

A special meeting of the Board of Aldermen was held Friday, November 17, 2006 at 6:00 p.m. in the Aldermanic Chamber.

President David Rootovich presided; City Clerk Paul R. Bergeron recorded.

Prayer was offered by City Clerk Paul R. Bergeron; Alderman Dion leading in the Pledge to the Flag.

Alderman Bolton

Point of Order Mr. President – the words to the Pledge of Allegiance are in the United States Code. Every time we pledge allegiance there is one of more people trying to insert different words. I would ask that you ask people to say the words the way the federal law prescribes so as not to mislead people. Thank you.

President Rootovich

Your point is taken. I am not listening intently to who is using the different words of the Pledge of Allegiance, but again I would ask that we use the words as they were written please. Thank you.

The roll call was taken with 12 members of the Board of Aldermen present; Alderman MacLaughlin was not in attendance. Aldermen Cookson and Tollner arrived after the roll call was taken.

His Honor Mayor Bernard A. Streeter and Corporation Counsel David R. Connell were also in attendance.

COMMUNICATIONS

**MOTION BY ALDERMAN TABACSKO THAT ALL COMMUNICATIONS BE READ BY TITLE ONLY  
MOTION CARRIED**

From: Mayor Bernard A. Streeter  
Re: Special Board of Aldermen Meeting

**MOTION BY ALDERMAN TABACSKO TO ACCEPT AND PLACE ON FILE  
MOTION CARRIED**

NON-PUBLIC SESSION

**MOTION BY ALDERMAN TOLLNER THAT THE BOARD OF ALDERMEN GO INTO NON-PUBLIC  
SESSION BY ROLL CALL PURSUANT TO RSA 91-A:3,II(e) TO CONSIDER A PENDING CLAIM OR  
LITIGATION WHICH HAS BEEN THREATENED IN WRITING OR FILED AGAINST THE CITY  
SECONDED BY ALDERMAN BOLTON**

*A Viva Voce Roll Call was taken, which resulted as follows:*

Yea: Alderman Tollner, Alderman Tabacsko, Alderman McCarthy, Alderman Flynn,  
Alderman LaRose, Alderman Dion, Alderman Bolton, Alderman Richardson,  
Alderman Deane, Alderman Teeboom, Alderman Cookson, Alderman Williams,  
Alderman Plamondon, Alderman Rootovich

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Nay: 0

**MOTION CARRIED**

President Rootovich

Attorney Upton at this time I will turn it over to you if you want to give a brief overview of the packet that the Mayor is handing out. The floor is now yours.

Rob Upton, Esq.

I will try to make it brief because I know this is a Friday night meeting and I really appreciate that everybody has come. It is an important meeting too. I will do everything I can to keep it as short as possible. I am going to ask you tonight to do two things; the first for reasons that I will explain, I need you to authorize the proposals that I previously made to Pennichuck in the confidential negotiations that we have made and then for the reasons we discussed last week, I need you to authorize me to make several proposals at the PUC settlement discussions on Monday. That is the written proposals that you have.

The good news is that the proposals that we discussed in settlement and the proposals that are in the settlement proposal document are essentially the same thing so we don't have to spend a lot of time discussing a whole bunch of different kinds of proposals. The reason I need authority for the previous proposals is that we have become aware that the President of Pennichuck, Mr. Montopoli has taken the position that he has, i.e., no settlements, we are going to trial, I'm not going to spend any more money, here is my best offer take it or leave it because he doesn't believe that this board will vote to authorize any of these proposals that have been made by the negotiators.

Since he has that belief, he doesn't think he has any fiduciary duty or any responsibility to discuss those proposals with this board or even to take them seriously. The impediment from their standpoint is RSA 38:13 and you recall when all of this first started I talked to you about that as that is what they call the second look provision of RSA 38. It requires the city, once a value has been set, to pay for the assets by issuing bonds and that requires a 2/3 vote under RSA 33b, which is the revenue bonds provision. These have to be done by revenue bonds.

We have always said that the vote to issue bonds under RSA 38:13 has to be a condition to any proposal that we make because you would have to ultimately vote to issue those bonds. You can understand therefore I think a little bit how Montopoli has converted that requirement into an uncertainty that he says is fatal. He says that until that vote occurs any votes are largely illusory or any offers are largely illusory because he doesn't know what the Aldermen might do, and therefore as he concludes, I have no obligation to take these offers seriously.

What I am proposing and hoping you will do tonight is to authorize these prior settlement proposals and again they are basically the same, and I will go through them quickly, but they are basically the same as the ones that are in the settlement proposal document that you have, authorize those that were made during the confidential negotiations by a 2/3 vote so that I can say to Montopoli and the company that RSA 38:13 is no longer a condition to the deal. I can say the Aldermen have given the 2/3 vote, if we do these deals we won't require another 2/3 vote, we won't make that a condition to going forward.

David Connell, Esq.

You have to have a public hearing.

Rob Upton, Esq.

You have to have the vote, but what I am saying is that the Aldermen by authorizing me by a 2/3 vote today are signaling they will vote by a 2/3 vote when we issue the bonds if the deals are similar to these proposals. We think that by taking this action the Aldermen are essentially forcing Mr. Montopoli to seriously consider the city's proposals and bring them back to the table. We think that is made even more likely by what we talked about last week, which you will do in the public part of the meeting the second thing, which is to authorize me on Monday to make these proposals public and to make them to the company in a public way. The public will become aware that the city is trying to settle, Pennichuck shareholders presumably will become aware that the city is trying to settle and has made proposals, and my

hope is that they will start calling Montopoli to find out what they mean and what they mean for the shareholders, what they are and what they mean for the shareholders. Remember what Fred said about the annual meeting; this is a group of people that generally is not very happy with their stock price.

Another thing we have learned since I last spoke to you is that the executive director of the PUC has been voicing her concern that something needs to happen and something should be done to resolve this dispute. If she is saying it, it is not unlikely that the commissioners are aware of what she is doing so that if they see that the city is making a good effort to try to settle these cases they may start to clamber for the parties to get together and do just that. Hopefully that will be further incentive for Montopoli to come back to the table and even in fact maybe the commission may decide that they want to postpone the trial to permit that to happen.

We think all of this if you authorize these proposals, will have the affect of leveling the playing field that we currently don't have with Montopoli. We hope it will bring him back to the table and even resolve hopefully in a satisfactory end of the litigation and the expense. We will spend whatever time you want discussing the proposals and the information that you have gotten from Sansoucy, but I think another thing is important to say about this vote; this is probably just as important as the original vote that you took authorizing the commencement of this acquisition. If you support these proposals there is a chance to settle this litigation. If you don't support this with a 2/3 vote I think there is virtually no chance of settlement and the trial is going to go forward. As you know the outcome of a trial, any trial, and this trial especially, is going to be uncertain and expensive. I am not going to say that we are going to lose. I still think we are right on the law. I don't have any problems litigating this case, but it is uncertain, you are going to let someone else decide your problems for you and you never know what is going to happen in litigation when you do that.

We don't know for example if the commission will find the acquisition to be in the public interest, we don't know what assets it might let us buy, we don't know what value they might put on them. All of that is very uncertain. When you control the settlement all of those things then become certain and you control it and you make the decision.

I think that these proposals before you tonight make sense I think they would be good for your city and its ratepayers. If you don't agree and you don't authorize them with a 2/3 vote, I think you really need to seriously consider whether you want to continue the litigation. I think that is very important for you to decide tonight. The chances of getting a better result than any of these proposals is in my judgment enough uncertain so that it would be hard for me to recommend that you spend all of the money that it is going to take to go through this trial in the hopes that something better is going to come along. I think a better course of action if you decide that you are not going to support this by a 2/3 vote is to try to develop a successful exit strategy.

I think it is an important vote that you are taking tonight. It will have a huge impact on this acquisition. If you authorize these proposals we have a chance to go forward and try to get this case settled, to try to bring them back to the table. We really I think put the pressure on them I think we ratchet it up big time. But if we don't if you decide that you don't then I am not sure that it makes sense to bet the farm on the litigation. The failure to get a 2/3 vote for these proposals to me is an indication that it is going to be very difficult for your board to support any future proposals with a 2/3 vote. It is an important vote to take.

The proposals, you have two of them; you have one for \$190 million and one for \$225 million. The \$225 million is the asset only equivalent of the \$235 million offer that you have heard going around.

#### Alderman Tollner

I have the \$225 million, the \$175 million, and the \$160 million.

John Upton, Esq.

Those are the three proposals, I'm sorry what I was talking about is Sansoucy's financial documents, but you are right there are three proposals that I want to make; one is at \$225 million...I am not going to go through and tell you what they are for, it is self explanatory, there is \$225 million, \$175 million, and \$160 million. The \$225 million proposal is essentially the asset only equivalent of the \$235 million proposal that we made to acquire the whole company. That was made, as you will recall, we offered \$235 million for the stock of the entire company when we thought we could do a stock transaction. We have been told as you will recall by bond counsel that we can't acquire the stock so it got cut back to an asset only acquisition and because Sansoucy thinks that...I have to go back just one more step...bond counsel also told us that we can't own the assets of either the service company or the real estate company, not the unimproved real estate but the commercial real estate, the partnerships that Southwood is engaged in.

What Sansoucy has essentially said is that has value, those two companies have value of about \$10 million so we backed out the \$10 million and that is why we get the \$225 million and that is the asset equivalent of the \$235 million for the stock.

It is from that original proposal...

...audio inaudible...

Alderman Bolton

...they could let me know and we could discuss that further, but the way I would propose that the motion be worded would be that the Board of Aldermen authorize the attorneys representing the city to present on behalf of the City of Nashua the settlement proposals presented to the board during the non-public session for the purpose of settlement the conference scheduled before the New Hampshire Public Utility Commission on November 20, 2006, that the attorneys negotiate such proposals thereafter, that the attorneys report to the board and the Mayor on the progress of such negotiations, and that by approval of this motion by a 2/3 majority as required by RSA 38:13, and approval by the Mayor of the City of Nashua, the city's intent to ratify a final agreement based on the terms of these proposals is confirmed. Then I would add an actual line that says approved and for the signature of Bernard A. Streeter, Mayor of the City of Nashua.

That is my suggestion. With some trepidation I would assert that is an improvement over what has previously been presented and hope that I have captured what we really intend to do.

President Rootovich

Attorney Connell, Attorney Upton comments?

David Connell, Esq.

I think that is a better way to put it because for one thing it is true the Mayor must be on board and secondly the board acts as a board and shouldn't be calling itself we, it should be referring to itself as the board, and that technically the attorneys are free by our city not per any subset of officials.

Rob Upton, Esq.

I don't have any problem with it, but I thought maybe that the last part of it sounded a little convoluted and you could get the same thing by saying that by approval of this motion by a 2/3 majority as required by RSA

38:13 the Mayor and Board of Aldermen confirm their intent to ratify a final agreement based on the terms of these proposals.

Alderman Bolton

With all respect I disagree. It is important to confirm that it is the city's intent.

Rob Upton, Esq.

Okay. Then you could say confirm the city's intent to ratify...the Mayor and Board of Aldermen confirm the city's intent to ratify a final agreement.

Alderman Bolton

Either way.

Rob Upton, Esq.

I will give you mine and you can look at it. I don't care. If that is what you want to do that is fine.

David Connell, Esq.

Alderman Bolton's remark about having a signature line for the Mayor raises a question of what physically becomes of this motion in the near future. Do you intend to disclose it immediately or ...**audio inaudible...**

Rob Upton, Esq.

My sense of it was what I needed was the authority I don't need the written document. I have been authorized, there will be a vote, it will be part of the records of this body, and I can ...am I being naïve about what that means?

Alderman Bolton

I'm not trying to be one up on this, but attorney Upton has represented many municipalities for many years in the State of New Hampshire, many of those are under the Selectmen form of government and when a Board of Selectmen passes something at their meeting that is it and their minutes are the official record. The difference is in the City of Nashua it is specifically by Charter, the Mayor either signs and approves something or by written message vetoes something and so until the Mayor signs something the action of the Board of Aldermen has not taken affect. I do think we need something. If this is going to have affect the Mayor should sign it. In theory if he doesn't veto it, it takes affect without his signature, but if the intent is to demonstrate solidarity I think we ought to have something with the Mayor's signature on it.

Alderman Tollner

I think the amendments presented by Alderman Bolton are good I just have one question. The second paragraph we are eliminating or are we just leaving the...where it starts the board's attorneys in consultation with the Mayor's designee, what are we doing with that? Are we leaving that alone or are we taking it out? When I was listening to you I started writing the changes there but then I thought you were reading off the third paragraph there.

Alderman Bolton

I eliminated those words there, added there would be reports back to the Mayor later on. Obviously anything other than these proposals are going to have to be re-approved and re-ratified and so forth and I am sure the Mayor and anyone he wishes will be a part of that process. I thought it was unnecessary where it was and I added in the reports back come to the board and the Mayor.

Alderman Tollner

Okay.

Rob Upton, Esq.

I put that in there simply because the Mayor and Mark Sousa were assisting us in the negotiations. I simply put it in. It doesn't add or delete anything from the authorization to take that out or to leave it in.

Alderman Tollner

I think it is a great idea to put the City of Nashua in there. I also think it is a very important concept to have the Mayor in there and to get the Mayor's commitment. We can assume that after spending all of this time presenting it he is, but I would rather not go through all of this...we are asking everyone to take a vote to decide whether they are in favor of it or not and I would also like to hear from him even though I am not expecting any surprises.

Alderman Teeboom

Let me get away from the process and understand the proposal itself a little bit better. Let me just address this, there are questions elsewhere, but let me just address the proposal itself. There are three proposals here; one is for taking the whole kit and caboodle...

Rob Upton, Esq.

All that we can buy.

Alderman Teeboom

All that you can buy except I guess the commercial parts that you cannot buy as I understand it. The second part is all of PWW including Southwood Corporation but not the satellite like Pittsfield or any other...

Rob Upton, Esq.

Two includes the satellites. Two includes all of PWW including the satellites, all of the assets of PWW and the unimproved land that Southwood holds that is in the watershed that we have all thought was so important to get in this transaction to try to end the encroachment on the watershed.

Alderman Teeboom

What is the difference between the 1 and 2 just in simple terms?

Rob Upton, Esq.

I think really what your question is Fred is what is the difference between 2 and 3.

Alderman Teeboom

Let's do that next.

Rob Upton, Esq.

One and two are simple you are getting all of the operating assets of all three of the regulated utilities, Pennichuck Water Works, Pennichuck East, Pittsfield, and the land. In 2 you are not getting any of the assets of Pennichuck East or Pittsfield Aqueduct. That is the difference.

Alderman Teeboom

So you don't get the other two...

Rob Upton, Esq.

You don't get the other two operating utilities.

Alderman Teeboom

The ones that charge a lot more for their water. Number 3 is a little harder to understand. It includes the entire water filtration plant?

Rob Upton, Esq.

Yes.

Alderman Teeboom

It includes all of the pipes, includes everything that is done within Nashua.

Rob Upton, Esq.

Yes.

Alderman Teeboom

That is rather interesting is the wholesale contracts that is if Merrimack gets serviced by this filtration plant and they are a big user...

Rob Upton, Esq.

You want to be able to sell water to them.

Alderman Teeboom

Now you are going to sell them the wholesale contracts?

Rob Upton, Esq.

If we are going to own the water treatment plant we want to be able to sell water to everybody that Pennichuck is selling water to.

Alderman Teeboom

Can those contracts themselves be sold by us?

Rob Upton, Esq.

The contracts?

Alderman Teeboom

Yes.

Rob Upton, Esq.

I suspect they could, but they are not going to be worth very much because nobody is going to buy them unless they have the ability to provide the water and only we have the ability to provide the water.

Alderman Teeboom

Now that I understand this, to be fair about it I called the Mayor when we called a public hearing earlier this week and I said we are going to see a lot of data and I would like to see the data, and the Mayor gave me access to this data earlier today, and I had a nice little conversation with Attorney Upton at the Mayor's approval. I think I understand this a little better, but what I am still trying to do is come back to the proposed motion, is other than the process that Alderman Bolton talked about, what are the parameters? In other words, does this allow you to say well I am going to come up with a proposal #4 or ...excuse me sir I am talking here if you don't mind...if I get to proposal #4 and that is something in between all of that, you have so many parameters here, and it winds up with \$150 million or you come up with proposal #5 and that is \$250 million so I am trying to understand a little bit about the parameters. It seems to me that the proposed motion is a bit too open ended and I would like to nail it down, I don't know exactly, I haven't thought about the motion very much have talked more about the data, but the motion I would like to see some wording and maybe we could think about it a little later, that says okay you cannot, as an example, negotiate something more than \$225 million unless you come before the board or perhaps now that I think about it, these are the three proposals, if you have a variation of these you come back before the board, if you can come up with something like that.

Rob Upton, Esq.

Let me just tell you what I think...

President Rootovich

Hold on, Fred are you done with your question?

Alderman Teeboom

That is question #1, I don't know exactly where we go next, but that is ...

President Rootovich

You want him to answer that question first?

Alderman Teeboom

Yes.  
Rob Upton, Esq.

Let me tell you what I view you are authorizing me to do. Specifically I can only do these three deals and if the deal is going to be different than these I obviously have to come back to you, but what this signals to them is that I can get your votes if you give me this vote tonight, I can get your votes for something that is within these parameters. It means that I am going to have a lot more credibility sitting at the table saying look dam it they approved \$225 million why do you think they are not going to approve something in that range, to get this deal done why would you say I don't have authority. It is an easier process for me to come back to you and say alright they are jerking me around give me the authority for this deal. But I agree with you Fred absolutely if there is a variation of any of these three proposals I can't do it until you ultimately authorize it. But I can represent that it is a likelihood that I will get it.

Alderman Teeboom

This motion does not talk about the specific proposals.

Rob Upton, Esq.

Yes it does.

Alderman Teeboom

Oh does it?

Rob Upton, Esq.

That is what I tried to do. I tried to make sure it was very specific to the three proposals.

Alderman Teeboom

Can you tell us where it says that? I am looking at the motion and I don't see...

Rob Upton, Esq.

To authorize, present it to the board, to present on its behalf the settlement proposals presented to the board. That is in the settlement proposals that are in your package.

Alderman Teeboom

Okay so if everybody is happy enough that is the case I will accept it. The other thing is I am not sure what it means on progress, I would like to see you come back about every well there are two ways to look at it; you can come back when you think you have made progress or come back and give us a progress report. I personally favor progress reports I like to know where we are. But that is just another comment. If nobody else feels strong about that I will drop that point, but if you could...what is your feeling about coming back before the board on this progress?

Rob Upton, Esq.

I will do whatever you want. It is your choice. You pay me every time I troop down here. My sense of it has been that it has worked okay just letting you know when there were things that I thought were important for you to know that would play into your decision making, and that is what I would always do, if I thought there was something that was important for you to know I would call the Mayor or the President and say I think it is time for me to come back before the board. That is what I have done in the past.

Alderman Teeboom

President Rootovich I have a couple of questions about the data. I would like to talk about that presented here and ask the questions of Attorney Upton, but I will hold that until we are satisfied with these motions. In general, my approach to this thing is you don't want to go to court with the PUC. I have said many times the PUC is not your friend. I have been an intervener in three water settlement cases; 073 which I am an intervener in right now, which is the latest case, the 43% case, I was an intervener in the previous one when they got 15% or 16% and I was an intervener of the current case until I got elected...

Alderman Bolton

Point of Order Mr. President...

President Rootovich

Alderman Bolton your Point of Order?

Alderman Bolton

With all due respect, Alderman Teeboom's past history is fascinating but it has nothing to do with what is under discussion right now. If he could be asked to get to the point.

Alderman Deane

The Point of Order, I would like to vote on that. I would like to hear what Alderman Teeboom has to say. I think...

President Rootovich

You want a vote?

Alderman Deane

Yes I do. I think Alderman Teeboom should be allowed to continue.

President Rootovich

A vote has been requested. Your motion is...

Alderman Deane

To allow Alderman Teeboom to continue with what he has to say.

Alderman Bolton

Point of Order...there was nothing in my point of order that would have suggested that Alderman Teeboom not be allowed to continue to make his point. The point was that he ought to get to his point. We have all heard many times how many times he has been to the PUC and what his vast history of knowledge in the utilities area is. It doesn't further the process for us to hear it again. There was no effort to make him stop speaking so if the motion is to allow him to keep speaking I am in favor of that so there is nothing to vote on.

Alderman Deane

Thank you. I would like to continue. I don't want to censure what Alderman Teeboom has to say. I would like to hear what he has to say.

President Rootovich

All I am going to say and not just pertaining to Alderman Teeboom, but every member of the board, is comments and questions be relative to what is in front of us. I would ask as a favor to me and a favor to your colleagues that we stick to what is in this agreement here and not get off on tangents.

Alderman Teeboom

This is a very important vote. We are talking about a huge amount of money and a long-term commitment. Let me come back to my basic premise. You do not want to go to court with the PUC. Excuse me if I ran into all of my experience. This case is extremely complicated, there are huge amounts of data, and when I was in the conference call that Attorney Justin was in, they got off on a tangent on the view and they started talking about how they are going to present this case and no one has an idea of how they are going to proceed in this case. You have three commissioners that are involved in many other things and here they have to deal with this case. My feeling is, my opinion is based on my experience is they will go to the staff and take the staff recommendation. If they take a staff recommendation we are finished.

Now does that mean you go to settlement absolutely. Whenever you can try to go to settlement. I think Mr. Upton in many ways felt the same way. If you walk out without a settlement now you have collapsed your case and now you are facing the damages. You can argue what these damages mean, unclear. This case eminent domain has never been litigated in the State of New Hampshire, but it does mention damages in RSA 38 any number of places. The courts have also not dismissed the cases they have remanded them to the PUC. It doesn't mean that the courts can't go back if people are unhappy with the PUC or the settlement agreement. At this point settlement is important.

I have questions about the data. Let me stop here, wait for anybody else to talk about this motion, when we get back I would like ask some substantial questions about some of the data but it won't take very long. Thank you.

President Rootovich

Does any member of the board have any questions with respect to the proposed motion before we go on with questions about data or anything else, the proposed motion that Alderman Bolton has made?

Alderman Deane

I would like to hear it read again please.

President Rootovich

Alderman Bolton if you would be so kind.

Alderman Bolton

I'm happy to do so. Understand no one has made this motion yet. I asked a question whether certain wording would be better than other wording, but what I would suggest be made as a motion when the time arises the following wording: that the Board of Aldermen authorize the attorneys representing the city to present on behalf of the City of Nashua the settlement proposals presented to the board during the non-public session for the purpose of the settlement conference scheduled before the New Hampshire Public Utility Commission on November 20, 2006, that the attorneys negotiate such proposals thereafter, that the attorneys report to the board and the Mayor on the progress of such negotiations, and that by approval of this motion by a 2/3 majority as required by RSA 38:13 and approval by the Mayor of the City of Nashua, the city's intent to ratify a final agreement based on the terms of these proposals is confirmed.

Alderman Deane

Thank you.

President Rootovich

There being no other further questions or comments with respect to the proposed motions.

Alderman Cookson

Thank you. I would inquire whether it is appropriate to include, when we do make this motion to include in the wording the three settlement proposals presented to the board in the amounts of \$225 million, \$175 million, and \$160 million.

Rob Upton, Esq.

I would prefer that the amounts not be in the motion and that the amounts be able to be determined by the public only by reference to the PUC. What I am going to do, if you approve this, is I am going to file the settlement proposal with the PUC. I would rather not create a firestorm like what happened when the city made its first settlement negotiation or first settlement offer way back in 2002. That created a firestorm of trading in the stock, we got accused of trying to manipulate the price, and we got accused of a whole variety of things that I would rather just keep out of it this time. If someone wants to get this they can go to the PUC and get the document, they can do what they want with it.

Alderman Cookson

Thank you.

Mayor Streeter

Mr. President could I just add that this document tonight will be made public tonight.

David Connell, Esq.

That is the question.

Mayor Streeter

This will be in tomorrow's newspaper.

Rob Upton, Esq.

The vote.

Mayor Streeter

The vote or the motion. I think what Rob is saying is you don't want to tip your hand until you get to the PUC with what the actual numbers are.

David Connell, Esq.

That was my point I wanted Attorney Upton to go through the ramifications of what if anything should be disclosed tonight and the pluses and minuses of that.

Rob Upton, Esq.

I think the minuses are that we create turmoil in the stock potentially if we present the amounts.

David Connell, Esq.

What about the absence of the amounts would that not create similar...

Rob Upton, Esq.

I don't think so. That just puts people on notice that we are going to make a proposal. If they are interested they can come to the PUC and get a copy, they can try to come into the settlement discussions. That would be my preference.

President Rootovich

Before I recognize anyone else do you have any other questions Alderman Cookson? You have the floor. Are you all set...

Alderman Bolton

Just in answer to this and carrying this a little further...

Alderman Cookson

Do I have the floor?

President Rootovich

You do have the floor.

Alderman Cookson

Thank you.

President Rootovich

You don't want Alderman Bolton to respond?

Alderman Cookson

No I have the floor. Thank you.

Alderman Bolton

I thought he asked me a question.

Alderman Cookson

Who asked you a question? I am sorry nobody asked Alderman Bolton a question. Therefore I would...

President Rootovich

He didn't ask you Alderman Bolton he asked the Mayor from my understanding. He was looking at the Mayor and then Attorney Upton responded and Attorney Connell...

Alderman Cookson

So I concur with Attorney Upton's comment with regard to including the amounts within this motion. Would it be detrimental to include the number of proposals?

Rob Upton, Esq.

Not a bit.

Alderman Cookson

Okay so we could say something along the lines of any one of three settlement proposals as is included in this non-public session.

Rob Upton, Esq.

The settlement proposals I put in caps because it is entitled so I tried to reference the document, but you could say on its behalf the three settlement proposals presented to the board.

Alderman Cookson

Thank you.

Rob Upton, Esq.

If that makes you feel comfortable that is fine.

Alderman Cookson

Thank you.

Alderman Deane

Attorney Upton hit on what happened way back when when there was a big uproar about that. I am all set.

Alderman Tollner

I just have a concern identifying the number of proposals. I would like this to be as vanilla as we possibly can and make whoever is interested in finding out what exactly we're doing and how many proposals and how much money...as was stated earlier, let them go look for it. You are going to wake up tomorrow morning and this motion is going to be in there. If we mention the number of proposals immediately Pennichuck will know wow they have three proposals on the table. What difference does it make whether there are...we are saying proposals so there is more than one. Let them go do the work, at the right time let the attorneys roll out the three different proposals. I would feel more comfortable just leaving it the way it is right now and not tying us down, less confusion, make it clearer, and whoever wants the information can go to the PUC and get it.

Rob Upton, Esq.

I assumed Alderman Cookson was trying to limit me in what I could do on behalf of the city and if that is what he wants to do the reference to the three is fine. I understand also what you are saying. It really doesn't make any difference to me. I don't care how you do it. It is the board's decision.

Alderman Tollner

Well if you go with 5 we will find you. Thank you.

Alderman Tabacsko

Thank you. I am pretty much in agreement with Alderman Tollner. I was under the impression that our purpose here was to, part of the purpose at least, was to let it be known that there was proposal movement and that the proposals existed. I frankly think that specifying the numbers and/or the dollars is counterproductive to that end, and I would prefer that they not be there. Thank you.

Alderman McCarthy

I actually think we have to think about what it is we are trying to do and I think Alderman Cookson was trying to clarify what we were authorizing the attorneys to do. I think putting that in the motion simply changes what we disclose in public, and I would point out that if we put three in there that the document that is in front of us is entitled settlement proposal so if we put in the motion three settlement proposals that leads to the expectation that there are two other documents besides this one, which are included in the motion. I think it already constrains the attorneys to present what is in the document that is in front of us, and we probably should not disclose more information about that to the public by enumerating how many of them there are.

Rob Upton, Esq.

I can tell you the last thing I want to do on your behalf is to engage in a discussion with somebody from the Nashua Telegraph about what these proposals are and what they mean. I do not want to do that. That is why I created a document so that if they want to know what is in it they can go to the PUC, get that document, and they can make their own judgments about what the hell is in this thing instead of any of us trying to say this is what it is this is what it means.

I think it puts an enormous burden on everybody to try to respond to what these actual proposals are. I encourage all of you if someone calls you to say either talk to Upton or they are in the proposal that is what we authorized.

Mayor Streeter

Can I just add to that Mr. President? Whatever comes out of this meeting will be exactly what the Telegraph will have, no more no less. And no one should comment to the Telegraph or just refer any questions to you.

Rob Upton, Esq.

What I will say to them is that I intend to, based upon the authority given to me at the meeting, I intend to present a settlement proposal at the settlement discussions and that I will file it prior to those settlement discussions so that if you want to get it you can get it.

Alderman Flynn

I am sure you crafted this very carefully, but I just have two questions for you Attorney Upton. Is there some reason that you don't reference in here...in the first paragraph where it says presented to the board during the non-public session, why are you not mentioning that it is held on November 17<sup>th</sup>? Why is it kind of a nebulous session that we are referring to?

Rob Upton, Esq.

It was oversight. I am happy to have it added in. I didn't think it was necessary. This is going to go under your vote tonight. It will be pursuant to the meeting tonight, but it was oversight. I'm happy to have it in there.

Alderman Flynn

For me I am more comfortable with that. It is not a deal breaker I can assure you.

Rob Upton, Esq.

And it wasn't done for some specific reason to leave it out.

Alderman Flynn

I am more comfortable with that if we could think about that as we finalize this motion. Secondly, could you speak just a little bit more about what this second paragraph does where now it reads that the attorneys...I don't know if I put everything down, but essentially it comes to that the attorneys negotiate such proposals thereafter. Could you speak a little bit more on that?

Rob Upton, Esq.

Sure. It means that on your behalf and on the city's behalf if the company comes back to the table I can negotiate these three deals and I can say these are authorized by the Board of Aldermen, these are real offers, we want you to consider them as real offers. They may come back to me and say well sure we would love to talk about number 1, but we are going to have to do this, this, this, and this in order to make it happen and I can negotiate that kind of back and forth. Obviously if changes significantly and it will change some because these are very simple proposals, but if it changes I still have to come back and get final approval from you if I think we have a deal, but what I don't have to worry about is saying to the company

well I don't know, God I don't know whether I can get the votes to do that because you will have told me that if I come back with a deal that approximates this thing you are going to probably support it. That is the key. He has got to know that I can get your vote and at levels that they think you will never ever ever in a million years support. That is what they have essentially told us this Board of Aldermen is not going to vote for anything for \$225 million. I can tell you they looked at me and they said that, it won't happen.

Alderman Flynn

Thank you.

Alderman Williams

Thank you. You had mentioned a moment ago that we didn't want to appear as though we were doing anything to manipulate the stock price. I took a moment to look it up and I looked at the trading volume and today 4,000 shares traded out of 4 million so it is not moving at all. It is also trading at about \$19. It was \$17 a few weeks ago. They had a high this year of \$25 something. As a shareholder what is the value of \$26 or \$27 if it is at a high this year already of \$25? Where is the premium?

Rob Upton, Esq.

I don't think that you would look at it...there is very small premium if you compare it to the high. I think what most investors do is compare it to what their current...

Alderman Williams

Is there something we did that drove that stock to run up?

Rob Upton, Esq.

No. I think their stock has generally...from my observation of it, I don't do stock trading, but from my observation of it, it has had a funny run. There have been days when it has had huge volume that surprised the hell out of me and scared me that maybe news of the negotiations had gotten out. It seems to have bumped along with the general market. When the market took an up-shoot recently it jumped up over \$20 and traded up and down over \$20, but these utilities, water utilities according to ValueLine, which I think is probably the most respected of the analysts, they say that they are not a good investment right now, there is going to be very little return or appreciation on them for probably the next 3-5 years so it doesn't surprise me that it is trading where it is trading. I think when we initially took the vote to take them that had an impact on their stock. I do think that happened. I think over time that has dissipated.

Alderman Williams

May I follow up on that point because that is where I was actually going with this was I want to just make sure I understood you correctly, you said there was some uproar at one time.

Rob Upton, Esq.

Yes.

Alderman Williams

Is there any personal liability to any of us by this vote?

Rob Upton, Esq.

The worst that could happen I suppose is if they proved it that there could be liability to the city.

Alderman Williams

As long as we don't own it or recommend it anything like that we're fine.

Rob Upton, Esq.

No.

Alderman Williams

Okay.

Rob Upton, Esq.

To be perfectly honest with you I have always been very concerned about how public I could go and I spent a lot of time looking at the law trying to figure it out, and basically I wouldn't do this except that it can be done in the context of the litigation that there is a scheduled settlement discussions from November 20<sup>th</sup>, it has been on the procedural schedule from the beginning. If that weren't there I don't think I would be here saying to you give me the authority to make this public, but I can do it in that context and I think I can ratchet up the pressure on them by doing it. That is what I want to do on your behalf.

Alderman Williams

I just wanted to make myself comfortable with that.

Rob Upton, Esq.

And I think as long as we don't reference stock prices and things like that I think we are in good shape. I looked at a lot of the securities laws. I used to do more of that than I would like to admit. Yeah I think we are okay.

Alderman Williams

Thank you very much.

Alderman Plamondon

Thank you. Alderman Williams covered a lot of what I was going to bring up. That is what we were looking up before earlier was the prices and such.

Along that same line, would it be feasible in the negotiations that you could see that the stock prices we would take like the year average and then put a premium on top of that? We were trying to look at the average before...

Rob Upton, Esq.

That is ultimately for their stockholders to decide when they vote whether or not to, if we reach agreement, whether or not they would approve it. They ultimately have to decide whether they think there is an

adequate premium. They will look at their own investments and presumably vote based upon what their investment is. For some of them, some of them may have bought at \$26 or \$27 and they may not see a \$25 payment as much of a deal and may vote against it. There may be a bunch that are in at \$18 or \$19 and they may think that is a hell of a deal. You can't tell what their individual shareholders are going to do.

All I was saying is that based upon the current price and the expectation of investors right now that a 30-40% premium over what that current price is may look good to them regardless of what their investment was.

Alderman Plamondon

Thank you.

Alderman Teeboom

The settlement meeting on the 20<sup>th</sup>, Monday, as I understand is not public.

Rob Upton, Esq.

I don't know that Fred.

Alderman Teeboom

I checked on that. But what I don't know is whether this proposal once you file it is public or not public. Can you tell us?

Rob Upton, Esq.

There is no protective order that requires this to be filed as confidential or under seal. I will file it on Monday morning. When I arrive I will present it to the commission and file it with a letter to the executive director like I would file any pleading and then I will attend the settlement discussions and make it available within the context of the settlement discussions.

Alderman Teeboom

I suspect that Karen Spiller the Telegraph reporter has been to every meeting that I have been in and she told me she has been to every meeting, and she will ask for this if it is public. Is there a way you can file this asking because it is negotiation under RSA 91-A, which they are all subjected to, can you ask that this be held confidential?

Rob Upton, Esq.

I don't know they could, they might.

Alderman Teeboom

Can you ask for that?

Rob Upton, Esq.

I could, but I don't think I need to. I simply file it with the commission.

Alderman Teeboom

My problem is that this proposal if it leaks in the Telegraph to Karen Spiller or Arthur or whoever is pretty sharp in the Telegraph, investigative reporter, says find this get me the proposal, if this becomes public I am afraid that the stock price may jump and there goes our premium. I am wondering if you could look into filing this...and I should add that when I went to the board meeting there were some institutional investors in Pennichuck, Hannah McCarthy was presiding at that time and they were blazingly mad about the stock price because they remembered when it was at \$28 and \$29 and at that time it was like \$23 or \$24 and now it is \$19. I suspect people might look at this and work on this.

Rob Upton, Esq.

I have two thoughts about that. I think probably the existence of making public the vote that you take tonight is enough in some ways. It will say to investors that there are proposals being made and they can call the company and find out what they are and what they mean. You also have a constituency in the city that may want to know that you are being serious about trying to resolve this festering dispute. You may want to have that information made public so that they can be aware that is what is happening.

Alderman McCarthy

I wanted to talk a little bit about what happened the last time we did this and what affect it had and why this is I think substantially different.

When we sent them the offer for \$121 million the stock the day we did that was trading at about \$24 and it actually popped up to \$28 before trading was stopped on NASDAQ for them for a while, and the reason that happens is people have a certain perception of the value of the stock that sets what it trades at on an average day. We put a new value on that by saying here is a proposal to spend this amount of money on it and it will...

**... tape flipped...**

...buyout is ultimately at \$28. I will still make \$2 a share. The price will float up and eventually get very close to what the value is that is being placed on it. In that particular case, what was unclear when we made the offer was that the \$120 million included \$15 million to buy out tax liability so what the shareholders discovered afterwards was that in their analysis of what the stock was worth they may have over-rated it based on that. I think this time we're doing this with it being fairly clear what the value is. From our perspective we are looking at the value of the assets we don't care what the stock is trading at, that is the way the shareholders will evaluate do I want to take this or not. With respect to doing it at an average price I don't think it matters, it matters what the stock is valued at now and what the value is that we are proposing, and that is what the shareholders will ultimately base that on.

I don't know whether it matters whether the thing becomes public after we put it out there or not. In fact there is part of me that says that is exactly what you want to do for the same affect of you want those institutional investors to see that there is a way that they could be instantaneously making 35-50% and have them start calling Montopoli and saying why aren't you at the table doing this for us, I have been losing money out of this stock for three years now and you can fix that in a couple of minutes if you put your mind to it. I think that will have the affect that we really want to have.

I don't know if we need to try and protect this at the PUC. I would say the last time this happened we collectively and I personally was accused of royalng the market in one of Pennichuck's filing and I couldn't even tell you when a market has been royaled let alone how to royal one.

Alderman Richardson

Is there a motion on the floor?

President Rootovich

No.

Alderman Richardson

Okay. I guess we have made suggestions as to how to modify this thing?

President Rootovich

That is correct.

Alderman Richardson

Now part of this proposed motion then, which has not yet been made, part of that is in fact the settlement proposal itself?

President Rootovich

Yes.

Alderman Bolton

No.

Alderman Deane

No.

Alderman Bolton

It references it but it is not part of it.

Alderman Tollner

Not including it right.

Alderman Richardson

So that would be dealt with separately then?

President Rootovich

There will only be one motion made this evening Alderman Richardson, the proposed motion by Alderman Bolton.

Alderman Richardson

So then this is in flux, it is not stable, we are not voting on it.

President Rootovich

That is correct.

Alderman Bolton

No that is not true. May I explain?

President Rootovich

Please Alderman Bolton.

Alderman Bolton

As I understand it and Attorney Upton or Attorney Connell please correct me, the scenario would be at some point this evening to go back into public session and have a motion voted upon, pass, and then ultimately approved by the Mayor and that would be public. That will just be the motion itself. That motion will refer to the settlement proposal. The settlement proposal itself is before us now in non-public and will remain non-public until it is filed with the Public Utilities Commission and may or may not become public as a result of that filing.

The reason why no motion has been made thus far is my understanding is we are awaiting the time when we go back into public session before we make that motion, but nothing is in flux nothing, unless we put it into flux unless we want to make changes, unless we want to do anything, if we were to come out of non-public session in the next two minutes, vote on the motion that references this settlement proposal, this settlement proposal is in black and white and is word for word what it is. It is not in flux, it is not subject to Attorney Upton or anyone else changing it after we have seen it, made specific reference to it in a motion.

Alderman Richardson

So I guess now is my opportunity to point out something I don't understand in the settlement proposal. In the second sentence it says both Nashua and Pennichuck have spent significant sums related to this proceeding and the costs trial and appeal.....

Rob Upton, Esq.

I thought I changed that...cost "of" trial.

Alderman Richardson

So that needs to be changed.

Rob Upton, Esq.

Yes.

President Rootovich

What paragraph is that again?

Alderman Richardson

Second sentence under background. So is there a way to deal with this proposal as parts?

President Rootovich

Alderman Richardson why don't you go through it, ask your questions, and make any...

Alderman Richardson

My question is can we vote on this as far as parts. Some of us might not like proposal 1, some of us might not like proposal 3, or are we dealing with this as a total package?

President Rootovich

We are dealing with it as a total package.

Alderman Richardson

I am not prepared to vote for doing this tonight. I haven't had any of these numbers explained to me. I've got this stack of paper stapled together and thrown on my desk tonight. I haven't looked at it; don't know what it all means to me. I need the numbers explained to me.

President Rootovich

Attorney Upton are you prepared to go through the charts and the spreadsheets this evening?

Rob Upton, Esq.

I can answer some questions. I am not the author of these charts obviously. I can answer some questions. I have tried to do it with Fred. Fred and I have had a number of discussions about these kinds of issues that he is raising, and I can certainly try to do that.

President Rootovich

Alderman Richardson do you have any specific questions with respect to any of the exhibits?

Alderman Richardson

I need to be stepped through it, the entire stack of material.

President Rootovich

Attorney Upton are you prepared to start with Exhibit 1 and go through it?

Rob Upton, Esq.

For the \$225 million? The \$225 million as I said represents the...

President Rootovich

I have a point of order here.

Alderman Tollner

Before we go through this process, with Attorney Upton going through this, are you of the mind that after he goes through it you will feel better and you will be able to vote on it or under no circumstances no matter what he goes through tonight you are going to need more time to review the entire document?

President Rootovich

Let me just follow up on that, the reason we are asking that is because again he has to file this on Monday. If your intention is when he goes through all of this, and there is a ton of material here, to say I need further explanation with document A, B, and C, I don't believe there is any time for Mr. Sansoucy to put that together and get that to you prior to Monday and having another meeting to vote. I guess the question is exactly what are you looking for, if he explains this to you are you going to have some sort of comfort level to vote on the proposed motion after?

Alderman Richardson

We had Mr. Sansoucy explain all of this material to us before and the numbers that we had at that time were \$140 million all included, all of the costs including all of the miscellaneous attorney fees and consultant fees and everything \$145 million. That came out to \$23 million per year in required revenues. Now the numbers are completely different. I don't know how they got different. It has never been explained to me. I don't remember having an opportunity to know about that. That is where I want to go I want to find out how did the numbers change, why did the numbers change, the whole deal.

President Rootovich

If that question gets answered is it necessary to go through each one of these exhibits page by page?

Alderman Richardson

Yes. That is how...

President Rootovich

You want to go through these exhibits page by page, every single graph, every single...I just think that is unreasonable this evening Alderman Richardson to go through these to the extent you want.

Alderman Richardson

Mr. Chairman, that is what I came here prepared to do, I came here prepared to listen to the proposal. I have not heard the proposal. Hearing the proposal means you understand it. I don't understand how it is constructed. It has not been explained to me and that is what I came here for is to listen to its construction.

Rob Upton, Esq.

Let me at least do one thing and explain why these are different from the \$145 million that you saw. The \$145 million that you saw was the value that he put together for purposes of the litigation. That is the figure although he has updated that that is the figure that will be presented at the trial. He will present his

valuation, which remains unchanged and he will present a rate path based upon basically it is now more than \$145 million because they have spent more on the water treatment plant and that gets added dollar for dollar to his valuation. What these are for, the exhibits from Sansoucy that you have in front of you what they are for is for purposes of showing that these settlement proposals will result in rates under the city ownership that will be less than what the rates would be under Pennichuck's ownership. They are not presented to show you what the value of the company is or anything else like that.

What he does to get these things is he has got to figure out what each parties needs for revenue will be and he has to calculate that. He starts with Pennichuck's current revenues and on the 1 that has PWW, PEU, and PAC he has to calculate not only what Pennichuck Water Works' revenues are but the other two companies' revenues are. He then has to calculate what their expenses are and he goes through and he does that. He does that in order to determine what their need for rates will be in each year. He projects that based upon his knowledge of the system, his knowledge of what is necessary to be replaced in the system. For example you look and you will see that every 2 or 3 years there are fairly significant new bonds that are proposed. Those are because he believes, and I think he is right, that the entire City of Nashua's pipes need to be replaced over the period of time. That is why every 2 or 3 years you have approximately \$20 million to \$30 million in new bonds. That is not for purchase price that is for replacing existing infrastructure.

The company has allowed the pipes in the ground to go to hell. I shouldn't say that they have allowed them to go to hell, they have done an okay job maintaining them, but they have gone to hell irrespective of what has happened, what they have done. They are old and they need to be replaced. That is basically what he does and he tries to do his best estimate of what their needs for revenue are going to be and what our needs for revenue are going to be. It is mathematical. You pointed out to me earlier it is a 4% carried across over a period of time and that is exactly what he does, but he does it by starting with their current revenues and their current expenses and being able to project those based upon both what happened historically and on what they propose remember in the rate cases because we have their rate cases where they have to project a lot of these things. I know that is how he does it.

The biggest thing is these are not intended to be reality. These are intended to be what would happen under the settlement proposals that we have in front of you.

#### President Rootovich

Before I recognize anyone else I just want to be clear Alderman Richardson what you are looking for here. There is approximately 70 and 76 pages of data here. Some are very detailed with respect to operating expenses, taxes, operating income, etc. Is it my understanding you want to go through this line by line or is it your intention to go through an exhibit and have him summarize what the exhibit entails and then if you have any specific questions he can answer them? I ask that for a reason, if you are going to have him go through this, and again a lot of the questions you ask he may not be able to answer because he did not put these documents together. If that is your case then I am going to turn the floor over to you and I am not going to allow anybody else to speak until you get every one of your questions answered so we get through this in a reasonable amount of time. Again, I am asking you what exactly are you looking for from Attorney Upton as we go through these?

#### Alderman Richardson

I thought I explained that. I'm sorry. I want the proposals to be explained to me as if I was starting from the beginning okay. I want to understand them from the ground up. That is what I want to know. When you start in that process you don't start with questions that you are hitting this that way, I would just like it explained to me.

President Rootovich

My understanding Alderman Richardson he did explain the three proposals that are before you.

Alderman Richardson

It was a top level absolutely that is the general thrust, I understand that.

Rob Upton, Esq.

There are a couple of these exhibits that I think are most important for you to look at to get some sense of what really is happening. It is Exhibit 7 and Exhibit 10.

President Rootovich

Attorney Upton before you start responding again we are going back and forth. I want to make it clear and understand what Alderman Richardson is looking for. You are looking for him to explain the three proposals in detail referencing the attached exhibits. Is that correct?

Alderman Richardson

Yes.

President Rootovich

Attorney Upton I am going ask you to go through each of the proposals, 1, 2, 3 referencing if necessary and if applicable, any of the attachments that would explain each of the proposals. Is that correct?

Rob Upton, Esq.

Sure.

President Rootovich

Alderman Richardson?

Alderman Richardson

That would be great.

President Rootovich

Again, I know there are a lot of hands going up around the room, but I have to assume that some of those questions relate to this and maybe other areas. I am going to let Alderman Richardson first to go through his questioning and when he is done we will recognize other members if that is okay with the board.

Alderman Teeboom

Point of Information – there is a way to accelerate this process and that is what I am trying to say. I spent time on these questions with Upton. There are a couple of exhibits, you have to bear with me, there are a couple of exhibits that to me make sense. Exhibit 4 makes sense to me. Exhibit 4 makes sense to me because it got to the calculation of how much of the bond you needed. There is a difference between a

\$145 million bond, the \$190 million bond, and the \$225 million bond. That got you very quickly I believe to the differences between the \$23 million annual revenue requirement, the \$30 million annual revenue requirement, and the \$39 million. If Attorney Upton could just address, if you could possibly address like you did to me how you jumped from \$23 million which is our base line, to \$29.5 million on this chart and then to \$39 million on the next chart. I think if you can explain, you explained them to me as well Attorney Upton, I think that may satisfy Mr. Richardson.

Alderman Cookson

Point of Information – I appreciate Alderman Teeboom attempting to expedite the explanation, however, if you are familiar with Excel and especially the way this sheet was created or this worksheet was created, numbers reference other cells within other worksheets. It is all interconnected and interrelated. You cannot excuse one worksheet and focus on Exhibit 4 and exhibit whatever other number you want without having it impact from another sheet because all of the numbers ultimately impact your final graph, which is your Exhibit 10, which is what everybody wants us to look at, Exhibit 10 is going to answer all of your questions. Exhibit 10 doesn't answer all of your questions.

For instance, Exhibit 2 if you look at the file that was presented or provided to us this evening Exhibit 2 as related to the exhibit that was delivered to us, the original exhibit that was delivered on January 12, 2006, you will notice upon close inspection that there are two additional lines that have been put in the November 14<sup>th</sup> exhibit that are not in the original January 12<sup>th</sup> exhibit. Those numbers impact the ultimate graph or ultimate chart in Exhibit 10. If you look at Exhibit 5 you will notice the January 12<sup>th</sup> versus the November 14<sup>th</sup> or 17<sup>th</sup> the headings of those or the labels in column 2, which would be the description, are different descriptors. They are not the same. They mean different things. Different lines are included different lines are excluded. I wholeheartedly concur with Alderman Richardson that this needs to be explained and we need to understand what the difference is in the lines, the descriptors, why some lines or rows have been eliminated and other rows have been included.

This is a story, a reality that we are voting on that is ultimately going to impact 88,000 people within the City of Nashua and beyond. If your numbers from January 12<sup>th</sup> that you presented us that is one reality that you wanted us to move forward with to make our decision and you provide us a different reality on November 14<sup>th</sup>, you better make sure that the two of them compare. They do not. Thank you.

Rob Upton, Esq.

The difference in the reality between January 12<sup>th</sup> and tonight is that the January 12<sup>th</sup> presentation that he put together is for purposes of his testimony. That is what he is going to testify to at trial. That is the value that he is going to arrive at and he is going to show that with that value the rate path will provide significant savings to the city over what Pennichuck would have charged. The reality of the documents that you got tonight relates only to settlement proposals. It has nothing to do with value. It has absolutely nothing to do with value because settlement very seldom has anything to do with value.

What this has to do with are three proposals that we thought incorporated the universe of the settlement discussions that had occurred and that they should be made public at the PUC. All I wanted to do when I presented these proposals was to show you a rate path through these voluminous documents a rate path that continued to result in rates that would be charged under city ownership that were going to be less than would have been charged under Pennichuck ownership. These are not going to be presented to the PUC, these are working documents, they are for your benefit to try to show to you...I cared about when I opened this thing I went right to Exhibit 10 because the only thing I wanted to be able to say to you was Sansoucy says at the end of the day with this proposal, this settlement proposal not what I am going to testify to at trial, just this settlement proposal that there is a gap between these two.

I have said to you from the beginning I don't want you to settle unless you achieve your goals of settlement and you have savings over what Pennichuck would have charged, and I was not going to bring to you any proposal that didn't do that. It was critical for me to get these because I was going to come down here tonight and sell you on three proposals. I got it from Sansoucy. He is our expert. This is what he does. I assume this is right. I don't have any basis for concluding that it is wrong. When Fred queried me about where the starting point for all of these was, in this one almost \$40 million need for revenue, in the other one \$29 million need for revenue, I could get to those places, I could look at these documents and I could take you to that level. It seemed to me that was the critical thing was he starting at the right place. If he was starting at the right place then I am assuming his model gets you to the end.

I can't question his model I don't know enough about it, I can't answer questions about his model. You probably know more about what he is doing in his models than I do. But I can tell you he starts at a place that I feel comfortable with as your attorney and where he goes to, to me from my perspective, as long as there was that gap as long as there was a spread between the city's rates and the company's rates I felt comfortable in saying these settlements will work they will work because we can pay it and they will work because I think they are at a level that the company has to take seriously. That is what settlement is all about is to try to – nobody like to settle it is like kissing your Sister. You try to get to something that both sides can live with.

Alderman Cookson

Point of Information – that gap can be explained by the inclusion and exclusion of certain rows. I certainly agree that there is a gap, but the gap may be either magnified or decreased by the inclusion or exclusion of certain rows, and therefore he can make this chart on Exhibit 10 look however he wants to because he has modified the data that creates it. It is inaccurate. He has included certain rows in one document and excluded them in another. He has included ones that didn't exist in the original document that we have been reviewing for the past 9 months.

Rob Upton, Esq.

But they have different purposes that is what I keep trying to say...

Alderman Cookson

But he is using the same model. The model hasn't changed.

Rob Upton, Esq.

Okay. Well I can't obviously tell you why he did or he didn't, but the point of it what he was trying to do ...believe me there is nobody that wants to be more conservative doing these than Sansoucy because if he does them wrong and you do this deal and it turns out there is no gap there are no savings, what is going to happen to Sansoucy? He lives or dies on the accuracy of the stuff that he does. Number one he is dead in the water forever doing anything like this again if his stuff is wrong and I'm guessing most likely the city is not going to be very happy and it is going to look into making a claim against him.

Alderman Richardson

I just want to explain my point of view. My point of view is that being a ward Alderman you are pretty much on the firing line people are going to ask you questions and they are going to ask me questions about this and I want to be able to explain it, I want to be able to answer the questions. I need to understand what is before me so that I can then explain it. I don't want to stand around and say dah I don't know let's go get the consultant, because he won't be available. I need to understand this.

President Rootovich

What are your questions Alderman Richardson?

Alderman Richardson

Like I said before, start from the beginning, well let's start where the differences are. Let's start where the differences are, that is a good place to start I guess.

Rob Upton, Esq.

Let's go through and say what each of the exhibits is, what it is supposed to represent, and then you can see where the differences are. He has to compare the revenue requirements of the company and the city so Exhibit 2 are the revenue requirements of the company, in this case the companies, the ones you and I are looking at it is the companies. That is what Exhibit 2 does it is how he calculates what the revenue requirements are going to be for the company over the period until 2036. The \$36 million you can see how he calculates that on Exhibit 7, on the first page of Exhibit 7 for 2007. Probably a better place to start is Exhibit 7 in the other package because that will show you the lower figure and then I can get you up to the higher line.

Have you got the one for just Pennichuck Water Works alone? It should be in the back.

Alderman Richardson

There are two packages?

Rob Upton, Esq.

Yeah there is one for \$190 million and one for \$225 million.

Alderman Richardson

I have one package.

Alderman Deane

Mine is too.

Rob Upton, Esq.

You don't have the \$190 million?

Alderman Deane

No.

Alderman Richardson

I don't know what I have, I have something called FF.

Rob Upton, Esq.

And there is another one that is just...

Alderman Cookson

What does FF stand for?

Rob Upton, Esq.

Just his designation.

President Rootovich

I only have 1 Exhibit 7.

Alderman Teeboom

It got a little shuffled, but there is a 7FF and there is a 7. The 7FF is for the \$230 million bond, the 7 is for the \$190 million bond. If you look at the package and go a little bit into it you see an Exhibit 7 that is the \$290 million bond.

Rob Upton, Esq.

Anything that has an F on it is the \$225 million and anything that is just the straight number is the \$190 million.

Alderman Bolton

It is about 3 or 4 pages from the back is 7FF.

Rob Upton, Esq.

They apparently got scrambled when they got put together, but there is supposed to be two separate sets of documents, one just numbered and one with Fs on it. The one with just numbers is the \$190 million and the one with the Fs is \$225 million. If you look at Exhibit 7 no Fs, he starts with total operating revenue required of \$29,500,000 where that comes from is what the current existing revenues are pursuant to their rate case. They were at \$16 million a year or two ago. This is their revenues as of the rate case for the year ending December 31, 2005. They got a \$6 million bump up and that represents currently the 43% rate increase that they just got. He took it from \$16 million to \$22 million and that represents the 43%. It is going to be right about that.

What he is saying is that because of a number of factors including additional spending, additional expenses their costs of operation are going up significantly and I verified that in their latest 10Q tonight before I came down. This year it has gone up almost a million dollars their costs of operation. They have additional depreciation because of the additional construction, they have new rate base, and the tax implications for all of this increase their expense. They are going to need, he is projecting, as you see on line 4, another 29% rate increase as of December 31, 2007. That will result in the need for an additional \$6,700,000 and that is how you get the starting point of \$29,500,000.

Now on 7FF he starts at \$36,780,000. What he does is he starts with the existing revenue; remember the existing revenues for PWW on 7 were \$22,786,000. He starts at \$29,478,000 because you have to add in

the revenues for PEU and PAC. They have an additional approximately \$7 million of revenue. They have higher rates, etc., etc. He then says the rate, he calls it PWW but it is the combined, the overall rate increase for all three he projects for year end 2007, and most of that is going to be just PWW but because you are including the affects of all three, it reduces it from 29% to 25%. Consequently he has an additional revenue requirement increase of \$7,300,000. It gets added to the \$29 million and gets you to the \$36,780,000 and he rounds that at \$36,500,000. That is the figure that he starts for all of this.

Now go back to Exhibit 2.

Alderman Richardson

Going back to this exhibit. He is starting off with an existing revenue and you are saying for some reason their expenses are higher so they are going to need a rate increase?

Rob Upton, Esq.

Yes. They have said that.

Alderman Richardson

They have said that?

Rob Upton, Esq.

Yes.

Alderman Richardson

And that is the number they said they needed?

Rob Upton, Esq.

He has under estimated the rate increases that they were going to need as he has done this work. The analysis that he did back in January under-estimates their need for revenue. Their need for revenue has increased more than he originally thought. What you do is you do the best you can. You look out and see what their capital plans are, you see what everything else is and you do your best effort at calculating what the need for revenues are going to be as you go out. At some point, you reach a point where you just do statistical increase.

Alderman Richardson

So that \$22 million for the existing revenues that includes the cost of the new facility that they are building there at the water plant now, that so-called \$50 million...

Rob Upton, Esq.

It includes what they have spent so far.

Alderman Richardson

So they are paying on that already?

Rob Upton, Esq.

Yes. And the \$6 million additional includes some of that, some additional amount that is going to be necessary to support the bonds to pay for it. That capital program extends out through 2010 as you can see. He has significant amounts. Now in 2010 he also has them commencing pipe replacement because just as we will need to replace pipe so will they need to replace pipe and that is what he tries to estimate as best he can what those costs will be and what their need for revenue will be to pay for that.

Alderman Richardson

Now for existing revenue you have across the board \$22,700,000. That is across all of these years. I don't understand why that number doesn't change.

Rob Upton, Esq.

I don't know why either, but except that he gets the additional rate increase that is required, additional rates all the way along and when you combine that with the existing revenue it takes you up to what the new revenue need would be in that particular year.

Alderman Richardson

And the title of this is difference between Pennichuck and Nashua. I am not looking at a difference here am I?

Rob Upton, Esq.

Yes you are. Down at the bottom you have the total revenues required by city ownership on line 6 and you notice the comparison and then the difference is at the bottom, the cumulative difference is at the bottom. He calculated the cumulative difference. The key lines in looking at this are line 1, line 6, and line 16. That will show you what he anticipates each will charge and then the difference. That is why this was an important chart for me and the Exhibit 10 was important because that put in chart form what the spread was, but this shows in numerical terms what the spread is.

Alderman Richardson

Okay. Now where do these numbers come from?

Rob Upton, Esq.

Where do the figures come from for the City? He is starting at the same place as Pennichuck does because we are going to take it over with existing rates and so he starts there and then what you can see is the rate increase that is required by the city starts immediately to be less than what is required by the company and that is attributable to a whole bunch of things but most importantly it is we have a lower cost of operation because of the contract that we put together with Veolia. He now believes that difference is going to be close to \$4 million a year, operational difference.

Alderman Richardson

How are those built, the rate increases for Pennichuck and the rate increase for Nashua?

Rob Upton, Esq.

How are they built?

Alderman Richardson

Yeah.

Rob Upton, Esq.

He starts in the same place, he starts with existing revenue then he says what additional revenue is he going to need to do what the city needs to do both in payment of its bonds and in completion of the capital program that it needs to do, and he just builds it out.

Alderman Richardson

Where in here does it show how those were built?

Rob Upton, Esq.

It is in Exhibit 2 shows what the company needs to do and Exhibit 3 is the calculations of deferred federal income tax – he thinks that is very important. I don't have a clue what that is about. I don't know why that is in there. Deferred federal income tax, they apparently defer a ton of federal income tax, they eventually have to pay it, but it becomes almost like revenue to them. He calculates it. But Exhibit 4 shows how he built up the revenue requirements of the city.

Alderman Richardson

Exhibit 4FF?

Rob Upton, Esq.

Yeah if it is FF that is the one yes for the \$36 million. He starts with the same

Alderman Richardson

This is the \$230 million?

Rob Upton, Esq.

And what you should look at and compare the total revenue requirements at the bottom for each year that should compare with what was on Exhibit 7 at the top. Line 6 for Nashua \$36,536,000. He takes it out each year that is how he calculates the figure and then he transfers it on to this difference.

Exhibit 5 is a component of Exhibit 4 that is the calculation of the payment of the bond. That is the one as you pointed out is mislabeled one of the years and the mislabeling carries all the way across. It goes out instead of out to 2036 it goes out to 2037. He mislabeled 2009 and carried it all the way across. But what he will do is he will calculate what the cost of the bond is for the purpose of putting it into the other exhibits in that one.

Alderman Richardson

How does he arrive at these numbers?

Rob Upton, Esq.

The beginning bond? Well in this case what he is doing as you can see you start in 2007 and this is the \$225 million offer he starts with \$225 million. In 2011 he is saying the city needs to, he is trying to be conservative about this, needs to start investing in its infrastructure needs to start replacing pipes in the ground in the city so he says you can't just look at the \$225 million because that is not what your total cost is going to be, you are going to be incurring necessary expense as you go along so every 3 years or so you can see he adds another bond in the \$20 million to \$30 million ranges. It gets up as high as \$51 million.

Alderman Richardson

And what is this based on?

Rob Upton, Esq.

This is just based upon his experience that you are going to need to do replacements and capital improvements to the system.

Alderman Richardson

I saw a schedule of pipes and their ages and that sort of thing in the package.

Rob Upton, Esq.

That is support for – I think what he would tell you is that is support for his conclusion that basically the system needs to be totally built out.

Alderman Richardson

Are these varying numbers of investment are they based on some costing out that he has done?

Rob Upton, Esq.

I believe so. I know that he has...

Alderman Richardson

Or is he just pulling this out of the air? I don't know.

Rob Upton, Esq.

In his cost analysis he has to cost out the pipes and what their replacement cost would be. I am sure that is what is represented. He has to get a full inventory of the pipes so that he can know exactly how many linear feet of each type of pipe there is, what its functional replacement would be, and what the cost of that functional replacement would be. The inventory is to show what is there and needs to be replaced and when it needs to be replaced.

Alderman Richardson

Okay.

Rob Upton, Esq.

And that is Exhibit 8. Exhibit 6 he has unadjusted bond payments then he has adjusted bond payments. I wish I could tell you what that meant. I don't know what that means. One thing I do know is that he has priced the bonds at a conservative interest rate and at an interest rate that he thinks the city can do better. I think he has priced them at like 4.8% something and he believes that the current market and the future market will be better than the 4.8%, which will obviously increase the gap.

Mayor Streeter

Excuse me didn't First Southwest review his figures?

Rob Upton, Esq.

Yes.

Mayor Streeter

Our financial experts have also reviewed these figures as well.

Alderman Richardson

Okay.

Rob Upton, Esq.

They have reviewed his methodology.

Alderman Richardson

Who is this that reviewed it?

President Rootovich

Bond counsel.

Mayor Streeter

First Southwest our financial advisors.

Alderman Bolton

That is not bond counsel.

Rob Upton, Esq.

That is not bond counsel right. These are the people that sell the bonds.

Alderman Richardson

What content did they review? What was the...

Mayor Streeter

I know that Mrs. Anderson forwarded them whatever materials she had.

Alderman Richardson

Do they look at it for financial soundness...

Mayor Streeter

Don't ask me Alderman Richardson I...

Rob Upton, Esq.

What they tell us is whether they can issue the bonds under these scenarios.

Alderman Richardson

Okay.

Rob Upton, Esq.

I wish I understood the difference between adjusted and unadjusted. I should have asked him that. Anyway Exhibit 7 is the difference; Exhibit 8 as you pointed out is the pipe inventory, Exhibit 9 I don't even know if there is an Exhibit 9. There may have been an Exhibit 9 in his January...what these correspond to are the exhibits that he put together for purposes of his testimony, but some of them just aren't necessary for the...oh no I take that back. Exhibit 9 is attached it is the pipe replacement schedule. He takes his inventory and he shows you precisely how much he is going to replace.

Alderman Richardson

What is the unit of measure? Just feet?

Rob Upton, Esq.

Linear feet. He has down below the different types of pipe and the total pipe replacement and he levelizes the replacement.

Alderman Richardson

What does levelize mean?

Rob Upton, Esq.

Means he takes the average price because you will be replacing some galvanized, some tranzite, and some of the cast iron, and you would be functionally replacing it.

Alderman Richardson

I guess I still don't understand that explanation.

Rob Upton, Esq.

The levelized replacement is in feet. What he is saying is if you go to the end of the schedule he is saying that the total amount of pipe to be replaced is 4,117,826 feet. If you levelize that and did it would be 13,928 feet each year instead what he is doing is he is saying you wouldn't do it that way, in 2007 you will replace 41,000.

Alderman Richardson

Why?

Rob Upton, Esq.

Because it is in bad shape. It has been a long time since anything has been done to replace pipe and it needs to get done.

Alderman Richardson

So what does this tell me? Is there a cost related to this?

Rob Upton, Esq.

It goes into his revenue requirements for the city and it goes into his determination of what bonds are going to be necessary and when. Exhibit 10 of course is the chart and those pages after Exhibit 10 I think are supposed to tell you what the difference each year is. It is not put together very well, but it shows for each year of the chart what the...

Alderman Richardson

Just goes to make up the chart that is all it does. Is that it?

Rob Upton, Esq.

It is what I have.

President Rootovich

Alderman Richardson anything else?

Alderman Richardson

Attorney Upton tried very hard. He did a good job for what he was equipped with. I have to say though I still don't know what the details of this are, how it was built. It would be great to have Sansoucy here so he could elaborate on how he built this up. Was there a problem having Mr. Sansoucy here tonight?

President Rootovich

Mr. Mayor?

Rob Upton, Esq.

I can tell you he is in trial.

Mayor Streeter

He is in trial and I think most people felt that Attorney Upton could handle this situation. We have hired Mr. Sansoucy we have paid him a princely sum, his work in other cases has always been right on target, we have every reason to believe that his work is on target.

Alderman Richardson

May I ask the question in general, am I alone in not being lead through the details of this or does everybody not really know the details of this? I feel as though...

Mayor Streeter

Mr. Sansoucy went over the original proposal with you...

Alderman Richardson

Correct.

Mayor Streeter

...and as Rob said this is what he has developed for the settlement aspect of the case and we have every reason to believe that his figures are accurate. He hasn't screwed up before with the other cases he is working on. I would have preferred to have gotten this to you several days ago but it was still being worked on as of last night. In fact I sent it to you earlier today Alderman Richardson as I did most people knowing that you really wouldn't have a great amount of time to look at it. The fact remains that we need to present Monday, we need to give them something, and we feel this will get Pennichuck off the dime. Obviously whatever happens in the future with approving bond issues and so forth has to be approved by this board, has to be done publicly. There won't be any secrets, there won't be any surprises.

Alderman Richardson

I still feel very uncomfortable with this. I am being asked to support these total numbers, these roll up numbers of what we are willing to pay under these various conditions, three different numbers, and I am on very shaky ground how those numbers were arrived at. Boy I wish someone else would tell me where I am wrong. I yield the floor.

Alderman McCarthy

I just wanted to comment on Exhibits 5 and 6, the unadjusted and adjusted bond payment requirements. I think the difference is 5 just rolls up what the cost for principal and interest is in the bonds and 6 takes into account the fact that on revenue bonds we are required to have revenue that exceeds the bond repayment by a certain amount and also rolls up what happens with that over coverage and its investment and how that carries out through the years that the bond is outstanding.

Rob Upton, Esq.

What he tries to do with this is he tries to give you a prediction of what it might look like. Obviously if you get out, let's say you do this and you rely on these figures and you get out 10 years and you say Veolia has looked at the pipes that they have been replacing and Veolia doesn't think we need to be as aggressive about our replacement you are not going to do it clearly. You are going to go with what you know when it happens, but Skip has to make a projection for you that either there will be or there won't be savings, and that is what he tries his best to do with the realm of information that he has and he makes a projection, and that is all this is.

Alderman Teeboom

Let me tell you I have spent most of the day looking at the spreadsheets to date, I spent part of yesterday, and I spent twice on the phone to Attorney Upton. I have also looked at these charts in detail in the past. What I finally concluded is I want to look at the starting points and I think those were the first questions I had was the starting points, and I think Attorney Upton went through is rationale. The 43% that is before the PUC. He is assuming the 43% is going to get completely awarded. What the PUC typically does you ask for 43% and you get 42%. Then the next one is the 29%. The 29% is a projection. Nobody has asked yet for 29%. If you accept the 43% as being what is going to get awarded and if you accept the 29% as being awarded and going to be requested then you will arrive at the starting points no question. That is just mathematics.

After that you get into a model. I have a question of my own. I put together a whole chart, I am going to make this very simple for you, but I won't pass the chart out to everybody, and it is a chart that I mentioned before. What this chart does is gets into the model. This gets into the heart of the model. I look at this whole thing as a clever financial scheme. Clever because that is how you get there. What he does is he starts with the bond and as he goes along every three years he gets an additional bond. He is paying off part of the bond, but after the third year he gets a new bond. If I am wrong here Attorney Upton please stop me. After the third year he gets a bond to service, repair, and maintain things. Then he starts paying off and after 3 years he gets another bond. This is all on GES 4, 04F if you look at the line as you go to 4. I didn't make this up believe me. If you go to line 4 see if you can find GES and track me on this, and they are both the same. If you get to #4 go to the first page, the first page goes to 2007 and if you look at the lines it says 2007 line #12...

Alderman Tollner

Fred what page are you on?

**...Tape Flipped...**

...4FF this is the \$225 million bond and 4F is for the \$190 million bond so both started at \$190 million or \$225 million depending on which curve you look at. What I simply did is I took the entire line 12 from 2007 to 2036 and plotted it for F and for FF. What you see there then is the essence of the model, which allows this thing to be partially revenue better. It is one of the reasons it is revenue better than Pennichuck. I am going to come to my question because I am not here to explain I am here to question as well.

I have had a concern about the bond and I have troubles that the bond does not get paid off. As you can see the bond keeps increasing, the \$190 million goes to and jumps, depending on whether you are at the beginning of the year, these are beginning of the year values. You get beginning of the year then it gets paid off you go back jump up and beginning of the year again. You see one of them jumps up as high as \$270 million and the other one is slightly above it and then they both jump down.

Now my question Attorney Upton I am going to ask you the same question again sir that I asked you...the bond keeps going up and I am saying when does this thing ever get paid off, does it ever get paid off or is this is going to go on at infinitum with ever larger swings in money you have to borrow to replace things. Attorney Upton if you don't mind can you address this general question, maybe they will take care of the model question.

Rob Upton, Esq.

You are not plotting one bond on this chart you are actually plotting ten bonds, I just counted them, for the \$225 million. The original \$225 million is obviously being retired as it goes along, it has to be, you are retiring it, but every three years or so you are adding a new bond because of what he projects are your needs to replace pipe and to replace infrastructure. Now at some point you have to stop paying the bonds because those bonds get paid off. You aren't going to issue \$20 million in bonds for the rest of your life forever and keep the same assets at that level. You have to pay off ...that \$225 million is a 30 year bond. In 30 years, 2037, that \$225 million is paid off.

Alderman Teeboom

So what happens after 30 years?

Rob Upton, Esq.

You now have ten additional bonds that you issued every three years going out that make that additional amount higher. He has got to put into his model that you will be making increases. If he doesn't he is not comparing apples and apples because we know that Pennichuck has got to be making improvements to the system, it has to start replacing the pipes and the ...

Alderman Teeboom

Attorney Upton let me just stop you. This tells me that the bond the city owes at the end of 30 years, whether you are on the peak or the bottom, and they both converge interestingly enough and it does slope down, but the city still owes \$232 million, then it bonds more money and it pops up again.

Rob Upton, Esq.

But it doesn't owe it for the purchase of the system anymore Fred. What it owes it for is for what repairs and replacements it is making to the system.

Alderman Teeboom

I didn't say what it owes it for. I am a financial guy and I look at the balance sheet and I say the City of Nashua owes at the end of 30 years \$230 million and three years later it will owe \$270 million a year later and then it jumps down again to some other number. My question is when is this going to be paid off and my question to before was what happens after 30 years how come this doesn't stop, how come he stops plotting it after 30 years?

Rob Upton, Esq.

He only took it out 30 years because that is how long the initial \$225 million bond would be. He wanted to show what the affect is going to be out over the life of that bond. Obviously as that bond is paid in 2038, 2039, 2040...assuming you have no additional bonding, it will go down, it has to go down because you will have paid it off.

Alderman Teeboom

When does it get paid off?

Rob Upton, Esq.

It gets paid off in accordance with its terms. Each bond is a different bond and it will be paid off in accordance with its terms. If it is a 20 year bond it gets paid off in 20 years, if it is a 30 year it gets paid off in 30 years.

Alderman Teeboom

Is this slope ultimately going to come down to a lower number?

Rob Upton, Esq.

I think it has to.

Alderman Teeboom

But it doesn't show that.

Rob Upton, Esq.

Assuming you don't continue, you don't need to continue to spend for infrastructure...

Alderman Bolton

And that will never happen, you will always need to continue to expend for infrastructure.

Rob Upton, Esq.

In some level you always will sure.

Alderman Teeboom

I have never understood. Maybe McCarthy can illustrate. I have never gotten this point.

President Rootovich

If the other individuals who have their hands up before have no complaints, Alderman McCarthy....

Alderman McCarthy

If you look at it that way we will always be in debt and Pennichuck will always be in debt. That is the way these systems are built. Pennichuck started out at approximately \$60 million in debt when we started looking at them. Twenty seven million of it was debt that was held by banks. The other \$27 million was the 50% of their equity that is held by the shareholders because what the shareholders hold is basically value against the company that is owed to them.

For the company to ever be out of debt it would actually have to buy back all of its stock. Pennichuck now has some \$50 million in bank debt alone. That has more than doubled in the three years we have been

looking at this and that is the way that company grows is to put out more debt and to sell more stock to go along with it to keep their debt to equity ratio about 1 to 1. It is not at the moment and they will want to adjust that at some point.

But it is a process of continual reinvestment and the question is does the rate pay it off and the other question is what do you own in equity as you go on with that. So yeah we will hold a \$200 million bond at some point in the future because we have invested in re-doing the pipe, but we will own \$200 million some odd worth of assets outright that we purchased from the company and that we have already built and are paid for. The long term model, there is debt and it is ongoing. We probably can reduce that once we get past the initial payment and all we are paying for is new capital we probably can reduce the rate savings to pay down the debt if that was the thing that made sense.

But what we are actually interested in is the cash flow on the right which takes into account how much debt is outstanding and what we owe to keep that plus what the revenue is and the real goal, the debt is essentially immaterial, the real goal is to make sure that we have a rate that collects as little money as we can. By holding long term debt at low interest we achieve that. That is why the debt continues to go up essentially over the life of the charts.

#### Alderman Teeboom

My point to bring all of this up is I think I understand it. Sansoucy we hired to do a model, it is his model. His model includes this as a key components. He could have come up with a different approach. I am not here to try to second guess Sansoucy just like we are not here to second guess the design of the CSO either or the design of the Riverside building. The thing is I think I am satisfied with the starting point, I think I understand the model and I think two years from now if we own this thing we have to start dealing with what do we do with this huge debt and do we just continue it. I think Alderman McCarthy is correct stock is death in a corporation. We have no stock. As long as you understand that and whether you really understand it or not or whether you agree with it or not I am back to my basic premise. My basic premise is I did not accept this going into a court trial, I do accept it as a point of settlement.

#### Alderman Bolton

I guess I have a question of Attorney Upton. I'm not getting from this conversation that it is a dead lock that when we go back into public session that 2/3 majority is going to pass this thing. Are we worse off if we go into public session, have a motion to pass this that does not succeed by the 2/3 majority you are looking for?

#### Rob Upton, Esq.

I need to know where you are. I need to know if this board is going to support Sansoucy's calculations, is going to support our determination that this is the best way to get a settlement of the case as Fred says, and if you don't do it now I think you are essentially saying the case is over, if that is what you are telling me. That may be okay, but you need to recognize that is essentially what you are saying and if that is the case you need to tell me at the end of the day to go to exit strategy.

#### Alderman Bolton

Let me point out to you that it would take 8 votes to say throw in the towel discontinue the effort, discontinue the litigation, and I actually suspect if there were 8 votes going that way the Mayor would veto it anyway. In that case, it would take 10 votes to tell you to stop. If you are telling us that it takes 10 votes to give you enough authority that you feel very confident in going forward to settle, any division in between that I think is going to mean you are going to have to litigate and then to what end who knows.

Rob Upton, Esq.

And I would say to you at that point and I would say to the Mayor if he vetoed the 8 votes that is folly don't do that. If you don't have the support for these proposals you are never going to have support for the issuance of bonds when the time comes after litigation. It just isn't going to happen and I think you need to recognize that. That is policy decision that you all made. I am not questioning that that is a policy decision that you as the policy makers of this community are required to make. I just need to know what it is going to be. If your vote tonight is going to be less than 2/3 vote I don't want to spend all of your money and spend all of my time getting ready to try a case that is going to get me to the end and not get you what you want. It doesn't make any sense.

Alderman Bolton

Given these circumstances, I think it might be prudent for us to vote first on a motion in the non-public session and then depending on the outcome confirm that vote in public session. That being the case I am going to make the motion that we have talked about, and if you like I will read it again.

President Rootovich

Please one more time.

**MOTION BY ALDERMAN BOLTON THAT THE BOARD OF ALDERMEN ADOPT THE FOLLOWING: THAT THE BOARD OF ALDERMEN AUTHORIZE THE ATTORNEYS REPRESENTING THE CITY TO PRESENT ON BEHALF OF THE CITY OF NASHUA THE SETTLEMENT PROPOSAL PRESENTED TO THE BOARD OF ALDERMEN DURING THE NON-PUBLIC SESSION OF NOVEMBER 17, 2006 FOR THE PURPOSE OF THE SETTLEMENT CONFERENCE SCHEDULED BEFORE THE NEW HAMPSHIRE PUBLIC UTILITY COMMISSION ON NOVEMBER 20, 2006; THAT THE ATTORNEYS NEGOTIATE SUCH PROPOSALS THEREAFTER; THAT THE ATTORNEYS REPORT TO THE BOARD AND THE MAYOR ON THE PROGRESS OF SUCH NEGOTIATIONS; AND THAT BY APPROVAL OF THIS MOTION BY A 2/3 MAJORITY AS REQUIRED BY RSA 38:13, AND APPROVAL BY THE MAYOR OF THE CITY OF NASHUA THE CITY'S INTENT TO RATIFY A FINAL AGREEMENT BASED ON THE TERMS OF THESE PROPOSALS IS CONFIRMED**

ON THE QUESTION

Alderman Cookson

Thank you. I would like to further amend the first paragraph to include the date of the non-public session to be Friday, November 17, 2006.

Alderman Bolton

That was included in what I read. I didn't say Friday, but I said November 17, 2006.

Alderman Richardson

We have three proposals in this settlement proposal, the \$225 million, the \$175 million, and the \$160 million. I have heard thrown around other proposals, \$190 million and a \$230 million. I am just very confused by all of these different numbers.

Rob Upton, Esq.

I will do my best. The \$235 million was the original proposal that we made to buy the whole company. That is not in existence anymore because we can't buy all of the stock.

Alderman Richardson

When was that?

Rob Upton, Esq.

That was when we first started these confidential negotiations earlier this fall.

Alderman Richardson

Okay.

Rob Upton, Esq.

We have converted that into an asset purchase and that is the \$225 million. That is proposal number 1. Proposal number 2 is for all of PWW that is \$175 million. Now why we use \$190 million in doing the analysis, the rate path analysis is that there will be additional issuance costs and don't forget you are paying back all of the money that you have spent so far on consultants and everything else so there is all of that additional cost that gets added in and then you get the bond. That is why Skip used \$190 million. He again was as conservative as he could be. He wanted to make sure there was enough to cover, and this is what I told him, there is enough to cover everything and then we know whether or not the rate path of that full amount will cover the \$175 million proposal with everything in it.

Alderman Richardson

So the \$225 million does that also include the \$15 million, it used to be \$10 million, now it is \$15 million?

Rob Upton, Esq.

He added in as much as...he put in probably more than was necessary for the \$190 million.

Alderman Richardson

So the \$225 million includes that?

Rob Upton, Esq.

It includes \$10 million for the issuance. What we would actually pay on the \$225 million is closer to \$215 million for the assets.

Alderman Richardson

Thank you.

Alderman McCarthy

A couple of questions for Attorney Upton. As Alderman Teeboom mentioned we have still outstanding the issue of Pennichuck's suit regarding damages for interruption of business. I suspect and I will ask you, you

believe that if we pursue this to the end that we are covered because we were acting under the statute in good faith?

Rob Upton, Esq.

Yes I do. The damages that Fred has talked about from time to time I think are not going to be awarded against the city because there is always the possibility and there has always been the possibility that the city would attempt to acquire this company. The statute has been around since the 1930s and Pennichuck has operated in an environment in which it could be taken at all times. The courts the settle law in New Hampshire and elsewhere is that if that is the case then that is just a fact of life that they live with and if their stock gets beaten up or they incur additional expense that is too bad, that is what happens in our society when there are laws that permit municipalities to do this.

So I don't think that there is a reasonable likelihood that Pennichuck would recover against the city damages other than the damages permitted under RSA 38, which are in essence just the value of the company plus if they determine there is severance, there could be severance damages. But I don't even think there is severance.

Alderman McCarthy

If we don't go to trial and don't settle and simply say just kidding we are not serious we don't want to go through with this, does that change your opinion on their likelihood of prevailing?

Rob Upton, Esq.

It doesn't as to Pennichuck it does as to Veolia. I worry about and I don't worry about it we negotiated a termination payment. If we simply walk away we're going to have to negotiate that payment with them.

Alderman Tollner

Some of my questions or points were the same. The bottom line November 20<sup>th</sup> whether we like it or not is a do or die date. Right now it is fish or cut bait. I agree with Alderman Teeboom that the likelihood of us if we go to court of winning that is my biggest concern in all of this. I continue to support it as long as the numbers remain within the range that we have discussed, but what we are trying to do here is avoid that. Some of the concerns are we totally confident with all of the numbers, put it this way, this is probably Mr. Sansoucy's biggest project so if he screws up on this one he might as well move to Russia because his name is going to be mud in the marketplace.

We have spent an enormous amount of time, hired some pretty comparable people, this is a huge step. If anybody can step forward and say I am voting for this and I am not worried about whether this is the right decision. I can remember when we first started on the board a couple of former Aldermen said you are going to have to make tough decisions where people are going to look at you like you have 6 heads right now, but 15 years from now they are going to say wow you guys really made a very difficult decision probably with not all of the data that you wanted, but when you reach down in your gut you say is this the best thing for Nashua today, tomorrow, 20 years from now, and I do think this is a good decision. It is a very difficult decision.

The public was very clear years ago that they wanted us to own our own water system. Yeah some of the opinions may have changed, but I think a lot of those opinions were clouded and swayed by the ads and stuff that were in the paper. Now is the time for us to make a decision and move on. I think tonight if we don't have ten votes tonight to pursue this in my mind we ought to just pack it in and move on. We also better be ready for the financial consequences of that decision because if I am a Pennichuck stockholder

and all of a sudden the city picks the stakes up and turns tail if you are concerned about this much money buying a water system that you will own I would be very concerned about the lawsuit that the city is going to have to deal with picking up stakes and not finishing what we intended to do in the beginning.

We don't have any more time to come back and look at the numbers again and again and again. Even if we were I am not sure everybody or anybody for that matter would be totally confident with all of the numbers. Monday is the date where we need to give Attorney Upton the permission to do it or to say hey we have changed our mind. I have no doubt when we come out of this meeting tonight and it is in the paper tomorrow the public will have a pretty good idea whether this board is behind it or we are waffling. If you are waffling it is over. Thank you.

Alderman Tabacsko

Thank you. I have always been a supporter. I think in the long term municipal ownership of the water supply is a good idea. I intend to support this tonight. It seems that we went out and we hired our experts and they have come back and told us here is a strategy and we are at a critical crossroads. The opposing side has basically looked at us and said hmmm where is the weakness there, well they can't get along we will never come up with 10 votes. They are attempting to exploit what they perceive as a weakness that I don't think is accurate, and I certainly hope that we can muster the ten votes to pursue this strategy and give our experts the fuel that they need to take this through to a successful conclusion. Thank you.

Alderman McCarthy

I will support this and I want to urge my colleagues to do the same. I asked some questions before because I think if we walk away at this point that in fact Pennichuck will aggressively pursue the litigation that they have filed earlier...

Rob Upton, Esq.

I think they will pursue no question about it.

Alderman McCarthy

...even if we win we are going to spend another million dollars getting out of that on attorney fees by the time we are done. That is a disaster that I don't want to deal with. I don't want to deal with we don't get back the money that we have invested so far that would offset the tax rate when we let the bonds. There is another million or million and a half in there. But I don't think that is the important part so I want to step back and look at this in fairly simple terms.

All of the analysis hinges on the following; we don't pay taxes and we borrow money at a lower rate than Pennichuck does and don't pay shareholders equity. So the question has always been whatever the utility is valued at, at the end of the day does the annual payment to support that cost come in at less than the savings we have by not having to pay those costs out, and if it does then the rates for our citizens are lower. Ultimately that is what we are here for. We are looking at some protection issues and we are looking at the rate issue.

We can't have a community if we don't have a viable supply of water so what we are looking at is what do we have to do to get the citizens of Nashua water for the foreseeable future at the lowest possible rate. We could argue about the spreadsheets but I am in fact convinced by looking at them that at the numbers we are talking about our ownership produces lower rates than Pennichuck's does and that is in the benefit of our constituents, and we ought to do it based on that.

What I would hate to see is to have a case that is like that that is decided by the PUC on a basis other than what is best for the citizens of Nashua and that is what I fear is going to happen based on having seen the staff report. Some of the arguments that were put in there were simply of the form I don't want to do this let's find it not in the public interest so we basically have a case where if we go forward with the litigation we have a case that I think clearly states that our citizens are better off if we own the water utility like virtually everybody else does but we may not prevail with it anyway. It is a crapshoot. I would really hate to see that savings lost to our constituents because we didn't negotiate a settlement.

I think it is imperative that we authorize Attorney Upton to go out with these proposals and get to the table with Pennichuck. If we can settle this thing on a model that I believe demonstrates saves them money in the rates that is absolutely the right thing to do for our constituents.

Alderman Plamondon

Thank you. I don't know if any of my colleagues saw a two day series in the Telegraph on what is before us tonight, but it goes back to the beginning of the city of trying to acquire the water for the residents of Nashua. I was just looking and I believe it goes the second Mayor, you look at all of these pictures all around this hall, and this is one of the biggest historic decisions that the City of Nashua has been trying to do for all of these years since the 1850s and we are now at the crossroads, we are at the closest point in the history for this city to acquire its water. This isn't a recent 2 or 3 year or last 4 years, this goes back throughout Nashua's history to control the water supply for its citizens. That is what it is all about. I am going to support this. I want to close this chapter and I have no doubt in my mind that in the long run the citizens of the City of Nashua are going to benefit; our grandchildren, great-grandchildren will look back on this board and say thank you for that decision. There is no doubt in my mind. Thank you.

Alderman LaRose

Thank you Mr. President. Recently when 4 of us met with the new CEO of Pennichuck, the first thing he said to us was Pennichuck is not for sale, but he also stated that he had a fiduciary responsibility to listen to any buyer who comes knocking at his door, he has that responsibility to his stockholders. I say let us give Attorney Upton the knocker so that Pennichuck has a fiduciary responsibility to take a look at what we have to offer.

Alderman Richardson

I had thought that I heard Attorney Upton say that if it does go to trial it is going to cost a lot of money and I think he said he would recommend that not happen and go instead to an exit strategy. Did I hear that correctly?

Rob Upton, Esq.

If you don't vote to go ahead and do this. If you vote to go ahead and do this it doesn't necessarily mean that they are going to settle with us. My hope is we drive them back to the table. I can't imagine if you give a 10 person vote that he is going to ignore that. He does that at his own peril. He is looking for a stockholder derivative lawsuit if he does that I think. But it is possible that you don't settle it is still possible you don't settle, but if you have the ten man vote and I know that you are still going to support this stuff, you don't have to walk away from the litigation.

If you don't support it then I think you have made that decision, you are saying you should walk away from the litigation. If you do support it, it doesn't necessarily mean that you don't litigate it.

Alderman Richardson

I don't want to walk away from the litigation at all. That is the way I thought we were going to go. What I am concerned about is the value that we are placing for these proposals. I don't see this as talking to whether we go ahead with litigation or not.

Rob Upton, Esq.

Remember what the possible outcomes could be in litigation. They now have increased the value of PWW. They are filing this week. They have now increased the value from \$248 million for Pennichuck Water Works alone to \$271 million.

Alderman Richardson

Who has done this?

Rob Upton, Esq.

This is what Pennichuck is saying the value is. Now let's say we go ahead and have that litigation and let's say the PUC says well maybe your \$271 million is too much but your \$248 million is okay and comes back with \$248 million for Pennichuck Water Works alone what do you think Sansoucy and I are going to tell you about that? We're going to tell you use that RSA 38:13 and tell them to stuff it because it is too dam much. You can't get the savings at \$248 million.

Alderman Richardson

Okay.

Rob Upton, Esq.

What we are saying to you is if you settle this you can control your future. At these levels for these kinds of assets, these asset purchases, you will still get savings and so you should try to make those settlements. We also know that these were levels that they were prepared to talk to us about until he pulled the plug.

Alderman Richardson

Now did I also understand you correctly when you said that Pennichuck would probably sue if we took our marbles and went home, but they probably would not be successful?

Rob Upton, Esq.

I believe that. It also creates a whole new problem for you because if that happens I then become a witness as opposed to your attorney and I can't both try the case and be a witness. One of your defenses is always going to be we relied on our attorney and that is a good faith defense and you should use it and I am going to be questioned about what advice I gave you and all of that and that is going to be your best defense is that you relied on me.

Alderman Richardson

Okay. On a slightly different subject, when it comes to saying that we have blind faith in Mr. Sansoucy now because it would ruin him if he gave us bad advice, is that just the general take that I get from this?

Rob Upton, Esq.

I do a lot of work with Skip Sansoucy. I think he is a competent guy. When he puts his mind to it and works on stuff I don't think there is anybody better. If Skip Sansoucy screws up the first person that will tell you you ought to make a claim against him is me. He will lose work if he screws this up for you there is no question about that his reputation would be tarnished and this is his backyard New Hampshire, and he is not going to get work if he screws it up for you guys.

Alderman Richardson

I guess what I am looking at is when does anyone realize that he screwed up and the only time we are going to do that is about oh 12 years into it maybe it starts to become apparent at 10 and in 30 years half of us are going to be dead anyhow.

Rob Upton, Esq.

I disagree. I think that if he screwed this up it will become, I think the mistakes are going to become apparent immediately because you won't have rate savings. I just don't think you will have rate savings if he screwed it up.

Alderman Richardson

Thank you.

Alderman Teeboom

I totally intend to be around 30 years from now. There is no free walk okay. RSA 38 talks about damages. What those damages are, certainly the PUC has to get paid, certainly attorney fees have to get paid, certainly costs have to get paid, and if you walk and we bought this lawsuit guess who pays those, those damages are another question.

The other thing I want to mention because nobody mentioned it yet is what do we pay for water now? We pay for water now according to DES \$360.00 a year. I got a hold of the DES guy to explain to me what that number meant because my water bill, my wife says put a new sprinkler system in, over my dead body, is \$320 a year and the PUC rate is \$257 a year. Try to straighten all of that out. I finally actually got apples and apples compared and I sent you an e-mail on that. It is two 75 gallons a day. If you do that \$360 a year is about right on average for a family of 2 with 2 kids and a nice lawn.

Well even if we hit an amount and we go above the slope in a settlement maybe then the rate goes to \$400 a year. For the CSO we are now paying a pretty good price and nobody is squawking too much because the CSO is getting built, but that is close to the water bill last I checked. It is not that we are looking at telephone bill type bills, \$100/month. That is the other thing that came to my mind.

The third thing that came to my mind that we ought to mention was split off. I like the whole package thing. I like proposal 1. It gives us the maximum of options because we can split on parts of it. We can split up Pittsburg and Pittsfield and Pennichuck East and maybe some land if you want to sell off the commercial land. We can split that off.

Rob Upton, Esq.

Is it okay for me to answer that/

President Rootovich

By all means.

Rob Upton, Esq.

What he is talking about is the city doesn't necessarily need to own PEU and PAC nor does it need to own specifically unless it as a policy decision decides it wants to own the satellite systems in PWW. Remember there is Bedford and some of those smaller systems that are part of PWW. I think what Skip and I have always envisioned is that you would if you bought everything you might very well decide to package up all of the satellite systems, PEU, PAC, all of the satellite systems with those and the satellite systems in PWW as a separate operating entity independent of the Nashua water works and you would operate it separately through again through Veolia and then you might look for a buyer for that entire system. There very well might be one and you could use the proceeds to reduce your costs.

Alderman Teeboom

Right. That is the plus. Now before it sounds too good to be true, also believe this; we make a settlement offer now what happens when you make a settlement offer to somebody – if I offer you \$10,000 for your car the first thing you say is that thing is worth \$15,000. No one accepts the first offer. The counteroffer is always higher than the first offer. So whether or not we come back to these same numbers I don't think so I think we are going to come back to higher numbers and Skip is going to have to do another one of these things and another clever little model and we will have to come back to it again.

But given all that aside, my conclusion is what I said before, I don't share Alderman Richardson's opinion the trial is okay, the trial is terrible. Thank you.

President Rootovich

If there is no further discussion...

Alderman Richardson

I just have one more question. It is about the \$160 million deal here. You said that the \$175 million deal plus \$15 million went to \$190 million, that the \$225 million you said already includes \$10 million right so it is kind of like apples and oranges but yet one of the offers is for \$225 million which includes our costs. Why would we be offering that to them?

Rob Upton, Esq.

That is probably a mistake on my part. I probably should have put that in at \$215 million and we can change that if you want to do that. The intent is that the \$225 million includes, and as you see what he has done in there, that includes the cost of issuance ...**audio inaudible**... the litigation.

Alderman Richardson

You don't want mixed bags of apples and oranges here. I wouldn't be offering them to pay that money for our own costs of lawyer fees and consultant fees. I don't understand that at all.

Rob Upton, Esq.

It has been the way the thing has been done, but I am happy to whack it down to the \$215 million.

Alderman Richardson

Okay and so then the \$160 million does that include the fees?

Rob Upton, Esq.

No it doesn't and we didn't do an analysis of the \$160 million because the \$160 million we can clearly make work.

Alderman Richardson

I am just saying it either includes the consultant fees and lawyer fees...

Rob Upton, Esq.

It does not include it.

Alderman Richardson

It does not include it. So actual costs will be higher.

Rob Upton, Esq.

Yes.

Alderman Richardson

Thank you.

Rob Upton, Esq.

The bonded cost.

Alderman Bolton

Let's take it that Attorney Upton is authorized to make that change as well as to insert the word "of" where we found it before and that would still be part of...

Rob Upton, Esq.

I would be pleased to do that. That makes sense.

Alderman Bolton

...the reference settlement proposal.

Alderman Teeboom

Point of Information – would an amendment be...

President Rootovich

Alderman Bolton had the original motion so he is amending his motion now.

Alderman Bolton

Actually no. The motion that is adopted should stay the same that it is and be pristine in referencing the settlement proposal. Minutes can reflect that we have by acclamation authorized Attorney Upton to make those two typographical changes.

Rob Upton, Esq.

Fred this won't get presented until Monday. This isn't something as a result of the vote is made public.

Alderman Teeboom

I would like to amend it then. I would like a formal amendment Mr. President and I would like to move to amend to make the \$225 million \$215 million because we confused the...

Alderman Bolton

Point of Order – that is not before us. The motion before us is this motion it is not the line by line of the settlement proposal.

President Rootovich

That is correct Alderman Teeboom.

Alderman Bolton

If no one objects, we could just authorize Attorney Upton, it will be in the minutes, it will be as clear as a bell, but we want the motion just to reference settlement proposal without the details.

Alderman Teeboom

I don't understand that because the settlement proposal will make it public and then people see \$225 million and they see ...

President Rootovich

They don't Alderman Teeboom...

Alderman Bolton

I have now said 4 times...

John Upton, Esq.

This is going to get...

Alderman Bolton

Between now and Monday he is going to make those two changes...

Alderman Teeboom

Oh you are going to make those changes. I didn't understand that.

Rob Upton, Esq.

And then on Monday it will have \$215 million in there.

Alderman Teeboom

I did not understand that point. Thank you.

President Rootovich

If there is no further discussion I will call the roll.

*A Viva Voce Roll Call was requested, which resulted as follows:*

Yea: Alderman Tollner, Alderman Tabacsko, Alderman McCarthy, Alderman Flynn, Alderman LaRose,  
Alderman Bolton, Alderman Deane, Alderman Teeboom, Alderman Plamondon, Alderman Rootovich

10

Nay: Alderman Dion, Alderman Richardson, Alderman Cookson, Alderman Williams

4

**MOTION CARRIED**

**MOTION BY ALDERMAN BOLTON THAT THE COMMITTEE SEAL THE MINUTES OF THE NON-PUBLIC SESSION BY ROLL CALL UNTIL SUCH TIME AS THE MAJORITY OF THE BOARD VOTES THAT THE PURPOSE OF THE CONFIDENTIALITY WOULD NO LONGER BE SERVED**

*A Viva Voce Roll Call was taken, which resulted as follows:*

Yea: Alderman Tollner, Alderman Tabacsko, Alderman McCarthy, Alderman Flynn, Alderman LaRose,  
Alderman Dion, Alderman Bolton, Alderman Richardson, Alderman Deane, Alderman Teeboom,  
Alderman Cookson, Alderman Williams, Alderman Plamondon, Alderman Rootovich

14

Nay:

0

**MOTION CARRIED**

**MOTION BY ALDERMAN BOLTON TO COME OUT OF THE NON-PUBLIC SESSION AND RETURN TO THE SPECIAL MEETING OF THE BOARD OF ALDERMEN**

**MOTION CARRIED**

Alderman Tollner

I committed to the Telegraph when she was out there that I would call her as soon as this was over.

**MOTION BY ALDERMAN BOLTON THAT THE BOARD CONFIRM THE VOTE TAKEN IN THE NON-PUBLIC SESSION RESOLVED THAT THE BOARD OF ALDERMEN AUTHORIZE THE ATTORNEYS REPRESENTING THE CITY TO PRESENT ON BEHALF OF THE CITY OF NASHUA THE SETTLEMENT PROPOSAL PRESENTED TO THE BOARD DURING THE NON-PUBLIC SESSION OF NOVEMBER 17, 2006 FOR THE PURPOSE OF THE SETTLEMENT CONFERENCE SCHEDULED BEFORE THE NH PUBLIC UTILITY COMMISSION ON NOVEMBER 20, 2006; THAT THE ATTORNEYS NEGOTIATE SUCH PROPOSALS THEREAFTER; THAT THE ATTORNEYS REPORT TO THE BOARD AND THE MAYOR ON THE PROGRESS OF SUCH NEGOTIATIONS; AND THAT BY APPROVAL OF THIS MOTION BY A 2/3 MAJORITY AS REQUIRED BY RSA 38:13, AND APPROVAL BY THE MAYOR OF THE CITY OF NASHUA THE CITY'S INTENT TO RATIFY A FINAL AGREEMENT BASED ON THE TERMS OF THIS PROPOSAL IS CONFIRMED**

*A Viva Voce Roll Call was conducted, which resulted as follows:*

Yea: Alderman Tollner, Alderman Tabacsko, Alderman McCarthy, Alderman Flynn, Alderman LaRose,  
Alderman Bolton, Alderman Deane, Alderman Teeboom, Alderman Plamondon, Alderman Rootovich

10

Nay: Alderman Dion, Alderman Richardson, Alderman Cookson, Alderman Williams

4

**MOTION CARRIED**

ADJOURNMENT

**MOTION BY ALDERMAN BOLTON THAT THE NOVEMBER 17, 2006 SPECIAL MEETING OF THE BOARD OF ALDERMEN BE ADJOURNED**  
**MOTION CARRIED**

The meeting was declared adjourned at 9:05 p.m.

Attest:

Paul R. Bergeron, City Clerk