

REPORT OF THE PENNICHUCK WATER SPECIAL COMMITTEE

OCTOBER 12, 2010

A meeting of the Pennichuck Water Special Committee was held on Tuesday, October 12, 2010 at 8:20 p.m. in the Aldermanic Chamber.

Alderman-at-Large Brian S. McCarthy presided.

Members of the Committee present: Alderman-at-Large Barbara Pressly
Alderman Michael J. Tabacsko
Alderman-at-Large Mark S. Cookson (departed @ 10:19 p.m.)
Alderman Jeffrey T. Cox

Members not in Attendance:

Also in Attendance: Mayor Lozeau (departed at 10:20 p.m.)
Alderman-at-Large Ben Clemons
Alderman Kathryn Vitale
Alderman Richard LaRose
Alderman Mary Ann Melizzi-Golja (departed @ 10:10 p.m.)
Alderman Diane Sheehan
Alderman Richard P. Flynn

**MOTION BY ALDERMAN TABACSKO THAT THE RULES BE SO FAR SUSPENDED AS TO ALLOW ALL MEMBERS OF THE BOARD OF ALDERMEN PRESENT TO VOTE FOR THE DURATION OF THE MEETING
MOTION CARRIED**

NON-PUBLIC SESSION

MOTION BY ALDERMAN TABACSKO THAT THE COMMITTEE 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 LAROSE

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

Yea: Alderman Clemons, Alderman Vitale, Alderman Pressly, Alderman LaRose, Alderman Tabacsko,
Alderman Melizzi-Golja, Alderman Sheehan, Alderman Flynn, Alderman Cookson, Alderman Cox,
Alderman McCarthy

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Nay:

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MOTION CARRIED

Mayor Lozeau

What is coming around is the latest version of the bylaws and then three scenarios relative to the board of directors that we had talked about at the last meeting for your consideration. John is going to certainly walk us through what you have just received. I think the other thing that we would like to accomplish tonight is just to get a sense of the next few meetings, what we will take up at those meetings, and what timing may look like as it relates to action on the DMA (Definitive Merger Agreement) just so that we don't lose sight of that. We are

having so many of these small meetings talking about different components I just don't want to lose sight of the big timeline that we have to follow.

Chairman McCarthy

Just so I am clear, at our last meeting we had finished going through the Articles of Incorporation.

John Patenaude

And these are the corrected.

Chairman McCarthy

And this is with our corrections. And the bylaws we had gone through up to ...

John Patenaude

The bottom of page 2.

Chairman McCarthy

Okay.

John Patenaude

What you have at the bottom of page 2 is really how the board of directors will be elected and what you have been provided with is three options; one is already in the agreement as was presented, which is the Mayor nominates members of the board and they are approved and appointed by a vote of the majority of the members of the Board of Aldermen. That meeting is also approved and the sole shareholder meeting. The second option is that the members of the board that are up for election be nominated by a nominating committee of the board of directors so the board itself would establish a nominating committee and that committee would then send on its nomination to the sole shareholder to be approved. The third option is the more traditional option, which is the board of directors of the company set up a nominating committee and that nominating committee sends the nominations to the board of directors for approval by the board of directors and then the board of directors sends on the nominated individuals to the sole shareholder for approval by the shareholder. Those are basically the three options as outlined.

The language in options 2 and 3 at the bottom is really the initial phase where really you won't have a board to go through any phase so in that case there we think the Mayor would nominate and the board would approve on that first time pass, which would be the directors would serve following the commencement date, which is the first date that the city becomes the sole shareholder.

Alderman Cookson

Thank you. I just want to confirm that the language in paragraph 2 of both options 2 and 3 are identical, there is no change in the language.

John Patenaude

In the bottom?

Alderman Cookson

The second paragraph of each of those options.

John Patenaude

Yeah I believe that is correct.

Alderman Cookson

Okay. Thank you.

Alderman Tabacsko

In options 2 and 3, that first year's slate is appointed all at once with a single year term or single phase term?

John Patenaude

There is a Class A, B, and C. Class A, and I might get these inverted, serves for one year, Class B serves for 2 years, and Class C serves for 3 years.

Alderman Tabacsko

So it is just the initial appointment would still be the Mayor and then subsequent appointments would be by nominating committee or the other.

John Patenaude

That is what we would propose yes.

Alderman Tabacsko

I see. Thank you.

Alderman Sheehan

Thank you. I have a question simply with the verbiage of annual meeting because if we were to not approve a nominee would we be without a shareholder for an additional year? Can we make that quarterly?

James McNamee, Esq.

It is only permissive the language of it may be at the annual meetings is only permissive so it can be done at any other time. It initially says it can be done at any meeting I believe.

Alderman Sheehan

Thank you.

Alderman Cookson

Thank you. Before we get into any decision making this evening, I know at the end of the last meeting there was concern about the process which we used whether sometimes we just used consensus, other times we voted. I would be looking to you this evening to further elaborate on the process that we would like to use this evening to make sure that when we make our decisions.

Chairman McCarthy

I guess I am not hung up on what process we use so much as if we all understand what we are doing and there is agreement to move forward that that suffices. I think what I was trying to do last time on many of the issues there was general consensus so we just took that and on some of them it wasn't clear and I think we did those by vote. Ultimately we are going to come up with a draft of two documents that will get voted upon as the final issue. Do you have a specific issue with the way we had done it?

Alderman Cookson

I think my preference would be as we are a policy making body and we're practicing as a Board of Aldermen I think we should continue with our practice of voting on any motions that are made this evening.

Chairman McCarthy

We can do that.

Alderman Pressly

Could we wait and see how it goes along?

Alderman Cookson

My reasoning for that is once these meetings become unsealed that we're going to be able to follow along exactly what happened; here is the motion that was made, here is the decision that was made, and here is the vote that resulted from that motion. I think it is smart for us to continue our practice of motions and voting.

Alderman Pressly

I do believe in some cases though we all like to think about it. In some instances people aren't really ready to vote. I think that is the purpose of the discussion.

Chairman McCarthy

We have given Mr. Patenaude direction of some fairly concrete form that may have not been change this language it may have been in conceptual. All of those things I would claim could have been reduced to motions. We chose not to do it in the cases where the formality of a vote seemed cumbersome, but if we believe that is a better way to do it then I will certainly do that as we go forward this evening.

I did have one question on the initial language that allows us to appoint the initial board of directors. Do we also want to word that such that that provision is in effect whenever there are not a sufficient number of directors to constitute a quorum? Our articles include a minimum number of directors and if we were to have a sufficient number of resignations that it dropped below that then effectively they can't appoint replacements.

John Patenaude

You can do that. I will defer to Attorney McNamee on that one.

James McNamee, Esq.

I'm sorry what was the question?

Chairman McCarthy

The question is we have language in options 2 and 3 that would allow the Mayor and the Board to set the initial board of directors. Do we want that to take affect also if the number of active directors drops below the minimum in the Articles of Incorporation? You have a situation where I think we currently call for at least 7 directors, if half of them were to resign so that we only had 6 they can't effectively get to a quorum that can take action to appoint a nominating committee, approve the nominating committee's recommendation, and refer it to this board.

James McNamee, Esq.

But if they have resigned then the quorum is going to be the quorum of the remaining directors.

Chairman McCarthy

Yeah, but if there are 6 directors and the...

James McNamee, Esq.

And there is supposed to be a minimum of 7.

Chairman McCarthy

Yeah.

James McNamee, Esq.

I think that the shareholder would have the ability to appoint directors in any event because you have the ability to amend the bylaws. It may make it easier to do that, to state that in the event there are fewer than a quorum of the directors the shareholder can hold a special meeting to appoint additional directors. It anticipates that problem, which could arise I suppose.

Alderman Vitale

Would we treat it then like we would on the initial year when we followed that procedure?

James McNamee, Esq.

We probably would want to have separate language in there because the initial year is taken care of once...it would be handled that way...

Alderman Vitale

I mean handled the same way.

James McNamee, Esq.

...but it would be separate language.

Alderman Vitale

Right.

James McNamee, Esq.

I think if you pick which of those two options, 2 or 3, you want we can then craft some language in there to anticipate a situation where there is not a quorum or there is not the minimum number of directors.

Chairman McCarthy

What is the pleasure of the committee on the options?

Alderman Pressly

I am trying to comprehend the differences. It seems that first there are similarities; in all three choices the last sentence is the same, the action for approval and appointment may be at the annual meeting of the sole shareholder. We are the sole shareholder right?

Chairman McCarthy

The three options as I understand them are in the first option the Mayor would appoint them and this board would approve them. In the second option the board of directors would establish a nominating committee which would appoint them and this board would approve them. In the third option, which is very similar to the second, the nominating committee would nominate them, the board of directors would first approve them, and then this board would approve them.

Alderman Pressly

The reason I bring that up is that in all cases the final approval does come from the sole shareholder, which is basically the Board of Aldermen.

Chairman McCarthy

Yes.

Alderman Pressly

Thank you.

Alderman Cox

I particularly like option 3. I think it is structured well where the board of directors will provide the nominated individuals to the sole shareholder for approval. Then with the language for the minimal if there is no quorum.

James McNamee, Esq.

Mr. President just to give you a context of this, the first option is one where there is a great deal of control obviously maintained by the city, the second option is one where it is more or less shared with the board in that they have to give the slate to you to vote on, and the third one is one where the board of directors actually has a greater independence, which in their world will be more efficient for them, but if you wanted more control you would opt for either 1 or 2. I think we are recommending either 2 or 3 as appropriate options. As you say Alderman Pressly, in either case you have the final say on who the directors are, you the shareholder.

Alderman Pressly

Since all of the meetings are open we would know who the slate of people were and if we felt as a group very strongly that a choice should be different than one that the board of directors chose we could do that.

James McNamee, Esq.

Yes. In addition they are required to give you, by this bylaw, they are required to actually transmit to you that slate.

Alderman Pressly

Oh okay.

Chairman McCarthy

We can't pick somebody else we can tell them to pick somebody else.

Alderman Pressly

Oh now that is interesting. That is a distinction then.

Alderman Tabacsko

And I think that goes to where option 3 pushing us a little further at arms length from that board of directors and I think if I understood that right that was the recommendation that we have received from our advisors is that in this case there is some advantage to that in particular when we get to the PUC for approvals that we want to look more like something separate, we don't want to look like almost municipal water company. That is why, as I interpret these options, I agree with Alderman Cox, I think #3 because of that arms length I think that is the way I would want to vote on that.

Alderman Cookson

I would just agree with the two previous speakers. I think we should strike the current language and I believe that we should, as a board, adopt option 3 as the suggested language to replace that. For the reasons just stated, I think it signifies to anybody that is looking at the water company that we are running it as a business, that we are separated, they are two distinct entities and it is not municipally run, it is not a municipal department, it is a business that is running. I think this board of directors certainly establishes that with the language in option 3.

Chairman McCarthy

Was that a motion?

Alderman Cookson

I will not make it a motion yet. I will let a few other people have comment.

Alderman LaRose

We can discuss the motion.

Alderman Pressly

Before we do that could we talk about the criteria for the candidates because they go hand in hand? I would like to see what we come up with to do that first. The bottom line is the Board of Aldermen would have a final say. If you don't like any of the candidates you could turn them all down I suppose, but before we do that I would like to make sure that we have certain criteria.

Alderman Cookson

I guess my response to that would be I think there are two sets of criteria. I believe that the initial board of directors that we establish as the sole shareholder will have a set of criteria associated with that, but I believe that if we look at option 3 as the way that we would like this board of directors to do their business from that point forward, they would establish their own criteria as they create a nominating committee and they would establish the needs that are required for that board of directors. I certainly agree with you...

Alderman Pressly

That is true.

Alderman Cookson

...I think that we need to establish criteria for the initial board of directors, but future members of that board of directors would be determined by the sitting members.

Chairman McCarthy

I tend to agree. I am the first to say I am not sure I would know how to run a water company if called upon to do so, so my initial reaction is to get some people who have proven that they can do it in the first place and then as far as the criteria for additional directors, leave that to the people who know how to run a water company.

Alderman Clemons

I would just like to say I agree with the previous two speakers. I think it definitely makes sense to let the board of directors have that control and keep this at an arms length if you will. The only thing that I would request is if somebody does make the motion eventually, that they include language in there to allow Corporation Counsel to amend this to draft some sort of language to deal with the quorum issue.

Alderman Pressly

I am happy to support option 3 also. I do want to speak to the other issue at some time. I have given a lot of thought to something that I want to bring up tonight and it is related to this.

MOTION BY ALDERMAN CLEMONS TO APPROVE OPTION 3 AS STATED IN THE MEMORANDUM AND ALLOW FOR LANGUAGE TO BE ADDED TO DEAL WITH THE QUORUM ISSUE AS DISCUSSED EARLIER

ON THE QUESTION

Alderman Pressly

Without term limits with this way they could just go on forever re-nominating themselves and that is one of the problems that has been there for a long time in the current group and in other corporations.

Chairman McCarthy

And if we don't think they are doing a good job we can just not approve their re-appointment of themselves.

Alderman Pressly

That is true.

Alderman Tabacsko

They do have us looking over their shoulder at some level.

Alderman Pressly

Okay. I just wanted to point that out. I do prefer term limits just because that seems, with a one year reprieve before you could be brought back in, but I think all of this is interconnected and I will be happy to support #3, but just bear in mind when you come to the term limits issue it is always good to have flesh blood I think, but I am ready to vote.

James McNamee, Esq.

Mr. President I have that amendment language if you want to hear it.

Chairman McCarthy

Sure.

James McNamee, Esq.

I have just drafted it out. I would suggest that if you adopted 2 or 3 that you tack on at the end of it "If at any time there are less than seven (7) directors, the Mayor shall nominate additional directors to be approved and appointed at a meeting of the sole shareholder."

Alderman Cookson

I just wanted to make sure I understood through Alderman Clemons' motion the adoption of option 3 with the additional language Attorney McNamee just provided, but it was that the original language was stricken from our is it articles or...

Alderman Clemons

Yes.

Chairman McCarthy

That would replace the paragraph at the bottom of page 2 and the top of page 3 I believe, and also section 4 or 4 is okay? Yeah it would just be that paragraph at the bottom of 2 and the top of 3.

AMENDED MOTION BY ALDERMAN CLEMONS TO AMEND THE ARTICLES OF INCORPORATION BY STRIKING THE LANGUAGE REGARDING THE APPOINTMENT OF THE BOARD OF DIRECTORS, BY REPLACING IT WITH OPTION 3 AS PRESENTED IN THE MEMORANDUM AND BY ADDING A SENTENCE AT THE END THAT READS "IF AT ANY TIME THERE ARE LESS THAN SEVEN (7) DIRECTORS, THE MAYOR SHALL NOMINATE ADDITIONAL DIRECTORS TO BE APPROVED AND APPOINTED AT A MEETING OF THE SOLE SHAREHOLDER"
MOTION CARRIED

John Patenaude

The next sections were corrected based on our discussions last week. Section 4 was added based on the discussions we had at the end of the meeting last week as well; allowing the Mayor to sit for two years.

Alderman Sheehan

I had a question on Section 5 for removal. Okay it has been adopted now it is section 6 and 7. I am still on my old one because that is where I had notes. My apologies. Any director may be removed from office with or without cause by a vote of the sole stockholder at a meeting duly called for such purpose. Is that subject to Mayoral veto and is the Mayor still sitting on the board or are we allowing language to put that just because there is a bit of an overlap there?

Chairman McCarthy

I believe the interpretation from the last meeting would be that the Mayor still had a veto over that authority.

Alderman Sheehan

Okay.

James McNamee, Esq.

I'm sorry what was the question on that?

Alderman Sheehan

Regarding removal and whether the Mayor had veto power on removal and if that is clouded during the term where a Mayor sits on the board.

James McNamee, Esq.

With the Pennichuck board?

Alderman Sheehan

Correct.

James McNamee, Esq.

No because you are appointing the Mayor to the board so it wouldn't affect the Mayor's Charter authority and the Mayor has Charter authority, a veto on any vote by the Board of Aldermen. The sole shareholder acts by a vote of this board that would be voted at Aldermen, veto the Mayor, and override that whole process. The same process you use with any other vote.

Alderman Sheehan

I just want to be clear because the person is also on both boards with the override.

James McNamee, Esq.

I think the Mayor would have a conflict if it was removing the Mayor as a director of the board, but I am not rendering an opinion on that right now.

Alderman Tabacsko

And I suspect it will be a slow one at that.

Chairman McCarthy

I think the only mechanism for removing the Mayor as a member of the board would go deeper than that issue I suspect.

Alderman Tabacsko

And this is only a two year issue at this point.

Alderman Cookson

Is Alderman Sheehan's question answered satisfactorily? Okay. I had two questions. I will start with what is now Section 6 – Vacancy and I am wondering if the language that is underneath vacancy in Section 6 is the same language that we just adopted or Attorney McNamee just amended.

James McNamee, Esq.

Yeah it might have met your needs.

Alderman Tabacsko

Can one substitute for the other?

Chairman McCarthy

I think that is actually enabling legislation that is required. Because it references back to the paragraph we just changed, it would say that a vacancy filled between the annual meetings would be done by the nominating committee of the board of directors.

James McNamee, Esq.

Right it still doesn't get to the problem, which is that you would not have sufficient directors in order to create a quorum.

Alderman Cookson

Alright. That is fine. Then I am fine with that. I don't want to take us down a rat's hole, but I know that at the last meeting and I want to take us back to Article II, Section 2 and I believe it is going to now be paragraph 4 and we're talking who may hold the office and we talked about it should not be a member of the Board of Public Works of the City of Nashua, blah, blah, blah. Do we have some current language about conflict of interest including family members of extended family? Is that something that should also be considered beyond these individuals? I am just throwing that out as a question. Should we be concerned about parents, brothers, sisters? I know we have that language written somewhere as conflict of interest.

Chairman McCarthy

It is in what used to be Chapter 2 wherever that may be now.

James McNamee, Esq.

That is in Chapter 5 now.

John Patenaude

We tried to address that I believe in Article VIII - Conflict of Interest. We added some language there.

Chairman McCarthy

I think Alderman Cookson's point is not on the issue of conflict of interest, but on the should we exclude the same individuals whose participation causes a conflict of interest under our ordinances from serving on the board of directors.

Alderman Cookson

That is correct.

James McNamee, Esq.

I think under the conduct ordinance, I haven't looked at it in a while I am glad to say.

Chairman McCarthy

We do have a section where we define rather broadly what an immediate family member is.

James McNamee, Esq.

Yes, but those prohibitions usually apply or apply as I recall in this to sitting municipal employees acting as municipal employees and their family members. If you are talking about after they leave, which is the section you are talking about right someone who after they leave cannot serve on the board...

Alderman Cookson

I am more thinking along the lines of if we have a sole shareholder, you know any one of us, and we have a relation that wants to sit on the board of directors. I believe that is a conflict of interest and potentially someone that, I don't know if the case will ever arise, but if it were to I believe that person should be excluded from consideration.

James McNamee, Esq.

It would probably not be much different from the situation where you may have a family member, as some of you do, employed by one of the employer boards. It may be a cause for you, members of the Board of Aldermen, who have that conflict to not vote on it because there is money attached to it so there would be a personal or pecuniary benefit to people in your immediate family. That is already covered under the conflict regulations, but it is not a prohibition against that person being on the board. You could put that in if you want, but I am not sure if it is going to be necessary.

Chairman McCarthy

I guess I understand the point and I am sensitive to it that it is not just our action in appointing that person, but if the director of the board of public works Brother-in-Law is a director on the water company then public works may have undue influence in the operation of the water utility that we believe is inappropriate. That is not precluded under the current language. It would seem to me that we could solve that by in paragraphs 2 and 3 where we exclude members of the board or members of the governing body or the director or an employee of

the public works department adding something like or an immediately family member thereof to those two prohibitions and cite the section of the ordinances.

Alderman Tabacsko

And allow the definition of immediate family to be governed by what is in the current ordinance?

Chairman McCarthy

Yes.

James McNamee, Esq.

I would suggest you put it in the Articles of Incorporation rather than refer it back to the city ordinance. Immediate family is the employee, spouse, parents, children, brothers and sisters.

Alderman Sheehan

So brother-in-law could still do it.

Chairman McCarthy

Didn't we...I thought we expanded that to include domestic partners and ...

James McNamee, Esq.

It is only for the purpose of voting, the voting prohibition, we have expanded it in 5-98 to personal pecuniary interest includes the interest of an employee. That used to say and immediate family. It now says his/her spouse, domestic partner, parents, children, brothers, sisters, step-brothers, and step-sisters.

Alderman Vitale

This might come and I can understand why we would do this – what if you had somebody that was currently on the board of directors and their spouse or someone in that category decided to run for office within the city? Would your person currently on the board of directors have to resign? You can't really tell somebody within their family that they couldn't run for office could you?

James McNamee, Esq.

It would be a family matter.

Alderman Vitale

Could you imagine telling your brother-in-law sorry you can't run for office? Not all families are close.

James McNamee, Esq.

You are right that this could create a problem. It also could create a problem in the other direction because you could have related members of a family who happen to be very good at public works and managing a water company. There are two ways that I can see of taking care of that; one is to put in a prohibition because you are concerned about that or you can also just realize that it is going to be one member will probably have to reclude themselves if that person is being ...well if course if it was public works it wouldn't be, but if that fact is made aware to the board the board can consider it when it is voting on that individual. You would still have a say in whether or not that person sits without creating the automatic exclusion, which is essentially what Alderman Vitale is pointing out.

Alderman Clemons

I understand the need for having a clear idea of what a conflict of interest is, however, I think that in relation to the corporation, I think it should be if there is a conflict of interest that the person who has the conflict of interest has to recuse themselves from the vote. We may want to make that so that it includes the board of directors as well although I don't know where that would fall. Essentially the way I look at it is if we think there is some kind of corruption going on we are going to put the stop to it. That is what our job is to do. If we don't adhere to that then we're going to know about it at the next election. That is still kind of the way I look at it.

Alderman Cookson

I feel this is a business. Forget about elections forget about politics, we are putting together a board of directors to run a company and I want to make sure that we put them in the best light possible. I have a concern that if any one of us as we go around to vote as the sole shareholder and one of us has to recuse ourselves, I wouldn't want that. This is too important to the City of Nashua to have any one of us have to recuse ourselves on a vote. I would just rather take that variable out of play so that all of us can vote on decisions that are going to impact the City of Nashua and anybody who receives water through this utility.

I just think it is too important to say you know what I have a brother that is on the board of directors so I can't vote on this particular issue. I don't think we should do that. Let's just get the problem out of the way and again we have a great pool of potential resources that are available to us I think we can get by without having a brother, sister, or parent that is on the board of directors.

Chairman McCarthy

I guess the one thing I would say is that Alderman Vitale's point is what happens after that person is on the board. Going back to the discussions that we had when we changed the definition of immediate family it was pointed out that for example in the case of step-brothers and step-sisters you may actually have one who doesn't come to Thanksgiving and doesn't particularly like you, and we then give them an opportunity to muck up the words independent of the person who is a board member.

Alderman Cookson

I think it is up to us to define immediate family. You obviously saw the potential when you identified a potential re-phrasing of paragraphs 2 and 3. I think we as a board define what immediate family is. At that point, I think the issue would be resolved.

James McNamee, Esq.

Can I just make a structural point? There is a section in here on conflict of interest. Although what you are talking about is a little different it might be good to focus whatever discussion you have, an amendment, in that section, which is Article VIII appearing on pages 8 and 9. If you add language that refers back to the section that Alderman Cookson is talking about that would be the place to do it just because it is cleaner.

Chairman McCarthy

I am not sure I understand that.

James McNamee, Esq.

We are talking about conflicts of interest.

Chairman McCarthy

Right now we are trying to craft language that precludes people from being directors who would create a conflict with this board right. We are not talking about the conflict of interest on the board after people are appointed we are talking about making sure that no one is appointed who would ever have a conflict with someone on this board under our statutes so we wouldn't have the Board of Aldermen recusing itself.

James McNamee, Esq.

For simplicity sake it seems best if you have a section that says conflict of interest to enumerate all of the conflicts in that section. In part this is a reaction to the difficulty that we often have going through our own conflict ordinance because it goes back and forth from one section to another.

Chairman McCarthy

As long as we cover the case I think it is fine to put the definitive language in Section VIII. Maybe I understand why we have two different definitions in the ordinance now because we basically define immediate family as what is real immediate family that in theory it is a family matter if one of them chooses to run for election while a family member is a director.

James McNamee, Esq.

And in fact if I may just follow up on that, immediate family that is defined in that much broader sense or not as restrictive, which is just spouse, parents, children, brothers and sisters. That is the section that generally applies here to any municipal employee in any of their actions they can't do something that is going to benefit those people. The more restrictive definition that you have adopted actually modifies your ability to vote as Aldermen on particular legislation that comes before you so it is a very specific much narrower definition. I don't know whether you would say narrower or more expansive, but it puts more people into the conflict pool when you are trying to decide about voting on something. There are reasons for two different types of definitions.

Chairman McCarthy

Your suggestion then would be to put some language in paragraphs 2 and 3 that has essentially a reference to Section VIII in it?

James McNamee, Esq.

I was just saying, and it is just a structural thing, it doesn't have to be done that way, but since we have a section that says conflict of interest it might be good to put whatever definitions, special conflicts, you want to identify under that section and then just refer to that section from there. It is a side point, it is not as important as what you actually say.

Alderman Cookson

If we looked at Article II and paragraph 2 and 3 and the second 2 and 3 if we just added language to say, and I will take paragraph 3 for example, the direct or of the City of Nashua public works department or a member of the board of public works of the City of Nashua or immediate family as defined in Section VIII and in Section VIII at a later time we would go through and define what immediate family is, whether it is parents, brother, sister or if it includes step-brothers and step-sisters. I think at this time I would just...I think I would be in agreement with you in just adding the language immediate family in those two paragraphs as defined in Section VIII.

Alderman Sheehan

I just wanted to bring up the point that it is hard to make anything complete recuse proof because somebody's kid grows up and gets a job at Pennichuck you are recusing yourself on any vote that comes up potentially anyway. Nothing is going to be bulletproof.

Alderman Clemons

What Alderman Sheehan brought up is sort of the point I was going to make. In addition to that I would like to know what types of conflicts or what type of conflict language is in other corporations? In other words a corporation that has been around for a hundred years, what type of...

John Patenaude

It is typically not dealt with in the bylaws, but in the company's policies and procedures typically there is like anti-nepotism language. It is not Articles of Incorporation or Bylaws that typically would handle it on a broad basis, it would be the company's policies and procedures adopted by the board and it could be adopted by the officers as well.

I will give you a for instance. My son who is also in finance when I was Chief Financial Officer I couldn't hire him to work for me or for anybody else in the company because I had undue influence over anybody within the finance organization. He was not allowed to work for the company. That kind of language is typical I would say although not in all companies. I can't say in all companies because some companies allow Sons and Daughters to work in different departments. That would be the typical language and there would be the broad language you would see in Article VIII that says they wouldn't participate or vote on matters that impact you personally or members of your family. I have seen directors recuse themselves from voting on items that would impact them personally.

Alderman Clemons

I will just state for the record, I mean I don't have anybody in mind, let's put it to you that way to go on the board. I don't think there is anybody that I am that close with that would have any interest or qualifications to do the job so I will just put that out there before I state my next thing, which is that I think that the responsibility of this comes back to the shareholder and in this case the individual board member to make sure that they are recusing themselves when it is appropriate to do so. We have language in our ordinances already that will govern us on the votes that we have to take regarding anything that comes before us in the Pennichuck. In that case, we already have the conflict ordinances; we wouldn't be able to vote in that case.

I guess I would disagree with Alderman Cookson in the sense that I think there still may be instances where a person might recuse themselves beyond just the fact that their family member may be coming up for an appointment on the board. For example, if their family member worked for Anheuser Busch and was involved in the negotiations of the contract that we supply them water with. There are a number of different things where I could see there would be a conflict like that. I think the responsibility again comes upon the individual Alderman to make sure that they are staying out of that process.

Like I said before, if we're not doing that number one it is illegal and number two we will hear about that from the ultimate shareholder, which is the voters of Nashua. I think that it is something where we ought to make sure that we are getting the best qualified individuals for this position regardless of who they are and leave it at that.

Alderman Tabacsko

May I ask Mr. Patenaude, what is your recommendation to us for how to address this? Should we do it in the bylaws or not?

John Patenaude

I'm okay with adding immediate family as defined in Article VIII and just defining immediate family in Article VIII. That is fine.

Alderman Tabacsko

Okay.

John Patenaude

There is no prohibition, you can do anything there, but I would think that would clarify the point to anybody that...you know you are here ten years from now, if these don't change, someone will be looking at it saying how do we do this again. It is a clarification.

Chairman McCarthy

I actually have a proposal for some language now that I have seen this because I thought of something else.

MOTION BY ALDERMAN MCCARTHY TO AMEND BY ADDING A NEW PARAGRAPH 5 IN SECTION II WHICH READS "AN IMMEDIATE FAMILY MEMBER, AS DEFINED IN ARTICLE VIII, OF THE MAYOR OF THE CITY OF NASHUA OR ANY PERSON WHO WOULD BE EXCLUDED UNDER PARAGRAPHS TWO (2), THREE (3), AND FOUR (4)."

ON THE QUESTION

Chairman McCarthy

The reason I would do it that way is if we just do it in 2 and 3 we don't cover the Mayor's immediate family. We can't actually do that well in 1 the way it is worded because of the initial term so if we just add a paragraph 5 that refers to immediate family members of any of the other exclusions and states the Mayor explicitly, I think that covers all of them. That even covers the two year prohibition. That is my motion. Is there discussion?

Alderman Tabacsko

Does this address, and I am not reading this right because we have a time moratorium issue as well in this...

Chairman McCarthy

This would address that and say that during that two years ...

Alderman Tabacsko

So that my spouse could not be appointed for that same two year timeframe that we had adopted and that is everybody...

Chairman McCarthy

Yeah. I got the impression we were trying to figure that out earlier, but it was really hard to do it in paragraph 4.

Alderman Tabacsko

Okay.

Chairman McCarthy

Is there any more discussion?

MOTION CARRIED

John Patenaude

Last week we were going section by section, so we are down to Article II, Section VIII.

Chairman McCarthy

About 1/3 of the way down page 4.

Alderman Tabacsko

Titled regular meetings?

Chairman McCarthy

Yes. We will hold the regular meeting of the board of directors right after they are confirmed as the directors so that they can elect a Chair, etc.

John Patenaude

No less than four (4) meetings as well.

Alderman Pressly

I would like to bring up a subject that is connected to a lot of this and I have been struggling as I know all of you have how to create this hybrid that we are creating and to combine municipal principles with corporate principles. I believe there are two distinctions between the two; one we have dealt with, one was transparency versus secrecy, but the other one we haven't talked about is that the main purpose of the board of directors of a corporation is to make a profit, and we're not going to be in the business of making a profit, in fact that is one of the reasons that we are buying the company is to eliminate the profit that has gone to shareholders.

How do we deal with that? What I have been thinking about at one point we discussed that we should have some of the current board members on. I know John is already raising his hand. This is going to offend you, but I think it would really be unwise to carry over any of the current board of directors into what we are doing because their sole purpose in running the company has been to make a profit. I think one of the issues we have had with their decisions over the last 30 years has been that they really have not been in tune with the communities and they haven't been in touch with the people, and that is one of the reasons we have objected to a lot of their decisions.

I'm thinking that we are looking for maybe a different set of criteria for the board of directors than what exists there today. I have attended all of their meetings, the shareholders meetings I should say, and it sort of looks more like a social click than anything else from my perspective. I think it would be really difficult to explain to the public and there could be a real public outcry if we were to appoint any of the people that have been involved in this 8 year fiasco. I don't think there are too many of you here that were around when they came before the board of directors 8 years ago and they all sat in the front row of this very chamber, the board of directors, and when they basically the CEO deceived the whole board by saying you had 30 days before the PUC and we established that they were not being honest with it.

I think there could be a real problem if we appoint some of the people who are there now and if we don't recognize that a big difference is going to be that they are not in the business of making a profit. I don't know how you bring that distinction into play. I attended almost all of the PUC meetings up in Concord, the board of directors didn't show up at those they had lawyers and then they had some of the employees, namely the one that I have mentioned his name before, he is probably the most respected individual in that company across the board. At the PUC everybody turns to him for advice on what is going on.

I think we are looking for people that, it is a delivery system of a product that belongs to all of us anyway it is the water delivery system. I think we should be looking for a different group of people than what exists there now and I don't know how you incorporate it into this document, but we want people that do care about the community that are in tune with the needs of the area, and that they do take a long-term look at the water supply. I think we are looking for a different type of person altogether.

Four meetings a year, that is not much when we are talking about the salary that these current people have, that is a pretty high salary. The people we want to talk to are the people that know where the pipes and the pumps are that they know the technology of delivering. I don't know how we incorporate this, but there has to be some distinction that we are not looking for corporate leaders or the decision makers of this water company that are out to make a profit at the expense of the water supply. If you compare Manchester's water rates with ours and the difference between municipal and corporate, the decisions that this board of directors has made over the years has really done a lot of damage to our natural delivery system. Manchester does not tap into the Merrimack River, Nashua had to do it years ago because the decision makers of Pennichuck failed to clean the ponds, they have failed to keep the company and the water supply and the delivery system the best it could be because they had different motives. They were far more concerned with delivering the profit to their shareholders.

There are a lot of people in the community that still track this pretty closely. I know I get e-mails and I am sure some of you do too of the decisions that they are making today. Over the 8 years the people that we are talking about re-appointing and having them run again, they are the ones that have dragged this process out, they are the ones that went to the PUC and said split up the company, and they have now come around to deciding that is not a good thing for them either. I feel I have to say this today because I think it is going to affect a lot of things that we do. I don't think we need to pay these people that hopefully will be far more concerned with the tone and the attitude of the community than making a profit and I don't think we have to pay them the salary that they have gotten. That is one of the strong arguments was that we would not have to pay these high salaries.

I feel I have to say this today because I am going to be gone, on a happy note I am going to be at the Pentagon next Monday because my son is retiring from the Marine Corps. I will not be at the next meeting so I felt I have to...I have thought about this a long time and I know John is just cringing over there. I know you know the players and I know somebody around this horseshoe is negotiating with these people. I am going to have a hard time and I think a lot of people will if some of the people at the company that you have been negotiating with are then appointed to carry on.

I guess I just want to say I am not really pleased with the decisions they have made since 1980 when they decided to spin off all of the watershed and destroy our natural water...and the board of directors had absolutely no idea how outraged the citizens of this community were on the decisions that they made. I know we have to get through the PUC and the SEC, but we somehow have to draw a distinction that what we are creating is not in the business of making a profit they are in the business of running the most efficient water company that we are able to do for the long-term delivery.

In the corporate world it is meeting the profit for that year and we don't want that. We want people who care about the community and are looking at a much longer range situation. Sorry if I have taken your time with a lecture, but I think that really has to be said at some point that I think we are looking for a totally different type of person because the main purpose that the board of directors, and rightly so, of any corporation that is what

they are there for, they are there to make a profit for their investors. We're not, we're in the business of providing the best water utility, water delivery system that we can.

I think that plays into this whole section and I just felt I had to say this. I have been involved with this actively, I had a bone broken at a meeting over this, and I think a lot of people feel still very passionately about this that the people who were the decision makers of this company did not act in the best interest of this community for the long-term water supply. That is why we are all sitting around this table. I felt I had to say this and I thank you for listening to me.

Chairman McCarthy

I guess I couldn't disagree with you more. The purpose of the board of directors is not to make a profit it is to maximize the return of the shareholders in the corporation however that is measured. Pennichuck measures that with do they get 8.5%-10% on their money in terms of the equity of the shareholders. That is not the mission that we would put out before them and I think they understand that.

Profit is not in the Articles of Incorporation. There is no mechanism to return a dividend. That is not the motivation there. It is still, however, the operation of a water company on a daily basis is identical and requires exactly the same skills that the people who have gotten it to where it is today, and we agree that it is a well run and functioning water company, is. It is still a series of financial decisions, it is still made in the same way I believe that all of those people will understand that the new role is to provide the best water service possible at the lowest possible rates, and will in fact continue to do that.

I would point out that many of the people who are directors on a corporation also serve as directors of a great deal of non-profits in the area and do so very well in meeting the goals of those non-profits, which is not to turn a profit. I think there are people on there I would not keep because they represent specific interests that are not related to ours such as the two directors from Gabelli, there are other people who are on that board who I believe are extremely good at the corporate function of running a business and making good sound financial decisions. If what we want to do is to replace that board with a bunch of volunteers who are going to do God knows what in the interests of public participation, tell me now and I will sign off of this and we will let Pennichuck go ahead as a profit making corporation and get sold to the next person who bids to them because I think the people of Nashua would be better served with that than if we were to put in place a board of directors that was simply a bunch of volunteers who are going to make decisions without any understanding of the finances of the corporation without any history of why those finances are the way they are.

I am unhappy with the way some of those decisions were made. However, in the case of dredging the ponds for example it is clear to me after having reviewed that with Mr. Ware and with other members in there that the other alternative was more expensive, and if we want to do that that is a thing those groups will look at. But the best way to provide water at reasonable rates over the past 20 years was the path they took. They may have made that decision because they needed to turn a profit in Pennichuck, we might make a different decision, but I will point out that rates would go up more if we were to dredge those ponds. There is \$20 million worth of increase and it does you no good because there is no base flow in the Pennichuck Brook in July and August. There is no water there to save. The ponds hold about a 4-day supply of water, they can't carry you through two months of drought in July and August when there isn't any water coming down the Pennichuck Brook.

They are currently being used, and I think this is something that would need to be resolved eventually, to sediment out the water that is pumped from the Merrimack and that is not sustainable. Something has to get done about that. But we can't go back to using the base flow and that is not Pennichuck's issue that is the issue of Nashua and the surrounding communities who allowed most of the impervious surface in the Pennichuck Brook Watershed to be paved over. The water that comes down on that watershed in the spring, which used to be kept in the wetlands until mid July to provide the base flow of the Pennichuck, is now in the Atlantic Ocean some time in late March and just isn't there.

That decision is not one that was made simply based on maximizing corporate profits it was made based on it is the only way to provide water that was within the control of the people who were making the decisions when it was made. I may not like it, but it probably was the only decision that could have made. We are fixing that by making this an entity that is owned by the city so that there is an ability to adjust some of the resource issues that would otherwise have been out of their control and I would point out they could have bought some of the resources and did not. The things that happened with Southwood Corporation yeah I disagree with all of those in terms of management of the watershed, but those were the right things to do in terms of the mission of the board of directors.

I think that in terms of crossover we want to keep some of those directors for continuity and I don't think there is much difference in the skills we will ask of the new directors from the ones that are there now in terms of running a \$20 million operation in a reasonable way given the capitalization that it currently has and the revenue stream that it currently has. I would like to keep some of the existing directors. I think it is necessary to pay a reasonable stipend to the people who serve on that board because they are skilled. These are not just volunteers. I will continue to think that.

Alderman Pressly

May I respond please? May I respond because I would like to contradict a little...I did not suggest volunteers...

Chairman McCarthy

I want to hear from Mr. Patenaude first.

Alderman Pressly

Well I think you ...

Chairman McCarthy

You just said there is no reason we should pay the board of directors.

Alderman Pressly

No, no, no I said the amount that they did. I didn't say volunteers.

Chairman McCarthy

I see.

John Patenaude

My only point on the profit is as a city you are putting up a lot of money here for this business and you have to make sure that it generates enough money to pay the principle and interest on that business. While all of the other stuff has to be done relative to the operation of the business and providing water and service that continues, you want to make sure that you want to keep in sight that you have to generate cash. I don't equate that necessarily to profits, but you have to generate enough cash to pay the principle and interest of the funds that you have borrowed to do this.

Alderman Pressly

That is sort of a given. First I didn't say volunteers. I do disagree with you and I get the impression that you have some specific people in mind that you want to have carry over. I appreciate the continuity and I think it might be appropriate to invite some to stay on for a set of time just like the Mayor is so that they could help with the transition and then go from there. I think to make permanent positions for anybody that is serving on the board of directors currently and that has been involved in the decisions that have been made I think is an insult to the community. I would be happy to, if you want to name names that you, you seem to be specific as to who you would like to have stay on and maybe we should have a transition period.

Chairman McCarthy

I don't know that I can even tell you who the directors currently are. The only one that I know of that would come to mind is Mr. Kreick because I believe that he has good skills in terms of running that company based on his previous experience.

Alderman Pressly

I believe he is also the president is he not? No? Who is the president now?

Chairman McCarthy

Of Pennichuck?

John Patenaude

Mr. Montopoli is president.

Alderman Pressly

Okay, but Kreick is the one that leads the meetings so he must be...

Chairman McCarthy

Chairman of the board of directors.

Alderman Pressly

Okay and he has had that position for some time. He has been on the board for what 20 years, 10 or 20?

Chairman McCarthy

No I don't think so. He certainly hasn't been Chairman for that period of time.

Alderman Pressly

I would consider a temporary, a transition period.

Chairman McCarthy

I think that is all anybody has ever talked about. We would give them some of the initial slots. I don't frankly think...

Alderman Pressly

With the understanding that would be, it would have a specific time limit like we have for the Mayor, is that what you are saying?

Chairman McCarthy

They would be a set of the initial directors who might or might not get re-appointed at the end of their terms.

Alderman Pressly

Yeah but they re-appoint themselves...that is why it is important to bring it up now because they would be re-appointing themselves. I just don't think any one person is indispensable.

Chairman McCarthy

I don't frankly think any of them will stick around much past one term. Bear in mind that a number of the directors...I think if you get them to stay on they will be doing it out of a commitment to the community. Bear in mind that a number of the directors are substantial shareholders who currently make lots of money based on their pecuniary interest in Pennichuck. They will not have that interest. One of two things will happen; they will politely decline our offer and say no thank you or they will say as a friend of Nashua I would be happy to stay on and help it, but bear in mind I am not making any money on it anymore.

Alderman Pressly

So their motive is money. I think members of the community are going to take note. One of the reasons has been the decision making of the current board that has been at issue. I felt I had to say it. That is my opinion. I think it is a valid one.

Alderman LaRose

Let's move on.

Alderman Sheehan

Regular meetings...

Chairman McCarthy

I think we were on Section 8.

James McNamee, Esq.

That should be sole shareholder instead of stockholder.

John Patenaude

We will make that change on all of the ... Section 9 is the special meetings of the board, not shareholder but the board that can be called by the chairman of the board, the president, or any four directors.

Chairman McCarthy

Sections 6 and 8 also have a sole stockholder that should be changed to shareholder.

John Patenaude

I will make the whole change. Section 10 is the notice provision and that will be sent to all of the directors at least 5 days prior to the meeting, and that the secretary should be clerk and I will make that wholesale change as well. Section 11 is the quorum so it has to be a majority of the directors to constitute a quorum to transact business. Section 12 is the duties and the powers. It is subject to the provisions of the Articles of Incorporation and the Bylaws where you have also retained some powers. Theirs is to manage the business and affairs of the company. Section 13 allows the board to establish executive committees or other committees. Section 14 says that the compensation is fixed and determined by the sole shareholder so the board of directors can't set its own compensation. Section 15 provides the Right-to-Know Law relative to the meetings of the board of directors.

Alderman Cookson

Just a question, not in any particular thing that we have just discussed, but in the course of this evening's conversation, we have talked about what this board of directors will eventually do, I want to be careful with my wording I was going to say on our behalf, but on the behalf of the company, and we have talked about a mission where Alderman Pressly brought up that she thought that Pennichuck's current board of directors their mission was to gain profit for their shareholders, Alderman McCarthy had a different perspective which was running a water company effectively and efficiently. I guess my question is when would a mission be established for this board of directors? I don't think it would be appropriate to include it in the articles of incorporation or the bylaws, but is that a future step that we would be a part of?

John Patenaude

Typically companies do establish missions. It would probably be one of the first things that they would do.

Alderman Cookson

As a board of directors they would establish their own mission?

John Patenaude

Management would establish...typically what really happens is management does the legwork and the board would approve the mission statement or we change the mission statement. In their employee handbook for instance it states the mission. There is a mission statement in there for the company. It would be revised obviously from this transaction because it would change.

Alderman Cookson

Is this...

John Patenaude

It typically wouldn't be in the bylaws.

Alderman Cookson

Understood...

Alderman Pressly

Could we see their current mission statement?

John Patenaude

Sure. I don't have it with me.

Alderman Tabacsko

Probably in their annual report.

Alderman Cookson

Right. I just want to make sure...I don't want to miss an opportunity to influence what that mission might be that this board of directors undertakes. As we are working on this would somebody on their side be working on this idea of a revised mission?

John Patenaude

Not really. Not until they get through this whole process.

Alderman Cookson

Okay.

Chairman McCarthy

I guess I wouldn't see it as out of line if the sole shareholder were to draft a suggested mission statement and convey it to the board of directors initially.

John Patenaude

And that is fine.

Alderman Cookson

Okay. It is an additional exercise for us, which may not fall in the timeline that we are trying to get this done, but it is certainly something that I think would be valuable for us to undertake. It would address Alderman Pressly's concerns about the board of directors and the decisions that they make. I think it would benefit everybody. I would certainly be in favor of doing that at a future meeting.

Chairman McCarthy

You may even be able to distill some of that out of ironically out of some of the PUC's statements on how regulation is done that other than the...replacing the guaranteed rate of return to the investors with making sure the enterprise remains solvent. I think the standard the PUC applies is probably the same one we would want.

Alderman Cookson

Thank you.

Alderman Pressly

Would it be possible to compose something that if a current board of directors is invited and accepts serving as a transition member that they would then step down at the end of the term? In other words, if they started out as a two year term that they would move on after that? My big fear is that I think we need to get new blood in there and if you want some current board members, 1 or 2 or whatever the Mayor is thinking of, that they at least should have a term limit. In other words, to be there to help in the transition but make it pretty clear that they are not to stay on indefinitely as sometimes happens.

Chairman McCarthy

I guess I am not adverse to language that does that, but I don't actually believe it would be necessary. If we have language I would

Alderman Pressly

Then may I ask if you would put that together?

Alderman Clemons

I would not support that. The reason being is that we have the authority to not re-appoint a member of the board if they are re-appointed. Essentially the control is with us anyway. If the majority of this board felt that a member should not be re-appointed then we vote no and then they go back to the drawing board.

Alderman Sheehan

I will take that a step further to add that if they are being inappropriate or not following the mission we see for it we have the power to remove. We need to go to the PUC and look like we are trying to keep something at a hands length because we are trying to keep it at a hands length, but if we are holding it with the other hand really tight it kind of defeats that purpose. We have language in here that says we can rip someone out for cause, we can not re-appoint them. I think we are covered. I think it is redundant and I think it would weaken our case with the PUC that we are trying to run this as a business.

I think missions change for companies over time and this will be another change for them to leverage. Those that can adapt to that will do well and those who are in it solely for the money might choose to move on, and the people that we don't want we are not going to appoint so I think we are covered.

Alderman Cox

These people are going to be running a company not a municipal department. An earlier spoke that they should know the pipes and the fittings and the technology of today, and I think strongly that should be in our operations side of this company and those people should be very strong in those areas. Some of the people that are on, I particularly know one director who is on there who runs an outstanding business in this city started in 1902 and does a beautiful job. I am sure he was brought on because of his business savvy and because of the mother company that he is affiliated with is a huge customer of Pennichuck Water Works.

I think we need to carefully keep looking at not the municipal control of it, make sure that we have the criteria for who we do want on and it should be people with quality business savvy that can run this with the mission statement that is set forth.

Alderman Clemons

Thank you. I agree with what Alderman Cox just stated. It is a very important thing that this is run in a professional manner. With regard to any of the members that currently sit on the board that we may or may not appoint in the future, I would only say that this is a blank slate as far as we're establishing that we are taking over this corporation and we are establishing it the way that we want it to be run. There has to be some kind of continuity. I think we all agree on that. As far as what people have done in the past and that sort of thing, they were doing what was in the best interest of the shareholders of Pennichuck Corporation as far as the monetary concerns go. If they are not doing what is in the best interest of the Pennichuck now that we establish then we need to not re-appoint them. I think you have to at least give them the benefit of the doubt that if they accept the appointment they are going to try and do the best job that they can for the corporation. If they do that then I have no objection to them being re-appointed for another term because if they are doing the

job that we asked them to do why should we turn around and say well because of 20 years' previous history we don't want you anymore. It doesn't make any sense to me. I firmly disagree with that.

Alderman Pressly

Well I would just like to say the person that Alderman Cox referenced is also a friend of mine. He and his Wife have been in my home and I know them quite well. That is the issue. A lot of these people are people that we know. I still like them very much as people and plan to interact with them, but the friends of friends are not a good way to do business I don't think. I would be happy to support a transition where some people stay over and they can certainly be involved in the selection of who will replace them, but I just think that the public is not going to be real happy if they see a lot of the people that have made the decisions that they feel have been really destructive for this community. A lot of people feel that some of the decisions of this corporation have been just the worst things that have ever happened to this community when they destroyed the watershed land.

I think you have to be a little bit sensitive to how the public is going to feel. Again, transition is great, the PUC if you have some of the employees on they are going to be happy with that, but I think to have a strong carryover is a big mistake. I think it is underestimating the passion of the community.

Chairman McCarthy

I think the passion of the community is better directed at the fact that the board has served a master that is not the community for 150 years. The shareholders are not the consumers. That is the problem we are setting out to fix. I think representing well a different body is offensive to the community but not because it is done poorly but because it is done well. The masters of Pennichuck have not been the people who get water from Pennichuck it has been pension funds and other investors who care only about the return on investment on their capital investment in the corporation. We care about how to turn that capital investment into good solid water service for the Nashua region and I think having people who can well execute decisions on our behalf as the shareholders is what we are really looking to do. I don't think those things are necessarily inconsistent.

You can disagree with the decisions those people made and in some cases I do, but for the most part I disagree with the motive to which they were working which was the profit of foreign, and by foreign to Nashua, investors in the corporation. We're fixing that by buying the corporation. Making good decisions on behalf of the shareholder after we buy it is exactly what we are striving for.

John Patenaude

I think we are at Article III and that deals with officers. Where you see secretary that will be changed to clerk. It authorizes a chairman of the board, a president, one or more vice-presidents, a treasurer, and a clerk. It goes through in Section 2 it indicates how these positions will be voted; they will be voted by the board of directors following the annual meeting of the board and also if there are other officers, which are not specified those will also be determined by the board and elected.

The general provision just says that just because you are an officer it doesn't mean you have a right to a job forever and it is not a contractual right. Section 3 basically gives the right to be removed as an officer with or without cause at a meeting called by the board.

Then the Section 4 is really the duties and powers of each of the elected positions.

Alderman Cookson

Thank you. I did have a question about the section that we are just about to delve into, and that is duties and powers. I am looking specifically at paragraphs B and C I guess I would like to focus on and better understanding when the city ultimately, if this is approved and the city takes over the responsibility of Pennichuck, it was my understanding that the executive management team would be given their golden parachutes, their severance packages and they would go off and do what they would like to do. The reason why I ask that is because the president of the board of directors in paragraph B is identified as the chief executive officer so are we going to maintain that level of leadership within the corporation? Will we have identified a CEO and other executive vice-presidents within the corporation to fill that void of people that may have just left?

John Patenaude

It is not filling the void of all of the people that have left, but there will be some people that you will need to run the company.

Alderman Cookson

Let's take the CEO for example; I seriously doubt that Mr. Montopoli will...

John Patenaude

No it won't be that...

Alderman Cookson

...be retained.

John Patenaude

Right. It would not be that level of a person most likely.

Alderman Cookson

Okay so we have a void at the CEO level of this corporation and therefore does that mean that our board of directors would not have a president of the board of directors?

John Patenaude

No the president is the president of the company.

Alderman Cookson

Oh thank you. I'm sorry.

John Patenaude

The chairman...

Alderman Cookson

These are the officers.

John Patenaude

You need to have a chairman because someone has to lead the board of directors so to speak...

Alderman Cookson

Correct.

John Patenaude

...the president of the company is whoever is going to run the company.

Alderman Cookson

Okay so this is separate from the board of directors.

John Patenaude

Yes it is. This is just the officers.

Chairman McCarthy

And that is a person who is not necessarily and not likely a director.

Alderman Tabacsko

This is the operations part of the company?

John Patenaude

Working for the board of directors yes. The day-to-day operations.

Alderman Pressly

Were these people not at one time on the board of directors and but you said about 6 years ago they changed that?

John Patenaude

I said there was a time when officers were on boards and in the last few years that has not been the trend, it has gone the other way.

Alderman Pressly

Is it your vision that the people in these positions now will stay on?

John Patenaude

No.

James McNamee, Esq.

They aren't on the board now.

Alderman Pressly

No but ...

John Patenaude

These are not board members.

Alderman Pressly

But they will stay on as employees?

John Patenaude

I am not saying that is the case I am saying for the company you need these positions so for instance and you will see in here that an individual could have more than one title, but this is common. The only thing I would say is that here under treasurer, I want to make sure you understand that while he has a power to negotiate loans, under the Articles he can't approve loans. That is one thing, but the treasurer is a position and the clerk position so those are just positions. You need someone that can write checks, sign checks, you need a clerk to take the minutes of the meeting, you need the president who is going to run the company, someone has to drive the company. And vice-president can be, you don't need a vice-president because if you go back to the officer of the company they talk about you can have a chairman of the board, president, vice-president, you could have a vice-president who is also treasurer and could also be clerk. One person can have a number of titles. It is just the normal corporate rules require these positions.

Chairman McCarthy

Pragmatically speaking president and vice-presidents if I recall correctly are essentially the only ones who can bind the corporation with their signature into contractual action...

John Patenaude

Unless the board approves somebody else to do it.

Chairman McCarthy

...and therefore for the most part the corporation has a number of officers so that daily business can be conducted that way.

John Patenaude

Exactly.

Alderman Cookson

Thank you. So in the absence of the current president of Pennichuck, another one would be named and would it then be the board of directors that would determine salary of these new positions or these new personnel?

John Patenaude

It would normally be, but I am sure with input from the sole shareholder. I think on the first pass you have a lot of clout, you own the shares and I think it is a joint effort.

Chairman McCarthy

Normally it would be the board that sets compensation.

John Patenaude

Right.

Alderman Cookson

Pardon me?

Chairman McCarthy

Normally it would be the board that sets that compensation.

Alderman Pressly

Could we clarify this? So these four positions; B, C, D, and E, they are currently held by people that are not also on the board of directors?

John Patenaude

Right.

Alderman Pressly

So these are the people who really run the company. When I said pipes and pumps these are the people that understand that are running the company not...

John Patenaude

Those are the people that run the company.

Alderman Pressly

These are not the ones that are out digging up the streets these are the guys that are running, so these are the ones who are going to know most of what is going on and how things are run, and they are going to be staying on correct?

John Patenaude

No not all of them are staying on no. For instance, Tom Leonard who is a Chief Operating Officer and Treasurer he won't be staying on, the general counsel won't be staying on. We're not there yet, we are not in a position to...we are looking at it and the approach that I have taken in looking at positions while everybody would like to see oh these positions should all go, I go back to a sort of an approach that says these people are doing something, what are they doing, and who is going to do it when they are gone and that is the approach we are taking today. I can tell you that we are not there yet. We are still in due-diligence looking at that. To cut jobs to say okay we are taking out ten people, I will give you an example, and to say okay where does the work have to go. We're looking at that now to see where does that work go.

Alderman Cookson

Thank you. Here is my concern; the modeling that was presented and shared with us I believe to me it indicated that we would be able to provide water at a less expensive rate than is currently done and that would proceed year after year and one of the factors that lead to that recommendation was the fact that we would be losing a layer of senior management. We would be losing executives whether it is Mr. Montopoli and his salary, etc. etc., but as I we are having this conversation this evening and as we have talked in previous meetings about board of directors and whether they should be compensated or not, and what is an appropriate compensation and we need to get executives or personnel with a skill set, I'm seeing that we are not losing, we are not eliminating salary in that senior executive level. We may be reducing it but we are not eliminating it.

Chairman McCarthy

My take is that we are, but we may not be eliminating it in the titles. The way the corporation works now the most senior management, Mr. Montopoli and Mr. Leonard, etc. are concerned with the operations of Pennichuck Corporation, and their primary responsibilities have to do with how the non-regulated utilities operate and how that influences the share price in the investment community. The amount of time that officers of a publicly traded corporation spend dealing with Wall Street should not be under-estimated. In my company, we have a president who does customer visits and deals with the Street and we have a CEO who deals with the Street almost entirely. You probably have one full-time person who does nothing but deal with the investor community. We don't have that anymore.

The layer under that there are a set of vice-presidents who deal with running the regulated utilities. What I see is we would lose that upper layer of management and the layer that currently runs the water utilities would be elevated in title to be that set of officers with their approximate current salaries elevated as well, replacing the much higher upper management salaries. That layer underneath would cease to exist because we don't need it any more. Yeah you will still have, if you look at it you will still have the upper layer on paper, but it will look a lot like the layer underneath that used to look and that layer won't exist anymore.

I think the assumptions that were made in the model of the amount of money that would go away in executive salaries is approximately correct in the end because if you look at the non-water executives in the company, I think their compensation runs to over \$1 million out of a \$20 million company. There is a substantial savings there in the operating costs when you eliminate that. If we keep the existing personnel, and I am not sure we need all of the existing personnel to run the...

Alderman Cookson

I understand your explanation. I guess my question to that response would be the individuals who might be elevated in title do they have the opportunity to negotiate salary in accepting those titles?

Chairman McCarthy

To the extent that it is a free country and they can say no yes they have the ability to negotiate that.

Alderman Cookson

So their current salary may be something less than what they would receive if they accept...there is the opportunity or the possibility that they may receive a pay increase for accepting these titles.

Chairman McCarthy

They could in fact ask for that as part of their negotiations.

Alderman Cookson

Okay.

Alderman Pressly

But the board of directors takes care of all of that is that not true?

Chairman McCarthy

Yes.

Alderman Pressly

What this board does is appoint and select the board of directors...

Chairman McCarthy

Yes, but...

Alderman Pressly

...and then the board of directors is going to make the determinations for...

Chairman McCarthy

Alderman Cookson's question is simply do the assumptions that are in our financial model necessarily hold when we are done with the board of directors taking those actions.

Alderman Pressly

But we will have very little say over this, over these positions and their salaries because that is all going to be set by the board of directors.

Chairman McCarthy

Whom we appoint.

Alderman Pressly

So ...

Chairman McCarthy

We want to stay away from running the daily operations of the company, but I don't think there is anything wrong with this board setting expectations on the financial model that caused us to make the decision. That is essentially setting the criteria by which we measure the board of directors...

Alderman Pressly

Okay and so...

Chairman McCarthy

...We say the new mission is we think you can manage this company for \$500,000 instead of \$1.7 million I think that is sound advice to give them in terms of the way we will measure whether the board of directors protected our investment correctly.

Alderman Pressly

So when and how to we convey that to them? Alderman Cookson and John have brought up that they have other documents internally that determine their mission statement and all so when do you plan to convey the things that you have spoken of to the new board of directors?

Chairman McCarthy

I think we can do that in...it probably makes sense for the board to send a communication of some sort which it approves by resolution that says here is why we bought the company and here is what we expect you to do.

Alderman Clemons

It is also something that I am almost positive is going to be one of the discussions that is had when someone is asked to be on the board or appointed by the Mayor. I can't imagine that is not going to be discussed. Just to put that out there, here is why we voted for this we're trying to keep the costs here, that is going to be their mission on the board. I think Alderman McCarthy is exactly correct and I can't see that escaping the Mayor.

Alderman Cookson

And I am fine with that explanation, but at the same time I think a lot of the decisions that we have made up to this point were based on the modeling and here you know it comes out on October 12th that you know what some of the modeling it is not an exact science it is more of an art, and I understand that, but if we hadn't reviewed these articles and really delved into this question of who is filling in those roles and do they have the opportunity to negotiate their salaries for accepting those titles, I think we would all have agreed that yes we are losing a layer of senior management and you know we would have been saving X amount of dollars. That is what helped us ultimately decide this is what we were going to do moving forward.

John Patenaude

I just want you to know that as part of due-diligence, we are testing all of the models to actual. We are looking at the actual results year to date, last year, which we didn't have, and then testing that. As a matter of fact we met today with some of the management of Pennichuck to question some of the assumptions that were built into the model. We are still digging into that. There are still savings there and we just want to make sure that they are real savings we want to make sure it is not something on the fly that somebody booked in a number. The models were prepared by Pennichuck so we're doing our due-diligence on those models because we are not taking anything for granted here. That is part of our process as kicking the tires to make sure that we agree with the assumptions behind the model.

Alderman Cookson

I just think some of the things that we were sold on or at least information that was relayed to us was we would be losing a layer of senior management, which would be a savings and there may still be a savings and then the other thing that we have talked about is a board of directors and whether they should be compensated or not. I think there was at one point in time consideration of having a volunteer board of directors which may not be what we want to do, but you know I don't recall seeing the current board of directors' compensation model. I know that I have heard figures, \$600 a meeting, etc. etc. rooms, meals, whatever...

Chairman McCarthy

Early in this process we got what the expense was for last year, which was ...

Alderman Cookson

I may have missed that. Pardon me it was...

Chairman McCarthy

It was about \$180,000 for the board.

Alderman Cookson

It was \$180,000 for the entire board of directors?

Chairman McCarthy

Yeah.

Alderman Tabacsko

For the year.

Chairman McCarthy

Our numbers run, the way we have it structured now, our numbers run to I believe it is about \$110,000 or \$120,000 so there is savings on the board of directors alone.

Alderman Cookson

If I could just ask, has this group determined a compensation model for the board of directors? I am sorry I missed that.

Chairman McCarthy

Yeah, were you not...

Alderman Cookson

I was not at that...

Chairman McCarthy

You may not have been here for that meeting.

Alderman Cookson

Correct.

Chairman McCarthy

It is in ...

Alderman Cookson

I will review the minutes.

Chairman McCarthy

Yeah we did have a discussion of it and it was...

Mayor Lozeau

It was a flat fee...

Alderman Cookson

A flat fee of?

Chairman McCarthy

...it was a flat fee of...

Alderman Clemons

Twelve thousand.

Chairman McCarthy

...\$12,000.

Alderman Cookson

Annually.

Chairman McCarthy

Which came out to...

Alderman Clemons

Paid quarterly.

Chairman McCarthy

...which was about the same as the base fee plus 4 quarterly meetings for the existing board.

Alderman Cookson

Thank you.

Chairman McCarthy

I would also point out that with regard to that model, I mentioned a while ago that I had sat down and talked with Mr. Montopoli and Mr. Ware at some point and it was actually Mr. Ware's assertion that there was savings to be had by simplifying the management model including eliminating the position of the gentleman to his immediate right in the meeting. There is an expectation that pretty much what we envision to happen is going to happen as part of the simplification.

Alderman Cookson

Okay. Thank you.

Alderman Clemons

The other piece of this obviously too is to see what happens in the due-diligence. That is what will be the ultimate to me anyway the ultimate decision maker for myself. I think that is probably the case for everyone. I am hopeful that it is going to come out well.

Mayor Lozeau

Mr. Chairman if I could; I think a lot of this discussion as you said Alderman Cookson some of it is an art. The modeling that we have done so far has been based on what we could get our hands on and not necessarily now being in there really doing this due-diligence the way we are doing now. I think that we are going to have a savings. That is important to all of us. The level of that savings and the compensation of the staff and the senior staff is going to be very important. As I said in a meeting some time ago, we cannot expect to run this water company as a kind of an independent entity without paying salaries that are competitive to that field that we are asking them to operate. We can't pay them like we pay our department heads; we can't pay them like we would expect people to work for the city at when there are I think very few people out there that have the skill set we need to deliver the product that we have to do in the final analysis.

When you look at Mr. Ware's salary and people say boy we should keep him as the operations person, you can't expect to cut his pay and keep him. Just by not having stock options there are people there that are going to be losing out. But when you look at a certain level of management that is going to come off, there will certainly be some savings.

I think we have an opportunity to be pretty smart about it as we move forward. At 10:20 p.m. speculating about some of it makes me a little concerned especially when one of the things that I wanted to make sure we recognized tonight is that we have to complete this task in order to then get to the DMA and then in order to complete the due-diligence and then come back and report on that because based on our calendar, remember we're looking at the Pennichuck board meeting on October 28th. We have to have taken action on the DMA before that happens. We're kind of running out of days here. I don't mean to say that in a way that you shouldn't still be asking questions and having this discussion I just want to not lose sight of some of that.

Chairman McCarthy

Is there more on the officers?

Alderman Cookson

I just have to say I have to excuse myself I have a flight at 5:00 a.m. Thank you for the conversation I think it was very fruitful this evening and I appreciate the dialogue.

Chairman McCarthy

Do we want to...

Alderman Pressly

Could we review the calendar that the Mayor...

Mayor Lozeau

The first thing on the calendar is completing this.

Alderman Pressly

Well we have Monday, which I am going to miss so what is the day after Monday?

Mayor Lozeau

The plan for Monday was the DMA review. We have the staff coming; I shouldn't say staff, but members of the team coming to walk through the DMA. It was our hope to have this done.

James McNamee, Esq.

There may be a little flexibility in that though because the DMA the deal that we have is it can't change between now and the time that we vote on it so it is going to be just making sure you understand it. It is not the same exercise that you are going through right now, which is actually drafting articles of incorporation and bylaws. With that understanding at least we can cheat some time maybe out of next Monday. Although it is a large DMA.

Chairman McCarthy

Before we go on with that if I might, Alderman Cookson did you have any substantial issues in the rest of the document that you...

Alderman Cookson

No sir.

Chairman McCarthy

Okay.

Alderman Tabacsko

That is what I was going to say is there any reason we can't try to get through the rest of this?

Chairman McCarthy

That is what I would like to do. I think we are done with the hard part.

John Patenaude

We are almost done yeah.

Chairman McCarthy

The rest of it is the nuts and bolts of sausage making.

Alderman LaRose

Where are we?

Alderman Pressly

Article V.

John Patenaude

Article V is indemnification and that is per the DMA that section has to stay in there. That is indemnifying officers and directors or...

Alderman Cookson

Article VIII the immediate family that we were going to define at least what I am comfortable with would be the immediate family being parents, spouse, brother, sister, child.

Chairman McCarthy

Which is the definition that is in the ordinance?

Alderman Cookson

That is correct, not the more restrictive one that includes step-children, etc., but the first one. That is what I would suggest when you get to that portion.

Chairman McCarthy

Okay. Thank you Alderman Cookson.

John Patenaude

Article V also has the steps that are required for indemnification so notifying the company and the board of directors has to vote whether it is an indemnifying item or not. It also provides for payment of expenses if the person is being indemnified.

Chairman McCarthy

I assume that this is reasonably boilerplate language.

John Patenaude

It is boilerplate language. Also provides the company can buy insurance for D&O, which even if you are private you will want insurance for D&O and it is not the \$200,000 a year the public companies pay it will be something way way less than that, but private companies pay. Article VII deals with contracts, loans, checks, and deposits, allows the company to make contracts also to make loans. The only thing I would change on Section 2 in loans is that "shall be issued in the name unless authorized by the sole shareholder" because you have retained any right to put the company into indebtedness. I would just make that change. It talks about checks and drafts and orders of money to make payment and also deposits, funds to be deposited in a bank approved by the board of directors.

Chairman McCarthy

Any questions on that?

Alderman Clemons

Do we need a formal motion to make that change under Section 2?

**MOTION BY ALDERMAN CLEMONS TO AMEND BY CHANGING “BOARD OF DIRECTORS” TO “SOLE SHAREHOLDER”
MOTION CARRIED**

Chairman McCarthy

Are there any other questions on Article VI?

John Patenaude

Article VII is the fiscal year and calendar year and I have talked to John Griffin the city's CFO, and also with Melanson Heath. There is no reason to change that at this point in time. I talked to Melanson Heath about how to audit fees struck into here and they said for smaller firms in New Hampshire for instance, they do a lot of municipal work so all of their work is loaded into June, July, August that timeframe so having something in the later part of the year is just as good. It is not likely getting a major break, but audit fees are going to go down anyway.

Then we get into Article VIII the conflict of interest, which we will change and add the definition.

James McNamee, Esq.

I have suggested language. It would be: “The Director shall not participate in debate on vote or matters that involve a direct personal pecuniary interest for the director or any member of the director's immediate family, which shall include the director and spouse, their parents, children, brothers, and sisters.”

Alderman Tabacsko

So your recommendation is that we spell it out separately here rather than to refer back to the ordinance?

James McNamee, Esq.

Yes I think it is better. You want that separation between this entity and the city.

Chairman McCarthy

That way while it doesn't get updated it also doesn't get wrong if we change the ordinance. Could I have a motion to make that?

MOTION BY ALDERMAN TABACSKO TO ADOPTED THE LANGUAGE PROVIDED BY ATTORNEY MCNAMEE IN ARTICLE VIII

ON THE QUESTIONAlderman LaRose

I just wonder why we don't add step-brother, step-sister especially in this day and age where many families are the spouse has been married a couple of times and there are two different families.

Chairman McCarthy

It was pointed out when we discussed that with regard to the city conflict ordinances that at least one member of the board at that time had a step-sibling with whom he had not communicated in years and would not know whether he had a conflict based on that person's involvement or not.

Alderman Pressly

But it is the relationship.

Alderman LaRose

That is kind of something that not necessarily will happen.

Chairman McCarthy

Bare in mind that if we put that minimal language that covers most of it, there is an expectation that if you have a conflict that is similar to that you will declare it and recuse yourself, and one would hope that people with a step-brother that they do communicate with and know of a conflict would recuse themselves.

Alderman Clemons

My only other question to that would be that if you have step-brother and then those two people get divorced are they no longer your step-brother?

Alderman Tabacsko

And that is a reasonable question.

Mayor Lozeau

Just do the right thing.

Chairman McCarthy

The motion was to add that language to Article VIII. Is there any further discussion of that?

MOTION CARRIED

Chairman McCarthy

Is there anything else in Article VIII?

John Patenaude

Article IX is discrimination. This doesn't allow for any discrimination on any basis of race, creed, color, national or ethnic origins, sex, physical disability, age, and sexual orientation.

Alderman Pressly

Is that the standard language used today?

John Patenaude

Yes.

Alderman Tabacsko

That meets federal and...

James McNamee, Esq.

And state.

Alderman Tabacsko

...and state regulations.

John Patenaude

Article X is the inspection of books and records. It allows the shareholders of the corporation just as they have the right to inspect and copy the books and records as provided in the New Hampshire Corporation Act.

Chairman McCarthy

Should that be shareholders or should that change to sole shareholder?

John Patenaude

It will all change. It will all change with that one, it will be symmetric.

Alderman Tabacsko

All going to be shareholder right?

John Patenaude

Right. And then the final article says that the bylaws can be amended at any time by the sole shareholder at a meeting expressly called for this purpose. When we say expressly called for this purpose it doesn't have to be the sole purpose of the meeting.

Chairman McCarthy

It just means that has to appear on the agenda when the meeting is noticed.

John Patenaude

Exactly. That is it.

Chairman McCarthy

Okay. Are there any other issues with the bylaws?

Alderman Cox

Just to clarify, we are going to go through and just change sole stockholder...

John Patenaude

Right. I will change it all so it is symmetric.

Chairman McCarthy

Is there anything else we need to accomplish this evening? We will convene Monday. Monday we are talking about the merger agreement?

John Patenaude

Yes. And just so you know my intent would be that we are not going to go through item by item it would be if you have questions on any particular session...we will tell you what sections changed from the last time we had a meeting you know just in general and then if you have questions on anything in the whole agreement and the settlement agreement then we would address it there rather than going through Article I, Article II...

Alderman Clemons

I noticed that next week there are two meetings, one is on Monday and one is on Wednesday. What is the expectation for Wednesday's meeting because I can tell you now that I am unavailable that evening and I am just curious what ...

Mayor Lozeau

I think we were holding that night in case the due-diligence work on the 19th produced something that we could at least just give you and update on to say it was pretty smooth or we have kind of these things we are worried about, that sort of thing. We talked today that we may not even need the meeting on the 20th if it goes well on the 18th with the DMA. We have 8 hours planned for the 19th for the due-diligence work. I don't think the crew can then put together something really comprehensive to say okay here is the results of that. It was a way to be able to just let you know what we...

John Patenaude

Basically a heads up on issues.

Alderman Clemons

Okay. Thank you.

John Patenaude

And we wouldn't plan on having all of the members of the due-diligence team at that meeting. That would be a subsequent meeting where you know once you get to review the materials then we would have the team members available to answer questions from there.

Mayor Lozeau

Then the following week is where we really have to get a lot of work done. I know that Alderman Sheehan and I have been working on a neighborhood meeting that was going to be on the 25th and I am working on re-scheduling it because I don't want to lose that night if we need it. A lot to do in a small amount of time.

Alderman Pressly

Could you review after that? Could you just say, you had said you wanted to sort of just reinforce the calendar.

Mayor Lozeau

What is important is the 28th is when Pennichuck is going to have its board meeting to make a decision on the DMA, then we will know that it will go public after that so our decision has to be made before the 28th. That is what I am saying is that is a critical week. So the next big things that have to be done is the DMA review and the due-diligence results basically. That is the heavy lifting that is left.

Alderman Pressly

And so that is on the 20th so what happens between the 20th and the 28th?

Mayor Lozeau

It is not on the 20th. Our plan for the due-diligence review is bigger than what we could do on the 20th so the whole team is meeting on the 19th to go through the due-diligence. On the 20th we were just going to kind of hold a place saver to say here is how it went, good news/bad news kind of thing. But then we plan on a meeting with the due-diligence team to come in and answer questions, talk about it with you that sort of thing and that is going to be some time the week of the 25th.

Alderman Pressly

So you don't have a date for that yet.

Mayor Lozeau

Most likely the 25th. I would like to get the DMA done on the 18th so then the following week we can concentrate on all of the due-diligence work and get our decision made so we may have two meetings the week of the 25th.

Alderman Pressly

Yet to be announced.

Mayor Lozeau

Right yet to be announced.

Alderman Tabacsko

But...

Mayor Lozeau

But we are tentatively I think looking at the 25th and the I can't remember I want to say the 27th. Infrastructure is right now scheduled on the 27th so we might...

Alderman Tabacsko

When are we going to need to make the vote?

Mayor Lozeau

By the 27th.

Alderman Tabacsko

The 25th there is going to be a conflict for me, but I should be here the 27th.

Mayor Lozeau

I think that is what we are shooting for right now. It could change depending on what we find in due-diligence, but that is today's best estimate.

Alderman Tabacsko

So I need to reschedule anything that comes up for that 27th.

Mayor Lozeau

Yeah we are trying to hang onto it. It could bump into the first week in November. It is so hard to predict and I have no idea what we will find. I think you are going to want at least one good night of asking questions of what the results of the due-diligence are with the people here that did the work. The DMA hasn't changed enough that...

John Patenaude

There are only a few sections.

Mayor Lozeau

...there are a few sections, but it is just a matter of making sure you know what is in there and you are comfortable. I don't want anybody to come to the point when it is time to vote and say I really don't understand or I have more questions or I don't like the process we didn't have enough opportunity. We are trying really...

Alderman Pressly

That could happen.

Mayor Lozeau

...It could happen, but I want to know with a clear conscience that we did our best to make sure that information was available, people could have it, you had access to people, etc. That is what I am trying to do. I would love us all to be on board together in the end.

Alderman Pressly

That would be nice.

Mayor Lozeau

And hopefully we won't find anything in due-diligence that would blow that up, but I don't know.

Alderman Clemons

It is what it is.

Mayor Lozeau

Exactly.

MOTION BY ALDERMAN COX 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 Clemons, Alderman Vitale, Alderman Pressly, Alderman LaRose, Alderman Tabacsko,
Alderman Flynn, Alderman Cox, Alderman McCarthy,

8

Nay:

0

MOTION CARRIED

MOTION BY ALDERMAN LAROSE TO COME OUT OF THE NON-PUBLIC SESSION AND RETURN TO THE REGULAR MEETING OF THE PENNICHUCK SPECIAL WATER COMMITTEE
MOTION CARRIED

ADJOURNMENT

MOTION BY ALDERMAN LAROSE TO ADJOURN
MOTION CARRIED

The Pennichuck Water Special Committee meeting was adjourned at 10:35 p.m.

Alderman Jeffrey T. Cox
Committee Clerk