

Village District of Eastman
Commissioners' Meeting, February 20, 2013
Meeting Minutes, Public Session

These minutes were transcribed from an audio recording taken on 2/20.

In attendance: Commissioner William Sullivan, Commissioner Robert Fairweather, Commissioner Duncan Wood, Clerk Maggie Sullivan, District Manager Bill Weber and Operator Neil Perez.

Guest: Phil Schaefer, resident.

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

Field:

Operators are waiting on Halliday Pipeline to return to the treatment plant to replace the check valve on Source 6. The operators verified that the valve was indeed faulty. DM Weber indicated that we will be dealing directly with the well company rather than go through the contractor.

Commissioner Sullivan asked about the meter test kit; Operator Perez explained that the test kit was having a problem testing the lowest flow because of the pressure reducers on the system. The test kit has been returned to the manufacturer to be recalibrated; the manufacturer asked for the whole kit because it is still under warranty. Commissioner Wood asked for assurance that the operators are using the correct parameters when testing the meters with the kit; Operator Perez said yes and that we were waiting for the kit to be returned in order to continue the testing.

There are no breaks or leaks, and Commissioner Wood asked why the percentage of unaccounted-for water has increased. DM Weber explained the calculation for determining this percentage, and said that he believes the increase is due to frost shifting the pipes. We also had several main breaks and service line leaks this past summer. We're pumping more water, which in turn will show a slightly higher percentage of unaccounted-for water. The bleed valves are still on as well.

Commissioner Fairweather asked about a meter that had burst over a weekend in January; Operator Perez explained why the on-call operator did not attend the emergency, and why Operator Fellows was called in to replace the meter. There was a second burst meter as well; both instances were due to lack of heat to the meters, and repair costs were billable to the respective customers.

Minutes:

January 9th minutes: Commissioner Fairweather said they were very well done by the Clerk; there was one correction on page 5 to Item 3 to the statement that Commissioner Fairweather made prior to the vote on the 9th. DM Weber was concerned that the two statements made by residents were both listed as "Exhibit A"; this will be corrected to label each statement individually. Commissioner Fairweather moved to accept the 1/9/13 minutes as amended; Commissioner Sullivan seconded. The motion passed unanimously. As a courtesy, the special meeting minutes could be sent to the state; it is unnecessary as there was no appropriation.

January 16th minutes: Commissioner Fairweather had no changes, but asked for clarification regarding the letter to be drafted for the auditor. DM Weber said that it was his understanding that he,

Commissioner Fairweather and Treasurer Wright would each have input on this letter, and that he did not want to present a draft without Treasurer Wright present. Commissioner Fairweather concurred. Commissioner Wood moved that the 1/16/13 minutes be accepted as presented; Commissioner Sullivan seconded. The motion passed unanimously.

January 28th minutes: Commissioner Wood asked that "district attorney" be replaced with the term "Village District attorney" to lessen any potential confusion. He also asked that the proposed wastewater budgets be clarified with the terms "first half-year budget" and "second half-year budget" to distinguish the differences between the two. Minor adjustments were requested in addition for further clarification. Commissioner Fairweather asked for one change on Page 2, regarding the capital reserve under the ESC; the request was to show that the capital reserve has already been established. Commissioner Sullivan made the motion to accept the 1/28/13 minutes as amended; Commissioner Wood seconded. The motion passed unanimously. Mr. Schaefer brought to the board's attention a typo in the last paragraph; this item was corrected. Commissioner Fairweather moved to accept the minutes as amended again; Commissioner Sullivan seconded. The motion passed unanimously.

February 7th minutes: Commissioner Fairweather has numerous changes to the draft minutes. It was a very difficult meeting to transcribe from the audio recording; he prepared a red-lined draft showing the changes to be incorporated. The board discussed deferring the approval to the March meeting, in order to give Clerk Sullivan a chance to review Commissioner Fairweather's changes and to adjust the minutes as appropriate.

Clerk Sullivan requested that the DM look into having the microphones available at the next budget meeting, and also to try to keep the audience closer to the front of the room in order to accurately record comments. DM Weber is already working to accommodate those requests.

Clerk Sullivan exited the meeting.

February 11th minutes: Commissioner Fairweather asked for "Heidenblad" to be inserted to clarify the appraisal performed for the ESC, and to reword the following sentence to read "...a need to wait for spring...to dig test pits." Commissioner Fairweather also asked that "sewer users" be changed to "sewer properties", to refer to the actual lots rather than inhabitants. The ratio of non-sewer properties to sewer properties was adjusted to show that it is greater than 2 to 1. Commissioner Fairweather also asked that the last paragraph on page 3 reflect the opinion of the ESC attorney, not the DRA. Commissioner Fairweather moved to accept the minutes of 2/11/13 as amended; Commissioner Wood seconded. The motion passed unanimously.

Financial:

The office will be starting to send out shut-off notices to get the arrearage caught up.

The liens have not changed; there is activity on several properties.

The audit is scheduled for April 4-5. The finished audit will be received from the auditors around July.

Discretionary spending continues to be limited.

The grant application to NHDES was approved for \$18,570. Because this is anticipated income, this item needs to be put on the warrant, even though the funds expended will be reimbursed through the grant.

program. The proposed budget for 2013 needs to be adjusted to show the acceptance and expense related to the grant funds received. The reimbursement from the state will be set against the initial expense account for the improvements; it will not impact the security CIP account. We have until May 2014 to act under the grant. DM Weber provided a letter for the board to sign, accepting the grant and to give the DM agency to complete the work under the grant stipulations. Commissioner Wood moved that the Village District of Eastman accept and approve the proposed 2013 Local Source Water Protection Grant as stated in the letter dated February 1, 2013 from the New Hampshire Department of Environmental Services; Commissioner Sullivan seconded. The motion passed unanimously.

Commissioner Wood also moved that the Commissioners of the Village District of Eastman authorize and grant full agency to District Manager William Weber to execute documents pertaining to the acceptance and use of the Source Water Grant on behalf of the Village District of Eastman. Commissioner Sullivan seconded; the motion passed unanimously.

Manager's:

The galley lights at the treatment plant are using a lot of energy and they are inefficient. DM Weber said that the staff had been brainstorming ideas for replacement lights. We should be able to use the same drops that are there, and replace only the fixture. The operators are working on a list to show where energy/electric savings can be found. The current power provider shows the breakout of where the highest use of electricity is used, and the plant draws the most – the galley lights are sodium vapor and run off 3-phase power, which draws the most.

For the Annual Meeting, we are waiting for a brochure put out by the Secretary of State's office outlining the new Voter ID laws that are now in effect. Photo identification will be required by the Supervisors of the Checklists at the Annual Meeting.

Commissioner Wood asked about plowed parking areas available for the VDE meeting, and also meeting with the Town to ensure there is enough plowed area to accommodate cars. Commissioner Fairweather suggested that we request that police presence be at the Town Hall during the Annual Meeting. Commissioner Wood agreed that police presence would be a good idea. He also suggested asking Bernard Waugh, the VDE counsel, be present at the meeting. DM Weber suggested having two officers on duty from 6PM to 10PM; he will contact the Grantham police department to arrange. DM Weber will also contact the VDE counsel.

SRF:

Wells are now filled in; the project is considered complete. A report documenting the decommissioning has been submitted to the state by the well driller. Negotiating the SRF loan with another lender is the final step.

Commissioner Sullivan asked Operator Perez if the operators are monitoring the wells for any noticeable changes with the water now that the old wells have been filled in. There is a little more iron and manganese in the water from Source 1. DM Weber noted that in the operations report, the specific yield for Source 1 has gone up since the wells were filled.

The check valve problem on Source 1 has been determined to be not related to the initial installation. It will be replaced.

Old Business:

The proposed final draft of the warrant, and the updated MS36, were reviewed. In creating the MS36, every appropriation needs to be on the form, so the form contains the expenditures proposed for the wastewater budget should Article 2 pass at the meeting. DM Weber explained the method used to apply the dollar amounts to the MS36, based on the recommendations of the NHDRA.

The order of the warrant is set by DRA; the bonding issue must be the first item listed after the Article regarding the elections. The commissioners can move to address the bond after completion of the articles pertaining to the water, and then pick up Article 2 when ready to address the wastewater.

The budget has already been presented with no challenges, so the second budget hearing will deal with the bond issue only. After the budget hearing, either DM Weber or OM Lewis will return to the office to place the approved budget and signed MS36 in the annual report. The annual report will be brought to the printer's Friday 2/22.

A draft copy of the Memorandum of Agreement (MoA), dated 2/15/2013, was reviewed. This document was drafted by the attorneys of the VDE and the ESC. DM Weber explained the rationale behind using the word "shall" in place of "may" or "will" in Item 1. Commissioner Wood is uncertain that the MoA will be signed by the Annual Meeting. What the board does is contingent on the votes received for/against the warrant at the meeting. Entering into a Purchase and Sale agreement is contingent upon approval of Article 10 at the Annual Meeting, regardless of how Article 2 is resolved. Commissioner Sullivan does not want to execute the MoA with the word "shall" in the document. Commissioner Fairweather said that if signing is delayed, we can take action by agreeing to it after the meeting. The contingency conditions would go away with the voting results. Article 10 in the draft warrant is referencing a document that exists only in draft form; Commissioner Fairweather feels that referencing a document in the article, which could still be changed, would cause too many problems. It was agreed that reference to the MoA would be removed from Article 10 prior to the Annual Report being printed.

The board further discussed the use of "shall" as opposed to "may" in the MoA. Regardless of which word is used (shall, will or may) the escape clause for the VDE board is to just not sign the MoA. Item 4(b) was reviewed regarding the 2/3rds vote necessary for the VDE to accept the liability of the Lake Sunapee Bank loan.

Commissioner Fairweather, Treasurer Wright and DM Weber met on February 18 to create a "due diligence" checklist of items to be addressed prior to entering into a Purchase and Sales agreement with the ECA.

Commissioner Wood is concerned about an inconsistency between Item 3(H) and Item 6 of the MoA, which does not make clear which entity will be responsible for which costs. Commissioner Wood suggested moving the last phrase in Item 6 to the end of Item 3(H), which effectively removes Item 6 from the MoA altogether.

The requested changes to the MoA are outlined below:

- Adjustment of Item 3(H) to include the wording from Item 6, removing Item 6 from the final draft of the MoA, that ECA will pay all costs associated with the preparation, negotiation, planning, transfer and closing of the Purchase and Sale/Asset and Liability transfer; and
- Replacement of the word "shall" in Item 1 with the word "may."

If the MoA is signed prior to the Annual Meeting, copies can be available for the voters at the meeting. Reference to the MoA will be removed from the printed Annual Report.

Commissioner Wood created a summary of the warrant articles to be included in the Annual Report, which will explain each article presented. A draft was reviewed by the board. A final draft outlining the pros and cons of each Article will be incorporated into the Annual Report. Commissioner Fairweather made some changes/suggestions to the draft; this copy was also reviewed by the board. Commissioner Fairweather explained the reasoning behind his recommended changes to the draft provided by Commissioner Wood; these changes addressed the borrowing limit of the VDE currently, and the average assessed property value in the community, as well as the potential capital improvement items projected for the wastewater system. Commissioner Fairweather relayed his appreciation for Commissioner Wood's work in creating the summary document. Commissioner Wood will update and email the new draft to DM Weber.

The sewer user survey request was discussed. Commissioner Sullivan created a survey template for review. He is concerned that the ESC is not showing interest in issuing a survey to get a feel of how the community stands with regard to the possible transfer of the ESC to the VDE. Commissioner Wood explained that the ESC and ECA boards have already voted to move forward on transferring the assets and liabilities of the ESC to the VDE, and to ask now for community input regarding the transfer would be inconsistent with actions taken to date. What will the results tell us, should the survey go forward as sanctioned through the VDE? Commissioner Fairweather said that there have been a number of actions taken by the ESC and ECA, on the request of the VDE; while he stated that perhaps a survey should have been done early on, there has been sufficient information presented to the community as a whole, for an individual to form an opinion on the proposal. He feels that the voters should be allowed to decide, and that at this point a survey would not be of any benefit. Commissioner Sullivan does not feel that there has been enough information put out to the community; many residents believe that the January 9 meeting was the final vote on the issue. Nothing says that this needs to be completed by July 1 2013; we could potentially push it out to October 1 and run on a quarter-year budget. He does not believe the VDE is under any obligation to have the deal done by July 1, and believes the board is moving too fast.

Commissioner Fairweather does not see that we are rushing the issue. We have three months to complete due diligence. People will come to the Annual Meeting and vote; if it is voted down, so be it.

Commissioner Wood would favor an email survey over a mailing, if the survey moves forward. The question is whether the ESC would be able to share the email addresses of the sewer users, as it may be a privacy issue. The survey would have to come directly from the VDE commissioners, as the ESC and ECA have distanced themselves from the survey already. Commissioner Sullivan feels that the ESC should be willing to share this information, as it will be used for the benefit of the community. Commissioner Wood does not see a downside to the survey, but does not believe we will get a lot of responses. Mr. Schaefer offered to help with the creation of the survey. DM Weber said that the final

draft created should go through the board for approval prior to being sent out, as it will be coming from the VDE. Drafts will be provided to DM Weber to be distributed to the Commissioners.

DM Weber asked for an executive session to discuss a customer issue. Operator Perez and Mr. Schaefer exited the conference room and the Board entered non-public session at 11:10AM.

The board exited executive session and returned to public session at 11:25.

Mr. Schaefer asked if the officials would be able to move the 2/21 hearing to a smaller room. This may or may not be possible, based on what else is going on at South Cove.

Mr. Schaefer suggested using Next Generation's energy program if we decide to retrofit lighting. He also suggested that the article summary be reviewed by an attorney. DM Weber said there just is not time, as the Annual Report has to go to the printer the Friday following the budget hearing.

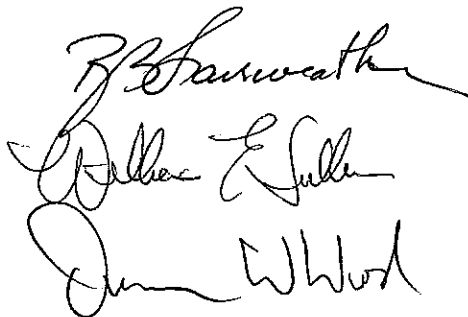
Commissioner Fairweather suggested that the officials assign duties relating to the Annual Meeting, at the next scheduled Commissioners' Meeting on March 20. He would also like to prepare a statement to read at the budget hearing, as it will be a hearing mainly for the bond issue. DM Weber has the power point presentation ready to go for the hearing.

With nothing further, Commissioner Sullivan moved to adjourn at 11:35. Commissioner Fairweather seconded; unanimous approval.

Respectfully submitted,



Amy Lewis
Office Manager
Village District of Eastman



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