

PENNICHUCK WATER SPECIAL COMMITTEE

SEPTEMBER 29, 2020

A meeting of the Pennichuck Water Special Committee was held Tuesday, September 29, 2020, at 7:00 p.m. remotely in accordance with Governor's Emergency Order #12 pursuant to Executive Order 2020-04.

Chairman Laws

As Chairman of the Pennichuck Special Water Committee, I find that due to the State of Emergency declared by the Governor as a result of the COVID-19 pandemic and in accordance with the Governor's Emergency Order #12 pursuant to Executive Order 2020-04, this public body is authorized to meet electronically.

Please note that there is no physical location to observe and listen contemporaneously to this meeting, which was authorized pursuant to the Governor's Emergency Order. However, in accordance with the Emergency Order, I am confirming that we are:

Providing public access to the meeting by telephone, with additional access possibilities by video or other electronic means:

To access Zoom, please refer to the agenda or the City's website for the meeting link.

To join by phone dial: 1-929-205-6099 Meeting ID: 863 8237 0863 and Passcode: 795707

The public may also view the meeting via Channel 16.

We previously gave notice to the public of the necessary information for accessing the meeting, through public postings. Instructions have also been provided on the City of Nashua's website at www.nashuanh.gov and publicly noticed at City Hall and Nashua Public Library.

If anybody has a problem accessing the meeting via phone or Channel 16, please call 603-821-2049 and they will help you connect.

In the event the public is unable to access the meeting via the methods mentioned above, the meeting will be adjourned and rescheduled. Please note that **all votes** that are taken during this meeting shall be done by **roll call vote**.

Let's start the meeting by taking a roll call attendance. **When each member states their presence, please also state whether there is anyone in the room with you during this meeting, which is required under the Right-To-Know Law.**

The roll call was taken with 5 members of the Board of Aldermen present: Alderman-at-Large Brandon Michael Laws, Alderman Skip Cleaver, Alderman Richard A. Dowd, Alderman-at-Large Lori Wilshire, and Alderman-at-Large Michael B. O'Brien, Sr.

Also in Attendance:

Larry Goodhue, CEO, Pennichuck
Don Ware, COO, Pennichuck
Thomas J. Leonard, Director, Pennichuck Corporation
John Boisvert, Chief Engineer
George Torres, Corporate Controller/Treasurer

ROLL CALL

Alderman O'Brien

I am present, I can hear the proceedings and I am alone.

Chairman Laws

Am I supposed to take the attendance here, forgive me?

Alderman O'Brien

Well it's been awhile, who is the Clerk, that's a good question.

Chairman Laws

I thought you were.

Alderman O'Brien

Ok news to me.

Chairman Laws

I will gladly take the attendance; I enjoy the opportunity to speak with each of you. Alderman Skip Cleaver?

Alderman Cleaver

I am here and I can hear everybody. I am social distancing according to the Governor's Order.

Alderman Dowd

Yes, I can hear everyone, I am here alone and practicing social distancing in accordance with the Governor's Order.

Alderman Wilshire

I am here, I am alone and I am social distancing.

Chairman Laws

And I am also here alone and can hear everyone. Also in attendance we have Larry Goodhue, CEO of Pennichuck; Don Ware, the COO of Pennichuck; and Thomas Jay Leonard the Director of Pennichuck Corporation. Am I forgetting anyone?

Unidentified Speaker

There is two other members of the team that are on the line as well, Alderman Laws, John Boisvert our Chief Engineer and George Torres our Corporate Controller and Treasurer.

Chairman Laws

Thank you. I am just going to run this solo as if I don't have a Clerk if that's Ok with everyone.

COMMUNICATIONS

From: Larry D. Goodhue, CEO, Pennichuck Corporation
Re: Pennichuck Corporation Quarterly Report for Quarter Ended March 31, 2020

From: Larry D. Goodhue, CEO, Pennichuck Corporation
Re: Pennichuck Corporation Quarterly Report to the Sole Shareholder Quarter Ended June 30, 2020

There being no objection, Chairman Laws accepted the communications and placed them on file.

Chairman Laws

Mr. Goodhue, would you like to just give us a brief overview of this communication and what is contained therein?

Larry D. Goodhue, CEO, Pennichuck Corporation

Sure I can. And there is a second communication which is actually even more timely than that one. That report is for the first three months of this year which would be definitely in our base consumption months of the year. With a Corporation like ours the Lion's Share of our Revenues are made through the summer months and into the early fall. So a lot of our costs are fixed in nature, but our revenues are lower there. So the first quarter always looks a little bit anemic compared to results that would be seen after the second or third quarters of the year.

But when you look at the first quarter of this year and some of the stuff in the Executive Summary, is that our revenues, at least for the quarter, were 3.5% higher than they were from the year before; \$9.7 million versus \$9.4 million dollars. Our Operating Income was about 31% higher because not only our revenues were higher but our expenses were a little bit lower. As so as a result, our EBITDA which is the cash value of the income the corporation generates was 6% higher than the previous year at a little over \$2.6 million dollars versus just under \$2.5 million dollars for the first quarter of last year.

One of the key things that happens every single month to the City too is during the first quarter we pay \$2.1 million dollars to the City relative to the no-payment for the acquisition of the Corporation in the first quarter's dividend. So reliably on the 25th of the month you get \$707,000. and change and then once a quarter you get the dividend as part of (inaudible) to your annual bond debt service with semi-annual interest and then principal and interest that are due July 25 and January 25th of each year.

So as far as the first quarter is concerned it was pretty much to plan. The most interesting thing I guess I am going to say about the first quarter was in February of the first quarter we did things to prepare for the oncoming onslaught of COVID-19. We saw things happening in Wuhan, China, we saw things coming and migrating into Italy and to other parts of Europe and had a real bad suspicion it was coming our way. And so we got an Emergency Action Plan and Emergency Response Plan to Corporation. Included in those plans is the pandemic response protocol. And so in February we actually convened our senior management team and dusted that off and said, ok what do we need to do to prepare.

We were actually able to put some things in place at the very beginning of March in advance of the things that the City and the State were doing relative to stay-at-home orders and the like. And part of that was, is as a regulated utility and a part of the public health service in the State, we needed to make sure we could continue to do our job regardless of what happened. And so we wanted to make sure that that could occur. And so if we are going to talk about anything in the first quarter, it's more than just the financial resolves, it was the preparation for how we were going to deal with this thing coming forward coming out of the first quarter and as it persists today.

There was nothing of really surprise in the first quarter. You know again, it's the lowest point of our revenues in the year, capital projects aren't really getting kicked off. We are really in the quiet period of capital projects because have done our annual QCPAC surcharge and that's based on full year capital expenditures up to

December 31st and there's a quiet period for January and February. The only capital we invest in is emergency capital that is absolutely necessary because we do an annual bonding event to bond monies that are borrowed on our fixed asset line of credit for the prior year in an April bonding event. So that was the case this year. We were pursuing our bonding which normally happens early in April; it has to happen by April 30th for us to pay off the fixed asset line of credit. It wound up closing on April 29th, because the municipal bond market literally stopped functioning for almost three weeks in the middle of April. Literally there were no bonds being sold. It didn't matter how much you were coming to market with.

On the day that we actually finally issued the bond of April 29, we actually had a very successful offering, we went into the market without \$8 million dollars' worth of bonds that we've got in front of a \$5 billion dollar bond offering. So how that happened, I have no idea, but you know, sometimes it's better to be lucky than good that you can get it completed in that time frame, and we got it done. So as far as any specific questions anybody from the Aldermanic Board or the Committee would have relative to that report, I would be happy to answer any specific questions for the March 31st report. But that's really a kind of a 30,000-foot view of what would be the salient points from the first quarter.

Chairman Laws

Do any of my colleagues have any questions for Mr. Goodhue? I'm not seeing any. That's an incredible story right there. I'm glad that worked out the way that it did and I appreciate your vigilance. It's such a wild time to be doing anything, let alone trying to deal with finances and predict the future. With that being said, we have another, on my script I've only got the one communication, am I missing one?

From: Larry D. Goodhue, CEO, Pennichuck Corporation

Re: Pennichuck Corporation Quarterly Report to the Sole Shareholder Quarter Ended June 30, 2020

Mr. Goodhue

So that would be our second quarter report and this has started to show some of the impact of the summer watering season and some of the impact of COVID-19. So when you look at the report in the Executive Summary Section, our revenues through the second quarter over six months were 13.2% higher than the prior year; \$12 million versus \$10.6 million. We were starting to show the impact; 2019 had a very wet May and June and so the revenues that were generated last year in May and June at the tail end of the second quarter, were lower than expectation.

In May and June of this year were not wet, they weren't really dry yet, the drought hadn't fully kicked in yet but they were back on more normal levels. So this is reflective of that. Also, what we were starting to show is the impact of COVID-19. Early on in the response to COVID-19 Governor Sununu passed I think its Emergency Order 4. And that order said that no regulated utility in the State of New Hampshire could notice or pursue shutoffs of utility services to customers for non-payment of bills during COVID-19. So we didn't know what that impact was going to be. We didn't know what that was going to do to our collection of receivables. We didn't know what that was going to do relative to overall consumption patterns and the like.

You had another dynamic too in that the Governor had issues stay-at-home orders so you had a great deal of our population who are now working from home or at home versus at their place of business. And what is interesting is I actually did a presentation to the PUC several months back, did a presentation to the New England Water Works Association last week and literally finished writing an article an hour ago that is going into the (inaudible Journal about our COVID-19 response.

One of the things that we had analyzed was what happened April/May of this year versus April/May last year. What has happened to our revenue? We are a debt only financed organization. Revenue performance, cash flow performance is really important in our ability to service our debt. So what is happening here? And so what was really interesting is when you look at the revenues for April/May of this year, so the very early part of the second quarter versus April/May of last year, our residential consumption patterns were up over 12% year

on year. But our commercial, industrial, and municipal consumption were down between 14 and 54%. That's huge. Now here's the good news, probably 80% of our revenues come from residential so you've got to look at mix as well. So the offset of all of those numbers was that our consumption was only down by 2% for those two months this year versus last year, despite that change in net.

Then we come into June and we are now starting into the summer and when you see the next report for September you are going to see that the combination of people's consumption patterns changing. Some of the relief on the emergency order, some of the businesses now reopening, restaurants and some retail locations reopened. And then the drought, you will see that the amount of revenues that we generated this summer are well in excess of last year. In fact any possible negative impact on revenues that we thought might occur from COVID-19 were definitely overshadowed by consumption at much higher levels because of people's water usage during the summer months.

On the collection side, we have seen our over 60-day balances grow both in nominal value and percentage of receivables during the early parts of COVID-19. They grew from about \$195,000.00 to about \$300,000.00 so probably about a 50% critical dollar increase. Percentage wise they grew to about 8% to 12% but we tested them again as of August 31st and they have rounded back down to about a 7% number. Now what does that tell me about people? It tells me, again this is just my opinion, it tells me that people see water as a very precious resource in their lives and that they can use water but they are also going to be responsible in paying for bills for the water that they have accessed as a rule. So the positive thing that we've seen out of that is that we have not seen a huge base of delinquency.

Now the Governor has since issued, I think It's Order 58, which is a sunsetted order that basically gives us the ability to notice and shut off again. However, there's an ongoing investigative review process going on at the PUC as to when and how we can actually implement it. I think we are up to Tech Session Number 6 with all the utilities involved, there's reporting, there's all kinds of questions. You've got the Office of Consumer Advocate who doesn't want the Emergency Order to be reversed any time soon. You've got the PUC Staff kind of neutral and they are kind of looking at it from all different places. And the utilities are all looking at it, there's a balance point here. You don't want to shut people off for non-payment, but on the other side, you also can't afford to continue to provide services without receiving cash. So it remains to be seen when we are going to be able to truly re-engage the process of at least noticing people for non-payment or delinquent payment resume. The good news is it is not a big number yet, we don't know where it could go. You have the stimulus bill with the \$600.00 extra unemployment sunset. You've now had other things that are going through the Federal Government and you know we are almost the tail of the dog, whatever they do we are affected by how that may have (inaudible) off on how our customers can react individually in their own financial situation.

But if you get into the second quarter, our capital projects are pretty much as we would have expected. The only casualty to our capital project, slated project Slated Projects for 2020, signed Alderman Dowd was the deferment of when the Kessler Farm tank would be replaced. That was supposed to be replaced this year, but the project if it could not get started in earnest in February, could not be completed in time before the winter of 2021. And as a result we had to early on say you know what, it's a no-go. We have to push it to next year. We can do other to begin preparation; everything is going out to bid over the winter, such that as soon as we can put a shovel in the ground in '21 we are getting started on that baby. What we had to do is we had to look at a bunch of the projects that we had slated for 2021 and cherry pick some other infrastructure replacement projects we had in 2021 and bring them back into '20 to balance the scales, because there's only so many dollars we can spend each year relative to debt and levelization of rates relative to our capital project. But we have done that and so that went on.

We continue to follow the City around in your pavement efforts. We have continued to service all of our customers in all essential versus non-essential manners. One of the key things we did in COVID-19 was the first thing we did is we defined essential versus non-essential activity for mobile field personnel and office/utility-based personnel. Essential had to happen, how did we get it done. Non-essential, what does that mean, does it mean we have to defer it does it mean we delay it; does it mean that there is an alternate way of

doing it? And so it's been a very comprehensive approach that the entire management team has been involved in, in making sure that we continue to do everything we need to do for all of our customers.

The good news is that I think you would find from just about anybody you talked about, we've been able to continue our operations in a manner such that our customers have not seen a hiccup in those operations. We continue to be able to do the job that we need to do, providing water to our customers. So that's the key things that I would take away and again it's a 30,000-foot view and I'll answer any specific questions on the report that you'd like me to.

Chairman Laws

I for one, I know I've said it before but I really appreciate the opportunity to hear you explain these things to us very comprehensive, informative. Thank you very much for that, we are lucky to have to you.

Mr. Goodhue

You're welcome.

Chairman Laws

That being said, do any of my colleagues have any questions for CEO Goodhue or anybody else? Alderman O'Brien?

Alderman O'Brien

Thank you, Mr. Chairman. Due to a revelation spurned on by our President of the Board, I am your Clerk. And I was able to quickly print out due to modern technology our Agenda. So I am your wingman baby, I've got your back. We are all set now.

Chairman Laws

I knew you had it in you, thank you. Alright anybody else? Alderman Cleaver?

Alderman Cleaver

I would just like to say thank you for the very comprehensive review of both quarterly reports, very, very helpful and very informative thank you.

Mr. Goodhue

You're welcome.

Chairman Laws

Alderman Dowd.

Alderman Dowd

Yeah I just have a question, now many inches of rain will we need to get the ponds back to, I know you said something about once you have your pumps you are going to bringing some water in from the river?

Mr. Goodhue

I don't know if you can define how many inches of rain, Alderman Dowd. This is what it comes down to, if all the inches we needed came in one storm, in one day, it's not going to help us. But if all those inches of rain came over three weeks in a more gradual rainstorm that could actually sink into the ground, versus running into the river and going to the ocean, it makes a difference. So there isn't necessarily a definitive number of inches. What we need is to get to a pattern where we are getting some regular periods of rain. And not necessarily cataclysmic downpours, but that light rain that can just saturate the ground and run into our ponds and we can actually hold in the empowerment versus it going flying over the dam and out to the river, Alderman Dowd.

Alderman Dowd

It doesn't look there's any water going over the dam right now, right?

Mr. Goodhue

No there is not, no there's not. Not anything that you would write home about, I'll say that. And Mr. Ware is there anything you would add to that relative to my response to Alderman Dowd. You're on mute Don. I am going to assume that Don doesn't have anything to add at this point.

Alderman Dowd

The other thing I have is we fully understood that the tower was to be put off until the spring so everybody up here is keenly aware of that. The Emergency Communication Tower was all approved and is going up. I was just wondering if when that 88-foot tower is up, is that going to impede anything to do with the construction of the new tank.

Mr. Goodhue

Well Mr. Boisvert is in the meeting with us and being that John is really the man that can answer that question, I'd ask Mr. Boisvert, our Chief Engineer to unmute and respond to that question, please.

Mr. Boisvert

Sure thing Larry. The tank constructors up at the site, I believe it was about a week ago, over a week ago, looking at everything. It does present a little bit of an obstacle, obviously you don't want to be swinging a crane too near that 80 foot tower, but we ... it was already a really tight site but they seemed to feel that they can work around it and it's there, they know it and they are able to prepare for it. So we feel pretty confident, we are ok.

Alderman Dowd

OK sounds good.

Mr. Goodhue

Thank you, John.

Alderman Dowd

Just one last thing, your new fence along Manchester Street where you put in that new pipe last year, I tried to get the City to trim the weeds, of course now they are all over the place. I noticed that someone is cutting those weeds. I am thinking it is the neighbors because they are the ones that are complaining about how it

looks. And also, I noticed that some of the heavier weeds are starting to intertwine with your fence. I am not sure you want to have the fence compromised again and have to replace it. So I don't know who could trim that a little bit but it would be a good thing.

The other thing is, I was looking at it because as we get into the spring and hopefully long before that, Harriman is working with Pennichuck on the new intersection and possibly the small amount of land we might need on Manchester Street to make that intersection work.

Mr. Goodhue

This is at the School you're talking.

Alderman Dowd

That's the School, the Pennichuck Middle School. It'll be a very big project. As you probably know we just replaced the water main around the school of course we had to use the more expensive pipe that was recommended by the Pennichuck. I also think that the tax that we were involved in, I think Attorney Bolton wants to have a discussion about that as you can all imagine. So I don't know who he will talk to.

Mr. Goodhue

He can give me a call. I'm probably the best person to talk to about that. We thank our Federal Government for that one.

Alderman Dowd

Yeah, yeah so...

Chairman Laws

Put it on the list.

Mr. Goodhue

We'd love to see that tax a portion of the tax act reversed. Congressman Kuster and Senator Shaheen have both proposed bills in the House and in the Senate to try and get that rectified. But in talking to Congressman Kuster she readily admitted she's going to go forward in pursuing this but with full knowledge that she's probably not going to succeed because it's not just something that is going to be a critical mass behind it to get it approved, unfortunately.

Alderman Dowd

Things might change in January.

Mr. Goodhue

It's hard to say.

Alderman Dowd

But for those of the Aldermen that don't know what we are referring to is we had to put a pretty extensive new water line around the school and go for a different entrance because of the new construction that's going to be going on in the spring. And that was a special line pipe that will last I guess a lot longer. The Federal

Government taxes us 35% on the cost of what it cost us to put the pipe in. We've got a very comprehensive answer from Larry as to how that all evolved. But it amounted to about \$18,000.00 we had to pay upfront.

Mr. Goodhue

What this is about, I can give you kind of a Cliff's Note Version is called the CIAC act, contributions in aid of construction. We get CIAC donated to us from any number of developers, in this case, the City happens to be the developer in that they pay for certain water assets that they don't own after the day, they give it to us and it becomes our property. We put it on the left side of our balance sheet as a water main or whatever the property is and on the right side is a CIAC liability. In 1992 Legislation passed in that current tax code that then had been an exemption to water utilities in this country, but that CIAC was not considered taxable income. That existed from 1992 until the fall of, let me get my year right, 2018 is that when the act came in, the Tax Cuts and Jobs act. I think it was 2018, November 7, 2018.

Unidentified Speaker

It was the end of December Larry, it was December 20, 2017 and it went into effect in 2018.

Mr. Goodhue

December 20, 2017 ok. So what happened was is any CIAC assets now contributed to water utilities and water utilities were the only ones that had the exemption. So we are the ones that really collect CIAC, the electricians don't, the gas don't, telephones don't, it now became a taxable item. Well when there's a taxable item at the Federal Government it is also a taxable item for business profits taxes in the State of New Hampshire. So even though the Federal Tax Rate went down 21% it's 21% Federal and it's 7.7% for the State and it's a gross up. Because the dollars that are given to pay for the tax are also taxed, so it's a gross up calculation. And we actually pursued a whole docket with the PUC and got an approved change in our tariff so that no matter what that rate is CIAC when contributed must be gross up for the cost of the taxes, because if not cash is being taken from our ratepayers out of dollars they've already paid to us that would be there for tax assets like net operating losses for their benefit, versus to the benefit of a new developer or new customer and so that's where the genesis of this is. Very complicated matter, but what it comes down to is until that Federal Government Exemption gets reinstated or the tax law changes, there's a tax burden associated with any contributed capital of any type of developer.

Alderman Dowd

OK.

Chairman Laws

It's a curiosity that so few people have faith in the tax code set forth by the Federal Government. That being said, anybody else have any questions that they would like to ask? Alright moving on.

UNFINISHED BUSINESS – None

NEW BUSINESS - RESOLUTIONS

R-20-073

Endorsers: Mayor Jim Donchess
Alderman Richard A. Dowd
Alderman Linda Harriott-Gathright
Alderman-at-Large Brandon Michael Laws
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman Skip Cleaver

Alderman-at-Large Lori Wilshire
**AUTHORIZING THE MAYOR TO ENTER INTO PILOT AGREEMENT PURSUANT TO RSA 72:74
WITH PENNICHUCK WATER WORKS, INC.**

MOTION BY ALDERMAN O'BRIEN TO RECOMMEND FINAL PASSAGE BY ROLL CALL

ON THE QUESTION

Chairman Laws

Thank you, Vice Chair O'Brien. Mr. Goodhue do you want to just quickly?

Mr. Goodhue

And this is the agreement I was talking with one of my employees about prior to the meeting starting. And I see Andrew Kellar from the New Solar Garden is actually attending in the meeting as one of the public attendees, Alderman Laws. So the Pilot as constituted is a pilot agreement between the City and Pennichuck Water Work. And I guess my question to Mr. Kellar if he can respond, is a pilot agreement that is between us and the City versus New England Solar Garden in the City, what is needed in order to facilitate the economics of this deal?

Andrew Kellar, New England Solar Garden

Thanks Larry, Good Evening everybody, this is Andrew Kellar from New England Solar Garden. We spent some time with some of the different staff members in the City to kind of look at our traditional methodology of taxation on a solar facility that we would build under the State RSA's. We have done this many different times in other communities around New Hampshire. Right now we like to have certainty in our development of our projects. We have a land lease with Pennichuck. We have an arrangement to provide a discount on the power to Pennichuck. We go through the local and state permitting process. The utility permitting process and the last piece of it is typically kind of the taxation of the solar panels.

So our typical path forward has been using the appropriate RSA 72:61 here or actually I should rephrase that, no that's the correct one, as a tool for working with a community and making sure we have a proper tax treatment of the panels. One thing that has come up for us in some of the discussion with the City is the exemption that the City has. So to the Board tonight, it's nice to have some discussion about the treatment of the panels. I think Larry has provided some good groundwork for using the pilot mechanism is one way to do it. But again I recognize that there is an exemption under the Nashua Solar Energy System Exemption that follows this project. So I would look to this Board to maybe provide some guidance on that so we can move forward either under the current exemption as written or if we were to move down the path of negotiating a pilot agreement.

The one concern that we have with a pilot is if the method of coming up with a pilot is too cumbersome for the solar project it will be the kind of Achilles heel to the project. There's a certain return that needs to be met for the underwriting of these projects and if we get to a point where the taxation with a pilot program is too high, we do jeopardize the success of this project and we are pretty far down the path with the local and state permitting and the utility permitting process.

So that's a little bit of background, I am happy to answer some questions or understand maybe the feeling of the Board on how to proceed but that's just a little of background on where we are at and what we have done in other communities and pause to provide any questions or comments that the Board may have.

Chairman Laws

So I was talking to Mr. Goodhue about this earlier today, I am not sure if we really honed down anything here. I am vaguely familiar with this; I feel like we did something similar like a project similar to this with the high school. Colleagues can refresh my memory here, I feel like this is not the first time we've done a project similar to this. Does anybody know what I'm talking about or am I alone in this?

Alderman Dowd

Are you referring to the Energy, the new Energy Agreement that we are entering into in the high schools which hasn't gone through us yet?

Chairman Laws

There was something about the solar panels?

Alderman Dowd

Yeah, the solar panels didn't go on top of the high school, they went on top of Dr. Crisp at the moment. They are already on the top of Fairgrounds Middle School and will be going on top of Pennichuck and the new middle school. But I don't know if they correlate or not.

Chairman Laws

I'm a babe lost in the woods right now, if anybody else has any questions about this, I really don't know.

Mr. Kellar

Yeah Mr. Chair, I mean the only thing I would share with that is maybe some color for the board is that when you have solar panels on the roof of a building, it kind of has a different feel and a different method for how taxation is looked at them. What we have looked to is the State RSA that allows for Selectmen, City Council etc. to enter into this payment mode of tax structure. That gives certainty to the project; it can be for the finance of the life of the project. Some can start as short as 5 years. Solar as you may or may not know is typically financed out over 20 years which is the life of the program in New Hampshire that this project falls under. But again there probably would not be any taxation on those panels on the building and I am suggesting from my interpretation of the RSA because it specifically calls out the group net metering language and what defines the group net metering project be it on a roof or on the ground, follows nicely into your solar exemption. So again back to the certainty point I made earlier, certainty within a pilot is an attractive attribute to the project.

But again, we had found that this solar energy exemption existed kind of after we engaged some of the City's staff to get some perspective on this. And then again as we just follow the RSA language back to the State RSA, your exemption references the State RSA that these projects fall under which is under the group net metering one megawatt structure. So I always caution to say getting a free lunch is something we are cautious with because things can change in the future. Having a firm agreement in place is nice but I do recognize Nashua's intentions and goals for being a leader under the Renewable Energy Initiatives that they are doing today, tomorrow and in the future. So there is comfort in that this exemption will be a value and our underwriters will see it as a solid mechanism to look to. But I think out of being a good neighbor and working closely with Pennichuck and Larry and Don through this process, I appreciate the opportunity to come in front of the Board tonight and just understand maybe some perspective or if it is the feeling of the Board that this exemption that you have in your City is sound, then we can follow it and that's also a positive step in the right direction for us to continue to move things forward.

Alderman Dowd

I would say that the only people that can comment for the City relative to the taxation issue would be probably through Legal to Treasurer Fredette. He may get Ms. Brown involved who is our new Energy Manager but I don't think anybody on this Board, unless I am wrong, is going to be able to comment on this issue.

Mr. Goodhue

Unfortunately, my internet connection died for a while so I missed part of the conversation. One of the concerns I have is we do need a (inaudible) in place. I had a discussion with the Mayor in pursuing this because if the economics don't work the project just doesn't go forward. So I would be reluctant to ask you to recommend for approval something that may not get us there, you know what I mean. And Andrew, correct me if I'm wrong, the timing is critical on this, but if we had to wait a few more weeks to get the right thing in place, it would be worth doing so. And the reason I mention that is we are going to be coming before this committee again after your October 13th Board of Alderman Meeting because we've got a couple of items on the Agenda for Financing Approvals that we are going to need to review with you folks between your 13th and 27th meeting in October. And if possible, could we defer this and I could spend some time with Andrew, some time with Steve Bolton with Dave Fredette and really making sure that this is it is where we need to go or does it need to be adjusted and reintroduced at the Board of Aldermen meeting on the 13th such that we could discuss it in its totality in that next Special Water Committee meeting for full adoption by the 27th. Andrew does that timing work for you, is that a proper plan of action?

Mr. Kellar

Yeah, I think so it does and what you missed a little bit maybe when your internet fell of there is I was just bringing the Board up to speed on Nashua's Solar Energy System Exemption language. So I think there's two paths here. What I was sharing maybe when you fell off is certainty is nice, we all know this and from an infrastructure perspective and your background Larry. But I also recognize that the City of Nashua has a very strong commitment towards energy and renewable energy in the future. So I can look to this exemption language and I am sure the underwriters behind our projects can get comfortable with this, knowing what we know today. I'm not really sure which of the two would be the best option Larry. But I think you and I can work with some of the staff and this was just a nice introduction to the Board tonight to understand the two paths here. We can follow the current exemptions that falls, that these projects specifically follow the language that was spelled out in the City Exemption.

So we know that the City looked to the State for how they were defining a solar project. And these projects here meet that language clearly and therefore they should fall under this exemption. But again I was sharing being a good neighbor and working closely with you and Don I thought this was a good step. I think your timeline is absolutely accurate, you know time is of the essence here. I know we are starting to move through the City Planning Process now that we've gotten through some of the initial steps with the City Staff and the Boards. So I think we are going to start to move things quickly and I believe, I didn't get an update before this call, but I believe our Eversource Permitting Process is either coming to an end very soon here. That's one of the last legs of the stool sort to speak. So and I do agree with your points Larry on the timing and then again maybe you and I and Don can work the appropriate people at the City to figure out which of these two paths is the best for everybody.

Mr. Goodhue

That is why I offered up something that the Committee would consider.

Chairman Laws

I would imagine that I feel it would be the will of everyone here right now that we table this until our mid-October meeting so we have more time. Alderman O'Brien?

**MOTION BY ALDERMAN O'BRIEN TO WITHDRAW THE MOTION OF FINAL PASSAGE
MOTION BY ALDERMAN O'BRIEN TO RECOMMEND TABLING R-20-073 BY ROLL CALL**

A viva voce roll call was taken which resulted as follows:

Yea: Alderman Cleaver, Alderman Dowd, Alderman Wilshire, Alderman O'Brien 5
Alderman Laws

Nay: 0

MOTION TABLED

Chairman Laws

I am glad that we discussed, I feel like we've made the right decision there. That being said, moving on. Oh Mr. Goodhue?

Mr. Goodhue

Could I offer one more piece of an update for the Committee that I think you folks would appreciate?

Chairman Laws

Please, please do.

Mr. Goodhue

There's a building being constructed and reconstructed at 25 Walnut Street; I don't know if any of you guys have noticed. But it is coming along very nicely. Technically we are about two to three weeks ahead of schedule, though an issue came up just this last week with regards to the elevator in the building which may cause some delays that were not anticipated. I was literally in the facility this morning doing a walk through, getting a couple of final punch list items with the construction manager. It's in really good shape. The first floor, all the carpeting, all the painting, all the doors, everything is done. The only thing we have got to finish doing is putting in the moldings and putting in the grid for the lights which they've got covered because they don't want dust getting in them.

On the second floor they were literally laying carpet while I was there today. All the walls are painted, the doors are going in. The windows are being glazed. They were actually spreading loam on top of the embankments next to the retaining walls and the parking lot today. Going along really well. In about two weeks the system furniture vendor is going to be there to start installing our cubicles within the facility. We tentatively have the move scheduled for the week of November 6th. This elevator issue may cause us to have to adjust timing and our goal is to be in there, to occupy but not occupy in early November. Because of COVID-19 we will be occupying and then many people will be working from home which is not what we expected but that is what the reality may be.

Long story short, we have to vacate our existing building by December 31st. I negotiated a free rent period for November and December with the new landlord, because I have December 31st drop dead at the current facility and then there's a huge penalty that's hanging over his head because it's over my head if they don't get us in there by December 31st. So long story short, it's imminent that the Pennichuck Headquarters will be back in downtown Nashua. The signage outside the building I think is scheduled to go next week or the week after so you are going to actually see Pennichuck logos and signs on the side of that building within the next, say 14 days.

What's really interesting when you look at the building, you have the institutional brick that was the courthouse

and they said they would build the addition and you wouldn't be able to tell that there was a new addition being built on it and you can't tell? And they didn't physically lay brick, those are some special resin type panel that are molded to be bricks and they were hand painted in the very muted colors, such as when you are standing in front of the building, you cannot tell the difference, really remarkable, they have done a really nice job. So I just wanted to give you an update on that.

And sometime after we have occupied it when we can do something in a safe manner, we will have an Open House for people to either in small groups socially distanced or perhaps we will get to a point where we can do a large group, we will do a Grand Opening of the facility and invite all the City Officials there to come in and share in this experience.

Chairman Laws

I don't often like just speak for my colleagues, but I am not sure that no one would object to me seeing that we are all very excited to hear that update and looking forward to that Open House. So thank you for that. I am looking forward to you helping me in the future reverse all of the traffic directions around that oval make it a lot more convenient. I need an ally in that fight. So anyway, moving on from there. Any remarks from any of my colleagues? Alderman Wilshire.

Alderman Wilshire

Larry, I have been by the building, I wouldn't be able to tell from driving by or looking at it that it wasn't real brick. They really did a nice job. It just blends in with the rest of it and looks nice. And it's really great to have you back. We are really happy to have you back in Nashua.

Chairman Laws

Anyone else? Alright.

NEW BUSINESS – ORDINANCE - None

REMARKS BY THE ALDERMEN - None

POSSIBLE NON-PUBLIC SESSION - None

ADJOURNMENT

MOTION BY ALDERMAN O'BRIEN TO ADJOURN BY ROLL CALL

A viva voce roll call was taken to adjourn the Pennichuck Special Water Committee meeting which resulted as follows:

Yea:	Alderman Cleaver, Alderman Dowd, Alderman Wilshire, Alderman O'Brien Alderman Laws	5
Nay:		0

MOTION CARRIED

The meeting was declared closed at 7:48p.m.

Alderman Michael B. O'Brien, Sr.
Committee Clerk