

**MERRIMACK VILLAGE DISTRICT
BOARD OF COMMISSIONERS
FEBRUARY 24, 2025
MEETING MINUTES
(approved March 10, 2025)**

A regular meeting of the Board of Commissioners was conducted on Monday, February 24, 2025, at 5:00 p.m. at 2 Greens Pond Road, Merrimack, NH.

Donald Provencher, Chairman, presided:

Members of the Commission present: Kenneth Ayers, Vice Chairman
Erin Clement
Scott Sabens
Wolfram von Schoen, Personnel Liaison

Members of the Commission Absent:

Also in Attendance: Ron Miner, Superintendent
Jill Lavoie, Business Manager
Kristen Maher, HR/Finance Director
Doug Langdon, Axsess Group

FINANCE/HUMAN RESOURCES REVIEW

A. Analysis of Revenue and Expenditures

Kristen Maher, HR/Finance Director, stated, as of January 31, 2025, we are seven (7) months into the fiscal year, shown is revenue in the amount of \$4,447,439 (71.28% of budgeted amount) and expense of \$2,858,701 (45.51%).

In terms of highlighted items (listed below), nothing has really changed since the time of the last report. There are some significant loan payments. She has requested an updated schedule for Wells 2, 9, 7 and 8 as the project is now complete. Those payments will not be made until June.

Revenue

40100-40300 Water Usage - higher during summer - very hot July
40405 Interest Income - rates still high
40408 New Mains – Saint-Gobain's new services online
40413 Entrance Fees - new construction
40414 Merchandise Sales - sold scrap Metal

Expenses

60300 Purchase of Water – includes 1st two months only, rest below line
70040 New Entrance/Meters - new construction around town (*offset by 40413*)
70450 R&M Meters - replacing old meters
70675.6 WTP Janitorial - chemical disposal needed

70677.4 & 70677.8 R&M WTP - additional pumps & VFDs on shelf

Net Ordinary Income is \$1,618,738. That will be reduced as loan payments are mostly at year end. The Unassigned Net Position is \$22,234,412 (17.7%). Convertible Cash amount is \$4,282,096. The project for Wells 2, 9, 7, and 8 has closed. When next reported, the financials will not include that column. A reconciliation was done and additional cash was moved to the MVD operating account.

B. Capital Reserve Balance

Addressing trust activity, she remarked nothing has really changed since the last report. It is in line with the budget the Board is considering this evening.

Commissioner von Schoen questioned when the Trustees would meet next and suggested consideration be given to which funds are invested in based on what is occurring on the national level.

At the last meeting, Chair Provencher noted what appeared to be a duplication under Equipment & Facilities for FY27; Turkey Hill - portable pressure pump/high service for \$100,000 and Turkey Hill - new pressure pump for high service at \$100,000. Ron Miner, Superintendent, stated that to be a duplication. Asked if what was desired was a new pump or a portable pump, he responded that a portable pump is desired. The duplication will be addressed.

At this point in time, the anticipated 2025 year-end totals are: Land Acquisition \$1,590,962.94, Equipment & Facilities \$3,139,870.79, System Development \$1,274,676.15, Extraordinary Legal \$112,565.76, and Water Purchase & Wastewater Treatment Plant (WTP) Operations and Maintenance (O&M) (\$61,244.94).

REGULAR SESSION

1. Board of Commissioners to discuss Kearsage Energy solar proposal with the MVD energy broker, Doug Langdon, Axsess Group

Doug Langdon, Axsess Group, Superintendent Miner and Business Manager Lavoie have been discussing solar and the different ways to potentially acquire solar of some sort. One of the ways is through the New Hampshire Group Net Metering program.

Axsess Group has been a consultant for energy supply to the district for many years. Although not experts on the group net metering rules and regulations, they do have a fair number of customers in Massachusetts and New Hampshire that have participated in the group net metering throughout the year.

Kearsarge is one of many solar developers in New England that would like to participate in the group net metering by installing solar generation somewhere within the Eversource territory.

When talking about group net metering, you don't actually have to have investment in solar panels or have any solar panels installed on your property. It is essentially a virtual net meter where you get a financial benefit by participating with a solar generator that is a host.

In an effort to promulgate renewable energy and energy sources, many states, including New Hampshire, have put a series of programs in place to help support the growth of renewable energy generation, e.g., solar, wind, hydro, etc.

Solar developers can put up a solar farm somewhere within New Hampshire within the Eversource territory, become a group host, and solicit members within the public entity realm to be members and essentially be assigned as an off taker to that solar farm. Any excess generation the solar farm makes is then shipped to Eversource's distribution system. Eversource has to pay them. At that point they get paid and the group members receive a financial benefit as part of being that off taker for the solar developer. If the solar developer were shipping their power into Eversource's distribution territory absent the group/member setup, they would only receive payment in avoided costs, which is a smaller percentage of what they are getting paid by tariff by Eversource if they are a group host renewable source.

The relationship is you have a developer who constructs a solar farm and has to go out and gain members to allocate as off take members, which greatly enhances their revenue for having the solar farm installed. The solar farms have to be financed (large) and in order to do that often times in consideration for working with the host, members have to sign on to a relatively long-term deal; 15-20 years.

Essentially what you would be doing is receiving a financial offset on your Eversource bills or perhaps a direct check from the solar farm. You really don't have to do anything; there is no capital investment involved, nothing you have to do except sign on and continue using electricity.

If you had solar panels on one of the roofs of your buildings or on your property, owned and operated those solar panels, you would have the right to trade the renewable energy attributes generated by the solar panels. In this case where you are a group member, essentially the host keeps all of the renewable attributes and all of the financial potential that those renewal energy certificates have if they want to broker them and sell them into various markets whether here in New England or elsewhere. You have no claim to those renewable attributes. You cannot say that you are buying solar power because you are really not. It is really just kind of a financial transaction between you and the solar developer where Eversource ends up being the enabling intermediary for all of that.

Mr. Langdon addressed the proposal received from Kearsarge commenting that one of the things he believes they did well was to put things in perspective with regard to traditional group metering. There is an illustration that talks about what was just described. One of the slides includes information on MVD accounts and what the effect may be in terms of an annual revenue stream to MVD. The same amount of kilowatt hours would be used, but some dollars would be flowed back to MVD based upon usage. The slide shows the first year of compensation for participating as a member (\$15,566). A schedule lists the anticipated compensation for the next 20 years on what the cumulative benefit would be at the end of 20 years (\$377,745).

Commissioner Sabens asked if there are restrictions, e.g., does MVD become restricted from being able to do something on its own?

Mr. Langdon noted Superintendent Miner had questioned if this arrangement would preclude MVD from having the ability to shop your electricity supply for better rates than Eversource or good market rates. This does not affect any of those types of third-party agreements that you may want to shop for. One of the things in the contract with Kearsarge, which may be able to be smoothed over a bit, is exclusivity for all of these accounts. Whatever accounts you want to enroll with Kearsarge they want those accounts for the 20 years. If a different supplier or technology comes along you would have some problems if wanting to

change. It is not impossible to cap the usage from one host and have another host for the remainder, but that has to be negotiated up front with the contract between the host and member.

Other than that, there are really no other restrictions. There is no exit clause. Usually, they only allow termination for cause.

Business Manager Lavoie noted MVD has 14 accounts. We could put some of the largest ones with Kearsarge but would be locked in for 20 years. Director Maher noted the quoted revenue will likely increase because 2 and 9 only has a partial year having gone online in the middle of 2024. That is our biggest user of electricity right now.

Business Manager Lavoie stated the desire to understand if the Board would like them to move forward looking at the 20 years. A contract was provided and Mr. Langdon will be asked to review it and highlight areas the Board may wish to negotiate further.

Mr. Langdon stated there may be the possibility of negotiating a timeframe less than 20 years. There are other solar developers in the State that have 15-year terms. His firm has worked with some of the other developers and has tried to negotiate the ability to terminate without cause with some success, however, not without some strings attached, e.g., if unable to gain another member to pick up the load they may look to you to find someone or hire someone to try to find a replacement. It is not an easy exit regardless.

All of the compensation will be roughly in this realm of \$15,000/year. That is kind of a situation where you ask if \$15,000 is worth the contractual obligation for 15 years or 20 years. If it is, then we can continue to look. All of this would be the background that really you don't get solar energy and you don't even get the renewable attributes. The best you can do to your customers is say we are supporting renewable generation in new Hampshire by being a member of a group host.

It is not like you would be able to say we put solar on our property and are offsetting our electricity purchases from Eversource by generating our own energy and we are generating renewable energy certificates that we are either brokering to someone else for financial gain or we are keeping them and retiring the renewable energy certificates where you just keep them and get the sole benefit.

Asked for additional clarification of what MVDs contribution would be to this overall construct that it would receive credits for, Mr. Langdon stated what happens is state governments in Maine, New Hampshire, Massachusetts, and Connecticut have decided to create these enabling rules and legislation and allow solar development to occur and get paid at a much higher rate than the avoided costs which is \$0.01 or #0.02/kilowatt hour. They have constructed this where if there is a renewable asset that can bring along folks that will be members in a group virtual net metering scenario then any power they generate that they send to Eversource would be paid at the default service rate (right now is about \$0.086). It is a great way for solar developers to be compensated at a much higher rate and all the while they have to have a group of members that they are associating with any excess generation that they send to Eversource.

It is really kind of a scenario where the utilities and regulators have designed a situation where someone could put up solar panels and gain membership and be able to be compensated at a much higher rate. Commissioner von Schoen remarked that someone is paying more. He asked who that someone is. Mr. Langdon stated it to be spread across the entire rate base.

Business Manager Lavoie remarked the benefit for Eversource is that they don't have to generate the energy. Mr. Langdon stated they don't have to generate the energy. They also are satisfying any renewable portfolio standards or any other renewable energy goals that the regulators or State Legislature have stipulated for what we call load serving entities. They can say now we are getting an increasing amount of energy generated from renewable assets because we are now in partnership with Kearsarge for this plan. Kearsarge has several in Concord, Manchester, etc. Eversource has been given the franchise to deliver electricity for a good part of the state and these rules are codified by law in the Department of Energy and NH PUCs rules. It is kind of a funky financial transfer really.

Commissioner von Schoen remarked if this group is able to win over enough participants in this program they can now sell renewable energy at a higher than normal rate to the public and in return the participants get a credit. Mr. Langdon responded most of that is correct other than the fact that the solar is not sold to any user. All excess solar is sold and bought by Eversource.

Commissioner von Schoen added that Eversource then sells it to the public. Mr. Langdon stated they will sell a pool of energy that they have purchased through all of their sources and you get this kind of mix of energy. You don't really get a discernable or a single solar generated electron delivered to your meters because it is all just going into the Eversource pool.

Commissioner von Schoen added basically because we raise our hand and participate in the program we don't do anything except receive a cheaper rate, but someone else is paying for it at a higher price. Mr. Langdon responded you will get a stream of revenue. It won't be a cheaper rate. It will be essentially a kickback.

Commissioner Clement remarked we pay about \$300,000/year for electricity. They are offering a kickback of \$15,000/year. That is 5%. We sign a 20-year contract to save 5%, but we are not guaranteed better rates.

Commissioner von Schoen added we are making someone else pay for it that we don't even know.

Superintendent Miner noted MVD would still be able to contract out for better rates on the supplier side.

Vice Chair Ayers remarked he does not think they are actually selling it to someone, it is just the general rate that we all pay as consumers. Commissioner von Schoen remarked, which means so collectively someone else pays at a higher rate because we signed up for the program.

Commissioner Clement commented if they were just to put in a solar farm and sell it straight to Eversource, Eversource would give them a small amount for the power, but because they have come in with all of these users and have said we have all of these users that will take up this power, now Eversource has to take it at a rate that they can make money at because they already have the users on the hook.

Commissioner Sabens stated the desire to understand the pros, cons, and public sentiment around the impact of doing this.

Vice Chair Ayers asked if consideration has been given to MVD installing its own solar system to offset usage; if we can produce a larger savings at our own facility.

Chair Provencher asked if becoming a member in a group net metering program would preclude MVD from doing its own solar panel installation. Mr. Langdon stated it does not preclude you. However, one of the contract specifications is the number of kilowatt hours you, as a member, will count for group net metering in terms of being a member. Kearsage has figured out, based on historical information we provided, about 1.9 million kilowatt hours (what they based their illustration on). If producing say 500,000 kilowatt hours yourself there could be some ramifications as you would no longer meet the 1.9 million you enrolled with. Chair Provencher asked if there is any membership fee or other form of payment to join the group and was told there is not.

Commissioner Clement spoke of the length of commitment for a small return. None of us know what the power grid will look like in 10 years.

Chair Provencher asked if it is safe to say that the general rate payers are subsidizing this \$15,000/year payment. Mr. Langdon responded it is safe to say that it is built into everybody's rate whether a large commercial/industrial customer or residential customer. It is not unlike the systems benefit charge, which is the energy efficiency charge you see on your bill. They collect that from everyone on Eversource, but not everyone uses it. Not everyone gets the benefit of energy efficiency refunds and rebates. There is a lot of stuff in the bill that we are all paying for as Eversource rate customers that go to benefit perhaps someone else. This would not be any different. It is something that the legislators and regulators said would be in the general good of everyone as rate payers.

Vice Chair Ayers remarked he is thinking it is like the way to grow the use of renewable energy. The more companies that go into it the more chance for additional solar power development. In return you are getting 5% for being part of that.

Director Maher commented it was mentioned if the total kilowatt hours reduced there could be a penalty and asked if there is a penalty if it increases. Mr. Langdon stated there is not, but you would not be assured that you are going to get compensation for any kilowatt hour(s) over what was included in the contract.

Chair Provencher spoke of the investment that would be required were MVD to construct its own solar field. This group net metering is a concept he was not aware of and is still not completely understanding.

Superintendent Miner suggested the contract be sent to Mr. Langdon to review. The administration can investigate the options of solar on MVD property.

Mr. Langdon commented it is more of a financial transfer than it is participating or using solar energy. Asked how many years these setups under this legislation have been around, he stated in New Hampshire maybe a year and a half. They just finalized some of the rules not too long ago. Kearsage did one of the first net metering deals with the town and school district of Franklin, MA maybe 15 years ago. The solar initiatives in Massachusetts were very rich back then. Kearsage has been around. They typically were growing their business in MA, but now there is a lot more activity here in New Hampshire as regulators have said if you have members that are public or a political subdivision of a public entity then you can build a plat as large as 5 megawatts and you can enlist members into that group as the host. The 5 megawatt threshold for the minimum size was recently established here in New Hampshire 1.5-2 years ago.

Asked if there is concern in the field with this being cancelled at the Federal level, Mr. Langdon stated he would be more concerned of the changing attitudes at the state level. It is not beyond the realm of

possibility that someone looks at this and says why are we socializing this cost for a few people to participate as members. It's not really a risk to you because you would just lose \$15,000. It is not like you invest anything.

Chair Provencher asked what the downside would be other than perhaps wanting to install our own panels.

Mr. Langdon spoke of changing technology and of how the cost of solar panels or other renewable energy may, in a period of 1-20 years, get to a point where the costs for the developer are so much lower than what they are now that they may want to offer you more than \$15,000 for participation, as an example.

Commissioner Sabens asked for details on the pros and cons and the risks. Commissioner Clement suggested it may be worth sending the contract to legal counsel. Commissioner von Schoen stated he believes it would be good to have the proposal include that information already. This is not very tangible. You are saving money by buying into some organization being able to develop a solar farm. We are not involved in any of that. Not included in the proposal is information on our risk/exposure.

Business Manager Lavoie noted Mr. Langdon is the intermediary that MVD reached out to. We can ask the questions. The intent was to see if the Board was interested in looking into this further.

Commissioner von Schoen stated a desire to learn what other resources have to say about this concept in general, e.g., does the New Hampshire Municipal Association have any input, an opinion in the market as to whether or not this makes sense for the general public.

Mr. Langdon stated his belief there are other resources and references that any of these solar developers would be able to provide if it gets to that stage.

Chair Provencher suggested it would involve a time-consuming review for legal counsel to get up to speed on this, which would come at an expense to the MVD.

The general consensus was that additional information would be welcomed. Also desired was information on the possibility of installing solar on MVD property.

Commissioner von Schoen commented if this initiative is supporting the development of any solar project in the area, what does that have to do as far as us developing our own solar project on our property? Now you are almost talking about curbing competition and market regulation. Just because we would be buying into a program that enables some investors to implement a solar project that should not curb us from doing it ourselves on our own property. If it does, for him that is an indication that someone is trying to keep the private competition at bay.

Commissioner Sabens commented this is geared more towards places that don't have any plans to do solar.

Commissioner Clement remarked what was stated was that it is not that we couldn't do it, but that it would change the amount of kilowatt hours we commit to with the group. Mr. Langdon stated each of the accounts is listed in a schedule in the contract. If you decide not to include all accounts you can do so. The fewer kilowatt hours you enroll lessens that annual revenue stream.

Vice Chair Ayers commented on there being MVD locations that would be suitable for solar power and others where it would not. Director Maher commented were we to do solar power at specific facilities, because we are a bottom up budget, the savings at one would help in areas where we would not do solar; would cancel each other out.

Superintendent Miner remarked we're looking at that aspect of it; putting something in place that we would fund.

Chair Provencher suggested before sending this to legal counsel, we should get information on the other side of the issue and look at onsite options. There are probably limitations on that as well. He does not want to move forward with legal getting involved in this as of yet. Perhaps we can entertain another meeting with someone who can explain onsite options.

Commissioner Clement would like Mr. Langdon to mark up the contract in the meantime so that a true comparison can be made. Commissioner von Schoen suggested reaching out to Wendy Thomas believing she does that kind of consulting work or can refer someone.

Mr. Langdon will work on marking up the agreement and offered to assist in collecting solar contractors to provide information on installing a solar farm on MVD property.

2. Superintendent's Report

Water Quality

- Sampling
 - Monthly PFAS sampling was done on 2/19.
- PFAS Pilot
 - The Dextorb/Cyclopure skid was delivered on 1/31/25.
 - Dextorb and Blueleaf are planning to be on site March 4th and 5th to get the columns loaded, backwashed and put on line.
 - Sampling to start first week in April.

Maintenance

- Treatment Facilities
 - Treatment staff will be finishing up on the re-generating of the green sand at 7&8 Treatment Facility.

Asked, Superintendent Miner stated one vessel will be done at a time. There are four vessels. One is taken offline. Potassium permanganate is loaded in and soaked overnight. Then it is backwashed until the purple color comes out. That is the extent of the re-generating.

Chair Provencher commented when you normally backwash it, it is like the particulate stuff that it filters out on a daily basis that gets put into the retention basin, but the media itself also retains some of the minerals on it and eventually becomes less effective. They have to do this potassium permanganate bath. It is almost like regenerating the media.

The media is not replaced. Superintendent Miner stated there is a shelf life on the media (10[±] years). Asked if regenerating has been done before, Superintendent Miner stated it is done every year.

Leak Repair Mainline/Entrance

- Distribution staff have been busy clearing Hydrants from the last snowstorm.
- Repaired an entrance leak on Level St.

Administrative

- PFAS Watermain Extensions (MVD)
 - Farmer & Mason PFAS Mater Main Extension Project Manual and Drawings have been received and we are currently reviewing them.
 - Comments have been received from NHDES on the Gerard and Mullikin Drawings and are being addressed.

Asked if there is risk associated with the grant funding, Business Manager Lavoie stated the funds are not Federal but State funds.

- PFAS Watermain/Entrance Extensions (SGPP)
 - Watermain work, Cardillo & Sons
 - The plumbing contractor has started back up doing the inside work. There were 11 homes remaining from the project.

Commissioner von Schoen commented on people sharing their experiences on Facebook. It sounds like the homeowners need to pick the contractor in some cases. Business Manager Lavoie stated there to be two plumbers and contractors that go out.

- Entrance work, SUR- 5 more properties were added planned for spring.
- NHDOT project Continental and Boston Post Road
 - Submittals for the proposed materials for the water main relocation have been received.
- Training
 - The class we are hosting on Emerging Contaminants: PFAS with Granit State Rural Water Association (GSRWA) on 2/13/2025 was rescheduled to March 26th because of the snowstorm.
 - Superintendent Miner and Business Manager Lavoie will attend Water Security Cyber Training in Concord on March 5th.
- Salt letter
 - The salt letter was mailed out to everyone within the WHPA on February 12th and was received on the 13th. Have received 138 returned surveys.
 - Included in the agenda packets was a letter from NHDOT to the Town Manager, Paul Micali. A Zoom meeting was conducted with the Town Manager and NHDOT to discuss the letter. Basically, what the DOT is looking for is the original letter to be on Town letterhead, then they can make the

decision to reduce further. The Town Manager has this on the Town Council agenda for this Thursday for discussion.

3. Board of Commissioners to review the Warrant Articles with explanations of each article and select which Commissioner will speak about the article at the Annual Meeting

ARTICLE 1: To choose one (1) Commissioner for a three (3) year term of office.
(Written ballot vote required)

The purpose of this article is to allow you to vote for your choice of a candidate for office. If you would like to vote for someone whose name is not on the ballot, simply write in the candidate's name of your choice in the space provided on the ballot.

ARTICLE 2: To choose one (1) Commissioner to fill one (1) year of a three (3) year term of office.
(Written ballot vote required)

The purpose of this article is to allow you to vote for your choice of a candidate for office. If you would like to vote for someone whose name is not on the ballot, simply write in the candidate's name of your choice in the space provided on the ballot.

Vice Chair Ayers will provide an explanation of Articles 1 and 2.

ARTICLE 3: To see if the Merrimack Village District will vote to raise and appropriate the sum of six million five hundred thirty-eight thousand nine hundred fifty-three dollars (\$6,538,953) for general municipal operations for the 2025-2026 fiscal year with said sum to come from water related charges. This article does not include appropriations contained in special or individual articles addressed separately. (Majority vote required)

This is the operating budget warrant article. This article funds the operations of the District for the year beginning July 1, 2025 ending June 30, 2026 for all departments; Administration, Distribution, Treatment, Debt Services and Insurance/Benefits.

Commissioner von Schoen will motion to approve and will speak to the article. Commissioner Clement will second the motion.

ARTICLE 4: Shall the Merrimack Village District vote to raise and appropriate the sum of sixty-eight thousand four hundred ninety dollars (\$68,490) under provisions of RSA 35:1, I and II to add to the District's "System Development Capital Reserve" fund for the future system expansion and improvement of the existing system. This sum to come from the System Development revenue fund; these are the system development charges collected during the 2023-2024 budget year.
(Majority vote required.)

The MVD's Board of Commissioners adopted a System Development Charge (SDC) on August 19, 2008. This charge is applied to "new" customers and those existing customers who increase their water service demand beyond 20% of their current or prior use. The charge can best be described as a "buy-in" fee to achieve an equal equity position with the existing customers. This one-time payment will cover their share of the value of the existing infrastructure. Fire service entrances are not subject to the SDC. The "System

Development Charge Use of Funds” policy (08-02-B) was approved by the BOC on 10/27/08. These funds can be used for water system expansion caused by an increase in demand for service, increase in consumption and the overall need for a supply increase necessary to meet the goals of the District.

Chair Provencher will motion to approve and will speak to the article. Vice Chair Ayers will second the motion.

ARTICLE 5: Shall the Merrimack Village District vote to raise and appropriate the sum of eight hundred thousand dollars (\$800,000) under provisions of RSA 35:1, I and II to add to the District’s “Equipment and Facilities Capital Reserve” fund for associated costs with existing storage, transmission and production of water. This sum to come from unassigned fund balance. (Majority vote required.)

The purpose of this article is to use a portion of the revenue surplus to be set aside for future use in the District’s Equipment and Facilities capital reserve fund. This allows the District to plan for future Capital needs as outlined in the District’s Capital Improvement Plan. Additionally, should an emergency arise in future years, for which there was no appropriation, the Board of Commissioners would have these funds available for such purposes. This fund was established by the March 26, 1996 annual meeting.

Commissioner Sabens will motion to approve and will speak to the article. Commissioner von Schoen will second the motion.

ARTICLE 6: Shall the Merrimack Village District vote to raise and appropriate the sum of two hundred thousand dollars (\$200,000) under provisions of RSA 35:1, I and II to add to the District’s “Purchase of water and/or the operations and maintenance of GAC Treatment facilities” Non-Capital Reserve fund for associated costs with purchase of and/or treatment of water. This sum to come from unassigned fund balance. (Majority vote required.)

The purpose of this article is to use a portion of the revenue surplus to be set aside for future use in the District’s Purchase of water and/or the operations and maintenance of GAC Treatment facilities non-capital reserve fund. Should an emergency arise in future years, for which there was no appropriation, or should there be the need for an unforeseen additional water purchase or treatment cost, for example, the Board of Commissioners would have these funds available for such purposes. This fund was established by Warrant Article 6 at the March 2021 Annual Meeting.

Commissioner Clement will motion to approve and will speak to the article. Commissioner Sabens will second the motion.

Commissioner Clement spoke of being pleased with the language included in Article 5; references the Capital Improvement Plan (CIP).

Asked, Director Maher noted the future expenditures being planned for through the CIP will be identified. There are those for which the ultimate cost is unknown. Two versions of an explanation of the Unassigned Fund Balance (UFB) were provided to Commissioners at a prior meeting. She questioned which is preferred by the Board.

Business Manager Lavoie commented the designation of unassigned funds is not what most would assume it to be, it is not money in the bank.

Director Maher will provide Commissioners with revised explanation(s) of the UFB for consideration.

Commissioner von Schoen stated he would like to see the requested amounts to be transferred from the UFB lower than those requested on last year's warrant stating his belief those numbers have not been reduced in some time. Business Manager Lavoie stated they have declined. The treatment funds are used every year for water purchase, and these are for the treatment plant. Commissioner von Schoen commented but not in the millions of dollars. Director Maher stated we would have used \$850,000 if not having acquired the grant. Commissioner von Schoen asked if the desire is to signal that we are in good shape. Do we need to request the use of \$800,000 and \$200,000 year-over-year? Is it okay if we do \$600,000 and \$150,000?

Superintendent Miner spoke of the recommendation from Underwood Engineers that a minimum of \$400,000 be retained for infrastructure needs. Chair Provencher noted the \$2.5 million of meter replacements that will be needed over the next five years. Superintendent Miner noted it is also being used for other items. Director Maher stated when put in the trust it is earning interest. If sitting in a checking account it is not. Commissioner von Schoen added if we collect it in the first place it costs the rate payer money, and the argument is do we need that money today or can we wait a year and say we are not doing \$800,000 we are doing \$600,000?

Director Maher noted rates are not being raised for next year. We didn't raise the rates for this year, and we are still able to put that amount in. Commissioner von Schoen suggested perhaps we need to consider if we can somehow return some of those funds to the ratepayers. Business Manager Lavoie stated her belief more of those capital reserve funds would have been utilized had we done some of the projects that were considered, but because of the pending litigation and decisions we made, we did not use as much from the capital reserve fund as we intended to. We were collecting for those. Those remain projects that are coming down the pike that we need to make decisions on, e.g., recharge. Because of the lawsuit circumstances we decided to hold off and buy Pennichuck water again so that we could then investigate fully all of our options.

Director Maher spoke of the loan that had intended to start in FY24 and of having a significant wet season that year, which resulted in our expenses being down significantly. We raised the rates in FY24 because of that loan payment, which has now been pushed out two years.

Commissioner von Schoen stated his point to be that the UFB is basically earnings that we have sitting in the bank that we cannot do anything with right now. We can potentially invest them somehow but not as part of the unassigned funds. We can take a certain portion of that and convert it into capital reserves. That is what these articles are doing. Our capital reserve is still in pretty good shape right now. Director Maher agreed but noted there are a number of projects coming down the line. Commissioner von Schoen felt those should be budgeted for.

Business Manager Lavoie clarified that is what we do through the capital reserve accounts. Commissioner von Schoen added not for this current year. Business Manager Lavoie stated the rate is included in the capital reserve account. Commissioner von Schoen acknowledged that, but added we also have millions of

dollars sitting in a bank account right now. Director Maher stated it is pretty much all accounted for with upcoming projects.

Commissioner von Schoen reiterated the projects are not for the coming year but over several years. That is the point of having the funds in the capital reserve but not the UFB. The UFB is money that is not allocated/assigned. Director Maher stated if less is placed into the trusts there will be more sitting in UFB.

Commissioner von Schoen reiterated his point is whether there should be consideration to returning some of that money instead of putting it out for a rainy day into the trust funds. Technically right now we have money we don't need.

Vice Chair Ayers reiterated those funds will be needed for upcoming projects. Business Manager Lavoie noted we only have funds that are not needed at this time because of timing issues on other things, e.g., timing of plants, etc. There were funds included in the budget that were not needed and will now go to capital reserves.

Vice Chair Ayers remarked he is not against what is being suggested by Commissioner von Schoen, however, one incident and then we will be raising the rates. Commissioner von Schoen stated that to be why we have the capital reserve funds because we are planning for incidents and unknowns. We have an emergency capital reserve to a certain extent. The argument he keeps hearing is that we have a surplus and because of that we have money we have not budgeted for. Now we are saying because we have it we bank it in the capital reserve.

Business Manager Lavoie noted when the rate study was done those allocations to the funds were planned.

Commissioner von Schoen stated his point to be that every year we receive the same complaint that we are pocketing too much money in our capital reserves and are taking too much of our UFB. Just because we have it we put it into the capital reserve as well. What he was trying to say is if our capital reserve funds are within what we are planning for and are satisfying to whatever guidelines the State of New Hampshire gives us, the argument to continue to say because we have surplus we can continue taking whatever amount we see fit and add it to the capital reserve is justifiable is something he is uncertain he agrees with.

Director Maher remarked if you look at the capital reserve funds in terms of what we plan on utilizing, that amount is greater than what we are proposing be added. If we don't continue allocating funds to the trusts and/or if the planned expenditures exceed the allocations, we will fall short.

Commissioner von Schoen spoke of rate increases and was told increases are not needed. Commissioner von Schoen added meanwhile the money ages for a year or two. He reiterated this question comes up every year and he is asking himself if we are doing things because we have always done it like that.

Commissioner Clement remarked we don't raise rates every year. We raise rates when it is necessary. We did a study and raised rates. We had a good year and don't have to touch rates again for a while. When it comes to projects we have coming down the line like the F.E. Everett turnpike expansion, which will cost us a good amount of money from our trust funds, we are just paying that. She looks at the Town and they have a lot of work that is involved in those. They have made deals to have sidewalks put in so they can get more sidewalks and all of these kinds of things. They don't necessarily have a way to pay for any of that right now and with the climate nobody wants to pay more for that right now. Raising money for them is

going to be very difficult because they don't use these funds like we use them. You can look at the Town, the School District and MVD and we have an amazing savings program over years.

Director Maher stated she does not look at these as rainy day funds. These are operational for projects. Commissioner von Schoen stated they have to be both and he makes his decisions for them to be both. We hear the criticism year after year that we have two big pockets and you said we have not increased our rates in a while and that is true but we actually have increased them a year and a half ago, but we also have increased them by what percentage in the past five years?

Chair Provencher stated it to have been 70%; exactly what was predicted. Commissioner von Schoen responded that it is okay and we know why, but we are also criticized for it by some people. It is 70% that people now do not have that they did have 5 years ago. We all know why it is. There are many reasons for it and to a large extent they are outside of our control. He is asking if the Board should consider whether we need to continue doing this the same way every year.

Year after year these articles read the same more or less and year after year we get the same feedback. Should we think about doing something about that? We have the ability to do that. We have the funds, we have the capital reserve, we have the foresight of the projects that we think are coming down the line, we know we are more or less in balance, and we still have our emergency funds. We know we have increases coming down the line.

Chair Provencher commented I think that would be kicking the can down the road and we will have to pay the piper more at some point. I would rather gain interest than pay interest.

Commissioner Clement commented she would rather not draw down the capital reserve accounts to where they are no longer serving the purpose that they are now.

Chair Provencher remarked he is not hearing a public outcry that our rates are ridiculous.

Commissioner von Schoen remarked he does not think that should be the only gauge. What he is asking is should we do the same thing year after year out of habit or should we ask ourselves if this is necessary.

Chair Provencher remarked he is uncertain if the number is the correct one based on where we are. Commissioner von Schoen commented what he is asking is does it have to be \$800,000.

Superintendent Miner remarked the way we used to do it is it was the anticipated revenues of the previous year and what wasn't spent out of the budget. That is what usually is attributed to it. Director Maher stated she could have that figure going forward.

Chair Provencher noted Underwood provided that number. They said, based on the rate study this is what we recommend you have to put aside in your capital reserves every year. They haven't done an official rate study for a few years. The next study is planned for 2027.

Commissioner Sabens asked if there is a policy for the amount, and if there is a recommended amount to maintain in the reserve for a water district. Superintendent Miner responded there is not a policy on the amount to maintain. Director Maher stated it to be dependent upon planned projects for the next five years.

Commissioner Clement added it also depends on emergency situations, e.g., what would it cost to replace a well.

Commissioner von Schoen commented a guideline that has been heard previously is that you want to have half a year’s operational costs. Director Maher noted that it is for the fund balance/cash on hand. You have fund balance, non-spendable, which is inventory, assigned, which is your encumbered expenses from the previous year, trust funds, restricted with the amounts that we gained from the last audited year and then you have your fund balance reserve.

Commissioner von Schoen remarked the question asked was do we have policies or guidelines on how to determine those various fund balances, and he was saying for one of those we have the operational budget being one of the guidelines.

Chair Provencher commented in one of the Underwood rate study reports he believes there was discussion about the distribution system. A lot of the system was put in around the same time and has the same life expectancy. Even though we are not experiencing that yet, there could come a day when that reaches end of life. The funds are for those large costs. There will come a time when we have to make the decision that instead of repairing a leak we put a whole new line in. That is a large expense. If we didn’t have enough in capital reserve we would be talking about borrowing.

Director Maher stated the argument is that the infrastructure is 50+ years old. Commissioner von Schoen remarked you can be more specific than that. Frankly that pot of money is used for quite a bit of things. We can look at industry standards to identify the lifespan of a water pipe in the ground. If we have that number and know we are 10-15 years away from that now we are talking about having a different discussion.

Superintendent Miner stated the Commission will have a statement to read to explain the UFB and if further information is needed we can identify what will be used out of the accounts and provide information about the lifespan of the pipes, etc.

ARTICLE 7: This article is to transact any other business and close the meeting.

4. minutes from the December 16, 2024, regular Board of Commissioners Meeting and Non-Public Session

Board of Commissioners Regular Meeting January 27, 2025

The following amendment was offered:

Correct the meeting date in the header

MOTION BY COMMISSIONER CLEMENT TO ACCEPT THE MINUTES OF THE JANUARY 27, 2025 MEETING, AS AMENDED

MOTION SECONDED BY COMMISSIONER AYERS

MOTION CARRIED

4-0-1

Member von Schoen Abstained

RECESS

MOTION BY COMMISSIONER VON SCHOEN THAT THE BOARD RECESS UNTIL THE CONCLUSION OF THE PUBLIC HEARING ON THE PROPOSED FY26 OPERATING BUDGET AND WARRANT ARTICLES

MOTION SECONDED BY COMMISSIONER SABENS

MOTION CARRIED

5-0-0

The Board recessed at 6:59 p.m.

The Board reconvened at 7:02 p.m.

MOTION MADE BY COMMISSIONER VON SCHOEN TO RECOMMEND ARTICLES 1, 2, 3, 4, 6, AND 7

MOTION SECONDED BY COMMISSIONER SABENS

MOTION CARRIED

5-0-0

MOTION BY COMMISSIONER CLEMENT TO RECOMMEND ARTICLE 5

MOTION SECONDED BY COMMISSIONER AYERS

MOTION CARRIED

3-2-0

Commissioners Sabens and von Schoen voted in opposition

There being no objection, the Board went out of the regular order of business to take up Item #8

8. Board of Commissioners to review Action Items from previous meetings and those to be added from this meeting.

The Commission reviewed the Action Items. New dates were added to several of the items.

Mineral Graphs

Have not yet been received. Commissioner von Schoen believed the invoice was received and included in the last manifest. Director Maher will look into that.

Financial Accounting Software

Commissioner von Schoen questioned whether the anticipated savings would be impacted by pushing the date out. Director Maher responded that because it is a rollup budget, there is no concern.

The Board returned to the regular order of business.

5. Old Business

Chair Provencher commented on the previous discussion around reduced salt signs in no salt routes.

Superintendent Miner stated he has not had the opportunity to follow up on that. He pulled the Public Works Department's winter maintenance plan, and noted it calls for 50% less salt on the roads in the wellhead protection areas. There is also a chart in the manual that says in certain temperatures there are so many pounds per lane mile for salt. That target can vary. From past discussions the department has said it is 150 pounds per lane mile, but that can be a moving target if going by temp., etc. It could potentially be less salt.

Chair Provencher spoke of sand being used on his street during the last storm. He noted Hudson used sand on their streets and questioned why that would not be an option for the no salt roads in Merrimack.

6. New Business

Commissioner Sabens questioned the necessity of the Board to be responsible for approving the manifest.

Chair Provencher stated his belief it is a requirement by law. Commissioner Sabens remarked he read the law and did not come to that conclusion. It indicates someone needs to be responsible for it, but it doesn't identify the Board. We have an internal policy. He was questioning the policy.

Commissioner Sabens asked that it be looked into for verification. He is uncertain he brings value to that task and noted the Superintendent and Business Manager are already reviewing the information for which they are more closely involved.

Director Maher stated her belief it is Board approval to expend the total dollar amount. Commissioner von Schoen commented that all the Board really does is develop a proposal for a budget to the voters and the voters approve it. Superintendent Miner commented it is almost as though the Board is approving the Treasurer to pay that bill. It will be looked into further.

Chair Provencher asked about funds spent on the wholesale agreement with Pennichuck Water. If we abolish the wholesale agreement we revert back to the retail rate. We open that connection in an emergency. The little bit of water we use in an emergency would likely be significantly less costly than the agreement. We don't want to open that spicket because it has PFOA in it.

Commissioner Clement spoke of having years' worth of data to review.

Superintendent Miner stated the flip side to going back to the emergency use arrangement is that it is not guaranteed. When we need it, it may be a situation where others have a contract with them and their needs would be addressed.

Commissioner von Schoen stated that to be one of the main reasons we entered into the agreement.

Commissioner Clement suggested a review of the amount used and an attempt to negotiate a smaller contract amount.

The agreement was PUC approved and represented our maximum day. Chair Provencher noted Underwood has indicated we are chasing 500,000 gallons/day and that is why we went with a

250,000/gallon average as it allowed us to use 500,000. We haven't really used it. Commissioner von Schoen noted we also have not had a drought.

Chair Provencher commented when we signed on to the agreement we didn't really think about the fact that we don't want to use it as a source because it has PFOA in it. Superintendent Miner believed the discussion was that it wouldn't be used if not needed.

Commissioner von Schoen recalled the intent was to keep it for emergency purposes. Chair Provencher noted with Wells 2 and 9 online we have a little more of our own water. He questioned if it is worth asking Underwood to evaluate it.

The current contract expires two months into 2027.

Commissioner von Schoen remarked a new well is \$3-5 million easily. The argument was we can pay for this for 10 years and not use it and have the insurance. In 10 years, there is more than likely at least 1-2 droughts. Superintendent Miner noted the rate charged was covering Pennichuck's costs, and he is uncertain they could go any lower. We can certainly ask.

7. Questions from the Public/Press - None

ADJOURNMENT

**MOTION BY COMMISSIONER AYERS TO ADJOURN
MOTION SECONDED BY COMMISSIONER VON SCHOEN
MOTION CARRIED
5-0-0**

The February 24, 2025, regular meeting of the Board of Commissioners was adjourned at 7:36 p.m.

Submitted by Dawn MacMillan, Recording Secretary