

**THE STATE OF NEW HAMPSHIRE
BEFORE THE PUBLIC UTILITIES COMMISSION**

Sale of Assets and Liabilities to VILLAGE DISTRICT OF EASTMAN

LIST OF EXHIBITS

- 1 Eastman Sewer Company, Inc. Survey Map
- 2 Purchase and Sale Agreement dated May 29, 2013
- 3 Eastman Sewer Contract dated May 21 2013
- 4 Votes of the Village District of Eastman Special Meeting Minutes January 9, 2013 and Annual Meeting Minutes March 21, 2013
- 5 Groundwater Discharge Permit Number WGP-198801026-G-004 dated April 19, 2013
- 6 NH-DES Email regarding permit application and revisions dated January 22, 2013
- 7 Correspondence from A. J. Cirone, Jr. Esq. to Grantham Board of Selectmen dated April 5, 2013
- 8 Correspondence from VDE to Grantham Board of Selectmen dated April 9, 2013

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NO.	DATE	PERSON
DRAWN	DESIGNED	CHECKED
		APPROVED

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**ASSET AND LIABILITY PURCHASE AND SALE AGREEMENT BETWEEN
EASTMAN SEWER COMPANY, INC. and EASTMAN COMMUNITY ASSOCIATION
AS SELLER**

and

**VILLAGE DISTRICT OF EASTMAN
AS BUYER**

This Purchase and Sale Agreement is entered into this 29TH day of MAY, 2013 between the following parties:

A. Eastman Community Association ("ECA"), a New Hampshire not for profit corporation having a principal place of business in Grantham, NH.

B. Eastman Sewer Company, Inc. ("ESC"), a New Hampshire for profit corporation having a principal place of business in Grantham, NH.

C. Village District of Eastman ("VDE"), a village district organized under the provisions of RSA 52 and the New Hampshire legislature and having its principal place of business in Grantham, NH.

WHEREAS, ECA is the homeowner's association for owners within the Eastman development ("Eastman") located in the towns of Grantham, Springfield and Enfield, NH; and

WHEREAS, ESC is wholly owned by ECA and is a New Hampshire public utility company which is regulated by the New Hampshire Public Utilities Commission ("NH PUC" or "PUC") and which provides sewer services to some of the homeowners within Eastman, all of such homeowners being within the VDE; and

WHEREAS, VDE provides potable water to most of the homeowners within Eastman; and

WHEREAS, VDE is authorized to operate a sewer company pursuant to RSA 52 and pursuant to its charter; and

WHEREAS, it is the mutual objective of ECA, ESC and VDE to transfer certain assets of ESC to VDE so that VDE can assume sole responsibility for the operation and maintenance of the sewer system which serves certain residences and commercial properties

(South Cove Activity Center and 18 Pioneer Point) within Eastman and which properties are located within the boundary lines of the VDE, and which residences are currently being provided sewer services by ESC;

NOW, THEREFORE, in consideration of the mutual agreements and covenants herein set forth, and pursuant to the terms and conditions stated in this Agreement, the Seller and the Buyer agree as follows:

1.00 Definitions. As used herein:

1.01. "This Agreement" shall mean and include this Agreement and all Schedules and Exhibits hereto.

1.02. "The Business" shall mean the business enterprise conducted by ESC of operating and maintaining the sewer system within the Eastman development, principally located in Grantham, New Hampshire.

1.03. "Buyer" shall mean the Village District of Eastman.

1.04. "Closing" shall mean the Closing provided for in Paragraph 4.00 hereof.

1.05. "Code" shall mean the Internal Revenue Code of 1986, as amended, and all rules and regulations thereunder.

1.06. "Declaration" shall mean the Eastman Declaration of Covenants and Restrictions in effect on the date of this Agreement and any revisions and amendments thereto in effect to and including the date of Closing.

1.07. "Eastman" shall mean the Eastman development located within the towns of Grantham, Enfield and Springfield, New Hampshire.

1.08. "The Financial Statements" shall mean the Compiled Financial Statements of Eastman Sewer Company.

1.09. "Lien" shall mean and include any defect in title, lien, mortgage, charge, encumbrance, security interest or other adverse interest of any kind.

1.10. "LSB Loan" shall mean the existing Lake Sunapee Bank loan which is dated November 16, 2009 and has, as of the date of this Agreement, an approximate principal balance of two hundred eighty dollars (\$280,000.00) and which encumbers the assets of ESC and on which ECA is a guarantor.

1.11. "Real Property" shall mean the real property owned by ECA and described in Exhibit C, together with all buildings, improvements and fixtures located thereon over or on which an easement or license shall be granted so that VDE can conduct the Business.

1.12. "Seller" shall mean the Eastman Community Association and the Eastman Sewer Company, Inc.

1.13. "Sewer System" shall mean the sewer collection, treatment and disposal system, with its component parts, equipment and facilities, located within Eastman and presently operated and maintained by ESC.

2.00. The Property to be Conveyed. All equipment, tools, inventory, devices, accessories, collection mains and lines, pumping and disposal facilities, manholes, pump stations and related equipment, use of holding ponds, bank accounts, contracts and leases, bank and investment account balances on the date of closing, as of the closing date the accounts receivable and accounts payable (Exhibits D and E) which will be assumed by VDE and which receivables and payables are incurred in the normal course of business of ESC, books and records (both paper and electronic) pertaining to ESC's operation, permits held by ESC to allow it to conduct its business (Exhibit F) and miscellaneous infrastructure which is necessary for the collection, treatment and disposal of effluent as is currently connected to or that has access to the present sewer collection system within Eastman. The aforesaid recitation of assets to be conveyed may be supplemented by those assets and rights which may be described in Exhibit A.

The assets and liabilities being transferred pursuant to this Agreement are limited to those shown in the respective Exhibits attached hereto.

The aforesaid assets are sold and conveyed "As Is", "Where Is" and no express or implied warranties for fitness, merchantability or fitness for a particular purpose are made herein.

Additionally, ECA and ESC, as appropriate, shall:

2.01. Grant easements or licenses, as applicable, to VDE to use and access ECA property on which any of the aforesaid assets are located so that VDE can reasonably access, operate, repair and maintain the ESC sewer system as set forth in Exhibit C.

2.02. Delegate, any necessary authority currently exercised by ECA pursuant to Article XIII of the Declaration of Covenants and Restrictions which is required so that VDE can maintain, repair and operate the existing sewer system.

2.03. Work with the NH Department of Environmental Services to assign the ground water discharge permit for the disposal of the sewer system effluent to the VDE at the Closing.

2.04. In support of and in conjunction with ESC, apply to the NH PUC for de-regulation of ESC, the issuance of such de-regulation order being a condition to the closing and transfer contemplated herein, unless such condition is waived by the parties in writing.

3.00. Purchase Price. The purchase price shall be One Dollar (\$1.00) and other good and valuable consideration as set forth in this Agreement and shall be payable at closing.

4.00. Closing. Unless another date, time and place are agreed upon in writing by the parties, the closing, delivery of the required closing and transfer documents and the payment of the full purchase price shall take place between the thirtieth (30th) and sixtieth (60th) day after the receipt of a final order from the PUC approving the sale contemplated in this Agreement. The closing shall be held at the ECA administrative office in Grantham, New Hampshire or at such other time and place as may be mutually agreed to in writing by the parties. However, in no event shall the Closing occur more than two (2) years from the date of this Agreement unless agreed to by the parties in writing.

TIME IS OF THE ESSENCE OF THIS AGREEMENT.

5.00. Title. Title shall be conveyed by appropriate transfer documents in the customary form to the Buyer, conveying good and marketable title, free of all encumbrances, except the LSB loan which encumbers the assets owned by ESC, and subject to any

easements of record and to the rights, conditions, covenants, easements, agreements and terms set forth in this Agreement and in the Declaration. The attached Exhibits A, C and G are the Bill of Sale, Easement Deed and Assignment which shall be executed by the appropriate Seller in order to effectuate the terms of conveyance contemplated by this Agreement.

6.00. Post Closing VDE Obligations. After the closing contemplated herein, VDE shall:

6.01. Provide access to ECA and its employees to the restroom which is located at the West Cove A pump station and ECA will maintain the said restroom in a clean condition. This right of access shall be a continuing, enforceable right of ECA to have such access post closing.

6.02 VDE shall keep ECA regularly informed of any material decisions, work and actions which it intends or may make, perform or do, post closing, regarding its operation and maintenance of the sewer system when those functions are performed on property owned by ECA. ECA shall be notified, except in an emergency repair situation, of the proposed work or action at least fourteen (14) days prior to VDE performing the said work or taking the said action on the ECA owned property. ECA has the right to review said work for informational purposes before it is commenced.

6.03. Assume all responsibilities for compliance, reporting and filing all necessary documents to permit its operation of the said sewer system.

6.04. In the event that VDE discontinues its operation and maintenance of the sewer system, for any reason, ECA shall be given the first option to re-acquire the sewer system for one dollar (\$1.00) and other good and valuable consideration and on terms comparable to those which are set forth in this Agreement. VDE shall provide notice of its decision to discontinue its said operation and maintenance in writing to the ECA General Manager and President of the Board of ECA. ECA shall have one hundred twenty (120) day after its receipt of the written notice to inform VDE whether it will re-acquire the sewer system. If ECA elects to so re-acquire the sewer system then VDE and ECA shall negotiate in good faith the terms of a purchase and sale agreement to effectuate the terms of the transfer.

7.00. Drip Disposal System. ECA and/or ESC shall continue, pre- and, if required, post closing, to investigate the

feasibility and possible location(s) of a drip disposal system for the sewer effluent. ECA and/or ESC will keep VDE informed of its findings. ECA shall not unreasonably withhold from VDE access by VDE to ECA owned land for the construction and installation by VDE of an approved drip dispersal or similar system for the discharge of sewer effluent. ECA reserves the right to review and approve the final design of the drip dispersal system that will be located on said ECA parcel.

8.00. Liabilities to be Assumed by VDE. As of the date of closing the VDE shall assume sole liability for the accounts payable of ESC as set forth in Exhibit E and for payment of the LSB loan as referenced in Paragraphs 5.00 and 14.06. This shall not include liability for the note payable to ECA in the amount of twenty-one thousand dollars (\$21,000.00) which is shown as account number 2060 in the ESC balance sheet.

9.00. Groundwater Discharge Permit. Upon approval of the New Hampshire Department of Environmental Services the groundwater discharge permit shall be assigned at the Closing to the VDE.

10.00. Representations and Warranties of ECA and ESC. ESC and ECA represent and warrant to VDE as follows:

10.01. Authority. ESC and ECA are corporations organized under the laws of the State of New Hampshire. ESC and ECA have full corporate power and authority to own or hold under lease or license and operate the properties and assets they respectively own or hold under lease, easement or license and to carry on their respective businesses as presently conducted.

10.02. No Conflict. The execution, delivery and performance by ESC and ECA of this Agreement requires no action by, or filing with, any governmental body, agency or officials except for the present de-regulation and transfer approval petition to be filed with the NH PUC, and do not contravene or constitute a default under any provisions of applicable law or governmental regulations, or of the articles of incorporation or by-laws of ESC or ECA, or of any agreement, judgment, injunction, order, decree or other instrument binding upon ESC or ECA.

10.03. Contracts. Exhibit B sets forth a complete list of all material contracts, agreements, sales and purchase orders

and leases in effect on the date hereof between ESC and ECA which pertain to the operation of the business of ESC and any third party, except contracts and purchase orders entered into in the ordinary course of business which are not material. Each party thereto has complied with all of its obligations with respect to the contracts, agreements, sales and purchase orders and leases listed in Exhibit B, are not in default with respect to any thereof and have not waived any material rights thereunder. VDE has been or shall be, upon its request, provided a true and complete copy of any such material contracts, agreements and sales and purchase orders.

10.04. Real Property. The Real Property described in Exhibit C constitutes all real property used in the Business, whether under lease, license, easement or otherwise. ESC or ECA owns the said Real Property and shall allow VDE to use same to operate and to maintain the sewer system.

10.05. Material Adverse Change. Since the signing of the March 20, 2013 Memorandum of Agreement with respect to the sewer system and the operation and maintenance thereof and of the operation of the Business:

(i) neither ECA or ESC has disposed of any property or assets, except dispositions in the ordinary course of business;

(ii) no material portion of the property and assets of either entity has been damaged, destroyed or lost;

(iii) no event has occurred which materially and adversely affects, or in the future is likely to materially and adversely affect, either entity or its assets or the Business. Neither ECA or ESC knows of any event or condition which is likely to materially and adversely affect its respective assets, the Business or the Real Property.

10.06. Subsidiaries. ESC does not own any interest, directly or indirectly, in any other corporation, partnership or venture. ESC conducts and has heretofore conducted the Business directly and not through any subsidiaries or affiliates. ECA wholly owns ESC.

10.07. Articles of Incorporation; By-Laws; Minute Books. ESC shall promptly provide to VDE upon its request for VDE's inspection correct and complete copies of the Articles of

Incorporation and By-Laws of ESC, including all amendments, copies of the minute book and stock record book of ESC, certified as such. ESC states that:

(i) such minute book is accurate and reflects all resolutions adopted and all material actions expressly authorized or ratified by the stockholders and directors of ESC;

(ii) such stock record book reflects the issuance of all shares of capital stock of ESC that have been issued and the transfer of all such shares that have been surrendered for transfer.

10.08. Financial Statements. ESC shall promptly make available for VDE's inspection, upon its request, correct and complete copies of the financial statements of ESC for the fiscal years ended December 31 of 2012 and 2011, and annual tax returns, as amended, for 2012 after the 2012 return is completed and the already filed 2011 return. Additionally, ESC's monthly financial reports after December 31, 2012 shall be provided to VDE, when requested by VDE, until Closing.

10.09. Employees. There are no employees of ESC.

10.10. Accounts Receivable and Accounts Payable. A complete list of the accounts receivable and of the accounts payable of ESC as of the Closing shall be provided to the Buyer (Exhibits D and E). All such accounts receivable and accounts payable arose out of bona fide transactions entered into in the ordinary course of ESC's business. They will be respectively assigned to VDE at the Closing and, thereafter, VDE shall be solely responsible for collecting the accounts receivable and shall be solely liable for paying the accounts payable and shall hold ECA and ESC harmless from liability therefrom and thereon.

10.11. Insurance. ESC maintains no insurance in respect of the Real Estate but it is a named insured on the ECA policies. Copies of policies maintained by ECA on the Real Property shall be made available for VDE's inspection at its request. There has been no failure to give or deliver any notice with respect to any material pending claim thereunder in a timely fashion to any insurance carrier which provides coverage, all premiums due and payable thereunder have been paid and each such policy is in full force and effect. At the Closing VDE shall provide appropriate certificates of insurance which evidences that

reasonable insurance coverage is in place for liability, extended coverage and other comparable insurance coverage to that which is presently held by ECA and ESC regarding the operation and maintenance of the sewer system. These insurance policies shall name ECA and ESC as named insureds, as their interests may appear, as the owner of the Real Property over which VDE conducts the operation and maintenance of the sewer system. Annually, such certificates of insurance shall be delivered to the ECA General Manager.

10.12. Litigation. There are no actions, lawsuits or other legal proceedings or litigation pending or claims asserted or threatened against ECA or ESC pertaining to the maintenance and operation of the sewer system, whether or not fully covered by insurance, nor any administrative proceedings by any federal, state or local commissions, agencies or boards pending or threatened against ESC or ECA regarding said sewer system. Neither ESC or ECA is a party to or subject to any judgment, order, decree or consent decree entered in any proceeding whatsoever, and neither entity has been charged with a violation of any provision of any federal, state, local or municipal law or any administrative ruling or regulation with regard to the operation and maintenance of the sewer system.

10.13. Taxes. All returns and reports of all taxes, including, without limitation, withholding tax returns, declarations of estimated tax and tax reports, required to be filed with respect to ESC or its respective income, properties or operations have been duly filed in a timely manner (taking into account all extensions of due date), or will be filed in due course within the time allowed by any extension. All information provided in such returns, declarations and reports is true, correct and complete. Any taxes attributable to ESC that were due and payable, without regard to whether such taxes have been assessed, have been paid or provisions will be made for payment of same at the closing to reasonably assure the VDE that it will not be liable for said tax payments due up to the date of Closing.

10.14. Bank Accounts. The bank accounts of ESC are the operating account maintained at Lake Sunapee Bank (#8255018010) and the capital account at Fidelity Investments (#2BX-975397).

10.15. Information. The representations and warranties of ESC made pursuant hereto and all other written statements,

memoranda, certificates, schedules, lists or other written information heretofore or hereafter provided on or before the Closing Date by ESC to VDE or any of its representatives pursuant to the terms hereof or otherwise in connection with the transaction contemplated hereby are (or, in the case of documents delivered after the date hereof), will be true and correct in all material respects and do not (and, in the case of such subsequent documents, will not) omit any material fact required to make the statements contained therein not misleading. ESC has heretofore furnished to VDE in writing all requested information as to the condition (financial or otherwise), business and liabilities of ESC which are material to a determination by VDE whether it should enter into this Agreement.

11.00. Representations and Warranties of VDE. VDE represents and warrants as follows:

11.01. VDE is a public corporation organized under the laws of the State of New Hampshire, RSA 52, and has all corporate power and authority required to execute, deliver and perform this Agreement. All corporate action and necessary votes of the VDE's residents and the VDE commissioners which are required for the execution, delivery, financing and performance of this Agreement by VDE have been duly taken.

11.02. The execution, delivery and performance by VDE of this Agreement requires no action by or filing with, any governmental body, agency or official, and does not contravene, or constitute a default under, any provision of applicable law or governmental regulation, or of its charter, or of the voters eligible to vote within the VDE on the subject matter of this Agreement, or the financing required by VDE to transact the sale contemplated by this Agreement, or the by-laws of VDE, or of any agreement, judgment, injunction, order, decree or other instrument binding upon VDE, except that ESC and ECA, and the VDE, if required, which consent it hereby gives to so join, shall seek to obtain PUC approval of the transaction and deregulation of ESC in order to allow the within transfer and sale contemplated by this Agreement to be transacted.

11.03. VDE is not a party to any contract or agreement, nor are there any actions, suits or proceedings of any kind pending or, to the knowledge of VDE, threatened against VDE,

which seeks to prevent the execution, delivery or performance of this Agreement.

12.00. Actions Prior to the Closing. Until the Closing occurs ESC shall:

- (i) conduct its business only in the ordinary course;
- (ii) maintain its corporate status and good standing;
- (iii) maintain all of its properties in customary repair, order and condition (reasonable wear and use and damage by unavoidable casualty excepted) and subject to the constraints of the revenues, expenses and regulatory requirements;
- (iv) promptly advise VDE of any change in the financial condition, properties, assets, earnings, liabilities, business, operations or prospects which is or may reasonably be expected to be materially adverse to such entity or the Business;
- (v) not amend its Articles of Incorporation or By-Laws;
- (vi) not acquire, by merger, consolidation or otherwise, or merge into, any business of any corporate, partnership, association or other business organization or division thereof;
- (vii) not split, combine or reclassify its outstanding capital stock or declare, set aside, make or pay any dividend or other distribution in respect of its capital stock, or purchase or redeem directly or indirectly, any shares of its capital stock;
- (viii) not issue or sell any shares of its capital stock; or any warrants, options or other rights to purchase any such shares or any shares or any securities convertible into or exchangeable for such shares;
- (ix) not incur any indebtedness for borrowed money or materially vary the terms of any existing credit arrangement;
- (x) not, without VDE's written consent, unless an emergency requires such an expenditure, enter into any new contract or lease, except contracts for the purchase of supplies and services providing for payments in any aggregate amount in excess of five thousand dollars (\$5,000.00), or contracts for

the leasing or purchase of equipment providing for payments in an aggregate amount in excess of five thousand dollars (\$5,000.00), and in each such case entered into in the ordinary course of business and consistent with prior practice;

(xi) not enter into any other transaction material to the business or financial condition of such entity or the Business outside the ordinary course of business;

(xii) not mortgage, pledge or subject to any lien (other than mechanics', carriers' or other like liens created solely by operation of law) any of its properties or assets, tangible or intangible;

(xiii) not adopt, amend or terminate any employee benefit plan;

(xiv) not dispose of any of its services to any person at less than fair market value, or sell or lease other assets outside the ordinary course of business;

(xv) not make any capital expenditure in excess of sixteen thousand dollars (\$16,000.00) without VDE's written consent, and after obtaining PUC approval, if required, unless an emergency requires such expenditure;

(xvi) provide all information reasonably requested by VDE regarding the assets and liabilities, financial positions, profits and losses and prospects of ESC.

12.01. Until the Closing, in addition to any rights which are granted to VDE above to inspect ECA and ESC records and documents which pertain to the operation and maintenance of the sewer system, ECA and ESC shall permit representatives of VDE to make such examinations of ESC's assets, business, affairs and finances as VDE may deem necessary.

12.02. VDE and ESC and ECA agree to use their reasonable and best efforts to obtain NHPUC approval of this Agreement and the de-regulation of ESC. Such efforts shall include prosecuting a reconsideration and an appeal of unfavorable rulings.

13.00. VDE Contingencies to Completing the Sale and Transfer. The closing, sale and transfer of assets and other

rights contemplated in this Agreement are subject to the following conditions precedent and the failure of any of the contingencies below shall entitle the VDE to terminate its obligations hereunder and to the return of any deposits made by it:

13.01. PUC Approval. A petition has been or is about to be filed with the PUC by Attorney Jay Boynton on behalf of the Seller which will request the PUC's approval of the transfer and conveyance which is contemplated pursuant to the terms of this Agreement. Both the within Seller and Buyer have been working in concert to support this petition process, which also requests an order from the PUC to de-regulate PUC oversight of ESC and its operation of the sewer system within the Eastman development. The approval of the PUC of the transfer contemplated herein and the de-regulation of the ESC is a condition precedent to the Buyer's obligation to close this transfer.

13.02. The representations and warranties of ECA and ESC set forth in this Agreement shall be true in all material respects at the date hereof and also at and as of the time of the Closing.

13.03. ESC and ECA shall have taken all actions required to be taken by each of them prior to the Closing pursuant to this Agreement.

13.04. No proceeding of any kind shall have been instituted which shall have resulted in the issuance of an injunction, order or similar direction prohibiting the consummation of the transaction contemplated by this Agreement in accordance with the terms hereof.

13.05. ESC shall have executed, or caused to be executed and delivered to VDE, resignations, effective at the Closing, of the officers and directors of ESC.

13.06. No suit, proceeding or action that is not set forth on an Exhibit hereto shall have been instituted or threatened which could, if adversely determined, materially impair the value of the assets to be conveyed pursuant to this Agreement.

13.07. The Board of Directors of ESC shall have approved the transactions contemplated by this Agreement in accordance with the provisions of New Hampshire laws, if any.

13.08. Water System Operator's, Inc. agreeing to enter into a contract with VDE for the operation of the sewer system within the Eastman development comparable to the contract which it presently has with ECA and ESC.

14.00. ECA and ESC Contingencies to Completing the Sale and Transfer. The closing, sale and transfer of assets and other rights contemplated in this Agreement are subject to the following conditions precedent and the failure of any of the contingencies below shall entitle ECA and ESC to terminate their respective obligations hereunder:

14.01. The representations and warranties of VDE set forth in this Agreement shall be true in all material respects at the date hereof and also at and as of the time of the Closing.

14.02. VDE shall have taken all actions required to be taken by it prior to the Closing pursuant to this Agreement and as required by New Hampshire laws, including securing the appropriate affirmative votes of the qualified voters within the VDE to acquire the assets of ESC, to conduct the operation and maintenance of the sewer system and to re-finance, assume or pay off the existing LSB loan #6000735626.

14.03. No proceeding of any kind shall have been instituted which shall have resulted in the issuance of an injunction, order or similar direction prohibiting the consummation of the transaction contemplated by this Agreement in accordance with the terms hereof.

14.04. PUC Approval. A petition has been or is about to be filed with the PUC by Attorney Jay Boynton on behalf of the Seller which will request the PUC's approval of the transfer and conveyance which is contemplated pursuant to the terms of this Agreement. Both the within Seller and Buyer have been working in concert to support this petition process, which also requests an order from the PUC to de-regulate PUC oversight of ESC and its operation of the sewer system within the Eastman development. The approval of the PUC of the transfer contemplated herein and the de-regulation of the ESC is a condition precedent to the Seller's obligation to close this transfer.

14.05. VDE paying off, assuming or re-financing the existing LSB loan which presently has an approximate outstanding

balance of two hundred eighty thousand dollars (\$280,000.00) and ECA and ESC being released by LSB from liability for the performance of any obligations pursuant to the loan documents pertaining to the said LSB loan which originally was in the principal amount of three hundred eighty thousand dollars (\$380,000.00).

14.06. ECA and ESC being released from all contractual obligations which it has with contractors, vendors and suppliers regarding its operation and maintenance of the sewer system.

15.00. Additional Covenants of ECA, ESC and VDE.

15.01. ECA shall bear and pay all expenses and taxes incurred in connection with the transactions referred to in this Agreement, except that VDE shall pay all expenses which it is statutorily obligated to pay. ECA and ESC shall pay all expenses required to obtain PUC approval of the ESC sale and transfer to VDE which is contemplated in this Agreement and obtaining the PUC's de-regulation order.

15.02. Prior to Closing, and contingent on the closing occurring, VDE shall execute all necessary contracts with vendors and suppliers of ESC to facilitate the transition and transfer contemplated herein in order to operate and maintain the sewer system.

16.00. Notice. Any notice, request or other communication required or permitted to be given to a party hereunder shall be in writing and shall be sent to such party by registered or certified mail, postage prepaid, or hand delivered, at the addresses specified below or at such other addresses as such party may hereafter specify by written notice to the other parties:

If to VDE:

Village District of Eastman
P.O. Box 990
Grantham, NH 03753
Attention: Commissioners

With a copy to:

Bernard Waugh, Esq.
Gardner, Fulton & Waugh
78 Bank Street
Lebanon, NH 03766

If to ECA:

Eastman Community Association
P.O. Box 53
Grantham, NH 03753
Attn: General Manager

If to ESC:

Eastman Sewer Company, Inc.
P.O. Box 470
Grantham, NH 03753
Attn: President

With a copy to:

Albert J. Cirone, Jr., Esq.
18 Bank Street
Lebanon, NH 03766

17.00. Entire Agreement, Integration and Modification.

This Agreement sets forth the entire agreement of the parties with respect to the subject matter hereof and supersedes any and all prior agreements, including oral representations, with respect to the subject matter hereof. This Agreement cannot be modified, amended or changed nor may compliance with any provisions hereof be waived, except by an instrument in writing executed by the party against whom enforcement of such modification, amendment, change or waiver is sought. Any waiver by a party of the breach of any provision of this Agreement shall not operate or be construed as a waiver of any other breach of such provision or of any breach of any other provisions of this Agreement. The failure of a party to insist upon strict compliance with any provision of this Agreement at any time shall not deprive such party of the right to insist

upon strict compliance with such provision at any other time or of the right to insist upon strict compliance with any other provision hereof at any time.

17.01. The provisions of this Agreement in paragraphs 6.01, 6.02, 6.04, 7.00, 10.10, and 10.11 shall survive the Closing.

18.00. Assignability of Agreement. This Agreement shall not be assignable by either party without the prior, written consent of the other party hereto.

19.00. Invalidity. If any one or more of the provisions of this Agreement shall be held to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

20.00. Default and Enforcement. If either party shall default in the performance of their respective obligations under this Agreement, the non-defaulting party shall be entitled to specific performance of the defaulting party's obligations hereunder as there is no adequate remedy at law. Additionally damages may be awarded in the discretion of the Court, including an award of reasonable attorney's fees, costs and expenses, to the prevailing party.

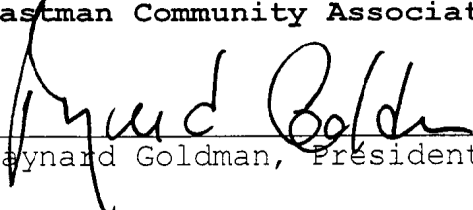
21.00. Governing Law and Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New Hampshire. A court of competent jurisdiction in Sullivan County, New Hampshire shall have jurisdiction to hear any dispute amongst the parties regarding this Agreement or a dispute which may arise after the Closing.

22.00. Exhibits. The Exhibits to this Agreement which are incorporated herein as if fully recited are set forth in Schedule 1 which is attached hereto and the Exhibits are

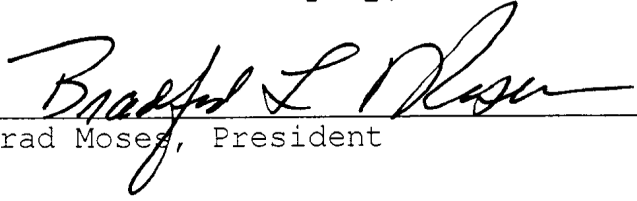
attached as lettered Exhibits.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first above written.

Eastman Community Association

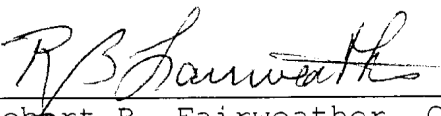

Maynard Goldman, President

Eastman Sewer Company, Inc.


Brad Moses, President

Village District of Eastman

William E. Sullivan, Commissioner

 29 MAY 2013
Robert B. Fairweather, Commissioner

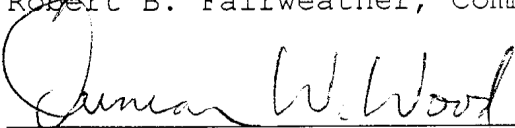
 May 29, 2013
Duncan W. Wood, Commissioner

EXHIBIT A

BILL OF SALE

Eastman Community Association, a not for profit corporation, and **Eastman Sewer Company, Inc.**, a for profit corporation, both being New Hampshire corporations with a principal place of business in Grantham, in the County of Sullivan and State of New Hampshire, hereinafter called the Transferor, for and in consideration of the sum of \$1.00 and other valuable consideration, receipt whereof is hereby acknowledged, have granted, bargained, sold, transferred and delivered, and by these presents do grant, bargain, sell, transfer and deliver unto the **Village District of Eastman**, a public corporation organized pursuant to the provisions of RSA 52 and act of the New Hampshire legislature, hereafter called the Transferee, of Grantham, Sullivan County, State of New Hampshire its, successors and assigns, the following property, tangible and intangible, used in and for the operation of the Eastman Sewer Company, Inc.'s collection, treatment and disposal of sewer effluent within those areas of the Eastman development which are served by the Eastman Sewer Company, Inc.:

All assets shown on the attached document entitled "Book Asset Detail, 1/01/12-12/31/12" together with all other assets, whether described in said document or not, including, equipment, tools, inventory, devices, accessories, collection mains and lines, pumping and disposal facilities, manholes, pump stations and related equipment, use of holding ponds, bank accounts, contracts and leases, bank and investment account balances on the date of closing, (i.e. _____), the said closing date balance of accounts receivable, books and records (both paper and electronic) pertaining to Eastman Sewer Company Inc.'s operation, permits held by Eastman Sewer Company, Inc. to allow it to conduct its business and miscellaneous infrastructure which is necessary for the collection, treatment and disposal of sewer effluent as is currently connected to or that has access to the present sewer collection system within Eastman development.

The aforesaid assets are sold and conveyed "As Is", "Where Is" and no express or implied warranties for fitness, merchantability or fitness for a particular purpose are made herein.

To have and to hold the same unto the said Transferee, its successors and assigns.

Each Transferor does hereby covenant and agree for itself, and its successors and assigns, with the Transferee, that it is the lawful

owner of said property above described, that it has good right to transfer same, and that it will warrant and defend the transfer and its title of said property hereby conveyed to the Transferee, its successors and assigns, against the lawful claims of all persons, and that said property is free from all liens and encumbrances.

Dated this _____ day of _____, 2013.

Eastman Community Association

Maynard Goldman, President

Eastman Sewer Company, Inc.

Brad Moses, President

SCHEDULE 1

EXHIBITS TO AGREEMENT BETWEEN EASTMAN SEWER COMPANY, INC.,
EASTMAN COMMUNITY ASSOCIATION AND VILLAGE DISTRICT OF EASTMAN

Exhibit A: Bill of Sale and assets to be conveyed

Exhibit B: Existing material contracts and purchase orders of
ESC to operate sewer system

Exhibit C: Easement Deed/License Agreement to allow VDE to use
ESC and ECA property to operate the sewer system

Exhibit D: Accounts receivable list of ESC

Exhibit E: Accounts payable list of ESC

Exhibit F: Permits to operate sewer system

Exhibit G: Assignment of permits, bank accounts, contracts,
accounts receivables and accounts payable

EASSE Eastman Sewer Company, Inc.
02-0315874
FYE: 12/31/2012

Book Asset Detail 1/01/12 - 12/31/12

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Page 1

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
Group:												
82		Retired #70 used pump	12/31/08	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.0
87		Pump Station Auto Dialer	6/03/10	2,500.00	0.00	0.00	263.89	166.67	430.56	2,069.44	S/L	15.0
No Group				2,500.00	0.00c	0.00	263.89	166.67	430.56	2,069.44		
Group: Disposal Plant Structures												
91		Headworks - Disposal Plant Structur	4/01/10	158,570.00	0.00	0.00	6,937.44	3,964.25	10,901.69	147,668.31	S/L	40.0
92		Headworks - Disposal Plant Structur	4/01/10	19,369.00	0.00	0.00	1,694.79	968.45	2,663.24	16,705.76	S/L	20.0
Disposal Plant Structures				177,939.00	0.00c	0.00	8,632.23	4,932.70	13,564.93	164,374.07		
Group: Flow Measuring Devices												
94		Hwadworks - Flow Measuring Devi	4/01/10	16,738.00	0.00	0.00	1,464.58	836.90	2,301.48	14,436.52	S/L	20.0
Flow Measuring Devices				16,738.00	0.00c	0.00	1,464.58	836.90	2,301.48	14,436.52		
Group: MAINS												
7		MAINS	3/31/79	197.00	0.00	0.00	197.00	0.00	197.00	0.00	S/L	30.0
8		MAINS	9/30/91	813.00	0.00	0.00	813.00	0.00	813.00	0.00	S/L	20.0
9		MAINS	10/31/91	2,255.00	0.00	0.00	2,255.00	0.00	2,255.00	0.00	S/L	20.0
10		BUILD UP MAINS	6/02/92	920.00	0.00	0.00	920.00	0.00	920.00	0.00	S/L	15.0
11		MAINS	6/30/97	1,037.45	0.00	0.00	501.41	34.58	535.99	501.46	S/L	30.0
12		RELEASE VALVE	8/31/93	444.00	0.00	0.00	444.00	0.00	444.00	0.00	150DB	15.0
MAINS				5,666.45	0.00c	0.00	5,130.41	34.58	5,164.99	501.46		
Group: OTHER PLANT & MISC EQUIP												
16		BRUSH CUTTER	7/30/90	416.00	0.00	0.00	416.00	0.00	416.00	0.00	200DB	5.0
17		GENERAL EQUIPMENT	11/30/91	593.00	0.00	0.00	593.00	0.00	593.00	0.00	200DB	7.0
18		COMMUNITOR BLADE	7/07/89	1,235.00	0.00	0.00	1,235.00	0.00	1,235.00	0.00	200DB	5.0
20		DATA INDUSTRIAL SENSOR	8/15/91	2,012.00	0.00	0.00	2,012.00	0.00	2,012.00	0.00	200DB	7.0
21		GEN'L COMM EQUIP	3/31/81	127.00	0.00	0.00	127.00	0.00	127.00	0.00	S/L	15.0
22		MISC EQUIPMENT	7/01/96	340.62	0.00	0.00	340.62	0.00	340.62	0.00	S/L	5.0
23		MISCELLANEOUS	6/30/97	594.00	0.00	0.00	594.00	0.00	594.00	0.00	S/L	5.0
25		BLOWER ROOTS	7/08/92	940.00	0.00	0.00	940.00	0.00	940.00	0.00	200DB	7.0
26		TRASH PUMP 3"	6/26/92	1,252.00	0.00	0.00	1,252.00	0.00	1,252.00	0.00	200DB	7.0
27		SEWER PUMP	10/25/94	2,885.00	0.00	0.00	2,885.00	0.00	2,885.00	0.00	150DB	15.0
28		ELECTRIC PUMP EQUIP	5/31/95	2,755.00	0.00	0.00	2,755.00	0.00	2,755.00	0.00	150DB	15.0
29		WATER METER	7/26/93	1,023.76	0.00	0.00	1,023.76	0.00	1,023.76	0.00	200DB	7.0
30		ROOTS BLOWER	8/23/93	1,245.00	0.00	0.00	1,245.00	0.00	1,245.00	0.00	200DB	7.0
32		PUMPING EQUIPMENT	12/31/98	681.67	0.00	0.00	590.72	45.44	636.16	45.51	S/L	15.0
33		FLOW METER - CLA	8/22/00	2,200.00	0.00	0.00	1,445.71	110.00	1,555.71	644.29	S/L	20.0
34		LAGOON LIFT STATION	10/10/00	3,500.00	0.00	0.00	2,050.00	175.00	2,225.00	1,275.00	S/L	20.0
61		Alarm dialers WCA	12/31/02	4,850.00	0.00	0.00	1,151.25	121.25	1,272.50	3,577.50	S/L	40.0
62		Alarm dialers WCB	12/31/02	4,800.00	0.00	0.00	1,140.00	120.00	1,260.00	3,540.00	S/L	40.0
63		Pump & Piping Effluent Pump Stati	12/31/02	20,190.00	0.00	0.00	19,181.00	1,009.00	20,190.00	0.00	S/L	10.0

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Book Asset Detail 1/01/12 - 12/31/12

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
Group: OTHER PLANT & MISC EQUIP (continued)												
64		Flow Meter	4/24/02	4,500.00	0.00	0.00	4,275.00	225.00	4,500.00	0.00	S/L	10.0
71		Hydraulic Pump West Cove A	8/18/05	6,560.84	0.00	0.00	4,155.17	656.08	4,811.25	1,749.59	S/L	10.0
72		Install West Cove Pump	8/18/05	400.00	0.00	0.00	253.33	40.00	293.33	106.67	S/L	10.0
73		Polish Water Pump	8/20/06	14,500.00	0.00	0.00	5,155.57	966.67	6,122.24	8,377.76	S/L	15.0
74		New Pump West Cove A	6/21/06	7,137.30	0.00	0.00	2,617.01	475.82	3,092.83	4,044.47	S/L	15.0
77		Gordon Rupp Pump WCB	4/14/08	4,655.88	0.00	0.00	1,745.96	465.59	2,211.55	2,444.33	S/L	10.0
78		Gorman Rupp Pump WCB (2nd)	8/28/08	4,171.20	0.00	0.00	1,390.40	417.12	1,807.52	2,363.68	S/L	10.0
83		West Cove B PLC	12/31/09	5,000.00	0.00	0.00	666.66	333.33	999.99	4,000.01	S/L	15.0
84		West Cove A PLC	12/31/09	5,000.00	0.00	0.00	666.66	333.33	999.99	4,000.01	S/L	15.0
501		Chlorination project	1/20/11	1,997.66	0.00	0.00	122.08	133.18	255.26	1,742.40	S/L	15.0
OTHER PLANT & MISC EQUIP				<u>105,562.93</u>	<u>0.00c</u>	<u>0.00</u>	<u>62,024.90</u>	<u>5,626.81</u>	<u>67,651.71</u>	<u>37,911.22</u>		
Group: OTHER TANGIBLE PLANT												
35		TURBINE METER	9/30/88	968.62	0.00	0.00	968.62	0.00	968.62	0.00	200DB	7.0
36		ROD MACHINE	1/15/91	1,000.00	0.00	0.00	1,000.00	0.00	1,000.00	0.00	200DB	7.0
37		PUMP STATION WORK	6/30/93	3,000.00	0.00	0.00	3,000.00	0.00	3,000.00	0.00	200DB	7.0
38		FENCING	7/27/98	12,305.54	0.00	0.00	11,215.60	726.63	11,942.23	363.31	150DB	15.0
60		Generator	12/15/99	10,058.73	0.00	0.00	6,286.34	502.94	6,789.28	3,269.45	S/L	20.0
67		LAGOON PUMP HOUSE	9/26/03	13,355.97	0.00	0.00	2,838.20	333.90	3,172.10	10,183.87	S/L	40.0
79		Piezometer Installed	8/08/08	28,770.00	0.00	0.00	4,914.88	1,438.50	6,353.38	22,416.62	S/L	20.0
80		Piezometer permitting	1/01/08	12,448.00	0.00	0.00	11,064.88	1,383.12	12,448.00	0.00	S/L	4.5
81		Retired 66 Pump Station B	8/28/08	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.0
OTHER TANGIBLE PLANT				<u>81,906.86</u>	<u>0.00c</u>	<u>0.00</u>	<u>41,288.52</u>	<u>4,385.09</u>	<u>45,673.61</u>	<u>36,233.25</u>		
Group: Plant Sewers												
90		Headworks - Plant Sewers	4/01/10	19,176.00	0.00	0.00	838.95	479.40	1,318.35	17,857.65	S/L	40.0
Plant Sewers				<u>19,176.00</u>	<u>0.00c</u>	<u>0.00</u>	<u>838.95</u>	<u>479.40</u>	<u>1,318.35</u>	<u>17,857.65</u>		
Group: Pumping Equipment												
93		Headworks - Pumping Equipment	4/01/10	30,344.00	0.00	0.00	3,603.35	3,034.40	6,637.75	23,706.25	S/L	10.0
97		WCA Upgrade - Pumping Equipment	12/01/10	95,859.00	0.00	0.00	10,384.73	9,585.90	19,970.63	75,888.37	S/L	10.0
502		Holding Pond Upgrade	5/14/12	4,274.17	0.00c	0.00	0.00	213.71	213.71	4,060.46	S/L	10.0
Pumping Equipment				<u>130,477.17</u>	<u>0.00c</u>	<u>0.00</u>	<u>13,988.08</u>	<u>12,834.01</u>	<u>26,822.09</u>	<u>103,655.08</u>		
Group: Pumping Plant Structures												
95		WCA Upgrade - Pumping Plant Str	12/01/10	43,087.00	0.00	0.00	1,166.94	1,077.18	2,244.12	40,842.88	S/L	40.0
96		WCA Upgrade - Pumping Plant Str	12/01/10	10,929.00	0.00	0.00	591.99	546.45	1,138.44	9,790.56	S/L	20.0
505		Eastman Pump Station Roof	6/30/12	3,200.00	0.00c	0.00	0.00	40.00	40.00	3,160.00	S/L	40.0
Pumping Plant Structures				<u>57,216.00</u>	<u>0.00c</u>	<u>0.00</u>	<u>1,758.93</u>	<u>1,663.63</u>	<u>3,422.56</u>	<u>53,793.44</u>		

Book Asset Detail 1/01/12 - 12/31/12

Asset	d t	Property Description	Date In Service	Book Cost	Book Sec 179 Exp c	Book Sal Value	Book Prior Depreciation	Book Current Depreciation	Book End Depr	Book Net Book Value	Book Method	Book Period
Group: PURIFICATION SYSTEM												
39		PURIFICATION SYSTEM - 1	3/31/81	412.00	0.00	0.00	412.00	0.00	412.00	0.00	S/L	30.0
40		PURIFICATION SYSEM - 2	3/31/87	1,930.00	0.00	0.00	1,930.00	0.00	1,930.00	0.00	S/L	5.0
41		PURIFICATION SYSTEM - 3	3/31/88	4,926.00	0.00	0.00	4,926.00	0.00	4,926.00	0.00	S/L	15.0
42		PURIFICATION SYSTEM	5/04/95	1,809.40	0.00	0.00	1,526.86	80.73	1,607.59	201.81	150DB	20.0
43		ENGINEERING FOR TRASHPUM	9/15/92	674.00	0.00	0.00	674.00	0.00	674.00	0.00	200DB	7.0
44		WINCH AND TRIPOD	2/28/95	1,598.17	0.00	0.00	1,598.17	0.00	1,598.17	0.00	200DB	7.0
45		2000 ADDITIONS -CIA	2/01/00	1,484.58	0.00	0.00	1,187.68	74.23	1,261.91	222.67	S/L	20.0
503		Lagoon Motors & Blowers	9/06/12	6,290.67	0.00c	0.00	0.00	314.53	314.53	5,976.14	S/L	10.0
PURIFICATION SYSTEM				19,124.82	0.00c	0.00	12,254.71	469.49	12,724.20	6,400.62		
Group: SERVICES												
46		SERVICES - 7	3/31/86	818.00	0.00	0.00	818.00	0.00	818.00	0.00	S/L	15.0
47		SERVICES - 8	3/31/87	1,294.00	0.00	0.00	1,294.00	0.00	1,294.00	0.00	150DB	15.0
48		SERVICES - 1	3/31/74	405.00	0.00	0.00	405.00	0.00	405.00	0.00	S/L	30.0
49		SERVICES - 2	3/31/81	57.00	0.00	0.00	57.00	0.00	57.00	0.00	S/L	30.0
50		SERVICES - 3	3/31/82	1,317.00	0.00	0.00	1,317.00	0.00	1,317.00	0.00	S/L	15.0
51		SERVICES - 4	3/31/83	231.00	0.00	0.00	231.00	0.00	231.00	0.00	S/L	15.0
52		SERVICES - 5	3/31/84	397.00	0.00	0.00	397.00	0.00	397.00	0.00	S/L	15.0
53		SERVICES - 6	3/31/85	264.86	0.00	0.00	264.86	0.00	264.86	0.00	S/L	15.0
504		Man Hole Frame & Cover	1/19/12	1,014.66	0.00c	0.00	0.00	19.45	19.45	995.21	S/L	25.0
SERVICES				5,798.52	0.00c	0.00	4,783.86	19.45	4,803.31	995.21		
Group: SEWER PLANT												
54		DISTRIBUTION RESEVIORS AM	3/31/79	2,332,261.00	0.00	0.00	2,169,814.83	66,636.03	2,236,450.86	95,810.14	S/L	35.0
69		DIPPOSAL OLD PUMP STATION	3/31/79	-9,000.00	0.00	0.00	-9,000.00	0.00	-9,000.00	0.00	S/L	35.0
75		Remove Cost Pump A Replaced 200	3/31/79	-3,500.00	0.00	0.00	-3,500.00	0.00	-3,500.00	0.00	S/L	15.0
76		Rewmove Cost Polish Pump Replac	3/31/79	-7,250.00	0.00	0.00	-7,250.00	0.00	-7,250.00	0.00	S/L	15.0
500		Split out part of #54	3/31/79	-97,500.00	0.00	0.00	-91,637.00	-3,250.00	-94,887.00	-2,613.00	S/L	30.0
506		Remove 2012 assets replaced	12/31/79	-4,000.00	0.00	0.00	-4,000.00	0.00	-4,000.00	0.00	S/L	10.0
SEWER PLANT				2,211,011.00	0.00c	0.00	2,054,427.83	63,386.03	2,117,813.86	93,197.14		
Group: SPRAY IRRIGATION SYSTEM												
55		FLOWMATIC VALVE	8/27/92	1,309.00	0.00	0.00	1,309.00	0.00	1,309.00	0.00	200DB	7.0
56		SPRAY IRRIGATION SYSTEM	5/10/95	1,059.71	0.00	0.00	894.25	47.27	941.52	118.19	150DB	20.0
57		SPRAY IRRIGATION SYSTEM	7/31/95	6,359.63	0.00	0.00	5,366.56	283.73	5,650.29	709.34	150DB	20.0
58		SPRAY IRRIGATION SYSTEM	9/30/88	1,992.00	0.00	0.00	1,992.00	0.00	1,992.00	0.00	150DB	20.0
SPRAY IRRIGATION SYSTEM				10,720.34	0.00c	0.00	9,561.81	331.00	9,892.81	827.53		
Grand Total				2,843,837.09	0.00c	0.00	2,216,418.70	95,165.76	2,311,584.46	532,252.63		

EXHIBIT B

**EXISTING MATERIAL CONTRACTS AND PURCHASE ORDERS OF EASTMAN COMMUNITY
ASSOCIATION AND EASTMAN SEWER COMPANY, INC. USED TO OPERATE THE
EASTMAN SEWER SYSTEM**

1. Water System Operator's, Inc. contract dated the ____ day of
_____, _____.

2. Underwood Engineer contract dated the ____ day of
_____, _____.

3. All purchase orders are available for inspection at the office
of ECA and ESC.

4. All insurance contracts are available for inspection at the
office of ECA and ESC.

EXHIBIT C

EASEMENT DEED

Eastman Community Association, a not for profit New Hampshire corporation, with a principal place of business in Grantham, in the County of Sullivan and State of New Hampshire, for consideration paid, grant to the **Village District of Eastman**, organized pursuant to the provisions of RSA 52, of Grantham, County of Sullivan, State of New Hampshire, with a mailing address of P.O. Box 990, Grantham, New Hampshire 03753-0990, with **Quitclaim Covenants**, the following easements in the Towns of Grantham and Springfield, Sullivan County and State of New Hampshire and the Town of Enfield, Grafton County and State of New Hampshire:

The right to enter upon and to access all of the presently existing components (including, but not limited to, buildings, facilities, infrastructure, equipment, devices, accessories, collection mains and lines, pumping and disposal facilities, manholes, pump stations and related equipment, use of holding ponds and aeration ponds) of the Eastman sewer collection, treatment and disposal system (hereafter the "sewer system"), which components and sewer system are located within the Eastman development on that real property described in Appendix B of the Eastman Declaration of Covenants and Restrictions dated August 31, 1991, as amended, and which Appendix B is recorded in the Sullivan County Registry of Deeds at Book 947, Page 37.

The aforesaid easement to enter the said real property, which is owned by the Grantor, is to allow the Grantee access to the sewer system in order to operate, repair, maintain and replace the sewer system components in order to adequately and reasonably provide service to the users within the Eastman development who are connected to the sewer system.

The within easement grant is subject to the following easements, rights, rights-of-way, restrictions, conditions, covenants, exceptions, encumbrances and reservations:

1. The Grantor and its designees, including its employees and agents, shall have access to the restroom which is located at the West Cove A pump station; provided, however, that Eastman Community Association personnel shall maintain the said restroom in a clean condition.

2. The Grantee shall keep the Grantor regularly informed of any material decisions, work and actions which it intends or may

make, perform or do, regarding its operation, repair, replacement and maintenance of the sewer system when those functions are performed on property owned by the Grantor. The Grantor shall be notified, except in an emergency repair situation, of the proposed action at least fourteen (14) days prior to the Grantee performing the said work or taking the said action on the Grantor's aforesaid property. Eastman Community Association shall have the right to approve said work before it is commenced, which approval will not be unreasonably withheld.

3. The Grantee shall assume all responsibilities for compliance, reporting and filing all necessary documents to permit its operation of the sewer system.

4. In the event that the Grantor and the Grantee agree, after the date of this deed, on the design and location of a drip disposal system to dispose of sewer effluent, and if that drip disposal system is built and located on property owned by the Grantor, then the Grantee shall be permitted the right to access said property to construct, operate, repair, maintain and replace components of that drip disposal system.

5. The within conveyance is subject to all covenants, rights, easements, rights-of-way, restrictions, conditions, exceptions, reservations and encumbrances of record, if any, and as may be described in the Eastman Declaration of Covenants and Restrictions, originally dated July 27, 1971 and re-stated and dated August 31, 1991, as amended, re-stated and replaced, and as originally recorded in the Sullivan County Registry of Deeds at Book 498, Page 121 and in the Grafton County Registry of Deeds at Book 1199, Page 495.

Also hereby conveyed to the Grantee is the right, in common with others, to pass and re-pass over all roads constructed by the Controlled Environment Corporation as part of the Eastman Development, subject however to the right of Controlled Environment Corporation or its successor in interest or title to relocate roads and to dedicate them to the public.

The within conveyance is exempt from any tax on the transfer of real property pursuant to RSA 78-B:2 I.

Dated this _____ day of _____, 2013.

Eastman Community Association

Maynard Goldman, President

STATE OF NEW HAMPSHIRE
Sullivan, ss

The foregoing instrument was acknowledged before me this ____ day of _____, 2013 by Maynard Goldman, President of Eastman Community Association for the purposes therein contained.

Notary Public/Justice of the Peace
Print Name: _____
My Commission Expires: _____

EXHIBIT D

ACCOUNTS RECEIVABLE LIST OF EASTMAN SEWER COMPANY, INC. AS OF THE
____ DAY OF _____, 2013 (NOTE: THIS LIST WILL BE UPDATED TO
REFLECT THE ACCOUNTS RECEIVABLE IMMEDIATELY PRIOR TO THE CLOSING
DATE)

1. See attached list

EXHIBIT E

ACCOUNTS PAYABLE LIST OF EASTMAN SEWER COMPANY, INC. AS OF THE _____
DAY OF _____, 2013 (NOTE: THIS LIST WILL BE UPDATED TO REFLECT
THE ACCOUNTS PAYABLE IMMEDIATELY PRIOR TO THE CLOSING DATE)

1. See attached list

EXHIBIT F

PERMITS TO OPERATE THE EASTMAN SEWER SYSTEM BY THE EASTMAN SEWER
COMPANY, INC.

1.

2.

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PROPOSAL
February 25, 2013

Scope of Services

Operation of the Wastewater Collection and Treatment Facilities.

1. Wastewater Treatment Plant Facility

Water System Operators, Inc. shall provide inspection and sampling services for the Wastewater Treatment Lagoon Facilities, West Cove Pump Stations A & B of the Owner. Water System Operators, Inc. shall inspect them 3 times per week and take all samples required by permit or mutually agreed to between the Owner and Water System Operators, Inc. Records of all such inspections and sampling shall be available to the Owner.

Water System Operators, Inc. shall provide inspection and sampling services for the Wastewater Holding Ponds & Pump Station as required by the Permit.

2. Sludge, Septage, Grit and Scum Treatment

Water System Operators, Inc. shall provide all labor to operate the existing sludge, septage, grit and scum systems that pertain to the operation of the Owner's Wastewater Treatment System. The Owner shall provide a place, and be responsible, for final disposal of all by-products of any scum, grit, septage and sludge systems.

3. Scheduled Maintenance

Water System Operators, Inc. shall regularly inspect all equipment that requires scheduled maintenance service and shall perform all work necessary in accordance with the manufacturer's recommendations or maintenance procedures in accordance with standard practice.

4. Sampling

Water System Operators, Inc. shall collect all samples as required by the permit, have them analyzed, and complete and submit reports as required by the State of NH, DES or applicable regulatory authority. The owner shall be responsible for all laboratory fees. Copies of all required reports shall be available at the Owners facility. Additional sampling above permit requirements will be billed at our current rates.

5. Reports

Water System Operators, Inc. will make reports and communicate with the New Hampshire Department of Environmental Services (NHDES) as required. We will also attend scheduled meetings with the Owners and Public. A written or oral report of the status of projects and an update on operations shall be provided at the Sewer Board's monthly meetings.

6. Available to Consultants

Water System Operators, Inc. shall be available up to 5 hours per year to any professional consultants that the Owner may contract with. We will provide information concerning the system and work with them in the best interest of the Owner. Work beyond 5 hours per year will be billed at our current rates.

7. Monthly Meetings

Water System Operators, Inc. will attend up to ten (10) Board meetings per calendar year.

8. Budget Preparation:

Water System Operators, Inc. shall assist the Owner in the preparation of annual budgets. This may be a review of all events for the past year. It will include a projection of future needs with recommendations of priorities.

9. Laboratory

Water System Operators, Inc. will perform the routine operation and maintenance of all necessary lab equipment for reporting and process control analysis. All existing lab equipment shall remain the property of the Owner and the Owner shall provide all equipment and lab supplies necessary to operate the plant. The cost of purchasing and maintaining the lab equipment shall be the responsibility of the Owner.

10. Discharge Permit

Water System Operators, Inc. will operate the Owner's facilities, within design parameters and capabilities, to comply with existing permits. Changes to the permits or other laws and regulations are subject to additional charges in accordance with the agreement.

Owner Responsibilities

1. Electrical expense.
2. Maintain Roadway and grounds to and around the Plant.
3. Cost, including hauling, and suitable location for final sludge, grit and scum disposal.
4. Chemicals.
5. Facility Insurance.
6. Payroll of Owner's officers and employees.
7. All other expenses not covered by this proposal.
8. Provide access to all records and data pertaining to the Owner's facilities.
9. Cost of all materials used for repairs under the terms of this proposal.

10. Provide a contact person to represent and to be given authority to act on behalf of the Owner for emergency situations.
11. Budget for system upgrades.
12. Owner's Vehicle fuel and repair
13. Heating expense
14. Operational Budget
15. Cost of purchasing and maintaining lab equipment.
16. Laboratory Fees
17. Any costs associated with frozen lines and other acts of nature.
18. Cost associated with equipment or infrastructure failure.

COSTS OF OPERATING THE SYSTEM

We are prepared to perform the operation of the Eastman Wastewater System with the above conditions. This proposal is for a twelve (12) month contract of \$44,256.00. Water System Operators, Inc. will bill Eastman Sewer Company (The Owner) for \$3,688.00 monthly. All bills are due within 25 days of billing date. There are interest charges on all outstanding bills of One and One-Half percent per month, Eighteen percent per year.

There will be no charges for copies, faxes, E-mails or phone calls.

All labor that is provided by Water System Operators, Inc. to the Eastman Sewer Company that is considered extra under this proposal will be charged at the following rate:

Each Operator	\$65.00 per hour
Minimum fee per Operator per service of 15 minutes or less	\$65.00
2 hour per Operator minimum fee per service of 15 minutes to 2 hours duration	

AGREEMENT

This Agreement ("Agreement") is made on December 31, 2012 by and between Water System Operators, Inc. (the "Company"), Henniker, New Hampshire 03242, and the Eastman Sewer Company (the "Owner").

- A. The Company has a background in the operation of Water and Wastewater systems and is willing to provide services based upon this background.
- B. The Owner desires to have services provided by the Company.

Therefore, The parties agree as follows:

- 1. Description of Services: Beginning on January 1, 2013 the Company will provide the following services, (collectively the "Services"): Operation of the Water and Wastewater Systems for the Owner, to include services contained in the attached proposal dated February 25, 2013.
- 2. Performance of Services: The manner in which the services are to be performed and the specific hours to be worked by the Company shall be determined by the Company. The Owner will rely on the Company to work as many hours as may be reasonably necessary to fulfill the Company's obligations under this Agreement.
- 3. Payment to Company: The Owner will pay a fee to the Company based upon \$3,688.00 per month for services provided by the Company. This amount shall be payable monthly, no later than the 25th day of the month following the period during which the services were performed. Under termination of this Agreement, payments under this paragraph shall cease; provided, however, that the Company shall be entitled to payments for periods or partial periods that occurred prior to the date of termination and for which the Company has not yet been paid.
 - a. Accounting: The Owner shall maintain records in sufficient detail for purposes of determining the amount of the payment. The Owner shall provide to the Company a written accounting that sets forth the manner in which the payment was calculated.
 - b. Right to Inspect: The Company, or the Company's agent, shall have the right to inspect the Owner's records for the limited purpose of verifying the calculations of the payments, subject to such restrictions as the Owner may reasonably impose to protect the confidentiality of the records. Such inspections shall be made during reasonable business hours as may be set by the Company.

- c. **Right to Inspect:** The Owner, or his agent, shall have the right to inspect the Company's records for the limited purpose of verifying the names of Company employees assigned to the owners account and the number of hours worked by those employees. Such inspections shall be made during reasonable business hours.
4. **Expenses of Company.** The Company shall be entitled to reimbursement from the Owner for all materials purchased for the operation and repair of the water and/or wastewater systems at Ten percent (10%) over cost. The Owner shall provide a budget for normal operational expenses they are required to provide.
5. **New Project Approval.** The Company and the Owner recognize that the Company's services will include working on various projects. The Company shall obtain the approval of the Owner prior to the commencement of a new project.
6. **Term/Termination.** This Agreement shall terminate automatically on December 31, 2013.
 - a. **Mutual Termination:** All provisions of this Agreement shall become null and void if termination is made in writing and is signed by both parties.
 - b. **One Party Termination.** Either party may terminate all provisions of this Agreement by giving a Notice of Termination in writing to the other party. In such an event, a full termination of this Agreement shall occur sixty days after being delivered.
7. **Relationship of Parties.** It is understood by the parties that the Company is an independent contractor with respect to the Owner, and not an employee of the Owner. The Owner will not provide fringe benefits, including health insurance benefits, paid vacation, or any other employee benefit, for the benefit of the Company.
8. **Gratuities.** The Company shall not give gifts or provide entertainment or any other personal favor to (or accept such items from) any person or organization with whom the Owner may have or is likely to have any business dealings.
9. **Company's Employees.** The Company's Employees, if any, who perform services for the Owner under this Agreement, shall be bound by the provisions of this Agreement. At the request of the Owner, the Company shall provide adequate evidence that such persons are the Company's employees.
10. **Injuries to Company.** The Company acknowledges the Company's obligation to obtain appropriate insurance for the benefit of the Company (and the Company's employees, if any). The Company waives any rights to recovery from the Owner for any injuries that the Company (and/or the Company's employees) may sustain while performing services under this Agreement and that are the result of negligence of the Company or the Company's employees.

11. Indemnification of Owner. The Company agrees to indemnify and hold the Owner harmless from all claims, losses, expenses, fees including attorney fees, costs, and judgments that may be asserted against the Owner that result from the acts or omissions of the Company, the Company's employees, if any, and the Company's agents.
12. Indemnification of Company. The Owner agrees to indemnify and hold the Company harmless from all claims, losses, expenses, fees including attorney fees, costs, and judgments that may be asserted against the Company that result from the acts or omissions of the Owner, the Owner's employees, if any, and agents, (other than the Company or the Company's subcontractors), of the Owner.
13. Assignment. The Company's obligations under this Agreement may not be assigned or transferred to any other person, firm or corporation without prior written consent of the Owner. The Owner may transfer or assign this Agreement to the Village District of Eastman, should the Sewer system be transferred to them.
14. Return of Records. Upon termination of this Agreement, the Company shall deliver all records, notes, data, memorandum, models and equipment of any nature that are in the Company's possession or under the Company's control and that are the Owner's property or relate to the Owner's business.
15. Entire Agreement. This Agreement contains the entire agreement of the parties and there are no other promises or conditions in any other agreement whether oral or written. This Agreement supersedes any prior written or oral agreement between the parties.
16. Amendment. This Agreement may be modified or amended, if the amendment is made in writing and is signed by both parties.
17. Severability. If any provision of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforces as so limited.
18. Waiver of Contractual Right. The failure of either party to enforce any provision of this Agreement shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Agreement.
19. Notices. All notices required or permitted under this Agreement shall be in writing and shall be deemed delivered when delivered in person or deposited in the United States mail, postage prepaid, addressed as follows:

Owner:

Eastman Sewer Company
Post Office Box 470
Grantham, NH 03753

Company:

Water System Operators, Inc.
Post Office Box 69
Henniker, New Hampshire 03242

Such addresses may be changed from time to time by either party by providing written notice in the manner set forth above.

20. Applicable Law. This Agreement shall be governed by the laws of the State Of New Hampshire.

Agreed this 21 day of May 2013.

Company: Water System Operators, Inc.

By: Joseph P. Damour

Print Name: Joseph P. Damour

Owner: Eastman Sewer Company

By: Brian Harding

Print Name Brian Harding

By _____

Print Name _____

By _____

Print Name _____

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Village District of Eastman

Special Meeting January 9, 2013
7:00 PM @ Grantham Town Hall**Meeting Minutes****Present:**

VDE: Commissioners: William Sullivan, Robert Fairweather and Duncan Wood. Treasurer David Wright, Assistant Treasurer Bernard Conroy, VDE Manager William Weber, VDE Office Manager Amy Lewis, Moderator David Miller and Clerk Maggie Sullivan.

Appointed Ballot Tabulators: Lorie McClory, Phillip Webber, Charles McCarthy and Mary Lou Schaefer.

Supervisors of the Checklist:

Enfield: Nancy A. White, Robert Foley

Grantham: Sandra and Donald Noordsy

Springfield: Harriet Callaway, Cheryl Wood

Meeting Purpose: To see if the Village District of Eastman will vote to authorize the Commissioners to negotiate and proceed with the acquisition of the Eastman Sewer Company, and to then continue the operations of the Eastman Sewer Company as a newly created separate division of the Village District, with a separate budget for operation.

Moderator David Miller called the meeting to order at 7:15 PM.

Moderator Miller thanked all those attending, and explained the location of Town Hall was chosen by Commissioners in anticipation of large turnout. David thanked the Supervisors of Checklists from Enfield, Grantham and Springfield for being present, and then introduced the three VDE Commissioners and VDE Manager Bill Weber. It was explained that "Roberts Rules of Order" would be used, and that only registered voters in the three towns within the VDE would be eligible to vote on the two articles in the Special Warrant. All voters should have received a set of 2 colored "YES" and "NO" ballots for voting. Moderator Miller noted the Special Warrant had been posted as required, was made available at the VDE Office, and was posted on the Eastman and VDE web sites, as well as copies being available in this room.

The purpose of this special meeting is to see if VDE voters will support transfer of operations, assets and liabilities of the ESC from a wholly owned subsidiary of the ECA to the VDE, which is a municipality. Moderator remarked we are not here to make decisions relative to financial modifications of ESC or specific financing of the sewer improvements. If voters approve the transfer, those issues will be the subject of future meetings and discussions by the VDE. Debate will be limited to the pros and cons of combining into one municipality. It is the VDE's understanding that if Article #1 is defeated, the ESC will begin a request to create a separate and parallel municipality to the existing VDE. If Article #1 is defeated there will be no action on Article #2. Moderator Miller requested comments be kept to the article, and questions be addressed to the moderator.

Moderator Miller detailed the meeting procedure. A Commissioner will move to consider Article #1, Commissioners will each deliver prepared remarks, and then the public will be able to speak. All those wishing to speak will state name and residence, and will be limited to five minutes. No one may speak a second time until all wishing to speak had done so.

At some point someone may "Call the Question" on Article #1, and a 2/3 majority of those present is needed to carry the motion. Voting on Article #1 will proceed, by secret ballot, as the Moderator had received a written request from more than five voters, before the meeting, for a secret ballot. If Article #1 is passed, we will proceed to Article #2. If Article #1 is defeated, then the meeting ends.

Moderator Miller read Article #1: "To see if the Village District of Eastman will vote to authorize the Village District of Eastman Commissioners to negotiate and proceed with the acquisition of the Eastman Sewer Company, inclusive of all assets, liabilities and real property interests, and to then continue operations of the Eastman Sewer Company as a newly created separate division of the Village District, with a separate budget for that operation."

**Motion to consider Article #1, Robert Fairweather
2nd, Duncan Wood**

Commissioners' statements:

Duncan Wood First, I would like to thank you for coming out tonight to this Special Meeting. I hope you will mark your calendars and join us again on March 21st for our Annual Meeting, when we will vote on the budget for 2013, and depending on the outcome of the vote tonight, more discussion on this topic may continue.

Early last year, the Village District of Eastman was approached by the Eastman Sewer Company and asked if the District would consider taking over the assets and operations of the Sewer Company. This same idea was proposed approximately ten years ago and rejected at that time, but situations and requirements evolve, and renewed fair consideration was appropriate in 2012.

The Commissioners were informed of the challenges and constraints that result from operating under the Public Utility Commission rules. The Commissioners came to accept that transferring the sewer operations to a municipal entity, which is not subject to PUC regulations, made sense. The question was whether to expand the mission of the existing Village District or create a separate new municipal entity to provide the wastewater services.

The Commissioners agreed that before the District initiates the process to acquire the sewer system, the voters of the District should be asked to approve that expansion of our mission and responsibility. Tonight's Special Meeting is for that specific purpose. We are not here to debate the history of the Sewer Company, the proposed solutions to the regulatory requirements, or the merits and basis of those requirements. At this point in time those are the responsibility of the Eastman Sewer Company, a subsidiary of the Eastman Community Association.

If Article 1 is supported by this meeting, the District will start a negotiation and due diligence process that is intended to lead to the acquisition of the Sewer Company on or about July 1, 2013. If Article 1 is defeated, it is our understanding that the Sewer Company will approach the Grantham Selectmen and request that the Selectmen create a second Village District consisting of the properties served by the sewer system.

The Eastman community must move forward to upgrade the existing wastewater system to bring it into compliance with the NHDES discharge permit criteria. The entire community needs the wastewater operation, which serves roughly one-third of our homes, to be functionally viable and adequately funded. Speaking as one of the three Village District Commissioners, I support Article 1. I acknowledge that I changed my position on this issue between July and October of last year as more information became available. Each of my fellow Commissioners will also share with you their thoughts on this same question.

In recent weeks I have been asked whether I think the addition of the sewer system responsibility will be a direct significant benefit to the Village District of Eastman. The simple answer is NO. But I think it is right thing for the Eastman community to do. I believe there will be certain marginal benefits to the District in the future, and I believe the existing District's staff and structure can more efficiently serve the community than a separate parallel municipal entity. I do not think my oath of office as a Commissioner constrains me from voting to incorporate the sewer system responsibility into the Village District's mission.

I have been asked whether a new separate district for sewer services could hire the staff of the Village District on a contract basis to provide various services, such that the two utilities could operate in a coordinated manner, but remain as separate distinct entities. The simple answer is YES. But there are administrative costs that would need to be provided for the second entity, and these in my opinion result in redundant expense. They include the

costs associated with preparation for and holding Annual Meetings, the costs of CPA audits, and legal reviews of warrant articles and other formal paperwork. I also believe there will be legal review costs required to set up a new municipal entity. In an era when many people want less government expense, why create another municipal entity if an existing entity can do the job?

I have worked as a civil engineer for 35 years in the New England market and worked for or with many cities and townships. I am not aware of any other case where a service area as small as Eastman is served by two separate Village Districts, one for water, and one for sewer. In most communities there is one entity that has multiple operating divisions, and the employees and equipment are shared as needed between the divisions. That is the type of arrangement that would be set up if the Village District takes on the responsibilities of the Sewer Company.

I live in a condominium, and thus I am both a customer of the Village District and the Sewer Company. But most likely, the majority of the voters in the room tonight are not sewer users. The primary questions are why should a water user support this article, and will the water users end up paying for a portion of the costs to upgrade the sewer system under the single municipal District approach? In my opinion the integration of the two utility operations will reduce redundancy, provide for easier sharing of staff and equipment, and place the sewer operations within a larger established municipality. The existing District provides a larger group of voters from which to draw citizen volunteers, and a stronger financial footing when approaching lenders.

The sewer users have paid all the sewer system costs for the past 40 years and to the best of my knowledge no one at the Village District or the Sewer Company intends to change that. The water user's opportunity to make sure this funding approach remains the case is at the District's Annual Meetings. The Commissioners will recommend separate water and sewer budgets for each division's revenues, operating expenses, and capital projects. The voters will then consider, amend, and approve the budgets.

If Article #1 is approved tonight, what will happen next? I believe there will be a warrant article at our March 21st meeting for the funding required to purchase the Sewer Company. It is likely to be a very small amount, but we will need voter approval. We will also present a sewer system budget for July through December 2013 that will be contingent upon the completion of the transfer of sewer operations to the District. Thus I encourage all of you to attend the March 21st meeting. In closing, I ask that you support Article #1. I now pass the floor to Commissioner Bill Sullivan.

William E. Sullivan I am the dissenter. The Commissioners' vote was 2 in favor and 1 against the proposed merger. I am the lone dissenter. My reasons are: I have been a Commissioner for the Village District of Eastman for eight years, and it is my sworn oath to represent the best interests of the VDE customers and to provide fair water rates for all customers, and to protect the financial interests of the VDE. The ESC is a "for profit" entity, under the auspices of the PUC, not much profit there, and that is why they want us to take them over. Ninety percent of Eastman does not know of the ECA purchase of the ESC, unless they were on the ECA Board or were a sewer user. I have lived here for fifteen years and the feeling in the community is one of a lack of transparency on the part of the ECA Board.

During the first meeting regarding the possibility of merging the VDE with the ESC, on February 12, 2012, I asked for a comparison of fairness of rates regarding construction and maintenance of septic systems and sewer. According to comparison figures, it would take approximately seventy-five years for sewer user costs to catch up to the funds septic owners expend. I don't think anyone will be here for seventy-five years! The New Hampshire Department of Revenue previously said "no" to the ESC request to merge with the VDE, and said the two could not be operated under the same roof. It is amusing that then the cash strapped ESC hired a lawyer to put a different spin on things. The ESC needs to get out from under the PUC. It is suggested the best route to this is to have 2 separate Village Districts.

Recently a long time Eastman resident, in his eighties, had to replace his septic system to the tune of \$18,000. Did he get help from the ECA - no! Everyone out there on septic will face the same thing down the road - they don't last forever. Does anyone know of a lawyer that will give you a rate of two for one? They are on the clock. I see no advantage to this proposed merger.

I am concerned for the hours spent in volunteering to for the VDE. I spend some part of three days each week, at the VDE office, signing payroll, signing liens, etc. That will double with a merger. I don't have that much time and don't know anyone else who has that much time to volunteer. In the long run, if we combined we might end up paying more administrative costs.

There is a disadvantage to the VDE accepting all financial responsibility for a deteriorated sewer system. The VDE is regulated by the New Hampshire department of Revenue Administration, as to what it can borrow. The VDE can borrow up to 1% of the gross value of the entire community, which is about \$344 million dollars; therefore we can borrow 3.4 million. Already the VDE has a 2.3 million debt, so this leaves 1.1 million more we could borrow in the future. The ESC debt is \$400,000 dollars so that would take our borrowing power down to \$700 thousand. Existing engineering plans for the ESC call for a new filter or drip system and the cheapest cost would be \$800,000 for the project. This figure would put the VDE over its capacity to borrow funds. If the VDE has any type of catastrophic occurrence or large project going on, we won't be able to fund it. The state would not let us borrow. I am not just thinking of today, but am trying to look after the best financial interests of the water district. I urge you to "no" on the proposal to merge the VDE and ESC.

Robert Fairweather I thank Commissioners Wood and Sullivan for their remarks, and I thank you for coming out tonight for this very important special meeting of the VDE.

I wear four hats in the deliberations over the sewer acquisition. First I own a condominium in East Lake and hence am a sewer customer and pay sewer fees. Second, I own a house in Eastman in which I reside, not serviced by sewer, and it's fun to pay two sets of ECA assessments. Third, I have been a Commissioner of the VDE since 2007 sworn to serve the needs of VDE customers. And fourth, I am a citizen of Eastman, and concerned with the impact of an aging sewer system on our lake and our community. You may recall an incident last summer when raw sewage from a sewer manhole near South Cove overflowed onto the road necessitating temporary suspension of swimming in the lake. This should serve as a warning. In the greater sense, as residents of Eastman, the health of the sewer system is our problem. The sewer system needs to be fixed period!

This needs to be accomplished over the next five to seven years. I feel that the sewer users, even though I am one, should bear the cost for continued operation of the sewer system and for needed sewer capital improvements which are estimated at \$1.3M, (as presented in the November Forum), over 5-7 years. If financed wholly by user fees this would result in an increase in sewer fees from \$370/year to around \$650/year. We are not alone in being customers of an old sewer system. According to an article in the Valley News last year, in 2013 the city of Lebanon is facing "a 5 year plan for water and sewer fee increases. The annual increases - 5% for water and 9% for sewer - would add about \$600 per year to the bill of an average 4 person household" in Lebanon.

In Feb 2012, as mentioned, the VDE Commissioners met with the Eastman Sewer Company (ESC) for the first time. In my opinion they made a strong and cogent case for getting out from under PUC control, and possibly "merging" sewer operations into the VDE. The VDE Commissioners had further meetings with ESC representatives and discussion amongst ourselves about a merger. Another option, that of forming a separate village district for sewer operations, was discussed. By either merging with VDE or forming a separate sewer district, long overdue improvements to the sewer system could be made in a timely manner and financed thru a combination of increased sewer user fees, borrowing, and if needed, special assessments only on sewer users. This could not be accomplished under PUC regulations.

The legality of a special assessment on sewer users was questioned by the VDE Commissioners and input from the Department of Revenue Administration (DRA) in Concord was sought. In August, 2012, at ESC expense, ESC representatives and their attorney met with the DRA Director of Municipal Services, the DRA's Counsel, and several other DRA officials. The opinion from that meeting, based on law and precedent, was that "it is legally possible for the VDE to acquire the stock or assets of ESC, to finance capital expenditures through special assessments taxed to sewer customers and to bill sewer customers for operational expenses." So the legal basis exists to be able to open up that sort of financing, we feel, is sound. It was reviewed by the DRA and the ESC.

Following this legal opinion, in October the VDE Commissioners voted: (1) to proceed with further discussions with ESC; (2) to request the ESC to hold a public forum for all ECA residents (held in November); and (3) based on the response to that forum, to hold this special meeting of the VDE tonight. The vote of the Commissioners in October was 2 in favor (Commissioners Wood and Fairweather) and 1 opposed (Commissioner Sullivan). Throughout the VDE Commissioners' deliberations on the sewer acquisition, the meetings have open to the public and minutes of the meetings available to the public. The process has been totally transparent and open.

What is the best way to accomplish a new sewer structure? First, get out from under PUC control. Then, either establish a separate municipal sewer district, or merge sewer with VDE. What are the pros and cons of a merger with VDE? Here's how I view them:

PROS:

1. VDE is an established municipal entity (since 1981) and has served our customers in Grantham, Enfield, and Springfield. Incorporation of sewer operations would have the support of our administrative and billing structures, to make an easier transit. The Commissioners would appoint a voluntary sewer advisory board to oversee sewer operations, report to the VDE Commissioners, and recommend a sewer budget.
2. There would be savings of a merged municipality over a separate sewer district, as enumerated by Commissioner Wood. These savings could ease the financial burden on sewer users under a merged district. {est. \$10,000/yr} Depending on how you add up the various costs of legal fees, meetings, etc., it could amount to one audit instead of 2. Parallel nature of 2 districts does have some costs associated and would have to be borne by sewer users.
3. The debt limit of the VDE under DRA rules is 1% of the assessed valuation of properties in the district which, in the latest valuation by DRA, is approximately \$3.44M. The current debt of the VDE is \$2.25M. Thus, the reserve borrowing power of the VDE is \$1.2M that the VDE can use. What would be the borrowing power of a separate municipality? This is likely more than 1% of the assessed valuation of sewer user properties under a separate municipality. Since there are fewer sewer customers and most sewer users are condos the DRA debt limit on a separate sewer municipal district would be around \$500,000 to \$600,000. In addition, commercial lending rates and special state and federal loans for a merged municipal district would be more favorable than separate districts. The VDE enjoys a very good relationship with our banks, and has ability to get funds.

CONS:

1. VDE has run well for over thirty years, and we cannot fully anticipate all possible detrimental effects on water operations of a merged district. That being said, expenses, revenues, field operations and capital funds of water and sewer operation would be kept separate.
2. There might be difficulty in finding sufficient volunteers for a sewer advisory board, which could make the job of a Commissioner of a merged district more difficult.
3. The use of the reserve borrowing power of the VDE for sewer, of 1.2 million, capital debt could jeopardize future needs of the VDE for water capital projects. There is a mechanism at DRA for emergency needs for loans, so the 1% limit can be exceeded.

The vote tonight on Warrant Article #1 is non-binding and allows the Commissioners the ability to perform due diligence, anticipate problems, and devise a final acquisition plan with acquisition coming perhaps six months or more in the future, if all conditions are met. So the vote tonight is not to acquire the ESC, but to allow us in a non-binding way to pursue the issue. If we find problems we will act in the best interests of the VDE and in your best interests.

In closing, I am in favor of a merged district. I welcome your views and input on this question.

Moderator Miller opened discussion to the floor. He asked people to come forward and use the microphone in the front. After everyone who wishes to speak has had a chance to do so, we will go to a second round, if needed. Moderator asked people to raise their hands and be recognized.

Robert Lagassa, Eastman

See Exhibit #1

Michael Lorrey, Enfield I am looking at this and asking what is the worst case scenario if the VDE takes over the ESC, and given the trying economic times we are in, I've noticed a lot of contractors defaulted on their projects. One happened just a few years ago in the Lebanon-Hanover area, and was a large expense. What would happen if the VDE took over the ESC and went forward with planned improvements and the contractor defaulted on things? Then we could wind up in a situation, I am not a lawyer, maybe someone is and could correct me on this if I'm wrong but it seems to me that would put us in a situation where you'd have all the sewer users turning around and suing the VDE and the rest of us for this of default. And that is a big liability that is not even mentioned.

Moderator Miller What is your question or are you making a statement?

Michael Lorrey I just wanted to make a statement and ask if anyone has considered that situation.

Response, Commissioner Fairweather There is a mechanism by which if you are doing improvements, any contractor is bonded. They have to post bond that would cover defaults. That is the way it's taken care of. I'm not a lawyer either but our District Manager is familiar with this, and I think that is the answer.

John Zentis, Grantham This is kind of personal for me I put in my "sewer system" at the time that Eastman put in its sewer. You may say septic system, but it's a sewer. And things change. My situation changed twice. It changed when the house next to me was built and my water table changed, therefore my water table came up. Also, rules changed. If I want to sell my house, I want my sewer right, and it is not adequate for my house, according to New Hampshire's changed rules. Therefore, I had to replace my "sewer system". I am totally responsible for this. The way I feel, if the present sewer system, after we take it over, if it fails, all of us in Eastman right now, are responsible for that, because we cosigned the loans that they have now. Is that right?

Response, Commissioner Fairweather ECA owns it wholly.

John Zentis WE own it! And it's just like a college loan. If you kid defaults on a college loan, you still have to pay it. I want to know, in purchasing the sewer system, how are we immune for this responsibility, as the 60 % of us are going to support the other 40% of us? How is that? And the other thing, and its common too, if they go separately, and there's what, 400, and most of them don't live here, well just declare them as college students. They can vote anyway. Vote NO on article #1.

If the VDE takes over the ESC, and the sewer has problems, we all "own it". How are 60% going to support 40%. Most sewer users are not residents. Vote "NO" on Article #1.

Phillip Schaefer, Grantham
See Exhibit #2

Response, Commissioner Wood I believe I need to respond to that direct question. As I stated in my opening remarks, my position has changed, as I looked into this more and more. And I believe that, first of all you have to understand that in most municipalities there are multiple ways to pay potential sewer costs. Different tools are used. It depends on whether you think the added value of having a sewer is proportional in some way to the assessed value of the property, or the value of having a sewer is equal for all properties. If you think the added value varies with the market value of the property then some sort of taxation makes sense. Do you think being connected to the sewer should cost exactly the same cost for someone who is a 2 bedroom condominium occupant 4 weeks a year, when compared to a 4 bedroom house that is occupied 52 weeks a year. Should it simply be a flat fee or a flat fee and then a water usage fee for the first 1000 gallons, just to use a round figure, then go up incrementally based on water use? So, we don't have an answer at this juncture. I'm not on the Sewer Committee at this point. We don't have an answer exactly what the combination of funding will be, but in my belief the sewer operations the VDE is still the best long-range plan.

Now, why did I change my mind? Because the question at that time was whether we should have our Annual Meeting set tax rates for sewer users. I said o.k., that means that a water user living at North Cove could potentially set the tax rate per sewer user, which I did not think was fair.

At this point in time, my response is, the sewer users can come to our Annual Meeting and it would have to be enough, if the sewer users felt they were being mistreated and unfairly taken advantage of by the water users,

and all the sewer users showed up, and I just learned there are 180 of them, I think that the water users would probably listen to them. And I decided that the nature of our Annual Meeting process would solve this possible problem, and I was making too much of it.

Robert Mahoney, Grantham I'm very concerned about all the details as we go along here, and yes the commissioners understand what's happening, but the large majority of residents do not understand the details. I think what we need to understand, might be what has been happening is that the Sewer Company, originally owned by the Hanslins, and owned the last ten years by ECA, has been severely neglected. There has been no maintenance, no management, and it works, but that is good luck. And now we are being asked to assume that responsibility. I just think that is not the consensus of the group. We can talk about the details, the finances, but I think that is not the consensus of the group. I believe you said at one point, when you feel its ready, you can call for a vote. I would like to do that.

Motion: Robert Mahoney " Move to Call the Question"

2nd, Kevin Cheever

Vote to "Call the Question."

Moderator Miller Announced that a 2/3 majority of those present and authorized to vote is needed for the motion to carry. Ballot counters totaled the number of standees.

Moderator Miller announced the results of the vote.

"YES" 138 votes

"NO" 66 votes.

Total 204 votes. 67.64 % affirmative, which is greater than 2/3. The motion to "Call the Question is carried. There is no further debate on the issue. "

Moderator Miller clarified procedure on the upcoming vote by reading aloud Article #1. He further clarified that a "YES" vote means acceptance of the merger, and a "NO" vote means defeat of the merger. A simple majority is needed to article to carry Article 1. The blue "YES" or "NO" paper ballots were cast and placed into 3 locked voting boxes. Ballot Counters adjourned to the kitchen to count the votes.

Results of the vote on Article #1:

"YES" 110

" NO" 99

Total of 209 votes cast. Moderator Miller announced the result; "The vote for Article #1 is affirmative, therefore it is carried and so ordered".

Moderator Miller announced we would now turn to Article #2, and proceeded to read aloud Article #2.

Article 2 "To see if the Village District of Eastman voters will adopt New Hampshire Revised Statutes Annotated 149-1 in its entirety." (A majority vote is required.)

Motion - Commissioner Fairweather "I move we adopt Article #2"

2nd Commissioner Wood.

Commissioner Fairweather addressed Article #2

Currently the Commissioners are not authorized to acquire "real estate interests." To proceed with this acquisition, the VDE voters need to authorize acceptance of this statute. It is a long statute. There are copies of it in the back of this room and it has been posted on our website. Our District Manager, Bill Weber is an attorney and has been invaluable to us. Maybe Bill can help us understand this.

Moderator Miller asked if it was acceptable for Manager Weber to explain Article #2 149-4 to the gathering. The response was a unanimous "YES."

VDE Manager William Weber gave the Article #2 Summary. RSA #149-I is long and convoluted. It amounts to that it authorizes village districts, towns, incorporated municipalities and cities to take over storm water systems, sewer systems, etc. As Commissioner Fairweather said, a lot of the statute does not pertain to what is occurring here. What is transpiring here relates to section 149-I-4, etc. Section 149-1-4 is projected on the screen at the front of this meeting hall. Mayors and Aldermen are synonymous with Selectmen and Village District

Commissioners, so the law applies for Commissioners if you adopt the statute. The second portion regards the application of its permission Commissioners have the same power as Selectmen would have in a comparable situation. That is the basic version. The remainder of the statute goes into duties, etc. Most of it is not pertinent and deals with storm water systems, etc.

Commissioner Fairweather I will ask two questions. 1. Please confirm that we asked our attorney if we could adopt this one section only, and that is not possible. The entire statute needs to be adopted by the Village District. Question #2, What are the "real estate interests" that we may acquire? Perhaps Manager Weber could respond to this. I understand there are no real estate and/or properties that would be acquired, but it is the leases under which the ESC leases the land from ECA, correct?

VDE Manager Weber That is correct. The statute allows Commissioners to enter into agreements that would have "real estate interests." This is not a "deed simple" transaction. We don't buy a deed. There is no land involved with this, it would be Eastman's rights of way, for sewer pipes in the road, for pump stations on the land. Legally these are considered "Interest in real estate." The only hang up is it's not a "deed simple" transfer. So, Commissioner Fairweather is correct.

Moderator Miller asked if there were any further queries from Commissioners before we open to the floor.

Commissioner Fairweather This is an enabling adoption of a statute that allows us to proceed. You cannot operate the ESC without being able to negotiate a lease of the lands on which the sewer sits. This will enable the VDE Commissioners to enter into those negotiations. Then they will acquire the ability to run the sewer. If we didn't have this authority we would have no way to negotiate with the current holder of the property on which the facilities sit.

Commissioner Wood The stated warrant article could have been deferred to March, but in my mind it is a housekeeping matter we need to complete. We still will have to vote, in March, on whatever amount of money is proposed, to go forward with the actual purchase. Now, based on this vote, we could move the process forward. Our legal counsel advised, if we are going to do this, you need to accept the entire statute.

Comments from the floor

Kevin Toombs, Eastman What are the ramifications if this ends in a "NO" vote tonight?

Response, Commissioner Wood We would have to do a better job of getting voters to pass it in the future. If this does not pass then we are in a conundrum.

Larry Schulman, Burpee Hill We all need to express our thanks to the Commissioners and staff for the hard work they have done on behalf our community (a round of applause from the floor ensued).

Gail Schmidt, Anderson Pond Road What's at stake, potentially, for all residents of the community? That is to say the lake is the most important asset the community has. If the sewer system is not well managed, and there are indications there are deficiencies there, or if we were to change how that is managed, and operate separately, would we need volunteers or would we pay some one, whatever. The VDE is responsibly run, and as a property owner I would feel quite comfortable leaving the decisions about sewer system to them.

Randy Britton, Greensward Quick technical question for you. This authorization allows you to get the property for the sewer system. Does this authorize you for future things, say if the sewer system were to be extended to the Heath property, for example, would you require another vote like this in the future or does this authorize future acquisitions?

Response, Commissioner Wood When the sewer organization under the VDE happens, and goes forward toward a solution of the current regulatory problem, there will be a meeting. We will be voting on a plan that will be laid out and describes exactly what the plan is. That is when we need to get the authorization to put something on the Heath land. What this statute allows us to do is in a generic way, to take real estate interests,

which are basically leases, leases on the existing properties. Or if what was put forth at the Forum in November, if the ECA or whoever bought the alternate site, and we chose to use that site, we would then need to lease a portion of that site for a disposal specifically. So this Article provides the ability to enter into leases. Right now, as we understand it, the VDE does not have that authority. We need that authority if you want to go forward with this idea. This statute is what the state uses to give these certain authorities to Selectmen or City Commissioners or whoever.

Commissioner Fairweather I believe the Town of Grantham, like most towns, has the right to buy real estate, so that property that is bought and sold I done so under the statute.

Michael Lorrey, Eastman Perusing this RSA, seeing this also authorizes storm water utilities, is this something that, and it mentions authorizing approval by majority vote of the legislative body in the municipality. Would that be you folks or us?

Response, Manager Weber You are the legislative body. They are the government.

Michael Lorrey O.K., now, second question, relates to last year, with entering without permit, any person who digs or breaks up the ground in any street, highway, lane or alley in any city for the purpose of laying or altering any main drain for storm water treatment plants, etc., etc., etc., shall be guilty of a violation. We're not laid out like a city, we're a very wild area, and a lot of us have a lot of water around our property. Is this something where, if we're dealing with a water issue on our own property, we will be charged with a violation?

Manager Weber "NO"

Bob Logan, Burpee Hill On the point we're now discussing seeing we ought to get a legal opinion to understand exactly what the powers are that we're being asked to give the Commissioners, and I ask that be done before a vote. I don't think it appropriate we be ad-libbing this and giving opinions. Legal opinions are appropriate for something such as this, that we are being asked to vote on here. I also think it premature, we do not have, I've not seen anything on what the due diligence process is going to be. I'm not sure how we're going to evaluate the situation, how we're going to appraise the situation, and given that, it seems to be enabling people to have some power that they may utilize, depending on the interpretation, in a way that it isn't intended and would not be in the best interest of the community or the VDE. So obviously I am opposed to this, and I am very concerned that we don't have a time line for a due diligence process in our possession. What's going to be done in order to make this decision about two months from now, because in my experience due diligence is usually 90 days or more, sometimes 180. And I'm seeing what appears to be a very rapid process and no information. To me it would be irresponsible to even do the process. So I guess the question is are we rushing to make a decision without knowing the details? It doesn't seem like we have enough detailed information.

Response, Commissioner Wood My response on the legal opinion - It was the District's Attorney who, when we asked what steps to take and go through, for this possible acquisition of the Sewer Company, told us that we needed to adopt this statute. I consider this, myself, that that is the opinion. The opinion was, if you're going to do this you need to adopt the statute.

Commissioner Fairweather In the interest of the VDE members, we did not feel at this stage in our deliberations that we wanted to spend what we view as an excessive amount of money on legal opinions, entering into this. We did inquire, and we were told we needed to adopt the entire statute, not just section 149-1-4, and that the entire statute was lengthy. But we felt that since we were looking to control expenditures, that we would not go further, and ask for detailed information, ask our attorney to speak at the Meeting. So I think that was done in the spirit of keeping costs down, of something that may not go very far. That was our reasoning.

Robert Logan I understand the logic, but I think there's too much liability here, I like to save money just like the next person. On the other hand, I don't like to set myself up from suspected results, and in this case if we're empowering you with broad sweeping powers, I think that would be very inappropriate, and that may not be

the intent. I think the way the question was answered was specific to enabling you to purchase the sewer company, which is a very specific activity. What I'm asking is that's much broader ramifications than that specific activity. In that case the legal ramifications are quite substantial to the community, and saving one thousand or two thousand dollars seems to me like the wrong thing to do.

Robert Lagassa My concern about this power you are seeking, it would provide, in perpetuity to execute all of this article 149 - I 4, which means down the line we have one of the options, which was a fix with the irrigation system which would look for a suitable site or the Heath property. Or, on the drawing of the Underwood Study, shows current private property owned, actually outside the District of Eastman, adjacent to Bog Brook, that is privately owned. So it would seem that you could then have the power without further voting or approval, to negotiate and purchase that.

Commissioner Wood We can't spend one thin dime without this legislative body giving us a budget, it is that simple! I mean we can't vote money here tonight because it's a Special Meeting without a court order. We can only vote money at the Annual Meeting on March 21, 2013, unless we get a judge to allow us to have a Special Meeting for money and such.

Commissioner Fairweather A little anecdote - how many of you, when you go on line and accept terms of an agreement, how many of you read everything that you just signed away? So I think there is a common sense issue here, if it makes sense to you now, vote in favor. If it does not make sense to you now, vote against it. But I think we will have to come back in two months at our Annual Meeting, if its voted down, and have an attorney here and check the box to accept the terms. Lets be reasonable about this. If you want to control every last thing vote no, but I urge you to vote yes.

Motion, Russell Clark, Eastman "Move to Call the Question."

2nd, Morris McInnes

A vote by voice, of AYE or NO was taken.

Results of voice vote was declared by Moderator Miller "The Ayes have it", the motion to move the question is carried."

Moderator Miller then reread Article #2 for clarity. "To see if the Village District of Eastman voters will adopt New Hampshire Revised Statutes Annotated 149-I. A simple majority is needed to carry Article #2."

Ballot Counters collected the pink "YES" or "NO" votes into the locked metal boxes, and proceeded to the kitchen to count the votes.

Result of voting on Article #2, announced by Moderator Miller:

YES - 106

NO - 54

TOTAL votes cast 160.

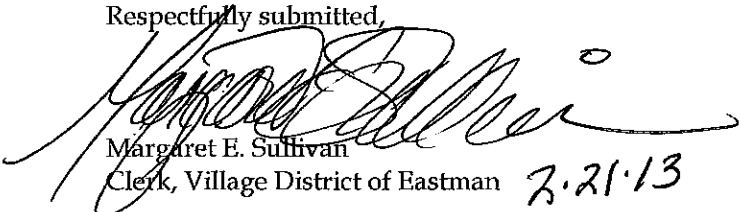
Moderator Miller declared " Article #2 is carried and so ordered"

Motion, John Zentis "I move we adjourn this meeting"

2nd Commissioner Bill Sullivan

The meeting was adjourned at 9:20 PM.

Respectfully submitted,


Margaret E. Sullivan
Clerk, Village District of Eastman 2.21.13


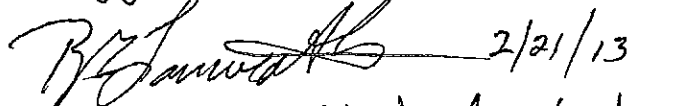

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Exhibit #2

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

Exhibit #2

Phi Schaefer

1/9/13

INTRODUCTION

I have done a lot of research, as have you, on this issue. I'd first like to point out that you all distributed * a few words garbled on computer*.

MISLEADING INFORMATION FROM VDE/ECA

* Number of potential voters in a separate Sewer District: not 107 (see slide 10, p. 2). Actually that is the number of properties. The information is incorrect. There are 111 properties, but 180 voters, quite enough for a separate sewer district. So you minimized the actual number of voters so you could make the case there were not enough to have a separate sewer district. I would say that's a mistake on your part.

* The ECA claims preliminary support from the PUC and NH DRA. Both groups deny having given any support. PUC states that they cannot give an opinion until a Docket has been created, which has not happened. NH DRA in a letter from Barbara Robinson said that "I don't know of a taxing mechanism to separate and apportion sewer costs as taxes for an individual town within a multi-town village district," and "I don't believe the suggestions of creating a separate tax 'precinct' within VDE is allowable under current law." The VDE/ECA has misled us about NH agency support.

- Misleading claim that might induce a rushed decision: "New Department of Environmental Services Project" (see p 4, slide 24) "In 2011 the TSS limit for spray irrigation was lowered for all golf courses from >30mg/L to >10mg/L." In actual fact, and I have an email to prove it if anyone would like to see it, the TSS limits were eased from <5 mg./L to <10 mg./L. Both of those greaters should have been less than. In point of fact, during the final three months of this past golf season, there was only one single valid reading that exceeded 10 mg/L and the vast majority of readings were below the level of detection (<5 mg./L) Things are not as bad as the ECA would have you believe.

ALTERNATE SOLUTIONS

- More creative solutions to the pending problems can be considered. You could reduce the flow into the sewers by adopting methods of conservation. It is a fact that clothes

washing uses 23% of household water. With a low-water usage washer (new front loading type) water usage is reduced by 1/2 - 2/3 compared to older washers. That could save 11-16% of water consumption. Mary Lou and I bought one of these front loading washers 18 months ago and our water consumption has decreased by 9%. Why is that important? Only 15% of total sewer plant effluent is sprayed on the golf course. Just that one step, and it is far cheaper than what ECA/ECS has proposed, would practically eliminate the need to spray on the golf course, which is the problem in the first place.

- VDE steps out of the picture and returns to managing the water utility.
- Creation of a separate Sewer District, which solves all the complications with the DRA

WHAT HAPPENS IF WE PROCEED WITH THE PROPOSAL?

- The DRA might, as they have indicated, apply the taxable expenditures to ALL properties in the Village District. That would be a tax on non-sewer users to pay for part of the cost of operating the sewers.
- Or, the DRA may agree to tax sewer users differently for their own capital expenses, which would throw the majority of the taxes on homeowners. This would be grossly unfair because the sewer company was only created for the benefit of the condominiums.
- Claimed expense reduction might not ever materialize: the alleged \$8100 real estate tax to Grantham would just be transferred to individual real estate taxes - no savings. CPA expenses \$2600 may indeed be expended because the job of assuring that expenditures have been properly separated between the water and sewer expenses might require an increase the scope of the audit.
- Finally, all the voters in the VDE would control the budget and expenses of the sewer operations, with the non-sewer users outnumbering the sewer users by 4 or 5 to one. Quite simply this is a matter of taxation without representation.
- Which brings me to this question: From the minutes of the July 18, 2012 meeting of the VDE, when all three commissioners voted against further consideration of a merger with the sewer company, Commissioner Wood told District Manager Weber that he was right in thinking that the collaboration (between VDE and the sewer company) would not work because of the taxation issues, as there would be taxation without representation if the residents not on the sewer system were allowed to vote on sewer issues. Commissioner Wood, why do you now think that there is no conflict if residents who do not use the sewer system vote on sewer issues and budgets?

**Village District of Eastman
Annual Meeting Minutes
March 21, 2013, Grantham Town Hall, 7:00 PM**

Present: VDE Commissioners William Sullivan, Robert Fairweather, Duncan Wood, Treasurer David Wright, VDE Manager William Weber, VDE Office Manager Amy Lewis, VDE Moderator David Miller, VDE Legal Counsel Bernard Waugh and VDE Clerk Margaret Sullivan, Deputy Clerk Michele Donegan and David Mercer, Underwood Associates.

Supervisors of the Checklists:

Grantham: Janet Goodrow, Sandy Noordsy, Donna Stamper and Jane Taylor, Ballot Clerk Don Noordsy, Enfield: James Gerding and Ballot Clerk Nancy White

Springfield: Harriet Calloway and Nancy Adams

Assistant Moderator Lorie McClory and Assistant Ballot Clerks Rick Karash, Karen Ryan, Robert Kessler, Mary Poisson and Joseph Poisson.

Moderator Miller declared the 2013 VDE Annual Meeting Open, at 7:05 PM, and stated voting will be open for 2 hours.

Geraldine Logan withdrew her name from the ballot.

Moderator Miller introduced Commissioners, VDE staff and other guests. He gave overview of the business to be undertaken and explained all voting procedures for the election, Warrant Articles, manner of discussion and debate, voter registration, speaking limits, microphone placements and procedures, no call of the question without adequate debate on the article, and written amendment.

Moderator Miller read Article 2 as written:

To see if the Village District of Eastman will vote to raise and appropriate an amount not to exceed Two-Hundred-Eighty-Thousand Dollars (\$280,000 projected balance as of 7/2/13) to be used for the sole purpose of paying off the debt associated with acquiring the Eastman Sewer Company and to authorize the issuance of not more than \$280,000 of bonds or notes in accordance with the provisions of the Municipal Finance Act (RSA 33) and to determine the rate of interest thereon; furthermore to raise and appropriate Twenty-Five-Thousand-Five-Hundred-Seventy-Three Dollars (\$25,573) for the first year's debt payment. Said sum to be offset from sewer user fees and/or special assessment paid by the sewer customers only, with no amount raised or appropriated from general taxation.

Commissioner Wood moved to table Article 2 until after the vote on Article 10 is taken and announced.

Commissioner Fairweather 2nd.

Commissioner Wood explained Article 2 does not make sense unless Article 10 passes. Therefore Article 10 should be taken up before Article 2. VDE required by State Statute to have the bonding article listed at the start of the Warrant.

Commissioner Wood moved Article #10 be taken up at this time.

Ed Jenik 2nd.

VOICE VOTE: motion carried and is so ordered.

Moderator Miller explained when the Warrant was prepared the intent was to take care of the Water Articles first, then take up the Sewer Articles.

Moderator Miller read and explained Article 10:

To see if the Village District of Eastman will vote to raise and appropriate the sum of One Dollar (\$1.00) as the sale price for the purchase of the Eastman Sewer Company by the Village District of Eastman, and to designate the Commissioners as agents to expend this appropriation.

Commissioner Fairweather moved the adoption of Article 10.

Commissioner Wood 2nd .

Commissioner Wood spoke in favor of the Articles 10, 2 and 11 – 14. Gave status of the ESC and detailed his involvement and background as a civil engineer working with sewer and wastewater mgmt. Listed difficulties in ESC obtaining sewer rate increases to manage maintenance of system, under PUC regulatory system, and believes one village district to manage water and sewer is best for the Community. Real estate taxes no longer being considered as a means to improve sewer system. All expenses for sewer improvements and maintenance will be paid by user's fees and special assessments. Reviewed process VDE uses to obtain funding, through budgeting and the Annual Meeting, and mentioned Commissioner's meetings, held the 3rd Wednesday of every month, are open to all. Detailed by slide show, the "assets and components" of the present ESC. Said Articles 11, 12, 13, & 14 set up to handle each component of the ESC. Two challenges ahead - deferred maintenance & replacement and regulatory compliance under constantly evolving N.H. DES regulations. Concluded by asking attendees stay for entire meeting, citing need for action on budget articles 11 – 14, if article 10 passes, in order for merger to move forward.

Commissioner Fairweather spoke in support of Article 10. Thanked voters for attending. Described his roles as homeowner with septic system, condominium owner and sewer user, his service as Commissioner since 2007, and views as citizen of Eastman. Stated Sewer system needs to be fixed, cited incident of near contamination of the lake in summer 2012. It is proper for sewer users to bear all costs of upgrades and maintenance; citing homeowners with private septic systems bear all their own costs without aid. Believes merged district makes most sense for Community and is the right thing to do. Detailed numerous costs and duplication of effort that would occur, if a separate district had to be established, and funds that could be saved if merger passes. Gave lengthy steps and complicated processes necessary to establish a separate District that could be avoided, as the VDE already is authorized to handle these issues. Discussed the debt limit, debt service and savings offered by local bank, citing VDE excellent track record of financial dealings. Discussed sewer users questions of "under representation". Gave information gathered on Conway, NH and Enfield, NH merged districts and how well they operate. Discussed issue of "catastrophic failure" of sewer system and how community could handle this, in a merged district. Protection against fiscal liability in a merged district is that any bond issue needs a 2/3 vote of VDE voters to pass. He closed by urging voters to vote in favor of Articles 10, 2 and 11 – 14.

Commissioner Sullivan spoke against Article 10. Mentioned recent letters on Eastman website from ECA Manager Ken Ryder and from Maynard Goldman. Feels selling sewer for \$1 is wrong, and that the proposed merger is being forced on the community without enough clear information, on all aspects, being available. Agrees community must get out from under PUC. Discussed the Commissioner's attempts to survey sewer customers for their own thoughts was met with no cooperation from ECA. Detailed difficulties over M.O.A. with the words "shall" and "will". Closed urging a no vote on Article 10.

Moderator Miller clarified procedures and time limits for speakers from the floor and declared the floor open.

Robert Lagassa spoke against Article 10. Gave history of VDE and Commissioner's positions, refuted some facts given by previous speakers, and gave his opposing views on separate tax districts and sewer user fees.

Rick Karash spoke in favor of article 10. Discussed his prior concerns over merger, but now is in favor of merged district. Stated action is needed, soon, for the good of the Community, and that there is a current board in place

willing to work out these issues. Mentioned the lengthy processes needed to establish separate district is not the way to go. Closed using a vote in favor of Article 10.

Geraldine Logan Long time resident of Eastman, detailed issues with property values and felt voters were being asked to decide something without enough clear information to make a good decision. Urged a no vote on Article 10.

Henry Morneau Chair, West Cove Special Place mentioned his area is largest group of sewer users, some not residents, so they cannot vote. Said sentiments of the group, (Approx. 40% of sewer users), are in favor of merger. Urges a yes vote on Article 10.

Phil Schaefer spoke in favor of a 2-district plan. Detailed his views on proposed merger, the lack of adequate comparative information on both sides of this issue, and his financial opinions. Urged a no vote on Article 10.

Bob ? Spoke neither for nor against Article 10. Felt arguments as stated in the Warrant Summary, for and against are conflicting with regard to the Community having to bear costs or not bear costs.

Commissioner Wood responded, discussed the issue, and does not see an inconsistency as written. Warrant Article is clear.

Bob Parker What entity is best suited to handle the upgrade? The VDE is best equipped. Urged a Yes vote on Article 10.

John Zentis urged a vote against, as Commissioners will have to take on more responsibilities than they ever anticipated. Need to know more details of future Commissioners' duties.

Commissioner Wood intent is to continue with the existing operators to upgrade the system.

John Zentis where is the cost savings?

Commissioner Wood savings are on the administrative side. All municipalities are required to perform certain duties, regardless of size. Listed some savings.

John Zentis expressed concern about the 2 water operators we have now and how merger would affect them.

Commissioner Wood detailed procedures for contracting work and cost savings related to work load.

John Zentis asked what the goal is for a date of the merger to take effect.

Commissioner Wood responded July 1, 2013.

John Zentis expressed this is very optimistic.

Commissioner Wood responded that if the merger does not take effect July 1, then budgets would be adjusted to meet the actual start date.

John Zentis asked, if merger is completed what happens to our Assistant Manager, who manages the Sewer Co. now?

Commissioner Wood responded the ECA Assistant Manager, Brian Harding, would continue until the transfer occurs, then his duties would transfer to the VDE manager, Mr. Weber.

Commissioner Fairweather added the VDE currently has 2 field operators and they would not be involved in any significant way in running sewer operations. They will devote their time to the water company portion of the merged district. Operations of the sewer company would continue with the outside contractor. Commissioner's workload for wastewater would be less by having the Sewer Advisory Board to handle oversight, budget preparation and background work, and they would meet regularly with Commissioners. The Sewer Board would represent only the sewer users.

Tom Hull Neither for nor against the Article. Questioned transparency of absentee ballot process.

Commissioner Wood explained there are 2 separate elections. Absentee ballots are for election of VDE officers only. For Warrant Articles, under state statute one has to be present in the room when voting Warrant Articles. The paper ballots to be used later are to insure an accurate vote count, as opposed to a hand count.

Mike Lorrey asked for specifics in regard to added hours, feasibility of increased workload and salary implications on the transfer of workload to VDE Manager.

Commissioner Wood described Manager Weber's current job description, which is part time now. Commissioners feel in future Manager Weber would be able to take on added responsibilities, which would be an enhancement to his position. Commissioners are satisfied this would work.

Bob Logan spoke against Article 10. He is uncertain how ECA and Community would handle a "catastrophic event", and is uncertain if Community could find Commissioners willing to run a sewer department. Is concerned about actual costs of billing, separate books, audits, etc., and feels there is no way we can absorb this entity without adding more costs. Urged a no vote.

Scott Holland a sewer user, commented on his belief the merger will yield cost savings. No guarantee, if we voted for a separate village district that the selectmen in Grantham would approve it. He urged a yes vote.

Larry Schulman In favor of the merger. Complimented everyone on civility of proceedings. Asked to call the question?

Lorie McClory Commented on possible difficulties of getting people to serve as Commissioners for the Sewer Board.

Robert Lagasse Detailed process of setting up a separate district, impact of costs related to catastrophic event and responsibility of every property owner for the system.

Phil Schaefer gave some statistics relative to getting registered voters to serve on a sewer board.

Moderator Miller asked shall we proceed with the vote?

VOICE VOTE: Ayes unanimous.

Moderator Miller announced we would proceed to the vote, using paper ballots. All voters need to go through registration again to receive ballots. Polls still open for officer elections.

9:05 pm Moderator Miller called meeting back to order. While ballots are counted, we will proceed with business. No vote on Article 2 will be taken until voting results on Article 10 are complete.

Commissioner Fairweather explained the issuance of separate colored paper ballots as having been recommended by the Secretary of State. This procedure guarantees an accurate vote.

VOTE: proceeded, paper ballot, on Article 10.

Commissioner Wood moved to take Article 2 off the table, for discussion.

Commissioner Fairweather 2nd.

Vote - AYES unanimous.

Moderator Miller read Article 2:

To see if the Village District of Eastman will vote to raise and appropriate an amount not to exceed Two-Hundred-Eighty-Thousand Dollars (\$280,000 projected balance as of 7/2/13) to be used for the sole purpose of paying off the debt associated with acquiring the Eastman Sewer Company and to authorize the issuance of not more than \$280,000 of bonds or notes in accordance with the provisions of the Municipal Finance Act (RSA 33) and to determine the rate of interest thereon; furthermore to raise and appropriate Twenty-Five-Thousand-Five-Hundred-Seventy-Three Dollars (\$25,573) for the first year's debt payment. Said sum to be offset from sewer user fees and/or special assessment paid by the sewer customers only, with no amount raised or appropriated from general taxation.

Commissioner Wood moved Article 2 as read.

Michael West 2nd

Commissioner Wood explained the motion. Article deals with debt service.

Commissioner Fairweather explained savings to sewer users and debt limit implications for VDE customers. Laws do allow emergency borrowing for amounts beyond a district's debt limit.

Commissioner Sullivan explained the same would be true in a separate municipality.

Commissioner Fairweather confirmed Commissioner Sullivan's statement.

Moderator Miller announced voting results on Article 10. 111 in favor, 69 opposed, for a total of 180 votes. Article 10 is passed and so ordered.

Commissioner Wood commented on importance of everyone remaining at the meeting. With Article 10 passed, the need is to address Article 2, which represents the funding for the merger to go forward.

Moderator Miller opened the floor for comments on Article 2, with a 3 minute speaking limit.

Robert Lagasse spoke against the article. Asked why push the VDE credit limit to the max? How would this affect the VDE credit? Urged a no vote on Article 2.

Mike Lorrey commented on MOA that conveys assets of ESC to VDE and questioned the acquisition.

Commissioner Wood responded that this debt is the responsibility of the ESC and the ECA at this time. One way or another the loan must be paid.

Larry Schulman asked would remaining articles require paper ballots?

Commissioner Wood explained if a standing vote is too close a call, then a paper ballot may be required. The moderator makes this choice.

George Niles call the question.

Rick Karash 2nd.

Voice Vote – majority carried

Moderator Miller announced there would be one hour to vote on Article 2 by paper ballot, because it contains a bond issue and according to statute must be voted this way.

Commissioner Wood explained the State challenged results of the January meeting because a possibility existed that voters could have given their paper ballots to someone else to submit, and left the meeting. This method we are using insures a correct and legal vote. The State says a ballot on a Warrant Article with a bond issue requires voting be open for one hour. We can continue the meeting while voting is taking place.

Commissioner Wood moved Article 11 be taken up at this time.

2nd from the floor.

VOICE VOTE: majority carried.

Moderator Miller read Article 11:

To see if the Village District of Eastman will vote to raise and appropriate the sum of Seventy-Seven-Thousand-Nine-Hundred-Twenty-Seven Dollars (\$77,927) which represents the waste water budget. Said sum does not include special or individual articles addressed or any interest and principal due on any notes payable by the Eastman Sewer Company. This appropriation shall be financed from sewer user fees and/or special assessment paid by the sewer customers only, with no amount from general taxation.

Commissioner Fairweather moved to accept Article 11.

2nd from the floor.

Commissioner Wood explained Article 11 is a half-year budget. Detailed budget figures and method used to obtain this budget amount, to be raised from sewer users only.

John Zentis asked why is this 6 months?

Commissioner Wood responded Commissioners do not foresee closing this merger before July 1. He detailed these procedures.

John Zentis asked about fiscal year dates and the possibility of another VDE meeting before next year.

Commissioner Wood VDE fiscal year is January to December and he spoke to fiscal year procedures and expenditures.

Commissioner Fairweather explained in acquiring assets of ESC there are accounts containing funds for expenditures, accounts receivables coming in, as well as a capital reserve account.

Moderator Miller called the vote.

VOICE VOTE: majority carried. Article 11 passes and is so ordered.

Commissioner Wood moved Article 12 be taken up at this time.

Robert McCarthy 2nd.

VOTE: AYES unanimous

Moderator Miller read Article 12:

To see if the Village District of Eastman will vote to establish a Capital Reserve Fund under the provisions of RSA 35:1 for the purpose of **Waste Water Collection Operation and Maintenance** and to raise and appropriate Ten-Thousand Dollars (\$10,000) to be placed in this fund, and to designate the Commissioners as agents to expend from this fund. This appropriation shall be financed from sewer user fees and/or special assessment paid by the sewer customers only, with no amount from general taxation.

Commissioner Wood moved Article 12 be adopted as presented.

Commissioner Fairweather 2nd.

Commissioner Wood explained article 12 and how it is used. In order to run sewer appropriately VDE needs to establish this fund to begin building reserve accounts, just as in the VDE.

No discussion.

Moderator Miller called the vote.

VOICE VOTE: majority carried. Article 12 is passed and so ordered.

Commissioner Wood moved Article 13 be taken up at this time.

Commissioner Fairweather 2nd.

Moderator Miller read Article 13:

To see if the Village District of Eastman will vote to establish a Capital Reserve Fund under the provisions of RSA 35:1 for the purpose of **Waste Water Treatment Facility Operation and Maintenance** and to raise and appropriate Seventeen-Thousand-Seven-Hundred Dollars (\$17,700) to be placed in this fund, and to designate the Commissioners as agents to expend from this fund. This appropriation shall be financed from sewer user fees and/or special assessment paid by the sewer customers only, with no amount from general taxation.

VOTE: AYES Unanimous

Commissioner Wood spoke to the Article as establishing a fund for sewer system treatment facility.

Commissioner Fairweather detailed this area covers the aeration ponds, an area in need of quick attention.

No discussion.

Moderator Miller called the vote.

VOICE VOTE: majority carried. Article 13 is passed and so ordered.

Commissioner Wood moved Article 14 be taken up at this time.

Commissioner Fairweather 2nd.

VOICE VOTE: AYES unanimous.

Moderator Miller read Article 14:

To see if the Village District of Eastman will vote to establish a Capital Reserve Fund under the provisions of RSA 35:1 for the purpose of **Waste Water Disposal Operation and Maintenance** and to raise and appropriate Ten-Thousand Dollars (\$10,000) to be placed in this fund, and to designate the Commissioners as agents to expend from this fund. This appropriation shall be financed from sewer user fees and/or special assessment paid by the sewer customers only, with no amount from general taxation.

Commissioner Wood explained Article 14. It deals with disposal of treated water.

No discussion.

Commissioner Wood moved article 14 be adopted.

John Zentis 2nd.

Moderator Miller called the vote.

VOICE VOTE: majority carried. Article 14 is passed and so ordered.

Moderator Miller announced polls are closed for election of officers, at 9:40 PM.

Moderator Miller announced Article 3 to be taken up at this time.

Moderator Miller read Article 3:

To see if the Village District of Eastman will vote to raise and appropriate the sum of Seven-Hundred-Fifty-Three-Thousand-Five Hundred-Fifty-Seven Dollars (\$753,557) which represents the potable water budget. This amount includes Five-Hundred-Forty-Three-Thousand-Fifty-Seven Dollars (\$543,057) for the Operating Budget; One-Hundred-Sixty-Thousand-Five-Hundred Dollars (\$160,500), which represents the principal and interest payments for the Well Field Improvement Project; and Fifty-Thousand Dollars (\$50,000) which represents the principal and interest payment for the "Source 1 Upgrades" State Revolving Funds Loan payment. Said sum does not include special or individual articles addressed.

Commissioner Fairweather moved adoption of Article 3.

Commissioner Wood 2nd.

Commissioner Fairweather spoke to the Article. Detailed budget figures.

No discussion.

VOICE VOTE: majority carried. Article 3 passed and is so ordered.

Moderator Miller read Article 4:

To see if the Village District of Eastman will vote to discontinue the **Water Audit Leak Study** Capital Reserve Account created in 2009, inclusive of interest to date of termination. The account currently has a balance of Ten-Thousand-Thirty-Eight Dollars (\$10,038). Said funds shall be placed in the general operating account of the district, used for operations of the district's potable water system.

Commissioner Sullivan spoke to the Article and moved it be accepted. He explained this fund.

2nd from the floor.

No discussion.

Moderator Miller called the vote.

VOICE VOTE: majority carried. Article 4 is passed and so ordered.

Moderator Miller read Article 5:

To see if the Village District of Eastman will vote to establish a Capital Reserve Fund under the provisions of RSA 35:1 for the purpose of Well Decommissioning and to raise and appropriate Seventeen-Thousand Dollars (\$17,000) to be placed in this fund, and to designate the Commissioners as agents to expend from this fund.

Commissioner Sullivan moved Article 5 be accepted as presented. This Article is action required by the DES.

Commissioner Fairweather 2nd.

Commissioner Fairweather detailed why purposes of a trust fund cannot be changed, then explained movement of these funds.

Moderator Miller called the vote.

VOICE VOTE: majority carried. Article 5 passed and is so ordered.

Moderator Miller read Article 6:

To see if the Village District of Eastman will vote to raise and appropriate the sum of Sixty-Five-Thousand-Five-Hundred Dollars (\$65,500) to be added to the following and previously established Capital Reserve Funds, and to designate the Commissioners as agents to expend from these funds, to any extent that the Commissioners may not have been designated as agents to expend any of these funds.

Commissioner Wood moved Article for adoption as presented.

Commissioner Fairweather 2nd.

Commissioner Wood spoke to the Article.

Robert Lagasse asked if we are still providing justification to find out what this money does? Where is this shown?

Commissioner Fairweather said page 21 of the 2012 Annual Report shows summary and projected 10-year Capital program. The full packet available to VDE Office.

Moderator Miller called the vote.

VOICE VOTE: majority carried. Article 6 passed and is so ordered.

Moderator Miller read Article 7:

To see if the Village District of Eastman will vote to raise and appropriate the sum of Seventy-Thousand Dollars (\$70,000) to be added to the Water Mains and Valves Maintenance Expendable Trust Fund, and to designate the Commissioners as agents to expend from these funds (renamed in 2009).

Commissioner Sullivan moved Article 7 be adopted as presented.

Commissioner Wood 2nd.

Commissioner Sullivan explained this fund kept separate from funding in Article 5 since it is the largest allocation of funds.

Robert Lagasse asked what is criteria that establishes the amount that funds this account?

Commissioner Fairweather responded this information is on the top of page 21 in the 2012 Annual Report, in spreadsheet. Explained uses, addressed questions.

Phil Schaefer asked how much is in this fund and can you give us an average of the last 3 years of expenditures for water leaks.

Commissioner Fairweather detailed amounts and said this information is in the Annual Report, page 34.

Commissioner Wood believes average expenditure for valve replacement for the past 3 years is between \$60,000 and \$70,000 per year.

Moderator Miller Called the vote.

VOICE VOTE: majority carried. Article 7 passed and is so ordered.

Moderator Miller read Article 8:

To see if the Village District of Eastman will vote to authorize the Commissioners to negotiate with any lending institutions, licensed to do business in the State of New Hampshire, for more competitive rates and terms than are currently available with the State of New Hampshire Department of Environmental Services for the repayment of the State Revolving Fund Loan authorized by the voters on August 10th, 2010 as an amount "not to exceed Four-Hundred-Eighty-Four-Thousand-Five-Hundred Dollars (\$484,500)."

Commissioner Fairweather moved to amended incorrect wording (typographical error), to show the correct amount. He gave a written amendment to the Moderator.

Amendment 2nd from the floor.

Commissioner Wood clarified wording and numbers.

Moderator Miller called the vote on the amendment.

VOICE VOTE: majority carried. Amendment is so ordered.

Commissioner Fairweather spoke to the article as amended. Explained VDE may be able to negotiate a lower interest rate from a local bank thus saving money. VDE cannot negotiate without authorization. Voters must give approval for Manager Weber to speak.

By Voice Vote, VDE Manager William Weber approved to address gathering.

VDE Manager Weber explained the loan rates from the State 2 years ago, how rates have decreased and that now it is possible to negotiate a 2.3% rate from a local bank as opposed to the State rate of 2.6%.

Moderator Miller called the vote.

VOICE VOTE: majority carried. Article 8 passed and is so ordered.

Moderator Miller read Article 9:

To see if the Village District of Eastman will vote to raise and appropriate the sum of Eighteen-Thousand-Five-Hundred-Seventy Dollars (\$18,570), all of which shall be funded by The New Hampshire Department of Environmental Services 2013 Source Water Protection Program Grant: SWP-233, Security Improvement Project (approved by DES February 1, 2013), with no increase in taxes or user fees, and to designate the Commissioners as agents to expend from these funds.

Commissioner Sullivan moved Article 9 be accepted as read.

Commissioner Fairweather 2nd.

Commissioner Sullivan explained this article would allow VDE to accept a grant of \$18,570 for improvements to the security of our water system. Office Manager Amy Lewis applied for and received this grant but we need approval to accept and spend the funds.

Commissioner Fairweather added funding allows improvement of fencing at the well field, moving the gate out further to the road to protect the garage area and the water treatment plant behind it and putting gating at the Snow Hill storage tank. Thanked Amy Lewis for her work on this grant.

Moderator Miller called the vote.

VOICE VOTE: majority carried. Article 9 passed and is so ordered.

David Wood thanked the Commissioners and Community for all the hard work put into preparations for the meeting.

Moderator Miller asked if there were any other question. He thanked all for coming and conducting this important business, and read the following results of voting on VDE officers.

Commissioner: 3-year term: Robert Fairweather 166, Peter Garland 69, and Geraldine Logan 8, D. Houck 1 write-in.

Treasurer: 1-year term; David Wright 220.

Moderator: 1-year term; George Niles 149, Michael Lorrey 76

Clerk: 1-year term; Maggie Sullivan 99 write-in, Phillip Schaefer 90

VOTE Article 2, 110 yes 39 no, total 149. Article 2 is passed and so ordered.

Commissioner Wood moved to adjourn the meeting.

Lorie McClory 2nd.

Moderator Miller called the vote.

VOTE TO ADJOURN: AYES UNANIMOUS.

Meeting adjourned at 10:37PM.

Respectfully submitted,

Maggie Sullivan, VDE Clerk

Robert E. Sullivan 4/29/13
R. Fairweather 4/29/13
James W. Wood 4/29/13



The
NEW HAMPSHIRE DEPARTMENT OF ENVIRONMENTAL SERVICES
WATER DIVISION
hereby issues
GROUNDWATER DISCHARGE PERMIT
and
RELEASE DETECTION PERMIT
NO. GWP-198801026-G-004
to the permittee
EASTMAN SEWER COMPANY, INC.
for the operation of unlined wastewater lagoons and
discharge of up to 2 inches per week of
treated disinfected wastewater from the
Eastman Community Wastewater Treatment Facility
to the groundwater via infiltration and slow rate spray irrigation
in GRANTHAM, NH
with infiltration onto the golf course site

TO: EASTMAN SEWER COMPANY, INC.
P.O. BOX 470
GRANTHAM, NH 03753
ATTN: BRIAN HARDING

Date of Issuance: April 19, 2013
Date of Expiration: April 18, 2018

(continued)

Pursuant to authority in N.H. RSA 485-A:13, I(a), the New Hampshire Department of Environmental Services (Department), hereby grants this permit to discharge up to 2" per week (54,308 gallons per irrigated acre) of treated disinfected wastewater to the ground at the above described location subject to the following conditions:

STANDARD PERMIT CONDITIONS

1. The permittee shall not violate surface water quality standards (N.H. Admin. Rules, Env-Wq 1700) in any surface water body.
2. The discharge shall not exceed 2" per week including precipitation. All wastewater spray shall infiltrate into the ground on-site. The discharge shall not result in runoff, erosion, or sedimentation on site or into any surface water, wetland, or drainage way.
3. The discharge shall not violate Ambient Groundwater Quality Standards adopted by the Department (N.H. Admin. Rules, Env-Wq 402).
4. The permittee shall allow an authorized member of the Department staff, or its agent, to enter the property covered by this permit for the purpose of collecting information, examining records, collecting samples, or undertaking other action associated with this permit.
5. The Department reserves the right under RSA 485-A, to require additional sampling of the discharge.
6. Discharges of wastewater via spray irrigation to the golf course shall meet the following criteria:

<u>Parameter</u>	<u>Effluent limit</u>	<u>*Location</u>
BOD ₅	10 mg/l (ave. weekly)	WWTF
TSS	10 mg/l (ave. weekly)	WWTF
Fecal Coliform	no detects – 7 day median	
Chlorine Residual	≥1 mg/l at discharge (after 30 min contact)	outfall at 14 th hole fairway pond

**Compliance location shall be determined by wastewater treatment facility (WWTF) operator*

The facility shall monitor the treatment facility and submit monthly operations reports to the Department according to the following schedule:

Treatment Facility Sampling

<u>Monitoring Location</u>	<u>Sampling Frequency</u>	<u>Parameters</u>
Influent and Effluent	Daily Weekly Monthly	Continuous flow (gpd) & pH BOD ₅ , DO, and TSS, Ammonia, nitrate, and Total Phosphorus

7. The permittee shall maintain a water quality monitoring program and submit monitoring results to the Department's Groundwater Discharge Permits Coordinator no later than 45 days after sampling.

<u>Monitoring Locations</u>	<u>Sampling Frequency</u>	<u>Parameters</u>
RFW-1,,2,3,4 and PZ-6	May and November	Arsenic, Boron Chloride, E. Coli Nitrate, Specific Conductivity @ 25C, TKN, & Static Water Elev.
RFW-2, RFW-3,&	November 2014	*VOCs using Method 8260B and Drinking Water Metals
<hr/>		
**SG-1&2	May & November	BOD ₅ , Dissolved Oxygen, Nitrate, pH, TKN, Total Phosphorus, & Specific Conductivity @ 25°C
***14 th Fairway Dissolved	5 days/week	BOD ₅ , Chlorine,
	During spray Monthly	Oxygen <i>Fecal Coliform</i> , TSS, Nitrate, TKN, & Total Phosphorus
****Piezometers	weekly during spray season	Static Water Elevation
<p>* includes low level analysis of 1,4-Dioxane at detection level of 0.25 ug/l</p> <p>** surface water sampling points</p> <p>*** testing required during wastewater transfer and/or spray activity only</p> <p>**** PZ-4, 5, 6, 7, 9, 11, 12, 13, 14, 15, 16, 17, 18, PZ-LG-A&B, & PZ-HP-A&B</p>		

8. The permittee shall cease discharge immediately if water quality standards are violated. The Department's Groundwater Discharge Permits Coordinator shall be notified, by telephone within one working day and in writing within 72 hours, of water quality standard violations.
9. The facility shall monitor the treatment facility and submit monthly operations reports to the Department according to the following schedule:

Treatment Facility Sampling

<u>Monitoring Locations</u>	<u>Sampling Frequency</u>	<u>Parameters</u>
Influent and Effluent	Daily Weekly Monthly	Continuous flow (gpd) & pH BOD ₅ , DO, and TSS Ammonia, Nitrate, & Total Phosphorus

Samples shall be obtained using sampling procedures and protocol described in "Practical Guide for Ground-Water Sampling," USEPA current edition, and "RCRA Ground-Water Monitoring Enforcement Guidance," USEPA current edition. Samples shall be analyzed by a laboratory certified by the U.S. Environmental Protection Agency or the Department.

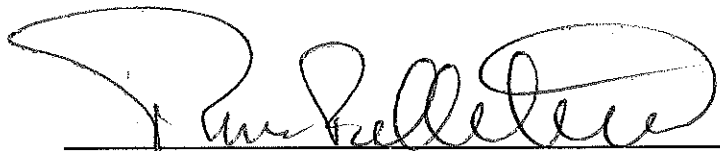
(continued)

GWP-198801026-G-004

10. An annual summary of water quality data and spray irrigation discharges shall be submitted to the Department's Groundwater Discharge Permits Coordinator in the month of January using a format acceptable to the Department.
11. The wastewater treatment facility shall be operated and maintained by qualified operators, licensed by the Department under the requirements of the N.H. Code of Administrative Rules, Env-Ws 901.
12. The permittee shall submit completed monthly operation reports to the Department's Wastewater Engineering Bureau, Operations Section. Monthly reports shall include treatment works sampling data, site spray application rates and the observation well readings.

CONDITIONS SPECIFIC TO SPRAY IRRIGATION

13. Spray irrigation shall be applied only to the areas as specified on the referenced plan. Discharge volumes of treated disinfected effluent shall not exceed 2" per week including precipitation.
14. Design and operation of slow rate irrigation systems shall follow the "Process Design Manual-Land Treatment of Municipal Wastewater," USEPA current edition.
15. No spray application shall be allowed during rainfall or after leaf fall. Spray shall be allowed only from May 1 thru October 31 unless otherwise approved by the Department in writing.
16. Irrigation using treated disinfected wastewater shall be managed so as to minimize any direct human contact. The wastewater irrigation activities shall not cause surface erosion or result in a direct discharge to a surface water body. Spray activities shall be conducted so as to minimize any overland flow on site.
17. Complete records shall be kept of spray application rates (gallons/day/spray area) and water levels in the observation wells. These records shall be tabulated and submitted to the Department's Groundwater Discharge Permits Coordinator monthly during the spray period and an annual summary shall be submitted in the month of January of each year.
18. The permittee shall notify the Department's Groundwater Discharge Permits Coordinator in writing of alteration to, or abandonment of, the wastewater treatment lagoons, storage lagoons, or spray irrigation system.



Rene Pelletier, P.G., Assistant Director
Water Division

Under RSA 21-0:14 and 21-0:7-IV, any person aggrieved by any terms or conditions of this permit may appeal to the Water Council in accordance with RSA 541-A and N.H. Admin. Rules, Env-WC 200. Such appeal must be made to the Council within 30 days and must be addressed to the Chairman, Water Council, 6 Hazen Drive, PO Box 95, Concord, NH 03302-0095.

Brian Harding

From: Brian Harding
Sent: Wednesday, April 17, 2013 3:37 PM
To: Brian Harding
Subject: FW: Question from Eastman Sewer Company

From: Locker, Mitch [mailto:Mitchell.Locker@des.nh.gov]
Sent: Tuesday, January 22, 2013 2:22 PM
To: Brian Harding
Cc: bradlmoses@comcast.net; Maynard Goldman; Ken Ryder
Subject: RE: Question from Eastman Sewer Company

~~~~~  
**Site# 198801026 / RSN# 479 / Activity# 193695**  
 ~~~~~

Dear Mr. Harding

Thank you for your update on the status of the sewer/water system ownership. Relative to the sewer system and the issues concerning ownership, the Department of Environmental Services (DES) anticipates receiving a permit application and supporting information for the continuation of the spray irrigation system by the current owners. Unless otherwise submitted the permit issued will be similar to what had been issue.

During the life of the permit, changes of ownership may be made as they occur. Each permit includes a condition concerning change in ownership specifics.

DES understands that alternative methods of treatment and disposal are being considered. To address any changes the intent and timeline may be included in the supporting information.

Preliminarily, a permit that addressed the existing disposal method (spray irrigation) is expected. Provided future changes are within the existing dedicated groundwater discharge zone, DES can make revisions as necessary on the existing permit once the permittee concludes investigations of site suitability, commits to changes, and preliminary designs and construction timeline are presented.

However, if the changes in disposal fall outside of the established discharge zone, a new permit with supporting investigation (including fee) will be required.

I hope this clarifies your question(s) concerning permit application and revisions

*Mitchell Locker, P.G.
 Groundwater Recharge Program
 Drinking Water & Groundwater Bureau
 ☎: (603) 271-2858
 Fax: (603) 271-0656
 ✉: Mitchell.locker@des.nh.gov*

web link: http://des.nh.gov/organization/divisions/water/dwqb/dwspp/gw_discharge/index.htm

From: Brian Harding [mailto:Brian@eastmannh.org]
Sent: Thursday, January 10, 2013 4:57 PM
To: Locker, Mitch
Cc: bradlmoses@comcast.net; Maynard Goldman; Ken Ryder
Subject: Question from Eastman Sewer Company

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LAW OFFICE OF
ALBERT J. CIRONE, JR., P.C.

18 BANK STREET
LEBANON, NH 03766-1730

TEL 603-448-1330
FAX 603-448-0531

April 5, 2013

Warren Kimball, Chair
Board of Selectman
Grantham Town Building
300 Route 10 South
Grantham, NH 03753

Re: Petitioned request to establish a sewer district

Dear Mr. Kimball and Board:

I represent Eastman Community Association (ECA) and the Eastman Sewer Company (ESC) which is a private corporation wholly owned by ECA. Pursuant to RSA 52 twelve voters petitioned the selectmen on March 27th to establish a village district and to fix the boundaries of a sewer district "for the operation and maintenance of a sewage and waste water treatment plant". ECA and ESC are opposed to the establishment of such a village district and believe that the selectmen should decline to proceed in furtherance of that petitioned request.

When acting on a petition pursuant to RSA 52 the selectmen of a given town "must exercise a duty 'to act fairly and honestly and to exercise their best judgment in reaching a decision.'" Attorney General v. Littlefield, 78 N.H. 185 (1916). Also, see Chasan v. Village District of Eastman et al., 128 N.H. 16 (1986).

While the Court in Chasan found that the Village District of Eastman (VDE) was legally formed pursuant to RSA 52, it also noted that Chapter 198 of the Laws of 1981, via legislative enactment, ratified the establishment of that village district. Accordingly, the current petitioners are attempting to compel the selectmen to conduct a vote, with presently undefined boundaries, to establish a sewer district when one has already been established by vote and legislation. Presumably, the proposed boundary will overlay the present VDE boundary and will serve no other purpose than to duplicate that which is presently in place. Thus, it is my clients' position that the selectmen would not be acting responsibly and fairly and would not be exercising "their best judgment" in fixing an overlay boundary

for a village district which is already empowered to operate a sewage and wastewater treatment plant.

Additionally, a portion of the aeration ponds and all of an adjacent lab/aeration building which is part of the sewage treatment plant which is owned by the ESC and which it proposes to transfer to the VDE, as outlined below, are located in Springfield, NH. I am not aware that the Springfield selectmen have been approached by the petitioners to establish the Springfield property as part of the boundary for the proposed sewage treatment facility. It would be illogical to assume that the petitioners would be proposing boundaries to you which did not include the present treatment plant and the aeration ponds. Accordingly, the Grantham selectmen should decline to fix a boundary which does not include these essential components and, I question, whether you have the authority to include them when they are not located in Grantham.

The VDE already exists in Grantham for the purposes stated in the petition. The VDE has been providing water to many Eastman residents since the early 1980's. Our position is that the establishment of another village district in Grantham does not serve the public's interests when the VDE will be providing the same sewer services to the same Eastman residents now serviced by the ESC upon completion of the agreements in place between the VDE, ECA and ESC.

The VDE voters, at legally constituted meetings, have already voted to accept the responsibility for the sewer system and have appropriated funds for that purpose and acquisition. Included in those affirmative votes was a vote to acquire ESC from ECA and a 2/3 vote for the VDE to issue bonds, pursuant to the Municipal Finance Act, to pay off the existing ESC long term debt. The VDE, ESC and ECA have already executed a written agreement to memorialize their respective commitments to proceed with the transfer of the ESC assets and liabilities to the VDE.

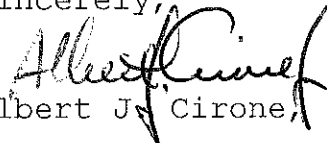
A de-regulation petition is being prepared to file with the NHPUC in anticipation of the transfer of ESC's operation of the sewer facilities to the VDE. All of these acts have been conducted with full transparency and openness with the residents of Eastman, including those who are currently connected to and who will continue to be served by the sewer company under VDE's operation. The requisite voter's, corporate boards' and commissioner's approvals have all been obtained. The petition to the selectmen and the attempt to create an overlay, duplicative sewer district interferes with the existing agreement which ECA

and ESC have with the VDE, which is served by independent counsel.

Attached hereto is a motion and resolution which the ECA board unanimously adopted at a special board meeting conducted on April 5th. Both exhibit the commitment of the ECA board to go forward with the transfer to the VDE of the ESC assets and liabilities such that the VDE will operate the sewer treatment facilities within the Eastman development. Those users within the VDE will be responsible for the operation and budget of the sewer operation. I understand that two of the three VDE commissioners have also stated their intent to go forward pursuant to the agreement between the interested parties regarding the transfer of the sewer operation.

My clients request that the Grantham Board of Selectmen decline to take any action on the petition for the reasons stated above.

Sincerely,


Albert J. Cirone, Jr.

AJC/
c: Kenneth Ryder

RESOLUTION ON
TRANSFER OF ASSETS OF THE EASTMAN SEWER COMPANY

WHEREAS, the Declaration of Covenants and Restrictions charges the Board of Directors with the sole responsibility to protect the assets of the Association and for insuring financial stability; and

WHEREAS, the Declaration of Covenants and Restrictions charges the Board of Directors with the sole authority to buy and sell property when in the best interests of the Association; and

WHEREAS, the Declaration of Covenants and Restrictions charges the Board of Directors with the sole authority to enforce by legal means the provisions of the Declaration; and

WHEREAS, on December 17, 2012 the Board of Directors approved the Eastman Sewer Company's plan to transfer the assets and liabilities of the Eastman Sewer Company to the Village District of Eastman; and

WHEREAS, a Memorandum of Agreement dated March 20, 2013 has been duly signed and executed by Eastman Community Association, Eastman Sewer Company and the Village District of Eastman to undertake all necessary actions to develop and execute a Purchase and Sales Agreement for the transfer of all assets and liabilities of Eastman Sewer Company to the Village District of Eastman; and

WHEREAS, the voters of the Village District of Eastman have on at least three occasions, one by a two-thirds majority, voted to approve the transfer of the Eastman Sewer Company assets to the Village District of Eastman;

NOW THEREFORE,

BE IT RESOLVED, by the Board of Directors that the transfer of the Eastman Sewer Company to the Village District of Eastman fulfills the Board of Directors fiduciary responsibilities to ensure that its actions are in the best interests of the Association; and

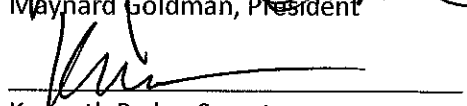
BE IT FURTHER RESOLVED, that the Board of Directors has determined that the creation of a separate village district is not in the best interests of the Association; and

BE IT FURTHER RESOLVED, that the Board of Directors does not support the transfer of assets of the Eastman Sewer Company to a separate sewer village district and further resolves to take all actions necessary to protect the assets of the Association and the rights of its membership.

Approved and adopted the 5th day of April 2013. I, the undersigned, hereby certify the foregoing resolution was duly adopted by the Board of Directors.


Maynard Goldman, President

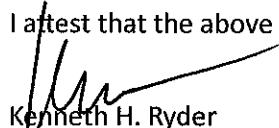
ATTESTED BY:


Kenneth Ryder, Secretary

MOTION: I move that the Board of Directors direct the General Manager to take all necessary actions to comply with the provisions of the executed Memorandum of Agreement dated March 20, 2013 between ECA, ESC and the VDE regarding the transfer of the assets and liabilities of the Eastman Sewer Company to the Village District of Eastman as approved by the voters at the March 21, 2013 Annual Meeting of the Village District of Eastman; and to authorize the Eastman General Manager to proceed with petitioning the Public Utilities Commission for the termination of its regulation of the Eastman Sewer Company's franchise.

April 8, 2013

I attest that the above motion was duly authorized by the Eastman Board of Directors on April 5, 2013.



Kenneth H. Ryder
Secretary of the Board

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Village District of Eastman



PO Box 990
Grantham, NH 03753-0990

Phone: 603-863-6512
Fax: 603-863-9794

April 9, 2013

Grantham Board of Selectmen
C/O Town of Grantham
300 Rte 10 South
Grantham, NH 03753

RE: Village District of Eastman purchase of Eastman Sewer Company

Selectmen:

It has come to our attention that a petition has been filed by a group of voters from the Eastman community requesting the Town of Grantham Selectmen create a new village district for the purpose of operating a waste water facility in the Eastman community.

After more than a year of deliberations and negotiations, the Village District of Eastman (VDE) and the Eastman Sewer Company (ESC) entered into a legally binding "Memorandum of Agreement" (MOA) on March 20, 2013. The MOA spells out the necessary conditions that the VDE and ESC would adhere to for the purchase and subsequent operation of the ESC by the VDE. One of the conditions of the MOA was that the voters of the VDE had to approve the acquisition at their 2013 Annual Meeting. The voters did approve the purchase and all of the other warrant articles necessary to allow the VDE to own and operate the ESC.

The original VDE charter included all fourteen purposes in NHRSA 52 that a village district could be established for. The charter purposes are inclusive of construction, operation, and maintenance of sewage and waste water treatment plants. Currently, the VDE and ESC are moving forward with the acquisition and are tentatively scheduled to close on the purchase on or about July 1, 2013. The result of the acquisition would be that the VDE would now own and operate the waste water treatment facility that serves approximately 535 customers, all of which are in Grantham and are located within the VDE district. Following the purchase, all of the ESC operations would become the responsibility of the existing VDE, and the Eastman Sewer Company would cease to exist.

Included with this letter is a copy of our 2013 Annual Report with the warrant articles mentioned above, a copy of the results of the warrant article votes, and a copy of the original creation minutes of the Village District of Eastman.

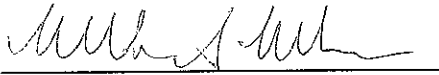
In summary, even if the Selectmen were to approve a second village district, as requested by the petitioners, its proposed purpose would not be capable of being fulfilled, because there is only one sewer system at Eastman, and the VDE is committed to acquiring and operating that system. We therefore respectfully urge that the petition be denied.

Please do not hesitate to contact us if we can be of further assistance in this matter.

Respectfully Submitted;

Commissioners;

Robert B. Fairweather /s/
Duncan W. Wood /s/

A handwritten signature in dark ink, appearing to read 'William S. Weber', written over a horizontal line.

William S. Weber
General Manager
Village District of Eastman

CC; Attorney Bernard Waugh, VDE Counsel
Attorney Albert Cirone, ESC ECA Counsel
Attorney Jay Boynton, ESC Counsel
Brian Harding, ESC General Manager
Ken Ryder, ECA General Manager

VILLAGE DISTRICT OF EASTMAN
ANNUAL MEETING RESULTS, MARCH 21, 2013

ARTICLE 1: ELECTION OF OFFICERS

COMMISSIONER, 3-YEAR TERM:	ROBERT FAIRWEATHER
TREASURER, 1-YEAR TERM:	DAVID WRIGHT
MODERATOR, 1-YEAR TERM:	GEORGE NILES
CLERK, 1-YEAR TERM:	MAGGIE SULLIVAN

ARTICLE 2: PASS 110/39

ARTICLE 3: PASS

ARTICLE 4: PASS

ARTICLE 5: PASS

ARTICLE 6: PASS

ARTICLE 7: PASS

ARTICLE 8: PASS (\$484,500)

ARTICLE 9: PASS

ARTICLE 10: PASS 111/69

ARTICLE 11: PASS

ARTICLE 12: PASS

ARTICLE 13: PASS

ARTICLE 14: PASS

ARTICLE 15: NO ACTION

VILLAGE DISTRICT OF EASTMAN

Organizational Meeting

March 28, 1981

Pursuant to a Warrant duly executed on behalf of the Selectmen of the towns of Grantham, Enfield and Springfield, Mr. Edward Lider called the organizational meeting of the Village District to order and immediately moved the election of James L. Lowery, Jr. as Moderator Pro Tem and Betty Harris as Clerk Pro Tem. This motion was adopted by unanimous consent whereupon Mr. Lowery and Mrs. Harris were duly sworn to their respective offices by Jon S. Richardson, a Justice of the Peace.

Mr. Lowery assumed the chair of the meeting and designated Sumner Libby and Mrs. Edward Lider as election tellers.

The Moderator first recognized Sumner Libby who made the following motion:

That the district described in the warrant for this meeting be established as a village district for all of the purposes set forth in RSA 52:1; that such village district have the boundaries set out in the warrant for this meeting and incorporated by reference in this vote; and that the village district be named the Village District of Eastman.

After the motion was seconded, there was some discussion as to the name; the suggested name change was ruled out of order on advice of counsel by the Moderator. The motion made by Mr. Libby was adopted by unanimous vote.

The Moderator then recognized Mr. Daniel Eigenbrode for the purpose of a motion concerning officers for the District. Mr. Eigenbrode nominated the following persons to serve as the District officers of the District until the next annual District meeting:

James L. Lowery, Jr.	-	Moderator
Betty Harris	-	District Clerk
Kyle Wing	-	Commissioner
Raymond Manning	-	Commissioner
Franklyn Phillips	-	Commissioner
Richard Hardy	-	Treasurer

No further nominations being made from the floor, the Moderator declared the nominations closed. By unanimous consent, the District agreed to a voice vote on the selection of officers. The entire slate of nominees was thereupon elected by unanimous vote of the District.

VILLAGE DISTRICT WARRANT

VILLAGE DISTRICT OF EASTMAN
STATE OF NEW HAMPSHIRE

To the inhabitants of the Village District of Eastman in the Towns of Springfield and Grantham, Sullivan County, and the Town of Enfield, Grafton County, New Hampshire, qualified to vote in Village District Affairs.

You are hereby notified to meet at the Municipal Building in the Town of Grantham on Saturday, March 28, 1981, at 4:00 P.M. to act on the following articles:

ARTICLE 1. To see if the Village District will vote to establish itself as a Village District established for all the purposes set forth in RSA 52:1 and having boundaries as described on Appendix 1 attached hereto and incorporated herein by reference.

ARTICLE 2. To see if the Village District will give itself the name of Village District of Eastman.

ARTICLE 3. To see if the Village District will choose the necessary officers therefor to hold office until the first annual meeting.

ARTICLE 4. To see if the Village District will vote to establish a plant for the distribution of water for municipal use and for the use of its inhabitants and others by acquiring the Eastman Water Company; to see if the Village District will vote to appropriate a sum of money for such establishment and acquisition; to see if the Village District will vote to raise such appropriation by borrowing or otherwise; to see if the Village District will vote to request the state legislature to enact legislation ratifying, validating and confirming all action taken hereunder; or to take any other action relating thereto.

Given under our hands this day of March, 1981.

BOARD OF SELECTMEN OF
TOWN OF ENFIELD

Donald J. Cline
Carl Patten
James Sengstack

BOARD OF SELECTMEN OF
TOWN OF GRANTHAM

Ernest R. Remy
Alden H. Colby
Michael M. Hartman

BOARD OF SELECTMEN OF
TOWN OF SPRINGFIELD

Benjamin Ryzar
Kerry Cole
Dennis V. George