

Village District of Eastman
Commissioners' Meeting, January 16, 2013

These minutes were transcribed from an audio recording, January 16, 2013.

In attendance: Commissioner Duncan Wood, Commissioner Robert Fairweather, Commissioner William Sullivan, Treasurer David Wright, Moderator David Miller, Clerk Maggie Sullivan, District Manager Bill Weber and Water Operator Neil Perez.

Guest: Phil Schaefer, resident

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

Minutes:

In reviewing the minutes for the December 19, 2012 Commissioners' Meeting, Commissioner Wood asked for clarification regarding the meter replacement program; there are approximately 50 meters that were installed prior to 2004, which puts them outside of the 10-year minimum for testing. DM Weber has proposed to NHDES that the district replace these 50 meters in 2013, so by 2014 we have meters in the system that fall under the age minimum for replacement. We would begin the testing/replacement program in 2014. Also, as of January 2014 any meter purchased would be lead-free. The operators have a plan in place for testing meters in the lab under a controlled setting. Minor edits were made elsewhere in the document. Commissioner Wood moved to accept the minutes as edited; Commissioner Sullivan seconded and the motion received unanimous approval.

In reviewing the minutes for the January 9, 2013 special meeting, Clerk Sullivan expressed concern about the level of detail expected; she transcribed an audio recording of the meeting to create a near word-for-word document. Clerk Sullivan explained that there are several places in the transcript where the speaker was garbled or interrupted by crowd noises, so there are "dead spots". Two residents who read prepared statements at the meeting have given Clerk Sullivan copies of those statements to include with the official minutes. DM Weber said that the budget hearings generally don't need such detail, and he will work with Clerk Sullivan to provide guidelines based on prior years' budget meetings. Approval of these minutes was tabled until the next regular Commissioners' Meeting in February.

Financial:

DM Weber said that the outstanding receivables amount is still on the high side, but to keep in mind that we billed more than expected. The liens are static. The district closed 2012 with a surplus of 3%. The PDIP account has been reimbursed for the full amount borrowed last summer, and staff meetings have stressed the importance of keeping discretionary spending to a minimum. We have received unofficial approval for the security grant application submitted last month; the district will receive about 90% of the amount requested. The portion that was denied by the state may be submitted to a federal grant program similar to the NH grant program.

Brian Harding, General Manager of the Eastman Sewer Company (ESC), and Brad Moses, President of the ESC, joined the meeting to discuss the outcome of the special meeting, and what it means for both the VDE and ESC going forward, as there is limited time between now and the VDE annual meeting. Commissioner Wood asked for a formal proposal from the ECA outlining the actions expected by the VDE, as there will be a warrant article reflecting the next steps by the VDE regarding the ESC acquisition. The district must have time for counsel to review any proposal given by the ECA, and must also meet the

deadlines for the annual meeting in order to avoid having the issue tabled until next year, as it will not meet New Hampshire criteria to call an emergency meeting. The ESC budget is available for review by the VDE board in order to plan for the latter half of 2013, should the board decide to move forward with the acquisition.

Commissioner Fairweather stated that while there will be legal fees incurred on all sides as this is worked on, he does not feel that the VDE should share any of the costs incurred by the ESC or ECA regarding the property transfer. Mr. Harding said that there is a line in the ESC budget for expensing any legal fees through the first half of 2013. DM Weber is looking into any potential issue regarding property taxes that may occur with the transfer; VDE is generally exempt from the tax and DM Weber is talking with a DRA agent to determine this status. The bank representative for the VDE has been contacted already with regard to the potential purchase, and there is a possibility of significant interest rate decrease should the VDE take over the ESC's outstanding loan with Lake Sunapee Bank.

The Public Utilities Commission will need to be informed of the termination of the ESC as a for-profit entity; Mr. Harding will draft a letter to that effect. As this would not happen prior to the March meeting, the ESC will need to work with the PUC to determine the best course for timing and what the process will entail going forward. There are two members of the current ESC board who are willing to volunteer on the advisory board that will be created under the VDE Board of Commissioners. Appraisals of the Heath and Heidenblad properties are being conducted this month; Commissioner Sullivan asked about an appraisal of the ESC as well. Mr. Harding said that the 2012 appraisal provided a value of around \$950,000, but that land owned by the ECA needed to be backed out. Mr. Harding will provide DM Weber with copies of this appraisal.

After this discussion, Mr. Harding and Mr. Moses left the meeting.

Manager's:

We are still holding the final payment to the auditor for the 2011 work. The Board is in favor of continuing to use the current auditors, as they are very familiar with the District and history. The commissioners did agree that for any future issues, the auditor needs to be more forthcoming, and do so in a more timely fashion. Commissioner Fairweather asked DM Weber to draft a letter to the auditors outlining what is expected in the future, and forward it to the Board for review prior to sending out.

The contract with Patriot Power has been extended for 2013.

Unaccounted-for water is 18%, but driveway leaks have been located and fixed.

The sanitary survey went well. Formal acknowledgement from DES will be forthcoming.

For the operations report, there are several odd readings because of a programming glitch with the SCADA; these are being corrected by LCS. There is still an issue with a check valve by Source 6 in the well field; DM Weber suspects that a stone is stuck in the valve. This is a potential warranty SRF issue. Operator Perez said that the leak is less than .5gpm; any loss is going right back into the aquifer.

SRF:

There is approximately \$17,000 remaining under the SRF loan. We have an estimate of \$19,500 to complete the well abandonment. To meet state requirements, we will need to fill the wells with clean sand to 2' from grade, fill the 2' with clay and put the concrete cap back on. The well covers will not be broken up to use as fill because of the potential for contaminants contained within the concrete. If we move forward with the estimate, the project could be wrapped up in about two weeks. Operator Perez still would like to break up the concrete covers; this would require purchase of a jackhammer. DM Weber would like to leave the covers as-is, possibly to use as solar panel mounts in the future. Treasurer Wright would rather reimburse expenditures from a capital improvement fund than to increase the SRF loan. DM Weber had the contractor speak with the ECA road agent already. If the project is a go, then the operators would shock the old wells prior to the project beginning. DM Weber also said that the VDE office manager's husband works for this contractor; Commissioner Wood said that as long as the OM's husband was not an owner of the business, there is no conflict of interest. The consensus of the Board is to abandon the wells to complete the project, especially since this avenue saves the District money.

Before moving on, Commissioner Wood asked Moderator Miller if there was anything he wished to bring up. Moderator Miller said he wanted to stay current. He also said that he was not planning on filing this year for Moderator, but if no-one else volunteered he would put his name in again.

Old Business:

There were a handful of changes to the draft budget. Because the District was awarded a security grant, Commissioner Fairweather asked that the funding of the security CIP be lowered. Commissioner Wood suggested putting it to a well decommissioning fund, which is a warrant article for March. Commissioners Sullivan and Fairweather agreed.

Regarding the benefits line, DM Weber explained that the staff had discussed in a staff meeting that all would be willing to contribute 10% of the dental premium in addition to the current 10% of the health insurance premium. The benefits line was adjusted accordingly. There was a discussion regarding the responsible party for legal fees incurred through the purchase of the ESC; DM Weber has already told the ESC that the VDE has no interest in paying legal fees. Mr. Schaefer stated that in his opinion, all legal fees should be borne by the ECA, or the ECA will need to reimburse the VDE for any expenses outlaid by the VDE. He also took issue with the ability of the current administrative staff of the VDE to take on additional work relating to the merger. DM Weber said that both he and the office manager had discussed the possibility of the merger at length and were confident in each one's ability to absorb any additional responsibilities into the current workload.

In closing the budget discussion, Commissioner Fairweather said that he was content with the latest draft of the budget. Commissioner Wood made the motion to adopt the 1/16/13 version of the budget as the one to propose on February 7. Commissioner Fairweather seconded; unanimous approval.

The GIS mapping is not in the 2013 budget; it is a possibility for 2014.

New Business:

Commissioner Wood asked DM Weber to create a spreadsheet showing the meetings required and scheduled between the VDE and the ESC so deadlines can be seen. Commissioner Fairweather asked if the annual meeting could be moved to the Grantham Town Hall in anticipation of a large turnout. The

officials will meet prior to the first budget hearing to go over the ESC documents that DM Weber expects to receive from Brian Harding. A Commissioners' Meeting was scheduled for January 28, 8:00AM at the VDE to discuss.

The officials would like the following:

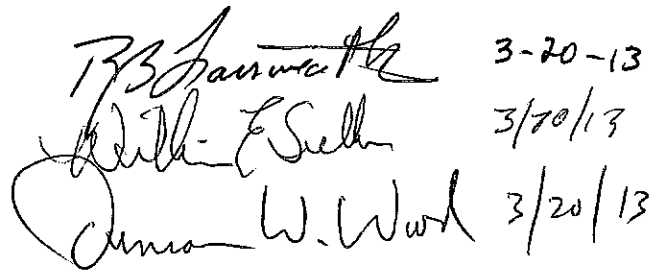
1. A full understanding of the existing loans from Lake Sunapee Bank and the ECA;
2. Best assurance of the DES process and clarification of current standing;
3. A full understanding of any and all outstanding contracts, i.e. Milton CAT and Water Systems Operators – are these contracts coming to the VDE as successors, or will new contracts need to be negotiated;
4. An extension of the land lease from the ECA for the sewer operations, and terms of that lease;
5. Should the Heidenblad property become available, Commissioner Wood would like the ECA to purchase the land, as the VDE does not need to be involved. The ECA would then lease a portion of that land to the VDE, if the property could be used; and
6. A timeline for the ESC to meet its deadlines (DES, PUC etc) between now and June 2013.

The public session adjourned at 11:28AM. The commissioners entered a non-public session at 11:29AM.

Respectfully submitted,



Amy Lewis
Office Manager



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