

PUBLIC HEARING & SELECT BOARD MEETING MINUTES

October 12, 2015

PAGE 1

Board members present: Chairwoman Dennis, Selectman Bugbee and Selectman LaCourse

Others present: Bob Barth, Larry Kindberg, Todd Selig, Wayne Burton, Rich & Jen Messeder, Bill Humm, Cary Brown, Bob & Lorraine Cabral, Robin Mower, Dennis Chasteen, Lori Lavac, Charles Forcey, Jim Morse, Dwight Barney, Ann Wright, Elaine McLean, Roger Rice, Mike Fleming, Dorn Cox, Tom Laue, Laurel & Chuck Cox, Paul Gasowski, Katrinka & Michael Pellicchia, Naida Kaen, Jane & Kevin Crawford, Steve Hinchman, John & Diana Carroll, Chief Scott Nemet, Chief Tom Dronsfield, Robin Estee, Alberto Alvarado, Town Secretary Denise Duval and Town Administrator Julie Glover.

1. Chairwoman Dennis calls the meeting to order at 6:00 pm and asks if the Select Board accepts the Agenda as presented. It does.
2. Chairwoman Dennis opens the meeting up to the Public Hearing on Proposed Solar Array PILOT between the Town of Lee and Durham/IGS.

Chairwoman Dennis begins with the following opening remarks:

Good evening and thank you all for being here tonight. Before we open the discussion to the public, I'd like to discuss the protocol for the conduct of this Public Hearing, and then allow the Town Administrator to provide us with background information on the project that is being discussed. The purpose of a hearing is to give the public the opportunity to speak and be heard; however, the Select Board does not intend to entertain questions. The Board may ask questions of staff members or obtain clarification from the Town of Durham or its partners when it is deliberating at the close of the Public Hearing. Members of the Public who wish to speak will first be recognized by the Chair and stand at the podium to address the Board, clearly stating their name and address. Comments will be limited to five minutes. No one will be permitted to speak twice before everyone who wishes to comment has had an opportunity to do so. If a person insists on making excessive repetitive remarks that are preventing the hearing from continuing, the person may be asked to stop or to leave the room, at the discretion of the Chair. Anyone who interrupts, refuses to cede the floor, or speaks out from the audience will be asked to stop and he or she may be asked to leave the room, at the discretion of the Chair. The Board looks forward to hearing your thoughts and concerns. Thank you.

Town Administrator follows with a summary of events with regards to this project proposal: Over the past year and a half, Durham and its partner ReVision Energy and the Durham Energy Committee have been working on this project, which they consider to be Phase II of their continuing efforts to utilize solar energy to power their municipal facilities.

In mid-June of this year, Mr. Selig advised the Town (of Lee) that they were going to be receiving a \$501,000 Renewable Energy Fund Grant Award to construct a 640 dc/504 ac kW grid-tied solar photovoltaic project at the Packers Falls Gravel Pit located in Lee, which was approved by the Governor and Council on June 24th. Application for this grant was made last fall. The Durham DPW intends to continue operating the pit.

It is anticipated that the array will generate 10% more electricity than Durham can use. The ORCSD is interested in using this excess electricity. It is not feasible for Lee to use the

electricity from the array as most of the Town's facilities obtain power from the NH Coop and not Eversource.

In order to take advantage of the 30% federal tax credits, the array needs to be built and owned by a private entity for at least six years; therefore, Durham intends to lease the land and enter into a Power Purchase Agreement (PPA) with IGS Energy, their financial partner in this project. Under NH State law, this means that the property is fully taxable; however, RSA 72:74 allows the municipality and the owner of a Renewable Energy Facility to enter into a Payment in Lieu of Taxes Agreement.

On August 17th of this year, Durham and its partners discussed the project at the Lee Select Board meeting and requested a PILOT, rather than pay the full tax rate on the project which they indicated would be economically infeasible.

On August 31st, the Select Board reviewed Durham's proposal for a \$1.00 a year PILOT and the Board voted not to proceed with a Public Hearing. Subsequent to this, there were further discussions between TA Glover and Durham's TA. Durham asks if the Board might reconsider if the PILOT were changed and proposed a twenty year agreement with a starting value of \$1.89 million, depreciated at 5% per year which would give Lee \$103,000 over 20 years. The value of the Lee Town taxes would be \$9809 the first year and drop to \$490 in year 20. The Board agreed to meet with Durham on Sept. 14th at which time they agreed to a Public Hearing. The project would be paying the usual building permit fees, currently estimated by Durham at \$10,000.

The proposal being presented tonight is somewhat different. Durham is proposing to pay the PILOT, although it may still have to flow through IGS, which has the advantage for Durham of disentangling such payment from Durham's PPA negotiations and the price it will pay for the electricity. Payments will be increased by 2% each year, which effectively reduces the original depreciation from 5% to 3% and equal payments of \$6074 which will be made each year and totaling \$121,487 at the end of 20 years. Lee will receive this amount regardless of whether or not Durham buys the array (which would otherwise render it non-taxable, under state law.) However, we would still need to work out if there are any other scenarios such as the array ceasing to operate and/or be destroyed.

Time is of the essence for Durham, as there are limits to the availability of both the federal tax credits and the grant. Durham is holding its own Public Hearing on Oct 19th on this project. The Durham Town Council needs to approve the land lease, the PPA and any PILOT agreement that Lee may agree to.

Under RSA 72:74 any agreement that a municipality enters into with a renewable energy facility needs to be also offered to anyone else operating such a facility. Right now there are three projects that have been approved by either the Lee Planning Board or Zoning Board.

Beginning of Public Comments:

Robert Barth, Birch Hill Road, wishes to express a couple of principles. He thinks that man-made climate change secondary to fossil fuel over use is presently a threat to civilization. The

lives of his grandchildren will be adversely affected. Taxation discourages development of renewable energy per Mr. Barth.

Bob Cabral, 24 Wheelwright Drive, after looking at the draft agreement between the Town of Lee and IGS Solar he took the time to look up the company and he thinks that from a financial standpoint further background checking should be done on its stability, solvency, financial standing and performance. Mr. Cabral asks has there been litigation in this industry?

Ann Wright, 10 Thornton Lane, supports this project. It is a win win situation. She applauds the Town of Durham for being a leader in renewable energy. She hopes that Lee's Energy Committee has the support of its Select Board and that Lee starts doing this like this so that we can start using renewable energy.

Bill Humm, 38 Birch Hill Road, supports this solar array proposal and the direction that the Town seems to be going in with the PILOT. He hopes that this will be acceptable to both parties.

Mike Fleming, 8 Woody Lane, supports the PILOT and reasonable reimbursement to the Town.

Dorn Cox, 11 Randall Road, applauds the work the Select Board has done to come to what looks like a reasonable agreement with the Town of Durham. He would like to see the Town adopt a solar exemption.

Paul Gasowski, 46 Lamprey Lane, is glad that Lee is working through this with Durham. He commends our TA for working with TA Selig and commends the Select Board for hanging in there with this because it is important. He states that he thinks the town should embrace this agreement. It is money that we were not anticipating and more importantly it is a project that speaks to what really needs to happen in the region.

Dwight Barney, Cartland Road, thinks that Lee should be looking out for Lee. He does not think that the Select Board should rush. He does not think that Lee should be supporting another town financially. How does this benefit Lee? What is it going to cost Lee? He thinks that we should be looking at other sources of energy, but he does not believe we should be agreeing to any agreement between another town that is going to cost the Town of Lee money.

Rich Messeder, 141 Wadleigh Falls Road, generally in favor of the project; however, he does not feel that they readily got all the financial information needed to look at the financial points brought up. He is still in support of the project. He would like to see language in the contract that Durham will pay for property restoration in the event the facility becomes inoperable. He would also like to see the opportunity for future expansion on the property.

Larry Kindberg, 12 Lee Hill Road, believes that solar energy is really important to help cut the carbon footprint. His concern is what does Lee benefit from this. As a tax payer he looks at the equitable tax treatment of all the citizens of Lee. He wants the Board to seriously consider the tax impact by such an agreement. He does not believe it is benefiting Lee.

Kevin Crawford, 100 Stepping Stones Road, is all for reducing the carbon footprint but if it is not benefiting the tax payers directly then it is a dead end street. He does not know an electrician that has solar panels on their house and they can do them for cost. It takes too long to ever see a return on your investment according to Mr. Crawford.

Robin Mower, Faculty Road, Durham, spoke on behalf of the PILOT program.

Diana Carroll, Durham, spoke on behalf of the PILOT program.

Elaine McLean, 60 Turtle Pond Road, had questions about how this project evolved. She supports solar, but thinks that we should look out for the taxpayers of Lee. She thinks that Lee has been most generous to Durham; ie. 20 years ago we allowed Durham to have access to the Lee Well. They are pumping 365,000 gallons of water a day and the Town of Lee did not receive anything in return. There needs to be something in the agreement regarding restoration. Who knows what 20 years will bring? The Town of Lee should not be responsible for any restoration.

Dwight Barney is concerned with the format. He was under the impression that a Town Hearing for financial decisions should only allow Lee residents to speak. He says that the Board really needs to look at what the implications are when Lee is making a major decision that will have major impact upon its taxpayers. He tells the Board to be careful.

Chairwoman Dennis asks for further comments. There are none. The Public Hearing is closed at 6:42 pm.

3. Chairwoman Dennis asks if there is any public comment. There is none.
4. Dr. Morse, ORCSD Superintendent, states that this is a fall update on the ORCSD. Last October the estimated school tax for Lee was an increase of 70 cents per thousand. The best guess right now is a decrease of 80 cents per thousand. He states that he is here to talk about how the school is doing and not so much about finance.

The school has adopted a new Math program for grades K-5. The Full Day Kindergarten program began this fall. The teaching space was analyzed at the Middle School and it was discovered that 45% of the classrooms are too small, the HVAC is inadequate and the building has outlived its capacity to serve. At the High School they have been heavily involved with the reorganization of the athletic field. They attempted to bond that last year but got 56% of the vote and needed 60%. The feedback was that it was the right project but bonding it didn't make sense. So the ORCSD's Board has decided to approach the project without bonding. They are going to allocate one time only funds and ask the voters to approve a onetime one year Warrant of \$500,000 with \$1.75 million that they can reallocate from different resources in unanticipated revenue. As a District they do pretty well when it comes to academics. Both the SAT and ACT scores are higher than the country and the state. They are also concerned with the children's mental health. The high expectations lead to high stress. The Board wants to make sure that the kids are doing well under the stress of today's teenager in both academics and social. They continue to be a District that looks at how they can be efficient operationally. Last year they updated the electrical and they adopted a Strategic Plan. They have a

Technology Strategic Plan that's a 5 year plan, a Facilities Plan that's a 7 year plan and a Transportation Plan that's a 10 year plan. Across the District they have reduced their waste by having the kids separate compost from plastics from paper. They continue to bring sustainability education into the classrooms. The High School kids pulled evasive plants from around the high school property including the neighbors.

2.a Chairwoman Dennis asks the Board to discuss the pilot project. Selectman LaCourse is positive about sustainability and renewable energy. He would like to see this program work. Not only will the Town received some tax revenue but it is a good use of the pit. Selectman LaCourse still has a few questions: If it breaks down or doesn't work does the contract stay in effect and if there is destruction who fixes it. Also he wants to make sure that it is not a burden on our fire and police services. Chairwoman Dennis asks for the Chiefs to come up and address the services question. Chief Dronsfield states that in the last 10 years he cannot ever remember being called there for anything. Chief Nemet states that they have only been called out there a handful of times. He adds that Durham does burn brush out there and there was a complaint last year that was taken care of. Nothing else has happened since. Chairwoman confirms that with this agreement there would be no more burning out there.

TA Selig adds that either way that Lee wants to take care of emergency services is ok with Durham.

Selectman Bugbee thinks it is a worthwhile project, but he would rather see them pay the full town tax amount, mostly because of the other three that are coming on line in the future. He asks why would the Town reduce their tax burden, then the Town will have to do the same for the future requests.

TA Glover adds that two of the other projects were approved by the Planning Board or Zoning Board in June of 2014 and the other one was approved in July of 2015. The Town has not officially been asked to enter into a PILOT with any of these projects. None of these projects have started yet. Under the Statute, we would have to offer them what we offer Durham.

TA Selig reiterates why they decided this site was the best choice. The Lee pit is a 27 acre parcel, most of it already cleared with 3 phase power already there and environmentally it is the most friendly. Durham owns the site. The State would require that they decommission the site. TA Selig states that the school will not incur any additional costs. Lee will get the 10% in building permits fee in year one and the annual payment under the PILOT. (TA Selig hands out financial information.) The agreement gives Lee \$121,500 at the end of 20 years whether Durham buys it after 6 or not. TA Selig goes over three difference scenarios based on energy increases. The buyout price for Durham will be about \$840,000. Not an easy choice to make. Durham does pay taxes on the Lee Well in the amount of \$2200 based on the value of the land. In addition, Lee has the ability to take water from this well in the future. Durham will charge Lee the same rate as any other water customer.

TA Glover clarifies that the other projects that are coming into Lee are much smaller than this project. The exemption for solar panels only pertains to energy for a building.

The Town's attorney did not have any issues with the agreement. There were some slight changes.

Selectman LaCourse moves to accept the proposal presented with respect to the solar array to be built in Packer's Falls Pit that's owned by Durham in the Town of Lee. It will be left to the Fire and Police Chiefs to work out how the emergency services will be handled and pending the successful negotiation of the PILOT between the Lee and Durham Town Administrators. Chairwoman Dennis, seconds. Chairwoman Dennis and Selectman LaCourse in favor. Selectman Bugbee opposes.

Chairwoman Dennis acknowledges TA Glover's guidance to the Select Board regarding RSA 72:23; mainly that the solar array is subject to taxation. She is grateful to her for being proactive in contacting Mr. Selig and having the face-to-face meeting to move this project forward. She believes that this is in the best interest of the Town. Selectman LaCourse agrees.

5. Chief Dronsfield introduces the department's eighth officer, Alberto Alvarado. He was a police officer for 11 years in Puerto Rico. The Chief will be swearing him in on Wednesday. The base station presentation will be discussed at a future meeting. The Chief will try to find grant money.
6. a) Chief Nemet presents his proposed new part-time firefighter hours, schedule and cost. The new position would be for 24 hours at \$16.00; total cost \$21,495.56; working Thursdays and Fridays from 6am – 6pm. Chairwoman Dennis moves to approve the position of part-time firefighter for 24 hours a week and to transfer \$16,637.10 from the following budgets: 01.41551.211.00 Health Insurance \$11,500 and 01.41551.231.02 \$5,137.00; to 01.42201.115.05 Part-time Firefighter Wages. Selectman Bugbee, seconds. All in favor. **Motion Carries.**

b) Chief Nemet reiterates the schedule for everyone for the week. Board is ok with it.

c) Chief Nemet presents the Georgia-Pacific Bucket Brigade Grant Program for \$2000 for a new fire hose. The department is looking to buy 2 lengths of 5' 1 3/4" hose and 4 lengths of the 4" at 100' each which will total \$2116.00. The 116.00 would come out of the new equipment line. If the grant is accepted Georgia-Pacific would like to come in to do a presentation. Chairwoman Dennis moves to accept a grant in the amount of \$2000 from Georgia-Pacific Bucket Brigade 2015 Grant Program for the purpose of purchasing fire hose. Selectman LaCourse, seconds. All in favor. **Motion Carries.**

Chief Nemet finished his program offered at the PLT for Leadership Institute and found it to be very valuable.

The new truck should be done in November. So far the process is going well. They are waiting for the 3rd party companies to inspect the truck. The department would like to implement an old tradition to push out the old truck and as a community push in the new truck.

7. Roger Rice states that the part-time person that he mentioned during the last meeting has slipped further away from being on the schedule. In addition, the fill-in part-time person who

worked 2 hours a day had ended his employment at the TS. Selectman LaCourse is not enthusiastic about giving raises in the middle of the year. This is the kind of thing that should go in front of the ABC. He understands that it has been difficult to find part-time people and temporary workers. Mr. Rice states that there is a shortage of good people and he needs to act now and not wait until 2016-2017. He needs to be in the market that surrounding Towns are at. Selectman Bugbee suggests decoupling the two items. He thinks that money was put into the budget to address the part-time issue. He would like to separate these two items (part-time and full-time) and deal with the part-time salary now and leave the full-time salary for the ABC. TA Glover believes that the extra thousand dollars that the ABC put into the TS budget was taken out by the Select Board. Regardless of that, because of savings in other places the TS budget can absorb this cost for this FY. The concern she has is that the Town still hasn't seen anything in writing from the Lamprey Coop that definitively determines how the refund is being distributed. Therefore, raising someone's wages in this FY thinking that you are going to get money next FY when you may or may not is a problem. TA Glover clarifies that there is money in part-time wage to absorb an increase. Selectman LaCourse clarifies that Mr. Rice is looking for an increase to \$15 for part-time wages. Chairman Dennis understands that part-time help is hard to keep without a living wage, but it is important to let the public know that it is a 21.75% increase in that position. Chairman Dennis moves to authorize the Transfer Station Manager to increase the wages for part-time employees to \$15/hr. Selectman Bugbee, seconds. All in favor. **Motion Carries.** This will be effective immediately.

8. a) TA Glover presents the Board with the MS-535 for signatures. TA Glover will submit it to DRA through the new system, they generate a tax rate and she brings that back to the Board. There is no longer a phone call or meeting. The school rate is going down 80 cents but the county assessment will be going up. TA Glover is hoping to get results from the DRA in less than 2 weeks.

b) TA confirms that the Board wants to put the Warrant Article forward this year for the Tibbetts Road Discontinuation. USNH is willing to pay for the costs associated with the notices etc. The Board agrees. TA Glover believes they will generate the letters and pay for the mailings plus any other legal notices that may be required.

c) Health insurance copays will be changing January 1, 2016 so on October 28th, the Health Trust is going to come speak to the employees to answer questions and provide information. There is further discussion regarding FSA's and HRA's. The Board is leaning towards providing the employees with a funded FSA debit card to offset the higher cost of copays. The cost for the Town to manage a debit card for each employee per month would be \$6.25. Employers may contribute \$500 to each card. FSA's are a use it or lose it type of savings account. Selectman LaCourse reiterates the phasing in of taking out the grandfather clause over 4 years and subsequently the funding of the FSA's would phase out as well. TA Glover would like to provide some numbers to the Board as to what the higher copay costs will look like to the employees.

d) TA Glover asks the Board if they would approve the Select Board's office closing on November 19th and 20th so that all of the staff can participate in the NHMA Annual Conference. The Board approves this.

9. Chairwoman Dennis moves to accept the Consent Agenda as presented. Selectman LaCourse, seconds. All in favor. **Motion Carries.**
10. Chairwoman Dennis moves to the Select Board Public Meeting Minutes from September 28th. Selectman Bugbee, seconds. All in favor. **Motion Carries.**
11. Chairwoman Dennis moves to accept Manifest #7 and Weeks Payroll Ending October 11, 2015. Selectman Bugbee, seconds. All in favor. **Motion Carries.**
12. Selectman LaCourse has a comment relating to what Dr. Morse said tonight. He heard 2-3 times ‘unanticipated revenue’ of over a million dollars. For the record, he thinks that it is important that when unanticipated revenue shows up it should be brought back to the Town where it belongs to reduce the tax rate. He is not overly enthusiastic that unanticipated revenue shows up and they are just going to use it at will and not bring it back to the legislative body. Selectman LaCourse didn’t want to pressure that point since Dr. Morse said twice that he didn’t want to talk about budget type issues, but having tuition students coming in which seems to bring a revenue enhancement and other anticipated revenues coming in, he is concerned that things will start to show up like this ‘one-time’ athletic modification with unanticipated revenues. This should go back in front of the voters again. This revenue should come back to the Town of Lee, Town of Madbury and the Town of Durham. Selectman Bugbee agrees. Chairwoman Dennis reminds the Board that she voiced this concern at the end of the last meeting that they had with the superintendent and no one said anything. She suggests that the Board draft a letter to with their concerns to the superintendent and the school board. Selectman Bugbee suggest copying Durham and Madbury. Chairwoman Dennis suggests that the letter go into the E-Crier as well.

Chairwoman Dennis gives a statement with regards to the solar array:

I would like to talk about a discussion point included in a recent grant application submitted by the Durham Energy Committee to the New England Grassroots Environment Fund. It can be found under the heading “Describe the group’s strategy to engage neighbors/community in your work”. The Committee wrote:

“As a result of this grant supported project, we hope that municipal, school, and community solar farm projects will be able to proceed at a larger scale and avoid costly entanglements with localities inexperienced with or unfriendly to renewable energy projects and their somewhat unique financial structures”.

Per RSA 41:8, our first duty as members of this Select Board is to manage the prudential affairs of the town and that certainly includes the obligation to consider any and all potential tax revenues.

Are we inexperienced with solar arrays? Sure. However, this board was willing to listen and educate ourselves about this project within a narrowly defined time frame established by the Town of Durham, ReVision and IGS.

PUBLIC HEARING & SELECT BOARD MEETING MINUTES

October 12, 2015

PAGE 9

Unfriendly to renewable energy projects? I am not sure how this negative assumption would ever engage neighbors and the greater community in a positive light in terms of renewable energy. The renewable energy mission would be better served by continuing to educate the public and its leadership on how renewable energy projects ensure economic vitality and energy stability while reducing environmental impact. The Board did its due diligence and took their time to think this through.

13. Chairwoman Dennis motions to adjourn at **8:28 pm**. Selectman Bugbee, seconds. All in favor.
Motion Carries.

Minutes transcribed by:



Denise Duval, Town Secretary

10/26/15
Date

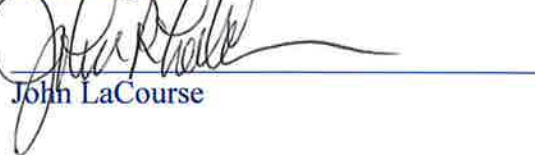
Minutes accepted by The Lee Select Board:



Carole Dennis, Chairwoman



Scott Bugbee



John LaCourse