 4) You have requested that the 5/23/12 minutes be posted on the web site, they were never non-public and have been on the site since last year. If I have interpreted this specific request incorrectly let me know.
- 5) Abstract from November 14, 2012 minutes; You are correct there was a typo / incorrect date recorded, the correct date should have been November 6th, 2012. Your request for the non-public session prior to the non-public session is perfectly valid, however, the entire set of minutes both public and non-public are in the same sealed envelope. The matter taken up at that non-public session was entirely a personnel issue and as such will be reviewed with the rest of the minutes answered in number 2 above.
- 6) You have indicated that you will accept electronic copies of the minutes you are requesting, please refer to our web site, as the minutes I am authorized to release are there for you to either read or download.
- 7) Again, you are correct that some minutes of 2013 meetings are approved and not posted on the web site. Any postings on the web site are done as a courtesy for the district customers and we do our best to add the data to the site as quickly as we can, however, with the annual report due and many other tasks to be completed, the posting of minutes

becomes a lower priority this time of year. All public session approved minutes are available at the office generally within 2-3 days of approval.

Respectfully;

William Weber
Village District of Eastman

From: Mary Lou and Phil Schaefer
Sent: Tuesday, February 26, 2013 6:53 PM
To: Bill Weber
Subject: Request for minutes of Executive Sessions

Dear Bill,

I have reviewed the minutes of VDE Commissioners Meetings for 2012.

I would like copies of the Executive Session Minutes from the following dates, which are not indicated as having been sealed.

1/19/12, 2/15/12, 3/21/12, 4/18/12, 5/16/12, 6/21/12, 7/18/12. Should unsealed exec. minutes be posted on the web-site along with other minutes? They are public, aren't they?

In addition In the June 21 meeting, reference is made to a meeting on May 23, though no minutes have been posted for that date. I would like a copy of those minutes (5/23/12). Furthermore, I request that they be posted along with the minutes from other meetings.

Abstract from the minutes of Nov. 14, 2012

"Minutes of the emergency meeting for personnel issues on November 16, 2012 are non-public, although they can be approved in a public meeting if there are no changes. Commissioner Fairweather moved that the non-public minutes be accepted as written, and sealed; Commissioner Sullivan seconded. The motion received unanimous approval."

As you can see above, in the minutes of Nov. 14, 2012, reference is made to a meeting on Nov. 16, which was two days after the Nov 14 meeting. Surely there is an error in the minutes. Please let me know the correct date of the meeting that was referenced in the Nov. 14, 2012 Minutes. I would like a copy of the minutes of the referenced meeting, which even if there was an Executive Session, there have to be public minutes of the meeting before and after the Executive Session.

I'm perfectly willing to accept responses to the above requests either as paper copies or electronic copies.

BTW, there have been no minutes posted yet for 2013, though I recall several sets being approved at the meeting a week ago.

Thanks for your help.

Phil Schaefer

EXHIBITS 10-22 are minutes of VDE Meetings. All are included on the electronic filing. EXHIBITS #12, 15, 16 and 19 are attached.

EXHIBIT #23 Greetings Eastman Owners....(follows)

**Village District of Eastman
Commissioners' Meeting—Village District of Eastman Office
8 a.m. Jan. 19, 2012
Approved Minutes**

IN ATTENDANCE: Chairman Bill Sullivan, Commissioners Bob Fairweather and Duncan Wood, Assistant Treasurer Ben Conroy, District Manager Bill Weber, Operator Josh Worthen, incoming Office Manager Amy Lewis, and Clerk Lorie McClory.

MINUTES: Amendments were made:

Manager's report

- Item 1: changed to clarify "lubricating oil" and to specify "a load bank test" as the work to be done in February.
- Item 2: changed to clarify that the water usage for the properties on Howe Hill Road are billed to the ECA.
- Item 4: last sentence changed for clarity.

Commissioner Wood made a motion to approve the minutes as amended. Commissioner Fairweather seconded the motion. Unanimous approval.

FIELD: Operator Worthen said the water main to source 5 was installed where the access road is. He and Operator Neil Perez suggest moving the road to avoid driving frost into the ground and causing the main to freeze. District Manager Weber said it is outside the scope of the SRF work but could be done as part of the decommissioning of the old wells. The propane tanks at the source 1 pump station will be moved.

Repairs and maintenance are being done at the garage, which is helping to save propane.

FINANCIAL REPORT:

1. Commissioner Wood asked about the depreciation of the dug wells. Mr. Weber explained that there will be an adjustment made in the 2011 audit.
2. Commissioner Wood questioned the end-of-year surplus. Mr. Weber explained that the \$10,000 transfer from the 2010 fund balance to offset the tax rate for 2011 was not recorded on paper and explained that the VDE's fiscal year does not coincide with those of the towns.
3. Commissioners asked that the accounts be listed in numeric order rather than alphabetically by name.

MANAGER'S REPORT:

1. New Office Manager Amy Lewis started Jan. 16.
2. All reports have been submitted for December. State reports can now be completed and submitted on-line.

Exhibit #10 cont'd

3. Since the December meeting, there have been two main breaks and burst pipes in a home (37,500 gallons).
4. There are six homes in various stages of foreclosure, and District Manager Weber said he has begun shutting off water at the curb if there is no one living there. In one case, the house was out of propane. Commissioners will address a policy on this at a future meeting.

SRF UPDATE:

1. Construction is underway. Underground piping will be completed Jan. 20.
2. Copies of reports by the clerk of the works are in the office.
3. There will be a construction meeting at the well field Jan. 20 with the engineer, contractor, VDE staff and the Dept. of Environmental Services. Commissioners are welcome. District Manager Weber said the DES is involved in the meeting because this is the VDE's first SRF project.
4. Commissioner Wood asked about the floor drain pipe issue, which is peripheral to this project. District Manager Weber said it will have to be handled in the spring because of the frost.
5. There have been no indications of potential change orders. Questions were asked about the lightning protection line. District Manager Weber said he is waiting to hear from the engineer, but new information indicates that the two buildings need to be connected. There is a \$50,000 contingency, of which a portion can be used if needed.
6. Commissioners asked if there are electrical conduits planned in case VDE wants to reactivate the gravel pack wells. District Manager Weber said it was originally planned to have the pipeline and conduit share a trench, but the two require a 10-foot separation.

OLD BUSINESS:

1. **CIP:** Commissioner Fairweather presented the CIP funding information for the annual report. More discussion under New Business.
2. **DES Conservation Compliance:** Five of eight points that need to be addressed by May 2012 are completed or in progress. Commissioner Wood said the district needs to plan its report to DES.
3. **New Rates:** Commissioners began editing the draft of the mailing to announce the new rates. District Manager Weber will email the document for more editing.

NEW BUSINESS:

1. **Budget:** There is a 12% increase in operating revenue comparing the FY11 budget to the FY12 budget. The average user will see an increase of approximately 9% to 10% on their usage bills. Commissioner Wood questioned the projected usage for FY12 if the district is encouraging conservation. Commissioners agreed to increase the transfer from fund balance by \$10,000 and reduce the projected usage revenue by the same amount. The tax rate is not expected to increase.
2. **CIP:** There is a proposed \$41,270 increase from the prior year in the requests to put money into trust funds, including \$20,000 more for water mains/valves, \$20,000 more for vehicle

Exhibit #10 cont'd

replacement, and \$15,000 more for building maintenance. Those are offset by a variety of decreases to other funds.

3. **Warrant:** Commissioners merged the article regarding the inventory hardware reserve fund request into the article dealing with the majority of reserve fund requests.
4. ***Commissioner Wood made a motion to approve the 2012 operating budget of \$542,263 and the debt service of \$183,500, for an overall operating budget of \$878,263 as summarized on the spreadsheet dated Jan. 19, 2012. Commissioner Fairweather seconded the motion. Unanimous approval.***
5. Commissioners signed the MS-36.

NON-PUBLIC SESSION

Commissioner Fairweather made a motion to go into non-public session at 9:47 a.m. Commissioner Sullivan seconded the motion. Unanimous approval.

Commissioners returned to public session at 10:27 a.m.

ADJOURNMENT

Commissioner Fairweather made a motion to adjourn at 10:27 a.m. Commissioner Wood seconded the motion. Unanimous approval.

Respectfully submitted,

Lorie McClory

B. J. Fairweather 2-15-12
William E. Sullivan 2/15/12
James W. Wood 2/15/12

Village District of Eastman
Commissioners' Meeting, February 15, 2012
Final Minutes

Exhibit #11

In Attendance: Commissioner Duncan Wood, Commissioner Robert Fairweather, Commissioner William Sullivan, Deputy Treasurer Ben Conroy, Moderator David Miller, District Manager Bill Weber, Office Manager Amy Lewis and Water Operators Josh Worthen and Neil Perez.

The meeting was called to order by Commissioner Sullivan at 0802.

Regarding the approval of January's minutes, the Board had no issue with Office Manager Amy Lewis editing the documents initially created by outgoing Clerk Lorie McClory. The minutes were amended as requested; a motion was made and seconded to accept which passed unanimously. The minutes for the February 7 Budget Hearing were amended as requested; a motion was made and seconded to accept which passed unanimously.

Field:

There was concern that the stainless steel pumps specified by Tata & Howard would not be powerful enough to keep up with current demand of the water system. The recommended size is 7.5horsepower, rather than the 10hp desired by the water operators. The pump curves show the system working more efficiently with the 7.5hp pumps. VDE is limited by permit as to how many gallons per minute can be drawn from the wells; there is also concern that a higher-powered pump would overdraw one or more of the wells, which would put undue pressure on the others. Commissioner Wood asked why water could not be pumped during the day to refill the tanks; Operator Perez said that recovery time is slower during the day because of demand. Commissioner Wood stressed that he did not want to see the pumps and/or wells damaged because of overdraw. Commissioner Fairweather added that the faster water is drawn through the gravel packs the more chance of substance getting caught in the filters, which could cause damage. More efficient pumps equal energy conservation. The operators' concerns were aired as well as the commissioners'; the Board is staying with the recommendations of the engineering firm to install the 7.5hp pumps. Adapting to any change in the system will be a process for all involved. District Manager Weber indicated that he is talking with Tata & Howard regarding the installation of a pressure-relief valve; the system is designed to run without one. If an option for a PRV is created it will be a change-order to the current contract. Commissioner Wood would like the issue looked into, but if it isn't necessary then the VDE would not invest in the change. Commissioner Fairweather asked if the engineers could work on a design incorporating VDE concerns. District Manager Weber will work with the Operators to locate a small leak in the header.

Financial:

The surplus from last fiscal year is approximately \$16,000. A new check valve is needed for the plant, and a static mixer will need to be replaced as well. These items will be completed before the contractor leaves in June.

The Trustees of the Trust Funds postponed their February meeting; the disbursement request for the month will be submitted for next month's meeting.

Exhibit #11 cont'd

The number of liens filed on community properties was discussed; the amount filed this year to date is nearly as many as the total number filed for 2010. There have been 5 foreclosures, and the remainder consists of delinquent accounts. Office Manager Lewis explained the steps taken for collection prior to filing the documents with the county. Commissioner Fairweather stated that the District is in pretty good shape considering the economy as it stands now.

Manager's Report:

There were two small fires in the community in January with some damage.

The District is working with LCS Controls to switch the communication software.

SRF:

The project has slowed down due to material availability; the contractor will continue to work in order to keep the project moving. Once the necessary materials arrive things will pick right back up, as everything is expected to be received by the end of next week.

Old Business:

Given the lack of interest at the first budget hearing, there will be no second budget hearing. The annual meeting is scheduled for March 22nd.

Regarding the DES Water Conservation Compliance letter to the VDE, Treasurer David Wright is willing to work with Bill Weber to fulfill compliance. The commissioners will work on a response to the issue with the radio read meters.

Regarding the proposed water shut-off policy drafted by District Manager Weber, Commissioner Wood wanted to know how the District determined if a property had been foreclosed upon. Mr. Weber explained the steps taken by the operators as well as himself; he is in close contact with an attorney's office which is handling a large percentage of the foreclosures within the community, and believes it to be in the District's best interests to handle each issue on a case-by-case basis. Commissioner Fairweather agreed. Commissioner Wood acknowledged that the policy as written gives the District authority to do what needs to be done and moved that the policy be accepted as written. Commissioner Fairweather seconded the motion and it passed with unanimous approval.

New Business:

Tata & Howard submitted a change-order for \$6,800 for necessary adjustments. The budget for the SRF project will absorb this. The commissioners approved the change-order.

The notice for the annual meeting is to be posted at South Cove, as well as the VDE, ECA, Grantham Post Office and the Dunbar Library.

Exhibit #11 cont'd

Moderator Dave Miller indicated that he will be running again, as well as Commissioner Sullivan. Commissioner Wood reminded all that the District still needs a clerk, and it was recommended that a notice be placed in the ECA highlights put out by Clerk Lorie McClory and to mention a stipend without providing an actual amount.

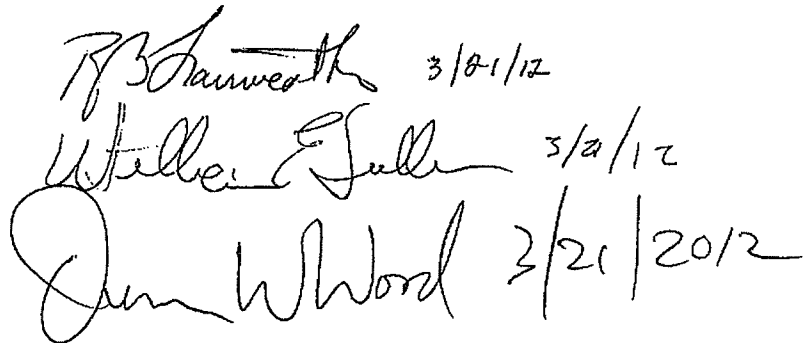
At this time Commissioner Wood made a motion to go into non-public session, which was seconded by Commissioner Fairweather. The motion passed with unanimous approval and the Board entered non-public session at 0906.

The Board returned to public session at 1026, and the motion was made and seconded to adjourn. The meeting adjourned at 1028.

Respectfully submitted,



Amy Lewis
Office Manager
Village District of Eastman



Village District of Eastman
Commissioners' Meeting, March 21, 2012
Public Session, Final Minutes

In attendance: Commissioner Duncan Wood, Commissioner William Sullivan, Commissioner Robert Fairweather, Treasurer David Wright, Deputy Treasurer Bernard Conroy, Moderator David Miller, District Manager Bill Weber, Office Manager Amy Lewis, Water Operator Neil Perez and Water Operator Josh Worthen.

The meeting was called to order at 8:05.

The Commissioners reviewed the Warrant Article as written for the Annual Report to determine who was going to present each Article to the voters. Commissioner Wood expressed concern about there being no District Clerk on the ballot; current Clerk Lorie McClory will be taking the minutes of the Annual Meeting, and if there is no write-in candidate after the ballot vote, the Board of Commissioners could appoint a District Clerk if necessary.

Moderator David Miller asked for a list of the Supervisors of the Checklist so that those individuals could be acknowledged prior to the meeting.

Operators Neil Perez and Josh Worthen will be available to help in setting up the conference room at the South Cove Activity Center.

There was a brief discussion regarding the length of time required for the polls; they must stay open for two hours from the start of the meeting. The scheduled start is 7:00PM, so the polls will be closed no earlier than 9:00.

MINUTES:

Commissioner Wood indicated that he would like changes to be made to the public and non-public minutes from February 15, 2012; the non-public changes will be made in a non-public session. For clarification purposes, some language was changed in the draft minutes at the requests of Commissioners Wood and Fairweather. Commissioner Wood moved to accept the minutes as modified; Commissioner seconded. The motion was passed unanimously.

FIELD:

Operator Perez stated that there is an ongoing leak behind the plant which occurred with the first over-pressure problem. The operators would like to have the SRF contractor, Halliday Pipeline, dig down to the water lines to help detect the leak. The concern is that if the leak grows, all pressure from the wellfield will drop. DM Weber stated that there is not enough money left in the SRF fund to add any more work to the existing contract with Halliday, due to prior change orders. Commissioner Fairweather asked if it could be done outside of the SRF and be a contract solely between Halliday and the VDE. Commissioner Wood asked why we couldn't use the district's backhoe; the operators would like a third person assisting, plus Operator Perez does not believe the VDE's backhoe is large enough complete the job. The water line is about 6 feet deep. Based on the findings with the last leak fix, Operator Worthen would like to have a machine large enough to move a thrust box if necessary; does not think the District's backhoe would lift one. Commissioner Wood's concern is finding a major break instead of just a leak once a hole is opened; it is something that needs to be fixed sooner rather than

later. The frost should be out of the ground in the next couple of weeks, which will allow for easier access. The operators suggested Halliday because the equipment and personnel were on-site already, but the excavator no longer is there. DM Weber asked that the operators contact Brian Hastings to begin the repair. The operators know the general area of the leak and are fairly confident that the issue is with a joint. Commissioner Wood would like to ensure that any parts that could be needed be available on-hand so that the system is not down any longer than necessary. He would also like to not do anything in haste. In the case of a water emergency, it will be possible to bring in heavy equipment based on conversations between DM Weber and Tim Smith of the ECA Maintenance. The operators also brought up the possibility that the leak is under the building. As there is no water visible on the ground, they will begin detection at the last leak site and work outward from there. DM Weber would like the operators to contact Hastings to find out when the work can be done and he will make arrangements with Tim Smith.

Operator Worthen took a moment to thank DM Weber and Commissioner Fairweather for the procurement of the used golf cart, which will be used for the meter reads. He also shared that he and Operator Perez attended the Upper Valley/Lake Sunapee Planning Committee last Wednesday which was hosted by EPA and New England Region 1. This was an energy conference /round table discussion to share ideas on how to conserve energy and reduce consumption. The DM's idea of installing solar mounts on the decommissioned well heads could be used in a "buy-back" program offered by PSNH, where the utility purchases extra electricity from private suppliers.

FINANCIAL:

DM Weber explained that the VDE is in pretty good shape as far as Accounts Receivable.

The new check valve and static mixer have been installed; the costs for both came in less than what was originally estimated.

There is a trust fund reimbursement request that DM Weber would like to submit to the Trustees in time for the next meeting April 10. The attached spreadsheet, Exhibit A, outlines the amounts requested from the respective accounts and shows the balances remaining. The Commissioners reviewed the spreadsheet with minimal questions. Commissioner Wood moved that the Board request the Trustees of the Trust Fund to transfer funds from seven identified funds to our operating fund, for the amounts shown on Exhibit A, dated March 19, 2012, for the purpose of reimbursing the District for capital funds expended through the date shown on the spreadsheet, for a total request of \$32,503.38. The motion was seconded by Commissioner Sullivan and was unanimously approved.

Commissioner Wood inquired about Item 6 on the agenda: the potential of the VDE accepting credit cards as a payment form. Office Manager Lewis outlined the rates and provided examples of potential costs incurred should the payment form be accepted. Exhibit B attached outlines the process and shows the pros and cons about implementing such a program. Accounting for a new payment procedure would be no different than what is currently in place. There was discussion over how to recoup some of the costs that would be incurred by accepting credit card payments. Commissioner Fairweather believes it to be a forward-looking idea and asked for more time to entertain the pros and cons. The Commissioners asked that the issue be tabled and readdressed at the next meeting.

On the Summary sheet, Commissioner Wood asked about the jump in wages against the budget. DM Weber explained that there was an unscheduled payroll for the previous office manager's vacation buyout. Commissioner Sullivan asked for an explanation to the Office Expense line, to which DM Weber answered with a small list of capital purchases for the office as well as the fluctuation of general office

supply needs. Regarding the line item referencing the Potassium Permanganate, the purchase shown is greater than the budgeted amount but the District will not need to replenish supply for approximately four years.

Treasurer Wright mentioned that he and DM had spoken about power wholesalers; buying electricity from a private source rather than from PSNH would save the district electricity costs. He asked that the Commissioners give the go-ahead to do further research. DM Weber will put together some rough numbers for analysis and would like to move forward on the project.

MANAGER'S REPORT:

The filter media will be topped off on Tuesday, March 27.

Tata & Howard have received the pump curves as requested, and they are reviewing the data on the unattended backwash procedures performed at night.

The control upgrade for the communications software has been set up with LCS Controls, and will be part of the SRF project.

SRF UPDATE:

The bacteria sampling came back negative.

The site needs to be cleaned up; Halliday has left the site for 2-3 weeks but will return for the final stage of the project. Trenches need to be put in around the building for the lightning protection, and the field needs to be loamed and seeded.

Tata & Howard want the VFD installed on 1B and new tests run. They have concerns about how the data was collected with last Friday's tests and would like the well installer to perform new tests once the VFD is installed. The new pumps work fine as a stand-alone source, but once flow from Sources 5 and 6 are introduced, the flow decreases to below specifications. Tata & Howard engineers are researching.

Operator Worthen asked for permission to work as a sub-contractor to Halliday on a Saturday in order to complete the landscape raking requirements as outlined in the contract. Commissioner Fairweather did not see any issue as long as there is no conflict with his primary employment at the Village District.

OLD BUSINESS:

Commissioner Wood asked for a draft of the letter intended as a response for the NHDES as the language of the letter must be crafted carefully. DM Weber has a draft partially created and will forward it to Commissioner Wood for review.

The VDE is currently at \$363,000 to date with the SRF funding; the projections are \$478,000.

NEW BUSINESS:

DM Weber will provide Commissioner Wood with a draft of the letter to the NHDES (above).

The contract between the VDE and Tata & Howard for the project oversight was never signed. Commissioner Wood would like the contract signed with the caveat that the Commissioners are very concerned about the problem with the pumps, and would like the issue resolved immediately to set minds at ease. Commissioner Sullivan indicated that he would like to get more information regarding

the pump before signing an additional contract; the scope of work covered by this contract would have been completed regardless of the pump issue. Commissioner Wood asked that the contract be signed as-is as long as the Board's concern was relayed to the engineers, and that payment on the contract will be deferred until the ongoing issues are resolved. The contract was signed by all Commissioners.

Commissioner Fairweather commented favorably about the redesigned website, stating that it was very easy to maneuver through and provided a good amount of information.

Discussion was begun on the Report to the Commissioners regarding the Eastman Sewer Company (ESC) evaluation. Treasurer Wright asked if the idea of the potential transfer of responsibility had been publicized; DM Weber said that the ESC is waiting on the VDE's decision before moving forward on any activity. Treasurer Wright would like the ESC/ECA to go public with the problem in order to determine the best solution; input needs to come from the community. DM Weber asked about the possibility of there being a co-op formed specifically for the condo association. Commissioner Wood stated that the advantage of going to a municipality is the funding/bonding options that become available. He also would like the ESC to provide an explanation as to why an individual district would not work before the VDE expands its scope to encompass the sewer company. There is no financial benefit to the VDE to absorb the ESC. Commissioner Sullivan added that the problems facing the ESC did not happen overnight. Commissioner Fairweather made the motion to instruct the DM to inform the ESC that they need to demonstrate why a separate district/municipality is not a viable option; furthermore the ESC and the ECA need to involve the community in the solution, with all alternatives being considered. The motion was seconded by Commissioner Wood and was unanimously approved.

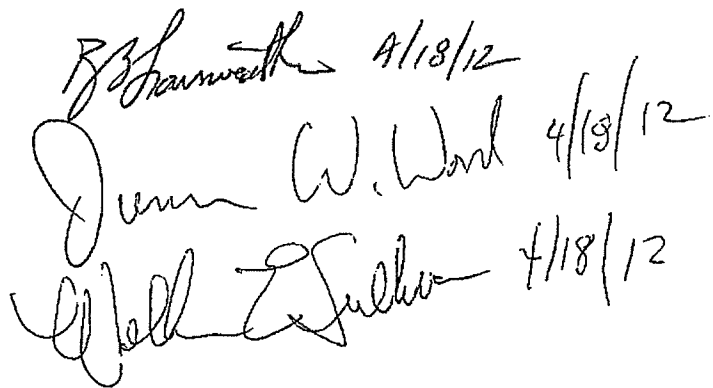
A quick break was taken, and the Commissioners moved to go to a non-public session at 10:15.

The Commissioners returned to public session at 10:25, and the meeting was adjourned.

Respectfully submitted,



Amy Lewis
Office Manager
Village District of Eastman



B. Fairweather 4/18/12
J. W. Wood 4/18/12
W. E. Sullivan 4/18/12

Village District of Eastman
Commissioners' Meeting, April 18, 2012
Public Session, Final Minutes

Exhibit # 13

In attendance: Commissioner Duncan Wood, Commissioner Bill Sullivan, Commissioner Bob Fairweather, Treasurer David Wright, District Manager Bill Weber, Office Manager Amy Lewis and Field Operator Josh Worthen.

The meeting was called to order by Commissioner Sullivan at 8:03.

Minutes:

The Annual Meeting minutes were reviewed. Commissioner Wood would like minor changes made, including the capitalization of Annual Meeting throughout the document. Commissioner Fairweather suggested a few changes as well. The commissioners also reviewed the MS32 (warrant article) and signed where appropriate; this will be forwarded to the DRA to replace the unsigned copy originally sent. The minutes from March 21 were reviewed as well. Commissioner Fairweather requested several changes which were incorporated into the document. Commissioner Wood moved to accept the minutes as edited; the motion was seconded by Commissioner Sullivan.

Field:

DM Weber asked for static levels from the operators to compare against last year's numbers, although Source 1 will be off from previous. There is concern about water levels vs. demand projected for the summer season, due to the lack of precipitation. High demand usually kicks in Memorial Day weekend. Commissioner Wood would like data from last year to compare against aquifer levels for this year/current period to back up any possible usage restrictions. Operator Worthen inquired about the spring flushing schedule; no flushing was done last fall, and if none is done this spring, water odor/color could be cause for customer complaint. Flushing this spring would also dump approximately 500,000 gallons of useable water into the woods during a restriction. Commissioner Wood would like flushing to be dependent on any complaints received, although Operator Worthen would like to have the flushing completed prior to the start of the summer season. The operators generally plan on 3 weeks to complete the process. It is not feasible to perform a selective flush; debris from flushed sections could negatively impact other areas of the system. It is possible to flush at night, although that option is not cost-efficient. Commissioner Fairweather suggested waiting to see what happens with precipitation for the next couple of weeks before deciding on a flushing schedule. If needed, the community can be alerted to possible odor and discoloration should the decision not to flush the system be made. Data needs to be available to back up the decision not to flush in anticipation of any complaint/concern brought by the community. DM Weber offered his help to the operators to compile the requested information. There are no guidelines offered by the state regarding the flushing – it is discretionary to each PWS.

Operator Worthen explained that the leak around the treatment plant had been located, and it was actually five leaks rather than one. The operators tightened the five forty-five degree bends in the water line and added thrust blocks to counter the water pressure. This line was feeding un-metered into the plant; there are now three meters on this line. Regarding the pump breakage in Source 5, a spot-weld on the shaft let go and sheared a portion of the shaft off. Barrie Miller is replacing this; Source 5 should be back on-line by the end of next week. The engineers had no issue with the VDE

Exhibit # 13

running Source 1 to make up for Source 5 being off-line. Commissioner Wood asked if running 2 of the 3 sources will meet the community demand; Operator Worthen said it would, although the Source 5 pump failed prior to being run with Source 1 to test the pressure. The pumps in Source 1 ended up being 12-stage instead of 10-stage, which will help with the head.

Financial Report:

Commissioner Fairweather was pleased with the low Accounts Receivable, and thanked the office staff for keeping up with it. DM Weber introduced the new format for the financial review and asked for opinions. With a few minor changes, the new format is acceptable. The VDE is over budget for filter maintenance due to greensand being purchased and having to replace the hatches on the filter tanks. Expenditures will be minimized elsewhere to offset, although some of the expense is reimbursable through the CIP. Payroll/overtime is also being kept in check.

Manager's Report:

1. The total number of liens is coming down, and accounts that had been put on hold for non-payment are starting to get paid. This is due to the real estate market moving the foreclosures as well as the regular sales.
2. The water usage report is now done online. OM Lewis will learn how to compile and complete the reports so DM Weber has a back-up person able to do the reporting.
3. The usage at the Anderson Pond and Snow Hill booster stations is down, which could be a compilation of conservation and fewer leaks. This will be verified by the meter reads. The Venturi meter at the treatment plant will be turned off because it is out of calibration, and is no longer necessary. Parts of the meter can be salvaged and used in other operations.
4. A "dummy" billing was created using the new rate schedule, showing a 1.9% to 2.3% in revenues which is in line with the projections.
5. DM Weber is working with the state to get the necessary permits for the Bog Brook repair.

SRF update:

DM Weber will be meeting with Jenna Rzasa and Bruce St. Peter to go over punch-list items for the contract wrap-up. Commissioner Wood asked about any paperwork owed to the state regarding the project; DM Weber has been working closely with Dan Dudley of the DES to ensure prompt filing of necessary paperwork, and the VDE is up-to-date. The decommissioning of the original 18 wells will begin after the project is completed. The cost of replacing the specified pumps with pumps of the correct size will be absorbed by the engineer, with the same warranty/guarantee that would have been given with the first set of pumps installed. Any questions or concerns the contractor and/or subs have regarding the additional work must be presented to Tata & Howard rather than the VDE.

Old Business:

The letter drafted by Commissioner Wood in response to the DES was a draft open to comments. There was discussion over the pros and cons of increasing the number of meter reads per year – notice would have to be given to the community but no dates would have to be set in stone. DM Weber did share that the state is very happy with what the VDE has completed to date, and it would be an option to let things stand as-is until formally requested by the state to implement a more-frequent billing procedure.

Exhibit # 13 cont'd

The response to the state is due May 24; the consensus was to re-edit the response letter to show only two billing cycles per year.

The educational letter(s) for the May billing were reviewed. The tri-fold brochure prepared by Sustainable Eastman was looked upon favorably, and the state-issued report regarding domestic indoor water use was suggested as the second piece of information

Treasurer Wright had begun a conversation with DM Weber regarding access to the office, safe and computers in the absence of both the district and office managers. There is still a contract in place for the on-call water operator to access the plant in case of an off-hour emergency; the VDE officials would like such a plan/procedure in place for the office. The treasurer and two commissioners will be provided the necessary information to access the office materials; this will be implemented as soon as possible.

DM Weber shared that the audit performed April 16-17 went very well. The auditors left a questionnaire for the commissioners to fill out and sign. DM Weber also explained the note attached with last year's audit regarding the retirement program; there is no way to separately track the retired individuals on the plan, and there is no ongoing financial liability to the district. Commissioner Wood suggested that DM Weber formulate a letter explaining the retirement program to the auditors, which would then become part of the audited statement.

New Business:

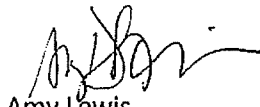
Commissioner Fairweather said that he had spoken to Maynard Goldman, President of the ECA Board, and discussed concerns regarding the possible political issues with a potential merger of the Eastman Sewer Company (ESC) into the VDE. Treasurer Wright had also spoken to Mr. Goldman, who said that the issue would be brought up at a council meeting to begin the discussion. The general consensus is that the sewer company must get out from under the Public Utilities Commission if it is going to continue as a viable operation. A letter prepared by Brian Harding of the ESC outlines that options have been researched and the best viable option is to go with a merger. Commissioner Wood and Treasurer Wright expressed concern that the letter did not provide overwhelming evidence that the pros outweighed the cons for merging with the VDE. The officials will take part in the tour of the sewer facility to get a broader idea of what would be involved with a merger. DM Weber was asked to draft a letter to Mr. Harding in response, and to ask that the ESC contact the Grantham Selectmen to set up an informal meeting to discuss the issue.


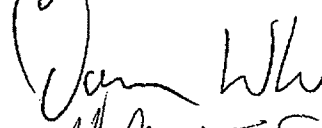

At this time, Commissioner Fairweather moved to go into non-public session, which was seconded by Commissioner Sullivan. Non-public session was begun at 10:30.

The commissioners ended the non-public session at 10:45 and recessed the remainder of the meeting until after the briefing and walk-through of the ESC facility.

Commissioner Fairweather moved to adjourn the meeting at 12:05, which was seconded by Commissioner Sullivan and unanimously approved.

Respectfully submitted,


Amy Lewis
Office Manager

 6/20/12
 6/20/12
 6/20/12

Village District of Eastman
Commissioners' Meeting, May 16, 2012
Final Minutes

Exhibit # 14

In attendance: Commissioners Duncan Wood, William Sullivan and Robert Fairweather, Deputy Treasurer Bernard Conroy, District Manager William Weber, Office Manager Amy Lewis and Water Operator Neil Perez.

The meeting was opened at 8:01AM by Commissioner Sullivan.

Commissioner Wood shared that the two trees at Pioneer Point will be coming down Monday, May 21.

MINUTES:

There were minor edits requested to both sets of minutes. The minutes were approved as changed and unanimously accepted.

FIELD:

1. Operator Perez reported that three of four gate valves in need of repair from last year have been attended to. One valve on Hidden Lane will need attention in the near future.
2. Operator Josh Worthen arrived; DM Weber asked if there was an issue that needed immediate attention, and the meeting was briefly suspended to deal with a personnel issue. Operator Worthen excused himself after and the meeting resumed.
3. The flushing is going well and the operators are about one-quarter done. There are two valves that will need to be replaced because of age; the area will need to be isolated in order to remove and replace the gate valve. We are using up the valve inventory but these are common items that can be ordered off the shelf for quick delivery. New valves can come with stainless-steel bolts to avoid rusting. Commissioner Wood would like a record begun to track when and where valves are replaced and how the budget reflects the replacement of inventory. There is a spreadsheet available showing the locations of the mains, valves etc.
4. Repairs will wait until we have the appropriate manpower to do it safely.
5. There is a leak in the wellfield that was noticed late on May 15; it is believed to be the pitless adapter on Source 5. Barrie Miller has been called and the District is waiting to hear back. There is the concern that something was not sealed correctly. The check valve to Source 5 needs to be replaced because it leaks in the pump house; this is something that Halliday will need to repair, and it will be an item on the contract punch list. DM Weber asked that the operators keep him informed in regard to what Barrie Miller says in order to go forward with the check valve issue. Commissioner Wood asked if there was data showing that the aquifer levels had come up because of all the rain; DM Weber passed out graphs he created to show the current static levels compared to last year's. Operator Perez agreed that the water table had come up.
6. The Venturi meter has been shut down and will need to be separated from the line.

Exhibit # 14 cont'd

7. DM Weber said that we have successfully backwashed at night, with the only issue being the possibility of the operator on call receiving a "low tank" alarm depending on what level the tanks are at while backwashing. The operators did log in to the system to make sure there was nothing else wrong with the system. Commissioner Fairweather asked if the high-pressure switch had been installed – Operator Perez said yes, but the blow-off valve is not yet installed.
8. Commissioner Fairweather inquired about the amount of water used for this last backwash as it was a higher amount than last; the reason was because of the system flushing. More water had to be pumped than usual to accommodate both operations. Operator Perez added that the new media is of a very good quality.
9. Tom Allen of LCS reprogrammed the transducers on the Source 1 wells; the operators can now know how much water is above the pumps.

FINANCIAL REPORT:

1. DM Weber said that the Lake Sunapee Bank loan payment due at the end of June will reflect the interest rate modification.
2. Commissioner Fairweather asked for the number of gallons billed with the spring billing cycle just completed. DM Weber created a chart showing the breakout of gallons pumped vs. gallons billed and shared this with the Commissioners. Last year's November-April usage billed in 2011 was approximately 18 million gallons; this year's is 16 million.

MANAGER'S REPORT:

1. Unaccounted-for water is down due to leak detection and repair; the water loss is 13% for the last 6 months, compared to 20% for the previous 6-month cycle. Commissioner Wood said this was excellent news and a combination of leak repair and staying on top of the system.
2. The new water rates have not been questioned by any residents.
3. On the Operations Report, the "Average Home" number was changed from 1344 to 1100 to reflect the seasonal homes/"O" reads.
4. The District is waiting to hear back from the state regarding the Bog Brook culvert repair. DM Weber had asked that the state classify the repair as an emergency in order to speed up the process. Quotes for the work have been received; the total repair will cost between \$11,000 and \$14,000. The District will have the work performed once the permit has been received and there is low flow to the area.
5. Operator Perez asked why we couldn't replace the two old culverts with one; with the accumulation of debris it would be easier to clean one. Commissioner Wood said that it would be much more expensive to install one culvert with the same amount of flow as two culverts would divert. An open culvert also requires engineering, which would incur costs between \$30,000-\$40,000. DM Weber said the state requires that a culvert be replaced "like and kind", meaning that if we have two culverts in need of replacing, we must replace them with two culverts. Commissioner Wood agreed. There is a power feed running under the brook to Source 6 that the contractor will need to know about when the culverts are replaced.

Exhibit # 14 con'd

SRF UPDATE:

1. The project is down to a small amount of punch list items. The issue with the Source 1 static levels seemed to be due to the transducers not being set properly. This has been rectified.
2. The pump test needs to be scheduled with Halliday and Jenna Rzasa of Tata & Howard, possibly on Friday the 25th. The District is currently holding the bond and retainage on Halliday; the final payment will be for completion. The existing punch list will be reviewed and items completed will be removed, with new requirements added if necessary. There is still some concern about being able to run pump 1A because of the static level; 1B and 1C are running at 100% and 1A is at 80%. Commissioner Wood said this could be a matter of different media – 1A is not accessing the same aquifer as the other two. He also asked if the District is getting what it paid for with the source replacement; the energy savings has not been noted yet but the water quality is higher. There is more manganese than iron, but it is treatable. We are also getting more water than expected.
3. Commissioner Sullivan asked about water on the floor of the pump house; Operator Perez said that the left side of the house does not drain. He added that there is no flood alarm in the pump house, so that if a main breaks inside there is no way to tell when it happened, nor is there a way to clear the water out. DM Weber added that there is a leak in the roof hatch; a contractor has been contacted for a quote to turn the hatch roof into a standard shingled roof since the roof access is no longer needed.

NEW BUSINESS:

1. A resident of Grantham with a parcel of property within the boundaries of the District has asked to be removed from the tax rolls in order to abate the precinct tax currently assessed on his town property taxes. The District concern is that the property could be subdivided, and any easement granted to the individual would not necessarily follow the property. The property is off of Catamount Road, which is maintained by the ECA; there are other residents on the road with private wells who have opted not to hook on to the District's water supply. Commissioner Wood's concern is that if this individual is granted the abatement, how many other residents in the community could argue the same? DM Weber suggested that a covenant be drafted for attorney review that would prohibit future owners of that property from requesting District services. Commissioner Wood would like the covenant to show that the VDE is under no obligation to provide water to the property; if the current or subsequent owner wants public water it will be a billable service and the owner will be returned to the tax roll.
2. A representative from Patriot Power met with DM Weber, Treasurer Wright and OM Lewis to review power usage and cost. The District can lock into a 12-month contract with Patriot to receive the current low energy rates. The rep did not recommend going any longer than one year as the rates would be a bit higher. The District can also opt for month-to-month service. A budget can be created on the 12-month quote. If we opt into the contract with Patriot and decide to revert back to PSNH, we would incur fees equal to the amount that would have been saved over the length of the contract. There is no effect on service/usage on peak/off-peak times. PSNH would still be responsible for line maintenance; the billing would be reflective of the Patriot Power discounts. Deputy Treasurer Conroy agreed that the savings are there, but that we would be off for the next budget/fiscal year. Commissioner Wood suggested beginning a 6-month contract beginning July 1, if allowed, to test the program and to get in sync with our fiscal budget year. Commissioner Wood motioned that the District authorize DM Weber to enter into agreement with Patriot Power if a 6-month contract can be provided, and is

Exhibit # 14 cont'd

advantageous to the District. Commissioner Sullivan seconded and the motion passed unanimously.

3. The credit card policy drafted by DM Weber was at the request of the auditors, who would like to see one permanently in place. Minor adjustments were made to clarify meanings in the document. Commissioner Wood moved to adopt the credit card policy as set forth; Commissioner Sullivan seconded and the motion passed unanimously. This policy will be added to the current personnel policy manual.

OTHER:

Loan modification:

Lake Sunapee Bank has dropped the interest rate from 3.65% to 2.65%. At the recommendation of the District's attorney, a hearing must be noticed in order to approve the rate change. OM Lewis will print paper notices and update the website for a hearing to take place Wednesday, May 23, at 8:00AM at the District office. The lower rate will be in effect for the June 2012 payment.

Capitalization vs. expense:

The auditors had asked if the District had a policy in place to capitalize purchases over a specific amount. The District is already depreciating the water system and valve replacement, vehicles and some office equipment. The Commissioners directed DM Weber to draft a purchase policy with a capitalization cap set at \$2,000.

Water Operator:


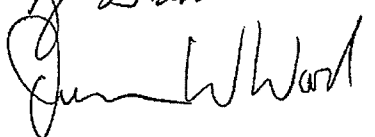
Commissioner Wood started discussion on how to begin searching for a new water operator. Operator Perez would like to be part of the hiring process, as he and the individual ultimately hired would be working in close capacity. A detailed, updated job description is needed; the operators will meet with DM Weber and OM Lewis to create the document. The commissioners agreed to take Operator Perez's opinions into consideration before making a final decision on an applicant. Operator Perez asked if a local contractor could be used over the next couple of weeks to help do simple repairs in the interim. Commissioner Fairweather asked that once the flushing is complete, the operators go through the maintenance schedule turned in earlier to the office and prioritize what needs to be done.

At DM Weber's request, he and the commissioners entered a non-public session at 10:32. The meeting returned to public session at 10:38.

Commissioner Fairweather moved to adjourn, which was seconded by Commissioner Wood. The motion passed unanimously and the meeting closed at 10:39AM.

Respectfully submitted,


Amy Lewis
Office Manager

 6/20/12
 6/20/12

Village District of Eastman
Commissioners Meeting, June 20, 2012
Final Minutes

In attendance: Commissioners Duncan Wood, Robert Fairweather and William Sullivan, Treasurer David Wright, Deputy Treasurer Bernard Conroy, District Manager William Weber, Office Manager Amy Lewis and Water Operator Neil Perez.

The meeting was called to order at 7:58AM by Commissioner Sullivan.

Minutes:

Minor edits were made to the minutes of the May 16 meeting, including clarification of statements in the Field and Financial Reports. A minor change was requested for the minutes of the May 23 meeting. Commissioner Fairweather moved to accept the May 16 and May 23 minutes as amended. Commissioner Sullivan seconded; unanimous approval.

Field:

1. There was a small leak located over the weekend on Granite Way, which was fixed Tuesday, June 19. The leak was approximately 5gpm. Commissioner Fairweather asked if we had a policy in place regarding the instances in which Water Systems Operators contacts the district for guidance if a leak is found off-hours. Operator Perez indicated that Joe Damour knows to call anytime but there is no formal policy. Commissioner Fairweather asked if it was necessary to contact Mr. Damour to clarify that he can call the operator or district manager at any time; both DM Weber and Operator Perez said there was no need.
2. There is a leak in the well field by the new Source 1 pumps, indicated by a pressure drop noticed by Operator Perez. Halliday has been notified and will be up at some point to determine where the leak is, as this is an item covered under the warranty.
3. The main break on Greensward Drive between Bunker and Pinehurst was caused by a rock being pushed into a main as United Construction was attempting to lift the rock out of a trench. Approximately 150k gallons were lost, but the leak was contained in about three hours. United removed the rock and will pay for the repairs to the main line. The original schedule 40 PVC pipe was replaced by C900 PVC.
4. OM Lewis mentioned to Operator Perez that a West Cove resident had called this morning about "cloudy" water. Operator Perez indicated that he would check it out.
5. Two digs are scheduled for next week to repair faulty gate valves. The first will be on Draper Mill Road on 6/26, and the second will be on Terrace View on 6/28. The digs are contingent on the weather.
6. Operator Perez indicated that he is concerned about the remaining projects under the SRF, notably the well abandonment. He would like to see the old dug wells filled in all at once. DM Weber said that the state well de-commissioning board requires certain parameters to be met; the subject was tabled until the SRF update is brought up later in the meeting.

7. At 8:15 a local plumber, Ernie Rowe, joined the meeting to help clear up some confusion that entailed when the district was attempting to contact him on behalf of two of his customers. From calling the plumber on behalf of the customers, it took a day to hear back from this plumber, which delayed the response to the customers. It had been noted in a staff meeting that the district would be using different plumbers in case of emergencies; this statement was clarified to explain that in the event of a district emergency that would require a plumber be on-scene, we would only be able to allow a certain amount of time to pass between attempting contact with one plumber before attempting contact with a second. Commissioner Wood stated that he did not feel this to be an issue. The plumber also inquired about adding appointments to those already scheduled; as long as the proper paperwork is filled out and turned into the office, this is not a problem. Commissioner Fairweather stated that the VDE needs to be able to respond to people even on short notice and all agreed. Commissioner Sullivan asked the plumber if he would be willing to share his cell phone with the district to facilitate contact; the plumber declined on the basis that he does not think it fair to talk to one customer on the phone while he is working for another. He does have the ability to call his office and check messages.

Financial Report:

1. Cash flow is working out; the SRF project is wrapping up and the district should be receiving disbursements from the state. Treasurer Wright is concerned that we are not receiving the state reimbursements in a timely fashion, which is skewing the budget to-date. He would like to see the district pay more attention to the budget and working to stay as close to the projections as possible for expenditures, with the possibility of raising the budgeted amounts for next year. Wages and contract labor are both high due to the personal time buy-outs and the need for labor. Chemicals for the treatment plant were a necessary although non-budgeted item. Commissioner Fairweather stated that the budget sheet outlines the major expenses and makes sense as a whole. Commissioner Wood asked for an explanation why the revenues for May are lower than what is budgeted, since the rates were restructured with the usage assumed to be flat. It looks like less water is being used. The uncollected Accounts Receivable from the spring billing is around \$18k due to slower-than-usual payers and a handful of foreclosures.
2. Based on the budget compared to actual, we are about \$23k under projected revenue with the first billing of the year. Fewer people in the community for a particular season translates to less usage billed; Commissioner Wood stated that the projected billing for November will be met only if the summer meets the expected demand. The budget can be adjusted mid-year if necessary through the Department of Revenue. All discretionary spending is to be kept to an absolute minimum. DM Weber said that many of the expenses to date were one-time and will not recur. Some of the contract labor expenditures are reimbursable through the CIP funds. Commissioner Sullivan pointed out that this is the first exposure to the revenues generated by the new rate schedule, so it will take some adjusting to before a base is established.

Manager's Report:

1. May 2012 had a higher-than-expected water usage, based on prior years. This is possibly due to the leak on Granite Way.
2. All reports for May have been submitted.

3. Three candidates are up for the open Water Operator position. DM Weber, OM Lewis and Operator Perez all agree on the top choice and recommended that this individual be issued a job offer.
4. DM Weber suggested that the next Commissioners' Meeting be held at the treatment plant so the commissioners can see the improvements to the well field. Commissioner Wood suggested that the board take a field trip after the next meeting adjourns in order to walk around the plant and field.
5. The pump house roof has been replaced and the hatch that was removed can be listed for sale. Operator Perez said that there are some other items that can be sold as well; he and DM Weber will work on compiling a list.

SRF:

1. We are down to minute issues regarding the project. The district has to pay the contractor before reimbursement is requested from the state. The final payment request from the contractor will include the retainage. Tata & Howard will be taking the 7.5hp pumps that were spec'd in error. There were no problems with the pump test.
2. We are still waiting for the as-builts from the engineers and subcontractors.
3. We are running about \$15k under budget for the project as a whole.
4. Commissioner Fairweather asked if the decommissioning of the wells was built into the budget. It was not, but can be requested as part of the loan if there is money left over. Operator Perez said that if we have the money to do so, he would like to see all 18 wells done at the same time in order to save on redoing the well field after each trip. There may be a water quality and yield issue if the wells are decommissioned piece-meal. He would like to see how the new pumps act without the influence of the old wells. Commissioner Wood would like to see it done all at once if it is financially feasible. There was discussion on how the wells would be filled in and with what type of material. It may be possible to purchase the materials with the funds remaining under the SRF loan, and storing those materials until we are prepared to fully decommission the old wells. DM Weber will contact Dan Dudley with the DES to review. Quotes will be requested from local contractors to get a good idea of what the total costs will be to complete the decommissioning.

Old Business:

1. Patriot Power rates will go into effect on July 1. The district should see the difference in the PSNH bills received at month-end.
2. The credit card policy has been adopted. Each employee has signed a copy, which has been filed in their respective personnel file.

New Business:

1. As stated above, the three top candidates for the open operator position have been selected, with DM Weber, OM Lewis and Operator Perez agreeing on the top choice. The individual was selected based on compatibility with Operator Perez, interview skills, past experience and familiarity with the Eastman community and VDE operations. The commissioners deferred to

the recommendation of the operator and office staff, and a job offer will be issued to this individual. The commissioners would like a 90-day review performed to evaluate how our new operator is working out.

2. On Tuesday, June 19, Commissioner Sullivan, DM Weber and Operator Perez went to 27 Fairway to speak to the homeowner regarding a tree growing too close to the curb stop. The homeowner was apologetic about previous actions regarding the tree, and was very understanding of the situation. The tree will need to be removed as there is not enough room to get a bucket or tools around or to the curb. There is a large rock within the 5' boundary but it is moveable and can stay. The homeowner did offer that should the tree stay, he would be willing to sign a waiver releasing the district of any liability for damage sustained to the curb stop and/or service line feed due to overgrown roots. Commissioner Fairweather said that the policy regarding the curb stops is very clear. Commissioner Wood moved to be consistent with the policy throughout the community. Commissioner Fairweather seconded; unanimous approval. Commissioner Wood asked DM Weber to notify the homeowner of the board's decision.

The Commissioners deferred the approval of the non-public meeting minutes of May 18 to the next meeting.

Operator Perez excused himself at 9:15AM.

At 9:20AM, members of the Eastman Community Association (ECA) and the Eastman Sewer Company (ESC) joined the meeting. These individuals were Brian Harding, General Manager of the ESC; Gayle Burns, Office Manager for the ESC; Brad Moses, Manager for the ESC; Maynard Goldman, ECA Board President; and Jim Coffey and John Walters, members of the ESC board. Commissioners Sullivan and Fairweather attended the Town of Grantham's Selectmen's meeting where representatives of all three entities stated the desire to dissolve the ESC as a for-profit company and have the VDE take over operations as a separate governing municipality. Commissioner Fairweather did not feel as if the selectmen fully understood the issues facing the parties involved, and had requested a blueprint for the proposed merger from Mr. Moses that would show structure and responsibility of the new organization. The following minutes reference that document.

1. It is agreed that the problem at hand to resolve is the question of whether the existing ESC is folded into the current municipality of the Village District of Eastman, or that a new municipality is established.
2. Commissioner Wood agreed that having a sub-committee overseeing the day-to-day operations of the sewer would relieve the current VDE board. There is a benefit to having a municipality with one group of people focused on solving problems rather than deferring everyday occurrences to a full board. Commissioner Sullivan asked Mr. Moses if there had ever been a problem finding volunteers to serve on the ESC board; there have not been, however the limitation is that a board member must also be a sewer user. Mr. Goldman added that the original concept was to have three of five board members be sewer users, with the remaining two not necessarily on the community sewer system. Mr. Walters shared that there are members of the community interested in joining a sewer sub-committee once the situation with the merger has been resolved.

3. Commissioner Wood inquired about administration/administrative issues. There is a benefit to having the administration under one roof, but how will the existing set-up accommodate such a change, and has the VDE budgeted for such a change? Mr. Harding replied that with administrative time and some management oversight, approximately 5-6 hours per month are spent performing accounting tasks related to the ESC, and is recorded appropriately to differentiate from time spent performing ECA tasks. This same principle is applied to the grounds maintenance.
4. It was made clear that the district's water operators would not be required to participate in the running of the sewer/wastewater treatment. Mr. Moses said that the daily checks include making sure the pump stations are working, general maintenance issues and required sampling. The current contractor for these services is under an annual contract, roughly \$50k for this fiscal year.
5. Anything that is presented to the community must make clear that the sewer users will be responsible for the maintenance of the wastewater system, and that fees/taxes would not be assessed on the community as a whole. Commissioner Fairweather asked Mr. Moses if Mr. Moses felt that the existing user fees were enough to cover the capital expenditures proposed, including any debt service. These items are being covered by the current intake, but barely; there is no provision to put funds aside for capital improvements. The ESC did have losses two years in a row, mainly due to the lag between PUC approval and rate adjustments. The only way the ESC can get low-interest loans is if it is out of the umbrella of the PUC. The property taxes payable to the Town of Grantham are \$12,400 per year, which would go away under the VDE. The state has granted the ESC a permit to continue spray-irrigation as long as there is a plan in place for improvements. There are two lift stations located at two separate condo associations; the associations pay for the maintenance of these stations, which are tied into the sewer system.

For any additional financing, the new entity would borrow funds with municipal rates, have a precinct tax collected by the town specifically for the sewer users, or increase rates without taxes in order to raise the monies necessary for the capital improvements. DM Weber has been in communication with the VDE advisor at the Department of Revenue; he will contact her again for further clarification and also speak with the VDE counsel.

Mr. Harding added that if it is determined that the only recourse to the tax issue is to create a separate district, the ESC will need to research the Eastman covenants to change the taxation process on the sewer customers to cover the capital improvements necessary. Commissioner Wood said that the advantages of moving the sewer operation into the municipality are obvious and, under the charter of the VDE, doable. He proposed that a letter be drafted by DM Weber to the DRA clearly outlining the situation and asking how to apply a tax rate to a specific portion of the community that is already covered as a whole by a distinctly separate tax.

6. Mr. Goldman would like to first meet with the condo associations and do it sooner rather than later. Meetings with the special places would also be noticed, and a community forum held to explain why the ESC wants to merge into the VDE. A letter was sent several years ago to the sewer customers outlining the difficulties with the PUC. A community forum would be best, as the reasoning behind the merger may not be 100% clear to non-sewer customers.

Commissioner Wood asked about any easements necessary to continue the current discharge; Mr. Goldman does not see any problem creating a document outlining easements and right-of-ways for the VDE should the merger go through. There are some easements already in place when the VDE was created out of the CEC. If the DRA agrees that one municipality can handle two precincts, the ESC can offer the assets of the ESC to the VDE without town/state approval. Commissioner Wood asked that a representative of the VDE board and a representative of the ECA board work with Mr. Harding and DM Weber to begin drafting a document for legal review.

Mr. Coffey stated that sewer users do seem to understand that the system is in need of improvement, and that the rates will need to go up to accommodate the expense. The shape and age of the system is not secret.

Commissioner Fairweather proposed that the VDE have the answers to the questions set forth in this meeting on the agenda for July's scheduled Commissioners' Meeting.

Mr. Goldman thanked the VDE commissioners for their consideration.

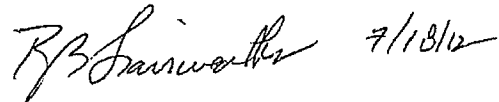

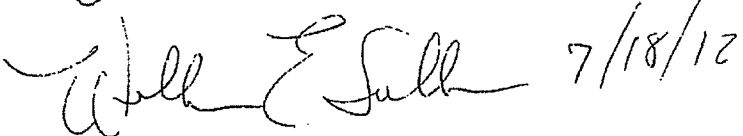
The commissioners moved to go into non-public session at 10:42AM, and returned to public session at 10:48AM.

Commissioner Fairweather made the motion to adjourn at 10:49AM, which was seconded by Commissioner Sullivan; unanimous approval.

The next Commissioners' Meeting is scheduled for July 18, 2012 at 8:00AM at the VDE office.

Respectfully submitted,


Amy Lewis
Office Manager

 7/18/12
 7-18-12
 7/18/12

Village District of Eastman
Commissioners' Meeting Minutes, July 18, 2012

In attendance: Commissioners Duncan Wood, Robert Fairweather and William Sullivan, Treasurer David Wright, District Manager William Weber, Office Manager Amy Lewis and Water Operator Neil Perez.

Commissioner Sullivan opened the meeting at 8:02AM.

Minutes:

The minutes of the June 20 meeting were discussed and minor edits were incorporated. The commissioners reviewed the summary of the July 2 staff meeting; the consensus is that the surge of Source 6 should wait at least until the last week of August or first week of September, since backwashing could be a potential problem. Commissioner Wood would like it done after Labor Day; Operator Perez will schedule this accordingly with Barrie Miller. There are real concerns regarding the trend in static levels for all sources. Charts were distributed to show these trends; further discussion is below. The commissioners also reviewed the summary of the July 16 staff meeting; the sodium hydroxide leak was limited to a pipe, which has been replaced. Because of the propane odor, Milton CAT came Tuesday, July 17, to check the line and regulator to the Snow Hill generator; nothing was found to be out of order.

As an aside, the office issues with the website and email have been resolved.

Commissioner Sullivan asked Operator Perez how our operator-in-training, John Fellows, was working out. Operator Perez said John was doing very well, and trying to take in as much as possible. They are currently leak-detecting and finding GPS coordinates, which is giving John good exposure to the community. John also aided Operator Perez with the repair of the chemical leak at the treatment plant.

Field:

The operators are currently leak-detecting; there is potentially a leak on Snow Hill. The Hilltop tank is filling faster than the Snow Hill tank, which could either be population/draw or a leak. As shown on the charts distributed earlier in the meeting, the static levels are being tracked; Source 5 is currently off to recover from running the previous week. Source 6 is holding steady. Currently source 1A is at 66% and 1C is at 76% of 60hz. This is a concern because 1A and 1C draw too quickly; 1B can be run concurrently with another source, but if for any reason 1B needs to be off, 1A and 1C would run dry even with Sources 5 or 6 added in. This concern was brought to the attention of Tata & Howard – there is always an issue when starting a new well or source, and it may adjust itself in time. Commissioner Wood asked if the District was in crisis yet with regard to the water supply v. demand, and what would trigger additional conservation or a water restriction. Operator Perez suggested that water conservation signs be put up at the entrances starting Monday, July 23. We do not need anything mandatory yet; perhaps a notice urging conservation due to the lack of rain. Commissioner Wood suggested that Lorie McClory be asked to send out a notice through the ECA's Constant Contact asking for the community's help in conserving water. Commissioner Fairweather asked that the water conservation signs be put up on Monday, July 23. OM Lewis will post a similar notice on the VDE website. Commissioner Fairweather asked if there was a stipulation in any agreement with the ECA, that the ECA could not water the flower gardens at the main entrance if a water ban was enacted. It was pointed out that the gardens at the front are being watered during the hottest part of the day, and have also been seen operating during

rain. Operator Perez said that the sprinklers are on a timer, and would need to be reprogrammed to operate at night. Treasurer Wright suggested that since the water used for the main entrance is the responsibility of the VDE, we should do our best to conserve it; perhaps sensors could be purchased to install on the sprinklers to control the timing issues. Treasurer Wright asked that a cost estimate be obtained.

Financial:

There is a cash flow spreadsheet that has been created to show projections of incoming and outgoing funds through the end of the year. It is being updated bi-weekly with the payables/payroll cycle. Treasurer Wright stressed that the budget is what we need to be paying attention to. He would also like to re-address when the PDIP deposit will be reversed; rather than put 100% of it back this month, he would like the District to retain the funds in a more liquid account for two to three months. PDIP stands for Public Deposit Investment Pool, and is a state-held savings account for any surplus with which the District ends a fiscal year. The PDIP funds are not shown on the cash flow report because the PDIP is a reserve. The amount transferred from the PDIP is on the cash flow report to show that the funds will need to be transferred back. There is no minimum balance to maintain with the PDIP, so there is no rush to move funds from one account to another.

We have received the first tax payment from the Town of Grantham, which was \$252,959.50. CIP accounts will be funded with this money.

Commissioner Wood is concerned that we will not see the projected revenues with the fall billing as budgeted. DM Weber said that the MS-34 will be brought to the table for next month's meeting, which will allow the District, through the NH DRA, to amend the budget for the remainder of the year to adjust for any shortfalls.

There is one disbursement outstanding for the most recent SRF payable; there will be one more request filed once the final billing from the contractor is received.

The September Commissioners' Meeting will be moved from September 19 to September 26.

Manager's:

The June loan payment reflected the rate change to 2.65% from 3.65%. The interest change will save the district about \$12,000 per year.

Water use is as expected; leaks have been discovered and repaired. Commissioner Fairweather said that the 2010 billing volumes were used to estimate the revenue as the base for the rate increase.

Old Business:

DM Weber indicated that Brian Harding from the Eastman Sewer Company will be joining the meeting at 9:00AM, and asked if there were any items that the commissioners wanted to discuss among themselves first regarding the possible absorption of the sewer company. Commissioner Wood told DM Weber that he was right in thinking that the collaboration would not work because of the taxation issues, as there would be taxation without representation if the residents not on the sewer system were allowed to vote on sewer issues. The response from the PUC to the ESC indicates that the ESC needs to now go to the town of Grantham and request that the select-board allow the ESC to create a new municipality. If the ESC creates a new municipality, the VDE can enter into a contractual relationship with the new entity to provide services as needed to aid the sewer customers without impacting the

water users. Commissioner Wood indicated that he would be willing to serve on the board for a new sewer municipality, and would recuse himself from any issues that would conflict with his duties to the Village District. Commissioner Fairweather brought up the State Revolving Fund pool; there are separate sections to the SRF – water, wastewater and clean water – so applying for improvement funding would not overlap. Also, having a separate municipality seems to be the best way in that there are three towns within the Village District as it exists now, yet only one town is within the sewer “district”. It may be easier to present to the community if there was a distinct split between the two districts; it would be clear that the taxpayers not on the sewer system would be exempt from any user fees or taxes to the sewer precinct. The commissioners are in agreement that the best move overall is to have the sewer system be a separate municipality. Commissioner Fairweather shared that at the East Lake Association meeting he did make the members aware that there are issues with the sewer system, and that the governing bodies are looking at different approaches to rectify the problems. Comments made in response included keeping the budgets separate (should the VDE take over the ESC), the capital improvements that must be implemented, and the fact that the sewer users have had a minimal amount of user fees for the services received over the past years. Commissioner Sullivan added that he felt there should be two separate entities, and that the VDE can give advice and contract services as necessary.

At 9:10, Brian Harding, Gayle Burns and John Walters, all representatives of the ESC, joined the meeting.

Commissioner Wood explained that the main concern is the “taxation without representation” issue; residents in Springfield and Enfield cannot vote to direct action for the sewer users residing solely in Grantham. The ESC needs to go to the Town of Grantham with all information collected to date to have the selectmen start the process of creating a new municipality.

Mr. Harding agreed with Commissioner Wood’s observations regarding the DRA and PUC letters in response to the taxation inquiries. It was also made clear by Commissioner Fairweather that there would be no competition from the VDE in applying for state or federal funding for capital improvement projects. DM Weber stressed that even if only user fees were to be applied, the new sewer entity must become a village district, as a governing body would need to be in place in order to provide the ability to borrow as a municipality/local government entity. Commissioner Wood added that the community would be better served with a municipality that has the ability to tax rather than to rely solely on user fees. It would also deal with the apportionment issue; residents from other towns would be prohibited from voting on items that are specific to sewer users.

The commissioners outlined the election process to create a board of commissioners, as well as which official district positions are appointed. The VDE commissioners also offered assistance if needed with creating documents and plans to present to the Grantham select-board. DM Weber also said that he would share DRA contact info, as the new district would have the same advisor as the VDE.

Commissioner Fairweather relayed the responses and general attitudes from the East Lake meeting.

Mr. Harding expressed his thanks, and those of the ESC and ECA boards for the constructive dialogue and help that the VDE has provided, and indicated that the ESC would move forward to create a new district.

Mr. Harding, Ms. Burns and Mr. Walters exited the meeting at 9:30.

Commissioner Wood made the motion that the VDE formally inform the ESC that after due deliberation it has been concluded that the possibility of expanding Village District oversight to include the sewer operations is not appropriate. Commissioner Sullivan seconded; the motion passed unanimously.

SRF:

At the July 10 meeting to discuss final actions on the SRF project, a deadline of July 25, 2012 was given to get the outstanding paperwork and documentation to the VDE for project completion. Notes from the July 10 meeting were passed out to the commissioners for review.

The grass is not coming up in the well field, but we cannot use fertilizer to speed any growth. There is an eco-friendly grass mix that can be put down. Commissioner Wood recommended that this wait until the dug wells are abandoned in order to save money and avoid doing it twice.

New Business:

Interest rates will be changing for the SRF loans in October; we will need to do amortization schedules to compare rates and terms. The rate can be locked in as soon as the loan is closed; it will need to be done prior to budgeting for next year. We have the ability to tell the state how we want the loan structured; timing of payments, number of payments per year, etc. This will be relative to cash flow – December may be best because of the timing of the town tax payments received. Commissioner Sullivan asked DM Weber to provide numbers showing how the new loan will work with the current debt service. Treasurer Wright asked that DM Weber contact Lake Sunapee Bank to find out the logistics of transferring the state loan into the existing loan.

The CIP accounts will be partially funded; a review was made of the spreadsheet showing the breakouts. This spreadsheet is shown as Exhibit A to these minutes.

The exact total SRF cost is not yet known, as we are still waiting on final applications of payments from the contractor. It will be available for the August meeting.

Meter replacements: we will need to replace 10%, roughly 130 meters, beginning next year. Operator Perez will work with the meter company to determine the best way to begin the replacements. Commissioner Wood asked how the 10% is decided upon; this will be done by route. The existing routes are being rearranged so that we have 10 routes instead of the current 17. Changing the meters on one route per year will meet the requirements of the state to have all meters changed out in ten years. The cost to do these replacements will be a legitimate budget item and will be shown as an annual expense going forward. Commissioner Fairweather suggested that this may be a good opportunity to create our own database of contact info. Commissioner Wood said that we can include a note in the November billing asking what the best way is to make contact, explaining that we are beginning the replacement project and will need to contact the customers to set up the appointments.

As there will be no open house this year, DM Weber and OM Lewis would like to draft a newsletter containing general information regarding the SRF project, conservation, seasonal winter tips and so forth. Commissioners Fairweather and Wood would like to see a draft, and have the end result go out with the fall bills and include information regarding the meter replacement program.

DM Weber went over the ideas of an outside display at the Activity Center. This project has the go-ahead from the ECA. The VDE staff will begin building the display, which has the OK to be at the Activity



Center for a two-week period from mid-September to mid-October (which weeks will be decided upon at a later date). Brochures and other information on the VDE will be available inside the Center. There is also a possibility of having a video loop that would explain why some repairs take so long, and what is involved in making a seemingly easy repair. A concern that Commissioner Wood has is that the display may not be stable enough; it will be built with that in mind. The display will be kept on a trailer so it can be easily moved. We will also be able to set it up in the wellfield for next summer's open house.

At 10:02 the commissioners entered a non-public session; at 10:07 they returned to public session.

At 10:08 Commissioner Wood moved to adjourn; Commissioner Fairweather seconded and the motion was unanimously approved.

Respectfully submitted,


Amy Lewis
Office Manager

 8/15/12
 8/15/12

Village District of Eastman
Commissioners' Meeting Minutes, August 15, 2012

Exhibit #17

In attendance: Commissioner Duncan Wood, Commissioner William Sullivan, Commissioner Robert Fairweather, Treasurer David Wright, District Manager Bill Weber, Office Manager Amy Lewis, Water Operator Neil Perez and Operator-in-Training John Fellows.

The meeting was called to order at 8:00AM by Commissioner Sullivan.

Minutes:

Commissioner Wood moved to approve the June minutes as amended. Commissioner Sullivan seconded and the motion passed unanimously. Minor edits for clarification were made to the minutes of the July meeting. Commissioner Wood moved to approve the July minutes as amended; Commissioner Sullivan seconded and the motion passed unanimously.

Field:

Regarding the watering of the front entrance gardens, Operator Perez said that we can get the usage amounts from a meter on Longwood Drive. Treasurer Wright explained that he would like to see sensors on the sprinklers so they would not run during the rain. The ECA has changed watering times to the evening hours.

The operators have been leak-detecting and are about one-half complete. Three leaks have been found on customers' service lines and repaired. The repairs have helped considerably with the ongoing conservation requirements.

The Anderson Pond radio needs to be upgraded. It was initially installed in 2005 but tree growth is impeding the signal to the treatment plant. The radio has to be programmed; we are waiting on LCS to submit an estimate for the work since it was not a budget item. District Manager Weber indicated that the next logical step from radio is to satellite and the industry is moving in that direction.

Financial:

Anything that can be applied to the trust funds as capital expenditures will keep unexpected expenses off the profit & loss, as long as those expenditures meet the capital improvement requirements. The financial report was reviewed for budgeted numbers vs. actual; the debt service is less than budgeted because of the money saved with the interest rate adjustment. Commissioner Wood asked if we still should ask the Department of Revenue for a tax adjustment. Commissioner Fairweather said that since we don't know what the revenue will be for the second half of the year we could end up with a shortfall. As we may not receive the estimated usage fees, he would like to ask the state for a \$20,000-adjustment to bring the actual revenues up to the budgeted revenues. Commissioner Wood is in favor of an adjustment as he is concerned that we may exceed expenditures. DM Weber said that the office can review what expenses can be legitimately applied to a CIP fund.

DM Weber will adjust the MS34 form to reflect the above and submit it to the Commissioners for approval. Commissioner Fairweather moved to accept the adjusted MS34 for DRA submission for a net assessment of \$565,136. Commissioner Wood seconded; the motion passed unanimously.

At 9:04 Commissioner Wood excused himself from the meeting.

Exhibit #17 cont'd

Regarding the interest for the SRF loan, the rates offered by Lake Sunapee and the state of New Hampshire are very close. The VDE must finance the loan with the state, according to the way the initial warrant to borrow the funds was written. One option is to include a warrant with the 2013 annual meeting to authorize the board to refinance the loan with a commercial lender for the purpose of lowering the interest rate; the first payment on the SRF loan to the state is not due until May 2013, so there is time to review the article. Treasurer Wright would like to look at quarterly payments vs. semi-annual payments, given the fact that we will need to begin quarterly billing. He would also like to keep the monies borrowed from the PDIP available in the general fund until the loan term is determined.

Manager's:

Liens are static; there are two properties currently in foreclosure which are being sold, so the district will receive the outstanding balances on these accounts.

The draft of the audit has been reviewed, and the DM has prepared the Management Discussion. Commissioner Fairweather would like a copy of this for review. Commissioner Sullivan questioned the term "terminated employees" as shown on page 12 of the audit; DM Weber explained that this is for any employee who has left employment, willingly or not. DM Weber will verify or adjust language if needed. Commissioners Fairweather and Sullivan are satisfied with the audit as-is.

SRF:

The final number for the project is \$463,000; the budgeted amount was \$484,500. The district can hold the bond on the contractor for up to one year, as a warranty payment. We will wait on reseeding the well field until after the wells are decommissioned, to avoid doing it twice. Funding for the decommissioning could be put into a capital fund so that the expense is spread out over two years, rather than expense \$35,000-\$50,000 all at once. Some of this cost is due to the materials that we assume to be required; this will need to be verified. Operator Perez would like the wells closest to the new Source 1 to be filled in first.

Old Business:

Radio-read meters are not cost-effective; to replace the entire system with these meters would cost approximately \$350,000. The state requires that we test and/or replace 10% of the meters per year; we could begin testing the older meters and work up to the newest. Test kits for the meters can be purchased for minimal investment. There are two local systems currently using the remote reads, and neither entity cares for them. Commissioner Fairweather would like to have Commissioner Wood's input on this as well, since it is more of a technical issue.

Commissioner Fairweather asked if we are absolutely required to examine 10% of the meters currently in use; DM Weber said yes. To replace a meter before its useful life is up does not make sense. The meters can be tested without swapping out one in use; if it is good we can tag it as tested and move on to the next. If the meter is bad, we can replace it, toss the faulty meter and continue with the testing, only replacing what is bad. Since the operators prefer to be together when entering a home, we would only need to purchase one test kit. DM Weber will find out if our operators need to be specifically certified to test the meters; it is required on commercial meters but generally not on residential.

An idea for the next billing is to have a test-group of residents do meter reads themselves and mail the information back on a postcard. Any numbers that are off would balance out with the next read cycle. This could potentially save time and resources for the district.

Office Manager Lewis asked if a formal letter needed to be drafted to the Eastman Sewer Company regarding the July 18 meeting; Commissioner Fairweather said that the minutes from the meeting will suffice.

Exhibit #17 cont'd

New Business:

OM Lewis prepared a spreadsheet showing the most recent reimbursement request from the capital improvement funds, labeled as Exhibit A. Commissioner Fairweather moved to authorize the District Manager to request from the Trustees of the Trust Funds the amount of \$16,181.99, for the purpose of reimbursing the district for capital expenditures from the operating budget, as detailed in Exhibit A of the August 15, 2012 meeting minutes. Commissioner Sullivan seconded; unanimous approval.

Commissioner Fairweather asked that a quarterly billing proposal be tabled until the September 26 meeting, when Commissioner Wood could be present.

Copies of the Management Discussion were given to Commissioners Fairweather and Sullivan; a copy will be mailed to Commissioner Wood.

Static levels are trending up, with both conservation and new rainfall.

On the operations report, the pump house hours for Source 1 combine all three pumps. LCS Controls will be correcting this so the three Source 1 pumps are recorded individually. Source 5 is taking a while to recover but is doing well. Operator Perez said that finding the three leaks has helped and asked if the restrictions were to stay in place. Commissioner Fairweather would like the restrictions to remain in place until after Labor Day. Some residents have called the office regarding maintenance issues; the office is handling these on a case-by-case basis. Operator Perez mentioned that the owners were happy to see the leak detecting.

The usage on Snow Hill was reviewed as it is higher than in previous months. Leaks were found on the gravity side of the boosted area.

Other:

Commissioner Fairweather asked how the issues with Catamount Road were going. DM Weber explained that the property owner in question had been deeded tennis courts by the ECA; these courts had been abandoned. DM Weber suggested that the individual have his attorney contact the VDE should there be any more abatement issues. The owner needs to provide a viable argument to be removed from the tax roll. The district has a liability because the property is legally within the boundaries of the district; ideally the boundaries should be redrawn. If there are other properties within Eastman this may be something to look at. DM Weber will follow up with the property owner before the September 26 meeting.

With nothing further, Commissioner Sullivan moved that the meeting adjourn. Commissioner Fairweather seconded; unanimous approval.

The meeting closed at 10:28.

Respectfully submitted,


Amy Lewis
Office Manager



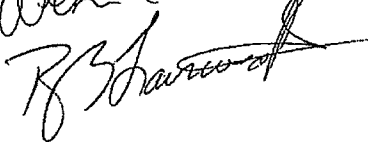
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Exhibit #18

Village District of Eastman Commissioners' Meeting Minutes, September 26, 2012

In attendance: Commissioner Duncan Wood, Commissioner William Sullivan, Commissioner Robert Fairweather, Treasurer David Wright, Deputy Treasurer Bernard Conroy, District Manager William Weber, Office Manager Amy Lewis and Water Operator Neil Perez.

The meeting was called to order at 8:00AM by Commissioner Sullivan.

Minutes:

Minutes of the previous Commissioners' Meeting were reviewed and minor adjustments were made. Commissioner Wood moved to accept the minutes as amended; the motion was seconded by Commissioner Sullivan and was unanimously approved.

Field:

The static levels as of 9/26/12 were reviewed; the commissioners asked for a comparison against last September's numbers. Currently, sources 1 & 6 are running. A six-year historical review of Source 6 data was discussed. Commissioner Wood would like to see a year-to-year comparison against 2012 next year, and asked DM Weber to continue maintaining the data in order to have accurate charts. Commissioner Fairweather asked if the recharge rate on Source 5 is okay; Operator Perez said yes – it can be run less than the others before changes are seen. It takes about one week for the source to come back to the "normal" static level.

The commissioners agreed to lift the water restrictions still in place. Commissioner Wood asked that a notice be sent out through the ECA highlights. Commissioner Sullivan asked that thanks be given to the ECA for their help with the notifications of the initial restrictions.

Treasurer Wright asked if we can track the rainfall for the year, in order to compare it to previous years. The hydrological year is October through September; Commissioner Wood suggested the staff begin tracking rainfall this October through next year, which would follow the hydrological year. Commissioner Fairweather would like to see the data for September as well. The United States Geological Survey website can provide some data for comparison. There are several test wells in/around the existing well field that can be periodically checked; the district has spare transducers that can be used. DM Weber suggested that the staff meet one afternoon at the treatment plant to decide what well to use as a test.

Operator Perez added that Operator-in-Training John Fellows is doing very well.

Financial:

Cash flow is projected to correct itself because of the MS34 adjustment. DM Weber will add in the adjustment amount to the financial report. He has not received official approval from the DRA yet; however he did speak to our advisor who indicated that DRA would not decline the request, given the fact that we are not asking for the adjustment to bump up profit or show a surplus.

Commissioner Wood asked what the propane credit shown on the statement meant. DM Weber explained that less propane has been used than what was budgeted and prepaid for last year. This overage will be put against the contract for this year.

Exhibit #18 cont'd

Treasurer Wright added that the District should be seeing a decrease in electric energy costs as well, due to the agreement with Patriot Power.

There was a brief discussion regarding the capital account for pump replacement; the last request included reimbursement for the pump replacement on Source 5 but it was not for the full amount of the repair. The balance of the repair can be requested from the CIP fund once funding amounts are approved for 2013.

We have had an unusually high number of liens filed this season; there are a handful of foreclosures with unpaid balances, as well as repeat offenders for late payments. Commissioner Sullivan met earlier with the DM and OM to go over possible resolutions. His suggestion was to send a card or certified letter as a final reminder prior to filing a lien on the property. There is no formal current policy; what the office does now is send a second statement if the initial bill is not paid, followed by telephone/email contact and additional dunning letters if needed. Many of the accounts in question are second homes, and are also in arrears with the ECA. One possible policy suggestion was that the previous bill must be paid before the next bill is created; we have the option to halt water service for unpaid utilities. The commissioners agreed that there should be no minimum account balance in order to send notice of lien; all accounts must be treated equally. A final notice prior to filing the lien should be sent alerting customers in arrears that there will be additional fees charged to the account should the lien be filed and/or service discontinued.

Manager's:

DM Weber stated that the operators do a great job of tracking the data; however there is a number on the operations report that seems to be out of whack, possibly due to a master meter needing to be recalibrated. Any updates to the SCADA system do not "zero" out the reads, which may be contributing to the problem. DM Weber would like to do a full recalibration and start from scratch with regard to the master meter reads. Operator Perez explained one anomaly with Anderson Pond meter reads – with the communication losses earlier in the month, the SCADA system will record usage at the last known meter read until communications are reset. This skews the data; Tom Allen of LCS has been contacted to help correct the issue, and to see if we can get any kind of backup read in the event of communication loss in the future. Operator Perez also said that there is buildup of iron and manganese in the treatment plant filters, which are cleaned periodically. Commissioner Wood asked if we now had individual meters on each source, before the lines come together; the sum of all should match what the mag meter is recording. He would like the sum of the three Source 1 meters checked weekly against the meter in the pump house, which combines the three. These three new meters should not need to be calibration so soon; the magnetic meter in the treatment plant is the one that needs to be checked. Commissioner Wood would like the mag meter calibrated and comparisons begun to track the reads; DM Weber will contact EJ Prescott to schedule.

SRF:

The project is complete; the first payment on the loan is due to the state May 2013. The district is still holding \$6,000 from the contractor for bond and final payment. The new interest rates will be available from the state in October.

Old Business:

The meter replacement program needs to begin in 2013. The operators do not need to be certified to test residential meters as long as the calibration tool is. DM Weber would like to increase the meter inventory to have 75-80 meters on hand. Commissioner Sullivan would like the testing done by route, as it would be more time-constructive than driving to multiple areas to check the older meters first.

The well decommissioning is a 1-3 year project that will be budgeted for; this is okay by the state. A CIP fund can be created to aid with the estimated cost. Commissioner Wood offered to contact an acquaintance at

Exhibit #18 cont'd

the state to find out the exact requirement for the materials needed around and in the wells, taking into account the surrounding earth composition.

Regarding the financing options for the SRF loan, the warrant as written in the 2012 annual budget, states that the district must keep the loan with the state for purpose of repayment. According to the state, there will be one payment per year, beginning in May 2013. DM Weber suggested a warrant article for the 2013 annual budget allowing the commissioners to look at local funding for refinancing the loan; this can be put into effect prior to the May deadline with the state. If necessary, the state will work with the district regarding the exact due date, which would ideally be based on incoming revenue.

Phone lines for the security access have been added to the Anderson Pond booster station and Hilltop; Snow Hill is scheduled for 10/1. Tasco will be scheduled to hook up the alarms once the phone lines are active and have been tested. With the security grant application for 2013, it may be possible to add a gate across the driveway at the Snow Hill tank. Eastman Security is now doing a full physical check of the VDE properties and buildings.

New Business:

The state is mandating that we move to quarterly billing. Ideally, planned revenue from the billing should coincide with quarterly expenses/known payments. An idea being considered is to have residents do self-reads of their water meters for two of the four billing cycles. Any discrepancies with the self-reading would be caught up with the remote reading by the operators. Mailing a card showing the meter and explaining how to read it, and then having the customer mail it back or email the read, is an option that would save district resources. This will be further explored.

New Emergency Response Plans were handed out, with the previous versions turned back in to the office for disposal.

The audit was briefly discussed. DM Weber will continue researching the option to have an actuary determine the liability of the post-employment benefits offered to the two retired persons still on the plan (these individuals pay 100% of their premiums; but are considered part of the district's "group" for rate determination). Commissioner Wood asked that DM Weber contact LGC HealthTrust to see how they are handling this, as the VDE cannot be the only municipality trying to reconcile this issue.


Other:

A non-public session was entered into at 10:00 for the purpose of discussing employee reviews. The non-public session ended at 10:50; the commissioners voted unanimously to adjourn. The meeting closed at 10:53.

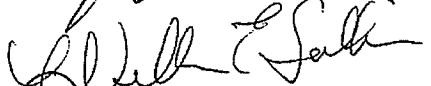
Respectfully submitted,



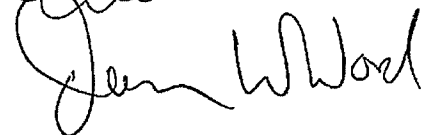
Amy Lewis
Office Manager



10-17-12



10/17/12



10-17-12

Village District of Eastman
Commissioners' Meeting Minutes, October 17, 2012

In attendance: Commissioner William Sullivan, Commissioner Robert Fairweather, Commissioner Duncan Wood, Treasurer David Wright, District Manager William Weber, Office Manager Amy Lewis and Operator-in-Training John Fellows.

The meeting was called to order at 8:01 by Commissioner Sullivan.

Field:

There are no major issues with the field. The earthquake on 10/14 triggered a VFD alarm which was easily reset.

Barrie Miller is on-site surging Source 6 to clear out excess manganese. Commissioner Wood explained that during the purging, silt in the water is pushed and pulled through the well screen and sand filter. We should see an improvement in well performance. OIT Fellows also stated that the screens and filters on the master meters have been cleaned as well.

OIT Fellows noticed that the pressure gauge before the check valve in the pump house has fallen to about 30psi over a few days. This is being monitored by the operators. The drop may be indicating a leak between Source 1 and the valve.

The Anderson Pond usage is down approximately 75k gallons; there may have been a toilet leak that was discovered and fixed.

Minutes:

Minor edits for clarification to the minutes of September 26 were made. Commissioner Fairweather moved to approve the minutes as adjusted. Commissioner Wood seconded and approval was unanimous. There were no changes to the non-public minutes; Commissioner Fairweather moved to approve the non-public minutes as given, and that the minutes be sealed. Commissioner Wood seconded and approval was unanimous.

As a note to the approved minutes, Commissioner Wood inquired about the test wells and metering the levels. He suggested testing the transducers after a couple of days to ensure correct data capture.

Financial:

The usual budget form needs to be adjusted for end-of-year activity; a budget worksheet direct from the accounting software was provided for review.

The MS34 adjustment request was approved; the increased tax adjustment is \$0.052 per thousand to Grantham, and \$0.06 per thousand to Springfield and Enfield.

Accounts Receivable monies continue to be collected. Of the liens filed last month, the largest amount was collected within a couple days of the lien being filed.

The cash flow worksheet was reviewed. OM Lewis explained that the amounts shown as cash on hand reflect what is immediately available as liquid assets. This amount does not include the savings account balance in the NHPDIP account.

Budgeting has begun for 2013. The operators have been given their line items to budget for the coming year. The DM and OM will work on the administrative lines.

Commissioner Wood asked that the staff continue to find ways to cut back on expenses through the rest of the year, and to the next budget hearing.

ESC:

At 8:24, Brian Harding, Brad Moses, Jim Donahue, Jim Coffey and John Walters, all representatives of the Eastman Sewer Company, joined the meeting.

DM Weber explained that he and Commissioner Wood attended the ESC Board meeting on October 16. The issue has been raised again about the possibility of the VDE acquiring the ESC. Mr. Moses gave a quick summation of that discussion; he believes the next step is to have DM Weber and Mr. Harding continue their work outlining the process. Commissioner Wood took time to further explain the information gained from the 10/16 meeting. It is clear that there is a major financial need – the ESC has an infrastructure that must be maintained. Money has to be raised to make these capital improvements; how to do that is the issue at hand, as it can be done through user fees or an additional precinct tax/special assessment collected by the Town of Grantham. It appears that this can be done. The original charter of the VDE states that it has the authority to act as a wastewater treatment facility as well as treating potable water.

DM Weber said that if nobody were to show up at a posted meeting for the discussion of this acquisition, it would be up to the VDE Commissioners to vote on the decision. Commissioner Fairweather said that it would be an informational meeting only; no discussion of funds, although a budget can be presented. The VDE board would then make the decision to take on the assets and liabilities of the ESC. Commissioner Wood added that a letter could be sent to the Public Utilities Commission at this time, stating that contingent upon the release of the ESC by the PUC, the Village District would be absorbing the assets and operations of the ESC. In the event that the general feeling by the voters was overwhelmingly negative, the ESC would then go to the town to form a second municipality. Commissioner Fairweather believes that an active discussion with the community needs to be a responsibility of the sewer commission. If this were accomplished prior to the VDE's Annual Meeting, it could be presented as a warrant article.

Mr. Moses said that the DES will give a 5-year permit for spray Irrigation if they are given a plan for correcting wastewater disposal of the ESC, showing a solution to the current problems. DES is aware that any repairs to the infrastructure would not begin until 2014.

Commissioner Fairweather said that as a resident of the broader community, if something happened to the wastewater system, the ultimate burden would fall on the ECA and therefore the community for financial recovery. The capital requirements can be potentially met through a special assessment or by user fees; operational funds can be established through user fees and taxes. If taxation is used, separate taxation can be done under a second precinct tax which would exclude the water users. A second precinct under the current municipality would provide the means to raise the appropriate funding without taxing the non-users. The VDE annual meeting would show warrant articles specific to each entity; both would need to be represented at the meeting.

Commissioner Wood said that the ESC is essentially asking the VDE board to reconsider the decision made earlier to not take on the responsibility of the ESC operations; based on the initial work done previously by DM Weber and Mr. Harding, and the subsequent conversations and analyses, the VDE needs to get an answer to the ESC within a short period of time.

Commissioner Sullivan asked if the ESC's current loan with the ECA is transferrable; DM Weber said yes, he has already spoken with a bank representative.

Commissioner Fairweather said that the downside of creating a separate municipality is duplication of what is currently in place with the VDE; i.e. creation of a board and contracted services such as legal and audit. It would be a relatively easy step to absorb the ESC operations into the current VDE. This would place more responsibility on the VDE and the Board of Commissioners but he stated he is willing to move forward with the VDE acquisition

of the ESC, and asked for a new budget outline complete with user fees/assessment income. Capital improvement accounts can be funded specific to wastewater operations; as long as there is a process in place to set up a special assessment to keep the sewer costs separate from the water system needs, the project is feasible. The VDE Commissioners would like budget information by the November 14 meeting, which would allow enough time to call a special meeting for community input. The Commissioners asked the ESC to schedule a public forum in order to begin informing the sewer users.

DM Weber asked for direction from the VDE Commissioners regarding the actions to be taken in the immediate future for notifications; Commissioner Wood would like the forum scheduled ASAP, and to hold a VDE special meeting prior to the annual meeting, possibly in January.

Commissioner Sullivan is of the opinion that the ESC should continue to push for becoming a separate municipality, as there is no clear benefit to the VDE.

Commissioner Wood moved that the Village District of Eastman Board of Commissioners agree to enter into discussions with the Eastman Sewer Company about the potential acquisition of the assets and liabilities of the ESC by the VDE. Commissioner Fairweather seconded. The motion passed with two in favor and one dissent.

Commissioner Wood asked that the VDE special meeting be tentatively scheduled for January 9, 2013 at 7:00PM at South Cove, with the assumption that the feedback at the forum demonstrates support for the acquisition. Discussions would include the creation of a sewer sub-committee under the existing VDE board, capital funding options and possible user fees and/or precinct taxes.

Commissioner Fairweather asked DM Weber to update the original VDE/ESC proposal created earlier this year with the additional information gathered to date, along with the updated budget projections.

Information regarding this issue can be put out to the community's non-residents in a newsletter sent with the fall bills. Community input can be requested at the same time.

Manager's:

Water use in general is down, although there may be a problem with one of the master meters. The mag meter is reading off from the source meters; DM Weber made the recommendation that the two meters in the treatment plant be rebuilt and calibrated. Other commercial meters in the system may also need to be checked, specifically Snow Hill and Anderson Pond.

All VDE facilities are now being monitored by ECA Security in addition to Tasco Communications. Commissioner Fairweather asked that DM Weber send a letter to the ECA thanking them for providing the additional security.

Reports for the beginning of the month have been submitted to the proper entities.

The security/source protection grant for 2013 has been submitted to DES. Copies of the grant application are available for the commissioners to read.

SRF:

Tata & Howard now have the as-builts. The district is still holding funds for the balance of the contract as well as the bond; Halliday Construction has not yet applied for final payment.

Old Business:

The grant application was briefly discussed. The reasoning behind the application was to add additional gates and fencing to the District properties, impeding public access. If the VDE is awarded the grant, construction would begin in the spring.

The SRF loan rates went down .11% and are now lower than Lake Sunapee Bank.

Regarding the GASB 45 issue there are two options. One is to put a letter with the audit explaining the reasoning behind not having the actuarial audit performed. The second is the purchase a "self-help" style program to draft the assessment in-house. Given the fact that the VDE board was not made aware by the auditors of the GASB 45 requirement until after the final audit was received, Commissioner Wood stated he would like a letter put with the audit as a retort to the auditor's report. DM Weber will draft and send to the commissioners for review.

New Business:

DM Weber shared a draft policy regarding class attendance, as some confusion ensued earlier this month with courses taken after-hours. There was a brief discussion to clarify specific points in the draft. Commissioner Fairweather moved to adopt the policy on continuing education and training, and incorporate it into the personnel and policies manuals. Commissioner Sullivan seconded; the motion passed unanimously.

DM Weber asked that the commissioners review the first draft of the self-read meter card, in anticipation of asking that the community perform two of the four meter reading cycles proposed for next year. The card would be preprinted with the property owner's name, address and account number, and would direct the owner to record the current meter read using a picture of an actual meter as a guide. The cards would be postage-paid; residents could either mail them back or drop them into the night box at the office. If the card is not received back then the operators would do a manual read. Minor adjustments to the card layout were suggested, and a second draft will be prepared. Logically the quarterly reads would follow the payments required through the year; the receipts would support the bank payments. Commissioner Wood suggested adding the self-read issue to the fall newsletter, which would go out with the bills. The newsletter will also include information regarding the ongoing ESC discussions and moving to quarterly billing.

Other:

The spreadsheet showing the PSNH electric charges in comparison to the charges under Patriot Power were reviewed. Charting the last three months has shown a decrease in electrical expense of roughly \$700. Treasurer Wright would like to continue the program, as the annual savings could be around \$3,000.

With no other business to discuss, Commissioner Fairweather moved that the meeting adjourn. Commissioner Sullivan seconded; unanimous approval. The meeting closed at 10:15AM.

The next regularly scheduled Commissioners' Meeting will be November 14 at 8:00AM.

Respectfully submitted,


Amy Lewis

Office Manager

Village District of Eastman
Commissioners' Meeting, November 14, 2012

Exhibit #20

In attendance: Commissioner Duncan Wood, Commissioner Robert Fairweather, Commissioner William Sullivan, Treasurer David Wright, District Manager Bill Weber, Office Manager Amy Lewis and Water Operator Neil Perez.

The meeting was called to order at 8:01AM by Commissioner Sullivan.

Minutes:

Minor edits for clarification were made to the minutes of the October 17 meeting. Commissioner Wood moved to accept the minutes as amended; Commissioner Sullivan seconded. The motion received unanimous approval.

Commissioner Sullivan took a moment to thank Commissioner Fairweather for his work on the rate restructuring for the billing.

Commissioner Wood went through the notes provided with the October 17 minutes; he asked for the reason we have a broken pump on Source 6. This is the pump Barrie Miller brought into the October meeting; it is the original pump and is at least seven years old. It is also the pump that ran continuously through the SRF project.

The transducers in the test wells were checked on November 9; the data is being logged.

Commissioner Wood asked District Manager Weber to draft a second letter to the district's auditor regarding the GASB issue.

Minutes of the emergency meeting for personnel issues on November 6, 2012 are non-public, although they can be approved in a public meeting if there are no changes. Commissioner Fairweather moved that the non-public minutes be accepted as written, and sealed; Commissioner Sullivan seconded. The motion received unanimous approval.

Field:

Operator Perez said things are going well at the well field, although we are still waiting on the pump for Source 6 to come in. Usage is low. Commissioner Sullivan asked about the meter situation/recalibration. DM Weber explained that the cost to recalibrate the master meter will be incorporated into the 2013 budget, and will be approximately \$2,000. Operator Perez asked if it made sense to calibrate the master meter prior to the beginning of the new year; the timing does not matter as we bill off the residential meters. Commissioner Wood would like to know how far in advance the calibration needs to be scheduled; at that point we will decide when to have it done.

Commissioner Wood stated that the newsletter that went out with the fall billing was well-received, and asked if any comments were generated from the content. OM Lewis said that the residents responding in greater numbers were the seasonal homeowners with regard to how they would read their own meters if they were states away for a particular billing cycle. As it is a work in progress, one option is to ask those residents to read the meters for the cycles for which they are here, and to have the VDE read those meters for the off-season.

Exhibit #20 cont'd

Financial:

The budget was adjusted to show the DRA adjustment of \$20,000.

The office did receive several calls after the bills were mailed, from residents concerned about high usage/cost. There were no issues once the rate structure and billing schedule were explained.

DM Weber is comfortable with the budget outlook for the remainder of the year. The cash flow spreadsheet was reviewed and explained for clarity.

The operators' cell phones have been upgraded to iPhones. The laptop will be kept in one of the service vehicles for field use. There is more on the cell phone use under New Business.

The contract with Patriot Power will be renewed for a year, beginning in January. The savings for the month of October were about \$400. We should receive a larger benefit with a 12-month contract.

Commissioner Fairweather asked for a year-to-date report detailing several accounts in order to work on the 2013 budget. The expense shown under "Filter Maintenance" needs to be moved to the capital expense account to show the reimbursement.

Clarification was made to better understand the cash flow sheet, balance work sheet and the budget work sheet from the accounting software; the cash flow and budget sheets are supplements to the balance work sheet, which shows all activity for a given month rather than just balance sheet items or profit-and-loss items.

Manager's:

All of the source water pumps have been upgraded and/or replaced. DM Weber recommends funding a CIP account to prepare for the next replacement cycle, which should be 2015-2016.

The Ford truck has been traded for a 2012 GMC work truck with a plow; it is in the parking lot if anyone wants to take a look.

DM Weber met with Tata & Howard last week to discuss possible alternative sources for water. We are waiting for a fracture overlay to study how the current sources flow. Any growth to the supply will be gradual. Commissioner Wood stated that he would rather spend resources on looking for leaks in the existing system rather than search for another source; DM Weber clarified that we are only looking for options should the need arise in the future. Treasurer Wright and Commissioner Fairweather both agreed that the fracture overlay would provide good information.

DM Weber and OM Lewis met with a representative from the Upper Valley Lake Sunapee Regional Planning Commission to discuss the GIS mapping. Once complete, this will provide geographical information that will be accessible on the operators' smartphones, laptop, etc., and will be a good start on asset management. A process will need to be put in place to ensure UVLSRPC receives updates/new information as the district receives it.

SRF:

There is still communication breakdown with the contractor; the state is still missing paperwork that the contractor was to have filed prior to the completion of the contract. DM Weber is working with the DES to walk the contractor through the process of wrapping up the loose ends.

Exhibit #20 cont'd

Old Business:

Commissioner Wood asked if there was any action on the culvert by Source 6. DM Weber relayed that Tata & Howard believes the original culverts were placed without any study or measurements, which is why the state now wants full engineering performed on any replacement.

New Business:

A policy was drafted to show how accrued personal time can be "bought out"; the Commissioners were fine with how the policy was written. Commissioner Wood moved that the policy for accrued personal time payout be added to the "personal time policy" section of the VDE personnel manual, as presented at this November 14 meeting. Commissioner Fairweather seconded; the motion passed unanimously.

A policy was drafted with regard to the smartphone use by the staff. DM Weber acknowledged that the language in the policy is harsh; he wanted to make sure that the staff understood 1) the limitations of the policy and 2) the calling and data plans. A phone use policy is already in place; this supplements the existing. DM Weber has seen no detriment to date with the smartphone activity. Commissioner Wood made suggestions for controlling data usage on the individual phones; the phones can connect to the office wi-fi for data use rather than using the phone network to download data/software. Commissioner Fairweather asked that we defer further discussion on the smartphones to the December meeting, in order to have more information regarding the phone usage details.

DM Weber said that the bond bank will still accept the latest audit even with the qualified statement regarding the GASB issue. The office personnel have begun looking for a new auditor for future business.

The CIP committee for the Eastman Community Association has asked that a representative from the VDE be added to their board to get a fresh perspective on district issues. Commissioner Wood already serves on the CIP committee, and would be willing to act as a representative of the VDE as well.

Commissioner Wood was contacted by David Wood of the Grantham Conservation Commission, which is going through the process of designating high-value wetlands in order to propose by-laws targeting activities that can and cannot be done in and within so many feet of a declared high-value wetland area. Mr. Wood's concern is that even though the VDE is in Springfield, a portion of the wetlands that drain to the well field is in Grantham; in particular, the sewer system is in Grantham. Mr. David Wood felt that the VDE and the ESC should be cognizant of this, should a by-law be passed which would limit the function of the VDE properties.

Commissioner Fairweather, Treasurer Wright and DM Weber met last Friday to go over the CIP accounts for 2013. The results of that meeting were relayed to the Board; the revised draft of the 2013 budget was passed around. Administrative accounts were reviewed; balances to-date for 2012 and the proposed budgets for the coming year were discussed. Commissioner Wood asked that the budget for 2013 show the revenues from usage within 5% of the current 2012 budget.

Commissioner Wood excused himself at 10:30 to attend the Sustainable Eastman committee meeting.

OM Lewis provided Commissioners Sullivan and Fairweather with a CIP reimbursement request to submit to the Board of Trustees. Commissioner Fairweather moved to authorize the District Manager or Office Manager to request from the Trustees of the Trust Funds the capital reimbursements as shown

Exhibit #20 cont'd

on Exhibit A, totaling \$22,296.57, as outlined and discussed in this Commissioners' Meeting. Commissioner Sullivan seconded; the motion passed unanimously.

Other:

DM Weber stated that OIT John Fellows passed his C1A operator's exam. A wage increase will occur as per the policy in the personnel manual.

A draft of the budget for the potential sewer entity of the VDE has been updated by DM Weber; this was shared with the commissioners.

Commissioner Fairweather, Treasurer Wright and DM Weber will meet one more time before the December Commissioners' Meeting to continue discussion on the 2013 budget and CIP funds; this meeting will take place November 26 at 1:00PM.

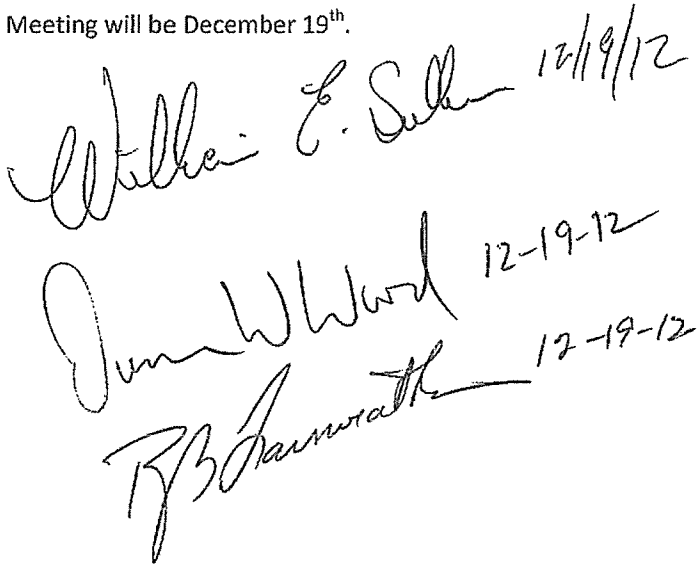
With nothing further, Commissioner Fairweather moved to adjourn the meeting at 10:39. Commissioner Sullivan seconded; the motion passed unanimously.

The next regularly scheduled Commissioners' Meeting will be December 19th.

Respectfully submitted,



Amy Lewis
Office Manager



William E. Sullivan 12/19/12
Dan W. Wood 12-19-12
RB Fairweather 12-19-12

Village District of Eastman
Commissioners' special Meeting, December 10, 2012

Exhibit #21

In attendance: Commissioner Duncan Wood, Commissioner William Sullivan, Commissioner Robert Fairweather, Treasurer David Wright, Moderator David Miller, District Manager Bill Weber, Office Manager Amy Lewis, Margaret Sullivan and Eastman Sewer Company (ESC) General Manager Brian Harding.

The meeting was called to order at 10:00 AM by Commissioner Sullivan.

Margaret Sullivan was sworn in as District Clerk by Moderator Miller. Clerk Sullivan did not stay for the remainder of the meeting.

Commissioner Wood was satisfied with the summary of the warrant, although he suggested some minor changes to the actual warrant to include the text of the original charter of the Village District. The warrant will be posted on the website once the wording is finalized; it will also be available in long and summary form at the January 9 meeting. Commissioner Fairweather suggested that copies also be available prior to the meeting at the office. Since we are not mailing the warrant package out, Commissioner Wood would like Lorie McClory and OM Lewis to post the information on the ECA and VDE websites, respectively.

ESC General Manager Brian Harding provided an audited copy of the financial statements for YE2011; this information is also available through a link to the ESC from the ECA website. Budget figures for 2012 and 2013 were also provided. Commissioner Fairweather said it would be worthwhile to include this information; Commissioner Wood would also like to include a copy of the latest balance sheet.

Commissioner Sullivan questioned the values of the current assets listed on the ESC balance sheet; Mr. Harding explained that the financial statements were completed according to the Public Utilities Commission rather than following GAAP. The balance sheet is prepared for accounting purposes and not for budgeting or projections. Commissioner Wood does not want to include any future projections for the ESC expenses, as this proposed acquisition could take up to six months to complete.

Discussion on presenting the warrant began with Commissioner Wood suggesting to Moderator Miller that he make very clear to the attendees that the topic of the meeting is to discuss the organization of the sewer; should there be one municipality or two? The first article addresses this; if the community agrees to have the VDE move forward with the acquisition, then the second article will be addressed. The Commissioners will speak to the warrant and will then open the floor to public discussion and input. The Commissioners will also be prepared to answer potential financial questions regarding the acquisition. Mr. Harding said there is no ESC or ECA expectation that there will be any monetary payment from the Village District to "purchase" the ESC; this will be a paper transfer. The Commissioners agreed to focus the meeting as much as possible on the warrant articles themselves.

Moderator Miller would like wording provided for the introductory remarks. DM Weber provided Moderator Miller with another copy of the administrative rules for moderators and offered to meet with Moderator Miller prior to the meeting to clear up any issues or confusion. There is a slight possibility that Moderator Miller will not be available on the 9th. There is a resident who can act as a temporary moderator if necessary, although if the moderator needs to leave during a meeting, the Clerk assumes those duties.

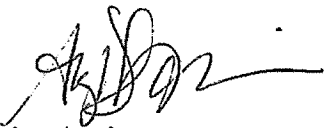
Exhibit #21 cont'd

Public minutes regarding the ESC have been highlighted in green on the VDE website; these documents are available as downloads. There was a brief discussion on releasing non-public minutes concerning the ESC; the Commissioners will need to review these to ensure that no personnel information is included.

There does not appear to be a need to request that VDE Attorney Bernie Waugh attend the January 9 meeting.

With nothing further, Commissioner Fairweather moved to adjourn the meeting. Commissioner Sullivan seconded and the motion passed with unanimous approval. The meeting adjourned at 11:40AM.

Respectfully submitted,



Amy Lewis
Office Manager, VDE

William T Sullivan 12/19/12

James W Ward 12-19-12

BB Fairweather 12-19-12

Village District of Eastman
Commissioners' Meeting, December 19, 2012
Final Minutes

Exhibit #22

In attendance: Commissioner Duncan Wood, Commissioner Robert Fairweather, Commissioner William Sullivan, Treasurer David Wright, Moderator David Miller, District Manager Bill Weber, Office Manager Amy Lewis and Operator-in-Training John Fellows.

Guests present: Phil Schaeffer, resident; Robert LaGassa, resident.

The meeting was called to order by Commissioner Sullivan at 7:58AM.

Commissioner Sullivan spoke briefly with DM Weber about a hardpan sample and possible suitability for the well field decommissioning.

Minutes:

The minutes from the Commissioners' Meeting on November 14 were edited for clarity. Commissioner Wood moved to accept the minutes as edited and Commissioner Fairweather seconded; unanimous approval.

There were no suggested changes to the minutes from the special Commissioners' Meeting on December 10. Commissioner Fairweather moved to accept the minutes as submitted and Commissioner Wood seconded; unanimous approval.

DM Weber asked Moderator Miller about being available for the January 9 meeting; Moderator Miller will be at the meeting.

Field:

OIT Fellows said that both operators met with a representative from Stiles Meter to discuss the meter replacement program and the best way to incorporate the procedure. The office does have a list of meters with serial numbers from the previous replacement program. We will need to test 135 meters per year; this can be done during the winter months when the operators are slow in the field. We also need to make sure we have new meters in stock should replacements need to be made. The oldest meters in the system at present were installed in 2004. It would be a good idea to bring the residential meters to the plant for testing, as it would create a controlled environment. Properly-working meters can be re-installed. Commissioner Sullivan said that his water meter is 12 years old, and is willing to check the serial number and to look for the "NL" stamp indicating the lack of lead.

There may be a minor leak between the Source 1 check valve and the pump house, as the pressure gauge is fluctuating. This has been discussed in staff meetings; it is an issue the contractor is aware of as it relates to the SRF project.

Anderson Pond has a SCADA programming glitch in the reported gallons per day; LCS is aware of the issue and is working on a fix.

At 8:18, Auditor Gregg Colby of Plodzik & Sanderson joined the meeting to discuss the GASB-45 issue with the district's last audited statement. Mr. Colby explained why the district received a qualified audit report based on the individuals on the health insurance; because there are retirees on the plan who pay

Exhibit #22 cont'd

their own premiums, those retirees are still pooled with the rest of the group when setting the insurance premiums for the other employees. Basically, older individuals are pooled with younger employees, which affects the insurance rates for all. Commissioner Wood asked what the consequences were of having the statement attached to the audit. Mr. Colby said that he knew of none. The district's ability to bond is not affected by the qualified audit. If and when it becomes an issue, it will be addressed professionally. This is something that affects more municipalities.

Financial:

Commissioner Fairweather asked about the remaining outstanding accounts receivable. OM Lewis explained that while the balance of outstanding accounts is higher than this time last year, we also billed out more than expected. Proportionally, it is comparable. The accounts that are still open are chronic late-pays.

There has been one lien collected. We have received the second tax payment from Grantham; Enfield and Springfield are usually received in late December.

Manager's:

DM Weber asked OIT Fellows the status of pump 6; DM Weber expected it to be installed by now. OIT Fellows said that Barrie Miller will be on-site to set up on Thursday, 12/20 and will install the pump Friday, 12/21.

Patriot Power has sent a new contract for 2013; energy savings were fair for the last six months.

The quality assurance manual update has been reviewed and approved by the NH DES. Copies will be available in the office and at the treatment plant.

A representative from the NH DES was on-site Monday, 12/17 to perform a scheduled sanitary survey, which ensures that paperwork is in order both at the office and the plant.

A quote was provided for the GIS mapping, which will eventually become a joint effort between the VDE and the ECA with each entity having specific layers on the map. All data pertaining to pipes, mains and service locations can be incorporated into the layers. Cost will need to be built into the 2013 budget if we move forward. Commissioner Wood is concerned that we will spend money to begin the program, but will not be able to maintain the information to keep the database updated. He is in favor of the project but there must be a plan in place for maintenance before moving ahead. The planning committee performing the work offers on-site training of the program, in which the district would participate.

SRF:

Dan Dudley, our NH DES contact for the SRF project, has been told of the communication issues with the contractor, who is currently out of compliance with the contract because we have not received the as-builts. Mr. Dudley will attempt to make contact with the contractor; Mr. Dudley is happy with what has been done to-date. The district is still holding performance bonds on the contractor and a final contract payment. OM Lewis contacted the state regarding the initial payment against the SRF loan as indicated on the 2012 budget; the first payment of \$10,000 is scheduled for 12/20 and will be applied to principal, which will reduce the amount of the loan once it is finalized next May.

Exhibit #22 cont'd

Old Business:

The budget was reviewed; changes from the previous meeting were explained by Commissioner Fairweather and DM Weber. There will be ten CIP accounts funded, with \$20,000 from the general fund set aside to offset taxes, similar to what was proposed for 2012. The budget was saved as a final draft, subject to review at the regular January Commissioners' Meeting.

The warrant for the special meeting was reviewed with minor language adjustments by Commissioner Wood. There was a brief discussion over the make-up of a sewer advisory panel, should the VDE acquire the ESC. Rather than have the panel comprised of solely sewer users, it may make sense to allow Eastman residents who are not sewer users to serve on the panel. Commissioner Wood gave the example that having an individual with a wastewater or engineering background would be a benefit to the panel and therefore the District. The appointed panel would be made up of volunteers who are residents of the Village District; this panel would report directly to the VDE Board of Commissioners. In order to not limit the pool of volunteers available to serve as appointees to the panel, the positions would be open to the District at large. Information pertaining to the special meeting, i.e. warrant, RSA links, will be posted on the VDE website.


The warrant was signed by the Commissioners; hard copies of the warrant will be available at the VDE office as well as at South Cove and the Grantham Town Hall. OM Lewis will work with former Clerk Lorie McClory to ensure the information regarding the special meeting is readily available by several different formats.

Duties for the special meeting on January 9 were discussed. Moderator Miller had asked for and received an outline for the opening remarks prior to introducing the discussion. The lower level of the Grantham town hall will be available after 3:00PM on the 9th; chairs and tables will be set up. Other materials needed will be brought down and set up prior to the commencement of the meeting. All three Commissioners have interest in speaking after the Moderator opens the meeting. Paper ballots will be available with the Supervisors of the Checklists; only those residents registered to vote in any of the three towns will receive the ballots. The order of the meeting will follow Robert's Rules, similar to the annual meetings.

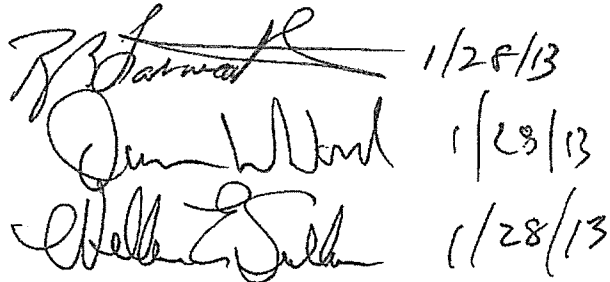
Commissioner Wood acknowledged the two guests to the meeting, reiterating that the point of the January special meeting is not to solve the problems with the sewer company; it is to decide if there should be two municipalities rather than one. He asked if either individual had a specific statement to make. Mr. LaGassa read a prepared statement (see copy attached).

At 9:53 Commissioner Wood moved to go into non-public session; Commissioner Fairweather seconded. The non-public session was adjourned at 10:12. The meeting closed at 10:13.

Respectfully submitted,



Amy Lewis
Office Manager, Village District of Eastman



1/28/13
1/28/13
1/28/13

Exhibit #22 cont'd

Statement by Robert LaGassa, presented at the December 19, 2012 Commissioners' Meeting, transcribed from audio recording:

Eastman Community Association acquired the sewer company from Controlled Environment Corporation in about 2001 in conjunction with the need to obtain the dam and water rights to support the golf course irrigation system. At the time there was a movement among the Village District membership to intervene with the acquisition to have the Village District acquire it instead. The Village District [of] Eastman's commissioners rejected that effort because it could not be shown that the acquisition of the sewer company would be to the benefit of the Village District [of] Eastman membership. If it is for the current movement to transition the ESC to the Village District, based upon information the ECA management has provided to its membership is that there are problems of an immediate nature that will limit or eliminate the discharge of [ESC] effluent to the golf course and put the system at hazard. They maintain these problems are beyond their capability and require the Village District [of] Eastman to acquire that system. They have also argued that the operation of the sewer company would be most efficient if the Village District acquired the ESC. Immediacy for the acquisition appears to be [the] ECA's need to buy time by showing to the Public Utilities Commission that they are making progress in remedying their situation. Despite the ECA's stated problem there is no evidence that the sewer system cannot continue to operate as it has since it was built, discharging the treated effluent into the polishing fields where it is evaporated or dissipated into the soil. There have been no overflows from the system into the adjacent Bog Brook.

The ESC is a forty-year-old deteriorating system that may require significant unknown capital improvements. Such an acquisition would commit the Village District to significant future capital requirements that seem not well understood or defined, and more importantly, expose it to risks or liabilities that it should not take on. It appears that sufficient due diligence has not been done for an acquisition. Notwithstanding the problems of the ESC, operating the sewer system is not the problem or the business of the Village District [of] Eastman. The commissioners took an oath to serve the best interests of the membership of the Village District [of] Eastman, not the membership of the ECA, which is a responsibility of its elected leadership with a different set of responsibilities. It has not been shown as required in the Village District [of] Eastman mission that acquisition of the ESC would contribute to its mission of providing water for the most affordable cost to its membership. There is an appropriate immediate remedy to the ESC's problem that they conform a solid waste management district in accordance with New Hampshire RSA 53.1. Should the commissioners proceed with this acquisition and put it to the vote of the membership, the potential defeat of the warrant would significantly undermine the confidence of the membership in the VDE leadership. It is an axiom of business that those who do not remain focused on their core competency of business usually fail. The Village District [of] Eastman has done an excellent job in delivering on its stated mission. Do not lose sight of that responsibility.

Greetings Eastman Owners!

On November 17, the Eastman Sewer Company (ESC) held an Open Forum at South Cove to which everyone was invited. We had a good turnout, but we know that many of you were unavailable at that time. We want to take this opportunity to fill you in on the discussions that ensued and the importance of the Special Meeting of the Village District of Eastman (VDE) on Wednesday, January 9 at which every Eastman resident registered to vote in Grantham, Enfield, and Springfield will be able to cast a ballot and decide if the ESC and the VDE should be combined.

Enclosed you will find a copy of the actual presentation slides. These were used to highlight talking points and were purposely bulleted. The presentation was divided into sections:

- * Maynard Goldman, ECA president, opened the Forum with some remarks reflecting on history and how we got to where we are.
- * Brad Moses, Eastman Sewer Company president, presented the ESC rationale for the proposed acquisition by the VDE. Other alternatives were considered and rejected.
- * Duncan Wood, one of the three VDE commissioners, presented the commissioners' point of view about the acquisition and its process.
- * Brad Moses and Brian Harding, assistant general manager of ECA, then presented and explained the current budget, the existing capital program, and new capital improvement projects that must be completed for the sewer system over the next four years. These upgrades are needed whether or not the ESC/VDE acquisition takes place, and the ESC wanted to ensure that the community would be aware of them.
- * Question and Answer periods followed each section.

Enclosed also is a detailed synopsis of the Q&A sessions that will fill in many of the gaps left by the bulleted slides, as well as provide answers to questions from the audience and others you may well have as you read through the presentation.

The most significant new project is in response to the NHDES directive that the sewer system meet new, more stringent golf course spray irrigation requirements if we wish to continue this process of disposing of our wastewater. These new limits are detailed in the enclosed documents as well as proposed alternatives to spray irrigation. It is important to note that according to our best estimates, the total ballpark cost for the ongoing projects and what appears to be the most viable disposal option would be about \$1.3M. This would mean that the current sewer rate would increase by approximately \$300 per year per sewer household to a total rate of approximately \$650 per year. Although this number is not insignificant, it is well within rates of surrounding communities and reflects a system that had no rate increases for 16 years.

The ESC goal is to provide the most effective and efficient management of our resources in the future. As the presentation shows, we need to be released from the costly and time consuming regulation of the Public Utilities Commission, to save money wherever possible, and combine with the VDE to create one municipality to oversee our water from extraction to disposal without unnecessary duplication of effort.

Please take the time to review this information. If you have any questions, please call or email Brian Harding (863-4240, brian@eastmannh.org).