

**Hanover Water Works Company
Municipalization Work Tasks Based on Public Input
Received – April/May, 2009**

1) Issue: Public to review and provide input regarding the transfer agreement (“Asset Purchase Agreement”) that will form the basis of the municipalization transaction.

Town and Dartmouth are currently finalizing a draft Asset Purchase Agreement (APA) for consideration by residents prior to Town Meeting and eventual approval by the HWWC, the Town and Dartmouth. Full Agreement will be distributed as part of a general informational packet to the public prior to set of September informational briefings and October public hearings. The APA will address the following issues:

- Ownership status of reservoirs and dams – issue of whether or not water bodies, dams and some form of riparian buffer should remain with the watershed land under the ownership of the private landholding company or transfer with the hard assets to the Town, which has required consideration of legal, operational and regulatory issues in consultation with DES, PUC, Town attorney and property insurer.
- Future status of the remaining private landholding company, including board size; organization and governance; and extent to which private company shareholder meetings will be open to the public.
- Detailed list of physical assets to be transferred to the Town.
- Detailed list of liabilities to be transferred to the Town.
- Easements which may be required within the watershed land to allow the Town to access the reservoirs, dams or any other assets it receives in transfer.
- The Town’s requirements regarding maintenance of the watershed land for water supply purposes.
- Revised charter and bylaws of the remaining landholding company reflecting the importance of protection of the watershed.

2) Issue: Clarify why the proposed transaction is fair to the Town of Hanover and in the interest of Dartmouth College.

Succinct statement will be developed and included in informational packet to be provided to residents prior to September informational meetings.

3) Issue: Determine financial condition of the water utility as the Town pursues acquisition of the hard assets and liabilities.

Town worked with auditors, Melanson & Heath, to schedule an independent assessment of the financial condition of the HWWC based on agreed upon procedures. That assessment is currently underway and should be completed by mid-August.

4) Issue: Budget and funding for municipalization transaction costs.

Costs of municipalization include: 1) refinancing of private loan from Citizen's Bank to HWWC; 2) comprehensive survey of property; 3) audit; legal advice; 4) review of water master plan by consulting engineers.

5) Issue: Physical condition of assets to be acquired by the Town and need for future upgrades to the utility.

Town has retained Wright Pierce engineering firm to provide update of the Water Master Plan completed in 1998-99, including outline of secondary water lines that will require future replacement and confirmation regarding current costs. In addition, Town staff is finalizing detailed list of assets to be acquired to be included as an appendix to the Asset Purchase Agreement.

6) Issue: Clarify liability Town will assume once it takes ownership of the water utility as compared with the liability currently held by the Town as a partial owner of the private water utility.

Town staff and attorney are developing comprehensive liability assessment report, comparing current liability held by the Town with future liability under public utility scenario.

7) Issue: Finalize 5 year projection and FY 2010-2011 proposed operating budget for municipal water utility and similar projection and operating budget for remaining land holding company.

Town staff currently finalizing both sets of documents.

8) Issue: What sort of remaining tax liabilities will the private landholding company retain?

Town staff currently working with tax attorney to identify any ongoing tax liabilities retained by the landholding company.

9) Issue: Provide Town Meeting with a detailed map highlighting hard assets and land to be acquired by the Town.

Town staff finalizing detailed map including proposed subdivision of land that will be required to enable transaction. Complete survey will be conducted if transaction is approved so that subdivision of land can be completed.

10) Issue: Need to guarantee that General Fund taxpayers will not be adversely financially impacted by conversion of water utility to municipal entity.

Legislation has been drafted to enable Hanover-specific water utility to make payment-in-lieu-of-tax to the General Fund on an annual basis, to include an escalator tied to the increase in the General Fund tax rate; to be sponsored by the local legislative delegation and filed no later than September 25, 2009 so that it is assured of consideration in the January, 2010 legislative session. Transaction to be contingent on passage.

11) Issue: Will the Public Utilities Commission approve the municipalization transaction?

Representatives of the Town and College met with PUC Water Utility staff on 7/29/09 to brief them on the proposed details of the transaction and to receive their input. PUC staff suggested a process for filing for final PUC approval if the transaction is approved by Town Meeting in late October in order to de-certify the private water utility.

12) Issue: Will Town Meeting consist of voting at evening business meeting or can meeting be continued to next day for all-day voting?

Town Attorney is currently exploring the option of discussing the proposal during a Business Meeting on Tuesday, October 27th and then continuing the meeting until Wednesday, October 28th so that those voters who do not attend the Business Meeting may vote on the warrant between 7:00 am and 7:00 pm.

Upcoming Schedule:

September, 2009	Town conducts one or two informational meetings on the proposal, responding to the issues that arose during the public hearings and Town Meeting discussion in April and May. Likely to be held in the later part of September, one in Hanover and one in Etna.
	September 28 th : BOS sets Special Town Meeting for late October, 2009 (Tentative date – October 27 th).
October, 2009	Town conducts public hearing prior to Special Town Meeting.

October 27th is tentative date for Special Town Meeting on water utility municipalization, with possibility of continuing Town Meeting to October 28th to allow all-day voting on paper ballot.

January, 2010

Special legislation must be filed no later than September 25, 2009 and approved by NH Legislature during the 2010 session, allowing Town's municipal water utility to make payment-in-lieu-of-tax to Town's General Fund, with a provision for annual increases in the General Fund tax rate.

July 1, 2010

Closing and effective date of municipalization.