

Village District of Eastman
Commissioners' Meeting, February 11, 2013

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

Guest: Phil Schaefer, resident.

Commissioner Sullivan called the meeting to order at 8:03AM.

The intent of this meeting is to continue the discussion from January 28 and to discuss the February 7 budget hearing.

There were some good points made at the budget hearing. Commissioner Fairweather believes the issues raised can be worked through to meet the deadline for the annual meeting. Commissioner Wood suggested having a document included with the annual report that outlines the pros and cons, as there is still confusion within the community over where the process is at present.

The Heidenblad land appraisal has been done; there is a need to wait for spring before test pits can be dug to do soil tests. The tests will be the responsibility of the ESC/ECA.

Commissioner Sullivan's concern is the debt limit. Commissioner Wood said that one way or another the ESC will require about \$1million over the next five years to bring the system into compliance. Some items can be pushed out – we can do the repairs that are absolutely critical and put off the rest until the funds are available. The reasoning behind getting the ESC out from PUC control is the ability to raise funds for needed capital repairs; Commissioner Wood said that having a second municipality is redundant and a smaller municipality would have difficulties raising money through rates/fees. That the ESC has problems is a given; the only negative impact on the potable water side would be if the costs for the waste water cannot be spread out as planned among the sewer users. At that point we would run into the borrowing issue. The VDE is in good shape; an unforeseen emergency like a large main break or tank leak would put us in a bind, but at that juncture we would be able to apply to the state for emergency funding. Commissioner Wood feels like the VDE is as well-suited as any to take on the responsibility of the sewer system.

Treasurer Wright sees both sides – he would like to know what the sewer users think of the whole thing. He also would like to see the district do the things that need to be done without a deadline in place.

Commissioner Fairweather is concerned that if there is a failure with the sewer system if it is owned by the ECA, the community will be paying for any repairs. The ECA would have to go through another rate increase proposal with the PUC, which could take up to two years based on past experience. Treasurer Wright said that in parallel to what the VDE is currently doing, the ESC should be researching what it would take to form a second municipality? The topic was discussed last year; the ESC would have to get approval from the Grantham selectmen.

Commissioner Fairweather said that he has heard from a number of sewer users that the problems with the sewer system should not be borne wholly by the sewer users – the ECA should be responsible for some of the problems. Non-sewer properties outnumber sewer properties greater than 2-to-1. One could make the argument that the PUC is protecting the consumer, but the PUC was not designed to work with such a small entity like the ESC. Other than the forum and individual special place meetings, there has been no venue for the sewer users to share their opinions on the acquisition. Commissioner Sullivan said that at minimal cost

we could do a mailing just for the sewer users, asking that a handful of questions be asked as part of an informal poll.

There would be an issue in moving the date of the annual meeting: the filing period is based on the annual meeting. At this point it is too late to change the dates of the filing period or the meeting. Should the waste-water portion of the warrant be dropped, it would not fall under special/emergency criteria to have a special meeting at a later date for the sole purpose of adopting the waste-water related warrant articles.

Treasurer Wright raised a question regarding the proposed waste-water budget; if it passes, is the VDE then legally obligated to spend that money? All articles are contingent upon the acquisition. The articles can be written to include "if/then" wording to show the contingency.

Commissioner Wood asked after the status of the Memorandum of Agreement (MoA). The attorneys for either party met to review the requested changes to the MoA; the district has not received a revised document yet. Per Commissioner Sullivan's request at an earlier meeting, there is an escape clause in the MoA; Commissioner Fairweather said that either party can back out of agreement prior to executing the Purchase & Sale document. Commissioner Sullivan feels like the VDE is being rushed into this. Commissioner Fairweather said that there are still 5 weeks until the annual meeting to resolve the MoA and have the attorney review that and the warrant articles. The warrant articles will need to be finalized before the second budget hearing on February 21.

DM Weber relayed some comments the attorney had with regard to the warrant as written, mainly dealing with the 2/3 vote vs. a majority vote.

Commissioner Sullivan would still like to have a poll of the sewer users, since a potential mailing could occur between now and the annual meeting.

There were no suggested changes to the warrant articles pertaining to the potable water.

Commissioner Wood questioned Article 8; any reference to the MoA would require a copy of the document available for review at the annual meeting. DM Weber agreed and changed the wording. Treasurer Wright asked for a rewording of the recommendations line to show that the commissioners are not unanimous in adopting the articles relating to the waste water. The wording will be changed to "The majority of Commissioners recommend this appropriation."

Commissioner Fairweather moved to accept Article 8 as amended. Commissioner Wood seconded; unanimous.

Article 9 wording was adjusted to show the not-to-exceed amount for the loan, should it be assumed by the VDE.

Brian Harding of the ESC came into the meeting. Commissioner Fairweather explained that the attorneys have reviewed the MoA and offered amendments. The warrant is being reviewed to reflect those suggestions. He asked Mr. Harding about the possibility of mailing a survey to the sewer users; Commissioner Wood had drafted a series of questions during the discussion. A mailing would show pros and cons of all options available, and would give the VDE a clear picture of the sewer preferences for the future of the wastewater system. Mr. Harding said a mailing would need the approval of the sewer board, and would talk with each member. Mr. Harding left at 9:48AM.

Commissioner Wood moved to accept Article 9 as modified, with the modified version being the one to propose at the 2/21 hearing. Commissioner Fairweather seconded; unanimous.

Article 10A was revised to remove the pass-through option. Commissioner Wood moved to accept Article 10A as revised. Commissioner Sullivan seconded; unanimous.

Article 10B was struck from the warrant.

Article 11 wording was changed to reflect the board majority. Commissioner Fairweather moved to accept Article 11 as amended. Commissioner Sullivan seconded; unanimous.

Article 12 wording was changed to reflect the board majority. Commissioner Fairweather moved to accept Article 12 as amended. Commissioner Sullivan seconded; unanimous.

Article 13 wording was changed to reflect the board majority. Commissioner Fairweather moved to accept Article 13 as amended. Commissioner Sullivan seconded; unanimous.

Commissioner Fairweather does not foresee changes to the budgets at this time. The warrant articles will go to the attorney for review, and then the board can adopt all at the February 21 hearing in preparation for the March 21 annual meeting.

Commissioner Wood said that he has sense that there needs to be a clear description of what the warrant is asking. It has to be clear that the special meeting on January 9 was to move the process forward. He would like a document drafted outlining the pros and cons to be included with the annual report. Commissioner Fairweather is in favor of showing it as an addendum to the report. DM Weber and OM Lewis will incorporate the new document into the annual report template. Based on the timing of the hearings and meetings, the annual report will need to be at the printer's on February 22.

Commissioner Wood left the meeting at 10:11.

Mr. Schaefer asked if there was to be a separate sewer district, would the VDE be willing to subcontract management services to that new company. Commissioner Fairweather said that the issue had come up last summer, and it had been determined to be a possibility.

Commissioner Fairweather asked Treasurer Wright to get together to talk about due diligence issues brought up earlier in the meeting.

DM Weber will confirm with the attorney questions regarding the precinct taxation. There are village districts in New Hampshire with several precincts/user fee assessments, and there appears to be some confusion regarding the opinion of the ESC attorney, Mr. Jay Boynton, that there could be a separate precinct tax. The current VDE precinct tax is assessed to any property within the boundaries of the district. For Mr. Schaefer's benefit, Commissioner Fairweather explained how a precinct tax is determined by the town and DRA.

With nothing further, Commissioner Fairweather moved to go into a non-public session for a personnel issue. The public session adjourned at 10:32AM, and the non-public session began at 10:33AM.

Respectfully submitted,



Amy Lewis
Office Manager

