Exhibit #2
Remarks, Special Meeting 1/9/2013
Robert Lagassa
From 2000 to 2008 I was a VDE Commissioner.
The sewer company was acquired 10 years ago from the Eastman developer to support the golf course irrigation system. With the increased standard that would curtail disposing sewer effluent as golf course spray, the Eastman Sewer Company is worried that its polishing fields could not dispose all of its treated effluent without overflowing to Bog Brook. The Eastman Community Association says it no longer needs the sewer company effluent for the golf course, so the problem is the sewer company's to solve. The options to 'fix' the problem run $700K - $1.3 million in new capital costs. The ECA, sewer company and the district commissioners have agreed to transfer the sewer company to the Village District to solve that problem, and for other reasons, saying that this acquisition is essentially a cost & risk free transfer within the community of Eastman.
But:
o There is no hard evidence that the sewer system could not operate even without the disposal of effluent to the golf course. It is not certain what 'fix' for the effluent system is really needed, or when.
o The ECA need for sewer effluent spray on the golf course may return when a drought similar to 2002-2005 returns.
o It is not accurate to think that this is a benign transfer that only affects Eastman property owners. Some of those affected are not even Eastman members, like the Walshes from Hilltop Place, and the Garland's from the Deeryard, who pay Eastman taxes but are not members of ECA.
o The transfer would disenfranchise all nonresident owners of properties on the sewer system (80%). Where they had a vote for Eastman Community Association directors and a voice in the Association Council, they would have no voice in sewer matters. Moreover, it would eliminate the voice of all other nonresident Eastman owners who might like a say in sewer matters that could affect their property values, people like Carole Shepherd and Chris Morris who own Eastman properties but don't live within the Village District of Eastman.
o The transfer would mean the relatively few voters among sewer users (107 properties) could be outvoted on sewer issues by the far larger number of non-sewer system voters in Grantham, Enfield and Springfield (over 1200 properties). What would be done with the sewer system and how its costs will be paid could be taken out of the sewer users control.
o The fees charged to sewer users for operating costs of the sewer system could be determined by water use, as it is in most municipalities; shifting those costs to year-round residents.
o The costs for sewer capital improvements, usually paid as a tax on the basis of property assessments, could shift to higher assessed properties on the sewer system. However, since the Department of Revenue Adjustment will only allow a single

precinct tax rate among the towns within the Village District, they would either have to tax all Village District members for those costs or, more likely, bill the sewer users with additional Special Assessments. How that would be structured is uncertain, but the minutes of the Village District indicate at least one Commissioner has stated they should be shared among all district taxpayers.

o No agreement to 'shelter' nonusers from sewer costs, either User Fees or Special Assessments, would be binding. That power resides among the elected Commissioners, and would be subject to change as successor Commissioners change, or the need arises. Despite the Commissioner's expressed intent to shelter those costs; once the district acquires the sewer system, District members would incur all the responsibility for sewer system liabilities, current and future system costs, debt and credit risk. Who is willing to assume those same responsibilities of the owners of septic systems, who have amortized costs that rival or exceed that which sewer users pay?

o There is no apparent mechanism that would allow the Commissioners to create a separate sewer division with a separate budget within the Village District. The sewer system serves only sewer users in Grantham. Budgets are approved by all Village District voters, including the District voters of Enfield and Springfield.

o There is also a question whether the Village District could issue municipal bonds for sewer system capital improvements. They would have to be approved by the district voters of three towns, to be paid by user fees/ & special assessments only by Grantham sewer users. Such debt could not qualify as general obligation bonds guaranteed by the taxes of all Village District properties. Thus, they might not be available at favorable municipal rates, nor available through state or federal avenues.

o The Commissioners addressed the issue of acquiring the sewer company in 2001, at the time of its sale to the Eastman Community Association. The position taken then was there was no benefit to the Village District membership in doing so. The minutes of the Village District meetings this year reflects a struggle over this same issue: How does acquisition benefit the Village District membership? In fact, in the July minutes, the Commissioners apparently did not see the means or the benefit of acquisition and voted that expanding Village District oversight to include sewer operations was not appropriate. Somehow, that benefit analysis was set aside and by October two of the Commissioners, who own properties on the sewer system, reversed themselves and voted to seek authority from Village District membership to go ahead with the acquisition.

o The mission of the Village District of Eastman is "to provide potable water...for the needs of its customers at the most affordable cost". It still has not been shown how acquisition of the Eastman Sewer Company meets that test.

o There is a remedy that protects all parties from responsibility, cost and risks they should not bear. New Hampshire RSA 53.1 allows the sewer users to form a Solid Waste Management District, separate from and with similar powers as a village district. In 1981, the water system users of Eastman formed the current Village District in order to solve the same issues the sewer users are facing today: control of the system free from the developer and the Eastman Community Association, separation of water

system funds that were commingled within the ECA, creation of capital reserves for improvements; and a fair revenue structure to pay for costs.

Conclusion:

o The liability, risk, and uncertainty to the Village District of Eastman taxpayers and water customers in acquiring the Eastman Sewer Company from the Eastman Community association is unwarranted, and provides no demonstrated benefit that would enhance its ability to maintain its stated mission, its reason for existing.

Recommendation:

O I urge Village District Eastman voters to vote **no** on Warrant Article 1

Robert Lagassa, 1.9.13