

Eastman

Community Association

Exhibit #27
ORIGINAL
N.H.P.U.C. Case No. DW13-171
Exhibit No. 27
Process Panel 1
DO NOT REMOVE FROM FILE

September 27, 2013

Dear Fellow Members,

It has been a month since the vote on the proposed establishment of a second Village District, which was initiated by a petition to the Town of Grantham by Phil Schaefer. The proposed separate sewer district was soundly defeated at the August 21st meeting by a margin of three to one. Not surprisingly, the proponents of that effort have been silent about this outcome, but I thought you should be aware of the other events that have transpired and continue to delay our efforts to move forward.

Some people hoped the interveners before the NH Public Utilities Commission (PUC) opposing the transfer of the Sewer Company from the existing Village District would reconsider their opposition in light of their overwhelming defeat on August 17th. Unfortunately, that did not happen. NEITHER ROBERT LOGAN'S INTERVENOR FILING NOR GERALDINE LOGAN'S FILING HAD ANYTHING TO DO WITH THE VOTE ON AUGUST 17.

Bob and Gerri Logan, who are not sewer users, both intervened, trying to derail the proposed sale, apparently with the goal of keeping the Sewer Company under PUC control. Phil Schaefer and Jim Van Dolah are not individual interveners but claim to be representing the Sewer Users Coalition. They informed the PUC that the Coalition is the group of people who signed the petition circulated by Schaefer which led to the August 17th meeting. That list of people can be viewed on the PUC website at [List of Members](#). Schaefer and Van Dolah recently filed an additional document with the PUC which also includes the Coalition names. Please see [Authorization to Represent](#).

The Coalition was originally represented by legal counsel, but following the August 17th defeat, their attorney filed a motion to withdraw. According to Mr. Schaefer that was because the "group could no longer afford counsel." Mr. Schaefer now claims to be the Agent for the group. They are now proceeding without counsel because they do not wish to spend their own money, but they apparently have no compunction about spending the funds of the Eastman Community Association, the Sewer Company and the Village District of Eastman. The legal costs for those three organizations will eventually be paid by all of us.

The calendar originally set by the PUC now anticipates a final hearing in mid March 2014, but that could be further delayed. Initially, the Coalition declined to respond to the Coalition interrogatories because of their lack of relevance and specificity to the issues at hand and because we were uncertain as to the legal status of the Coalition given the outcome of the August 21st meeting. However at the urging of the PUC staff, we are now preparing our answers for submission, and they will be available shortly on the aforementioned website.

It is difficult to speculate on the legal costs which are being incurred by the VDE, ECA and the ESC on these matters but it will certainly be many thousands of dollars. In addition, countless hours of time will be spent by all three parties. At the September Council meeting in response to a request, Ken Ryder agreed to keep a record of these costs, as well as the projects that are being delayed by this legal process, and to report to the Community on a quarterly basis. In the meantime the ESC will continue to manage operations of the sewer system and to keep the VDE informed. Clearly, all capital improvements except emergency repairs will have to be put on hold until the PUC rules on the transfer of the ESC to the VDE.

My understanding of the democratic process was that the majority prevails. Despite three separate votes, the opposition continues to force us to spend precious financial resources which could be used for many productive purposes. We will keep you apprised of developments as they occur.

I would also like to thank those Community members who participated in the multiple meetings held during the past eight months and took the time to understand and vote on this important issue. Remember, the goal from the start was to move the ESC out from under the PUC in order to be able to proceed with the needed upgrades and repairs to the system in a timely and least costly manner.

Sincerely yours,



Maynard Goldman

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

April 18, 2013

Members of the Council and Special Place Chairs,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

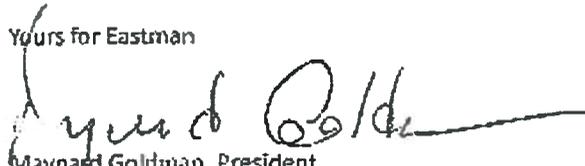
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I'm sure we can identify many other examples of intellectual dishonesty we have read or heard during the last several months. We do have a choice. We can continue to spend countless hours and your assessment dollars responding to this small group of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

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

Despite all of the turmoil, hope does spring eternal.

Yours for Eastman



Maynard Goldman, President
Eastman Community Association

Why a "NO" Vote on August 17 is the Right Vote

This Saturday, August 17, eligible voters will be asked to vote on whether to approve the creation of a separate district for sewer, as requested by Phil Schaefer in his petition to Grantham. As Eastman owners prepare to once again decide a critical issue for the community, please consider the following important points -

Why Have the Proponents for the New Sewer District

- *Refused a prime opportunity to explain their positions and plans by not attending the July 24 forum? Instead, they chose to schedule a competing event.*
- *Failed to explain how they plan to acquire the sewer assets, how much they would be willing to pay, and how those funds will be raised?*
- *Failed to explain how creating a separate district is as cost effective as having the VDE acquire the sewer system, when duplicate costs for annual meetings, audit fees, insurance and other services will have to be incurred?*
- *In the past stated it would cost "almost \$1,000 a year, just to flush" if the VDE controls the sewer service? This is an exaggeration of more than 50% of the proposed future costs.*
- *Indicated the VDE was ready to provide administrative support to a new district, when no such commitment has been made?*
- *Argued that upgrading the aeration system may solve the compliance issue, when expert engineers have said definitively that it will not?*

It Is Important to Remember

- ❖ The VDE has the experienced staff and infrastructure to seamlessly assume control of the sewer system, along with a long record of service to Eastman. We entrust our water supply to the VDE; we can trust them to manage our sewer system as well
- ❖ The ECA and ESC Boards, the majority of VDE Commissioners, and the majority of VDE voters have determined the VDE is the best future for our sewer system
- ❖ ECA is contractually obligated to transfer the assets and liabilities of the sewer company to the VDE, pending PUC approval

Do You Know

- **That a defeat of the proposed district on August 17 will likely not end this debate? Petitions have already been filed with the NH Public Utilities Commission by Bob and Geri Logan and the Sewer Users Coalition (led by Phil Schaefer). The Logans intend to oppose the VDE option regardless of the outcome of Saturday's vote! Incredibly, the PUC staff has indicated the back and forth could last until at least March 2014. This protracted process will require the UNNECESSARY expenditure of hundreds of hours of staff and volunteer time. Based on the proposed PUC schedule, our legal counsel has provided an estimate of \$10,000 to \$20,000 in additional fees to complete this process – an UNNECESSARY waste of valuable community resources.**

It is for these reasons that a "NO" vote on August 17 is the right vote. Please support your community, send a loud and clear message, and oppose the establishment of a new separate sewer district. Thank you.