

N.H.P.U.C. Case No.	DW 13-171
Exhibit No.	22
Witness	Panel 1

From: R & G Logan <rlogannh@yahoo.com>  
 Subject: Re: PUC Docket DW 13-171 - Testimony by Robert F. Logan  
 Date: January 12, 2014 7:44:35 PM EST  
 To: William Weber <weber@eastmanh2o.org>  
 Cc: "PUC - Executive.Director" <ExecutiveDirector@puc.nh.gov>, Discovery <Discovery@puc.nh.gov>, Amanda Noonan <amanda.noonan@puc.nh.gov>, Jay Boynton <boyntonlawoffice@tds.net>, Brian Harding <Brian@eastmannh.org>, Christina Martin <Christina.Martin@oca.nh.gov>, Marcia Brown <Marcia.Brown@puc.nh.gov>, Mark Naylor <mark.naylor@puc.nh.gov>, Michael Sheehan <michael.sheehan@puc.nh.gov>, Steve Frink <steve.frink@puc.nh.gov>, Susan Chamberlin <susan.chamberlin@oca.nh.gov>, Al Cirone <acirone@cironelaw.com>, Phil Schaefer <philschaefer42@gmail.com>, James and Susan Van Dolah <jvandolah@gmail.com>, Geri Logan <geri.logan63@gmail.com>

Hi Bill,

I received your email of 1/7/2014 as a VDE submission as part of the Discovery Process for PUC Docket DW13-171. Your statement that "the VDE did have one non-public session on February 7, 2012 (see attached)" (**2nd Violation**) is WRONG and a management disservice to the public that you and the Commissioners' represent. In fact, the first known and documented violation of RSA 91-A occurred in the 1/19/12 (**1<sup>st</sup> Violation**) Non-Public Session draft minutes under Topic: Eastman Sewer Company. I have attached that document to refresh your memory.

If you read the documents you sent attached to your 1/7/14 email you will find:

- 1) Commissioners Meeting, February 15, 2012

Final minutes

This is the signed official VDE PUBLIC minutes document of the February 15, 2012 Commissioners meeting. That document was signed by the Commissioners' on March 21, 21012 (substantially exceeding the required five business days) There is ABSOLUTELY NO MENTION WHATSOEVER of the 2/7/2012 non-public VDE/ESC/ECA meeting OR the non-public February 15 Meeting . Furthermore, the 2/15/12 minute document makes NO MENTION WHATSOEVER OF YOUR CLAIM "that every meeting going forward that had any mention of the possible VDE /ESC acquisition would be held in a public session". This public minute document is the only public document which was available for some months beginning on March 21, 2012.

- 2) The second document you attached for that same date February 15, 2012 is labeled:

Commissioners meeting February 15, 2012 (**3<sup>rd</sup> Violation**)

NON-PUBLIC, final minutes

This second Document is unsigned and not dated as to when it was created. You have presented purported minutes of two Non-Public VDE Meetings in early 2012, not one as your supplemental Discovery Response of 1/7/2014 states to my 3-2c Request. Both Non-public meeting minutes became available to the general public in late fall of 2012. There is no authorization for VDE officials (by the VDE commissioners at a VDE public meeting) contained in the VDE minutes for either August 2012 or September 2012 for VDE officials to participate in the ECA/ESC meeting of October 16, 2012. The non-publicly approved meeting participation of two VDE officials with the Eastman Sewer Company Board occurred on October 16, 2012 at 2 pm. Then, less than 24 hours later on October 17 at 8 am the VDE officials did a complete reversal of their July 18, 2012 unanimous vote to NOT acquire the Sewer Company, and agreed to enter into discussions with ESC to engage the Village District in acquisition of ESC.

Contained within this second non-authenticated non-public meeting document of 2/15/12 is the statement (first sentence last paragraph):

"Commissioner Fairweather moved to continue meeting with the ESC and ECA and to plan it on the

## Exhibit #22

public agenda in order to speak of it in open session as community input is respected."

Your statement that " as a courtesy to the public, the VDE FROM THEN ON not only put all of the VDE/ESC minutes on our website ..." is once again a mis-representation of what VDE officials did. The posting of materials occurred only AFTER the VDE officials went public with the fact that they were actively pursuing acquisition of the Sewer Company in the Fall 2012.

Furthermore, your statement in your 1/7/14 email that "our next meeting was February 15 (2012) which was a "normal" monthly Commissioners business meeting and as part of that meeting the Board voted to not only make the February 7, 2012 minutes public, that every meeting going forward that had any mention of the possible VDE/ESC acquisition would be held in a public session" is not only unsubstantiated, not reflected in that session's public minutes of 2/15/12 but indeed contradicted by Commissioners' actions in subsequent ECA controlled meetings including the November 17, 2012 (**4<sup>th</sup> Violation**) non-public meeting at which two VDE commissioners fully participated. Once again denying the public's right to record and the public's right to have minutes as mandated in the NH Attorney General's Memorandum updated July 15, 2009.

This meeting was held under ECA rules which as Mr. Goldman's Discovery Response 1b-7 to Geraldine Logan are:

- "Minutes are not taken nor is there any formal documentation of what is said..."
- "As you have indicated, we are a private organization and are not subject to the rules of the Right To Know Law..."

Furthermore, at ECA Community Forums recording is not authorized.

The aforementioned rules mean that the 11/17/12 ESC/ECA/VDE meeting did not comply with RSA 91-A thereby violating State Statutes. Again, for at least a fourth time, it is clear that VDE officials made a conscious decision to do this. The fifth known violation occurred at the ESC/ECA/VDE July 24, 2013 (**5<sup>th</sup> Violation**) ECA (private) Forum. For this forum, Mr. Brian Harding representing the "Petitioners": ESC/ECA and VDE Officials rejected Mr. Schaefer's request to have that meeting held in conformance with RSA 91-A at a public site. My PUC testimony of 12/19/13 reviews at length the recurring VDE management failures to comply with their Oath of Office and to act in the public good.

You and the officials of the Village District of Eastman repetitively made conscious decisions to deny public participation in meeting discussions which are required to be open to the public. The Manner of public participation is prescribed by law including the right to record. Beginning in January 2012 or earlier, you denied the public the right to record, you denied the right of the public to interact and you denied the public the opportunity to formulate a timely alternative proposal, including a potential proposal for a separate municipality. In July 2012 you communicated to the public in the VDE public records that the VDE officials had unanimously decided NOT to pursue an acquisition.

The VDE officials' reversal decision to pursue the acquisition is not publicly revealed until the signed minutes of your October 17<sup>th</sup> meeting became available to the public on November 14, 2012. By then, the seller (ECA) and the VDE Commissioners had already announced on November 7, 2012 (Exhibit #2, attached, from the Testimony of Robert Logan) the ESC/ECA/VDE private FORUM to be held on Nov 17th with a follow-up January VDE public meeting. These actions by VDE officials further pre-empted the ability of members of the public to organize and structure on a timely basis an independent sewer municipality proposal for ten (10) months. In doing so the VDE officials partnered with the ECA Board President's (and ESC Board Member) stated intent that under no circumstances would he allow the Sewer Company to become a separate municipality.

The current ECA Board President thereby reneged on the previous Board President's commitment in 2000 when the Eastman Community Association acquired the Sewer Company.

## Exhibit #22

Sincerely,  
Bob Logan

**Attachments:**

**Attachment #1 --Jan. 19, 2012 VDE Non public minutes mentioning the Sewer Co.**

**Attachment #2-- Announcement of Joint VDE and Sewer Co. Forum**

**Attachment #1 January 19, 2012 VDE Non public minutes mentioning the Sewer Co.**

Attachment #1

Village District of Eastman  
Commissioners' Meeting—Village District of Eastman Office  
Jan. 19, 2012  
Non-Public Session Draft Minutes

**CLERK'S COMPENSATION**

Clerk McClory said she will not be seeking re-election. She said she has concerns about the commissioners having Office Manager Amy Lewis take minutes during their meetings while the office is open.

Commissioners said phone calls can go to voice mail or field operators at the meeting can answer the calls. As for customers coming in, the meeting can be recessed or the field operators can handle them.

The duties of the clerk were reviewed. It was noted that the clerk does not need to attend budget hearings. The office manager will take minutes at the hearings as well.

Commissioner Fairweather noted that the district in 2009 approved compensating the district clerk \$1,200, for which the commissioners included taking minutes at all district meetings and hearings. He said the district needs to have an article to eliminate the compensation.

Clerk McClory said she thinks they should have some amount for compensation since there is some time involved in completing the clerk's duties. She suggested up to \$500 with perhaps \$100 for the annual meeting and compensation for other duties as needed, such as special meetings.

Commissioner Fairweather said he thinks it will be cleaner to have a warrant article to eliminate the \$1,200 compensation and another to pay up to \$500 per year for compensation of duties performed in compliance with state regulations by the commissioners.

**EASTMAN SEWER COMPANY**

Eastman Sewer Company has asked the VDE to consider taking over the operation of the sewer company. District Manager Weber said he spoke with Joe Desmore, who is the sewer company's field operator, and Commissioner Fairweather said he spoke with sewer Board President Brad Moses.

The ESC is currently under control of the PUC. It is working to disband as a "for profit" company and become a non-profit utility. The request to the VDE was made in consideration of economies of scale to operate a water district and sewer district from the same office.

Commissioners said they are interested in learning more. They agreed to set up a meeting with ESC officials to discuss the issue further. They will request a meeting for 8 a.m. Tuesday, Feb. 7.

**CREDIT FOR EFFICIENT FIXTURES**

Attachment #1

Exhibit #22

District Manager Weber asked if commissioners would consider giving credit to customers for replacing old fixtures with efficient equipment. Commissioners said the users will get the benefit of saving money on their bills by using less water.

Commissioners voted to return to public session at 10:27 a.m.

Respectfully submitted,

Lorie McClory

Attachment #2

From: Eastman Notices <[notices@eastmannh.org](mailto:notices@eastmannh.org)>

Subject: Forum on proposed merger of Sewer Company and Village District of Eastman

Date: November 7, 2012

To: [rlogannh@yahoo.com](mailto:rlogannh@yahoo.com)

Reply-To: [notices@eastmannh.org](mailto: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 #22

From: "William Weber" <weber@eastmanh2o.org>  
Subject: Re: PUC Docket DW 13-171 - Testimony by Robert F. Logan  
Date: January 7, 2014 4:16:12 PM EST  
To: "R & G Logan" <rlogannh@yahoo.com>, "PUC - Executive.Director" <ExecutiveDirector@puc.nh.gov>  
Cc: "Discovery" <Discovery@puc.nh.gov>, "Amanda Noonan" <amanda.noonan@puc.nh.gov>, "Jay Boynton" <boyntonlawoffice@tds.net>, "Brian Harding" <Brian@eastmannh.org>, "Christina Martin" <Christina.Martin@oca.nh.gov>, "Marcia Brown" <Marcia.Brown@puc.nh.gov>, "Mark Naylor" <mark.naylor@puc.nh.gov>, "Michael Sheehan" <michael.sheehan@puc.nh.gov>, "Steve Frink" <steve.frink@puc.nh.gov>, "Susan Chamberlin" <susan.chamberlin@oca.nh.gov>, "Al Cirone" <acirone@cironelaw.com>, "Phil Schaefer" <philschaefer42@gmail.com>, "James and Susan Van Dolah" <jvandolah@gmail.com>, "Geri Logan" <geri.logan63@gmail.com>

Good Afternoon Bob;

I understand that you had a typo in your 3-2c request to the VDE. Apparently you had typed in "2013" and really meant "2012". I had originally responded to the statement you had made that said, "The improper closed VDE meetings with ECA/ESC officials in early 2013 2012....." As before when I answered, "The VDE is not aware of any such "improper closed VDE meetings" in 2013 2012", and my answer whether replying to 2013 or 2012 remains the same.

The VDE did have one non-public session on February 7th 2012, (see attached), however, this meeting as with every other meeting the VDE conducts was properly posted and warned as required by law. Our next meeting was February 15th which was a "normal" monthly commissioners business meeting, and as part of that meeting the board voted to not only make the February 7th, 2012 minutes public, that every meeting going forward that had any mention of the possible VDE ESC acquisition would be held in a public session. As a courtesy to the public the VDE from then on not only put all of the VDE/ESC minutes on our website, we further segregated them from our other business making it easy for the public to identify. Our website also has a revolving calendar that the public may use to keep up with the VDE business schedule.

This link will take you to all of our minutes [minutes.php](#)

I have also attached a PDF copy of all of our "early 2012" minutes.

Bob, I hope this helps, however, if you need more help on this or any other VDE matter, please let me know.

Sincerely;  
Bill Weber

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.

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

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 \$725,763 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

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

PER COMMISSIONERS, THESE APPEARANCE TO THE ESC AND ECA. ~~WORK~~

Exhibit #22

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.

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. Gornert 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 #22

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 to 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. Gornert.

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 #22

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.

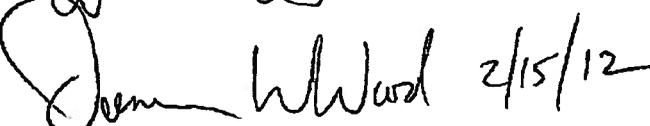
Mr. Goldman made a point to thank everyone in attendance, saying that key issues were touched on and that the problem must be resolved within the community to keep things flowing smoothly; if the sewer company fails, the community fails.

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

 2-15-12  
 2/15/12  
 2/15/12

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

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 overdrawing. 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 #22

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 22<sup>nd</sup>.

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 #22

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

*R. B. Fairweather* 3/8/12  
*William E. Sullivan* 3/2/12  
*Jim Wood* 3/21/2012

## Exhibit #22

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 dissent. 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 #22

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 #22

### 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

## Exhibit #22

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

## Exhibit #22

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

Exhibit #22

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

