

NOTES for Superintendent

Re: Introduction & Procedure for the
March 15, 2018 Meeting @ 6:30 pm

Keith:

Good evening, my name is Keith Pooler and I am Superintendent of the Belfast Water District. I am joined tonight by [our office manager Suzette Harford who will help keep the record tonight] and the Board of Trustees: Chairman Steve Hall, Vice Chairman Bruce Osgood, Treasurer Henry Chalmers, Vice Treasurer and Secretary Eileen Dubinett, and Board member Colby Horne. We are also joined by the District's Attorney, Andy Hamilton.

The purpose of this meeting is to inform the District's customers of the proposed sale of the District's former Water Resource Land (which we will sometimes just refer to as the "Property") to Nordic Aquafarms and the City of Belfast, and also to inform you of the sale of water under a long term Water Supply and Purchase Agreement (which we will sometimes refer to as the "Water Supply Agreement") to Nordic Aquafarms. This meeting and the proceedings we have initiated at the Maine PUC are all required by specific Maine statutory requirements. Those are set forth at Title 35-A of the Maine Revised Statutes at Sections 703, 1101, and 6109, and also in Chapter 691 of the Maine Public Utilities Commission Rules. I would pause here and just ask the District's attorney to provide a short description of these three laws:

Andy:

Section 703 provides that a water utility may, with the Commission's approval, enter into a so-called "special contract," as the District has done with Nordic Aquafarms in the Water Supply Agreement. Note: When you have a special water supply agreement with a specific customer, that may make any commitment beyond the standard terms and conditions with all other customers under Section 703 a consideration.

Under Section 1101, a water utility must get Commission approval to sell property that is necessary or useful in the performance of its duties to the public.

The Commission can either determine that the property sale is exempt under 1101 or can review and decide whether to grant approval under 1101.

Under Section 6109, a water utility must provide notice to the PUC, its customers, and the “host” municipalities where the property lies, when it intends to sell “water resource land.” This notice must include a description of the property to be sold, the reasons why the utility intends to sell the land, and a statement explaining why the utility no longer needs the land to provide utility service.

Another purpose of this meeting is also to inform the customers of the price, terms, and conditions of the proposed sale. So let me turn this back over to the Superintendent to detail that.

Keith:

As to the Property, we have agreed to sell, at a later Closing, two parcels totaling approximately 30 acres for \$1,059,000 to Nordic Aquafarms; a third parcel, called the Waterfront Parcel located on the Little River, will be sold to the City of Belfast for \$100,000. The Waterfront Parcel will be restricted to conservation and passive recreation use. The Property is shown on this Map before you, outlined in yellow dashed lines.

Nordic Aquafarms has an Option for 1 year and they are paying \$30,000 for that, and they can pay the District another \$15,000 for a 6 month extension. During the Option Period, Nordic Aquafarms will be doing due diligence to make sure there is sufficient raw groundwater, in addition to the treated water they will be purchasing from the Water District, to operate their aquaculture facility.

Under the terms of the Water Supply Agreement, over 6 years, Nordic Aquafarms will purchase a minimum of 100 million gallons per year which will derive about \$170,000 a year in additional annual revenue for the District; NAF will have 10 one-year renewal options beyond the first 6 year term, with a 6-month notice of termination period any time after the first 6 years. Nordic Aquafarms can ask for up to 262 million gallons per year, and the revenue derived from that amount of water taken under the agreement would be more than 2 times the revenue for the minimum requirement. Finally, I want to note, that under the Water Supply Agreement, the District does not have to provide more than 500 GPM to NAF at any time, to insure the existing customers will not experience any pressure fluctuations.

Andy:

With regard to the Property, the Belfast Water District intends to sell real estate and buildings in the City of Belfast, described as Tax Map 29 Lot 39 and Tax Map 4 Lot 23-C, and real estate in the Town of Northport, described as Tax Map U1 Lot 6. The Property's physical address is 285 Northport Avenue in Belfast, and includes the so-called Lower Reservoir. The Little River was once part of Belfast's water supply but has not been used as a water source since 1980, and never will be again. Thus, the District no longer needs the property to serve its customers. [Back to Keith]

Keith:

The District intends to sell the Property to Nordic Aquafarms, Inc. and the City of Belfast in order to provide substantial revenue to the District, which will help stabilize water rates and pay for infrastructure improvements, all while helping bring an aquaculture facility to Belfast that initially will employ 40-60 people and could total nearly \$500 million in investment in the community

With regard to the Water Supply Agreement, we are enthusiastic to build our rate base and to have additional revenues to stabilize water rates for our existing customers. We are confident that we will have more than enough water from our Aquifer, using our two existing wells (Jackson Pit and Smart Road), and then after the closing with Nordic, one additional already developed well – the Talbot well – to provide for: (1) current customer demand, (2) even the maximum of 262 million gallons a year that NAF could take (if they take the maximum rather than the minimum take of 100 million GPY under the Water Supply Agreement), and (3) a further substantial buffer of over 500 MGY, for substantial long term future growth in the Town.

Earlier, we mentioned that the Little River Reservoirs have not been used since 1980. Since that time, we have used two wells in the Goose River Esker Aquifer (the Jackson Pit Well and the Smart Road wells) that can produce over twice the amount of water than current District customer demand requires. With the Talbot well added, the District's wells can sustainably provide over 2 times the requirement of existing customers plus the maximum ceiling under the Water Supply Agreement with Nordic.

If the District sells the Property, we will keep a license to remain at 285 Northport Avenue for 1 year to allow ample time until new office and garage facilities can be constructed at 54 Crocker Road, where the District will co-locate with the City's new public works facility. The City has agreed, as part of supporting the agreement to sell the current District property to Nordic, to allow the District to acquire approximately 4 +/- acres for \$1. An estimate to construct comparable office and garage facilities has been provided by Northeast Equipment and Supply Company for a 3000 SF office building and a 6000 SF garage/maintenance building. The estimate for the office building is \$126.25 per SF or \$378,750; the estimate for the garage/maintenance building is \$67.48 per SF or \$404,310. For both buildings, and site work the total is \$895,060.

You may recall that, when/if Nordic Aquafarms proceeds to a Closing, the District will receive a total of \$1,159,000 at closing and will then have at least 1 year after closing to relocate.

In my opinion, there will be enough net revenue from the Closing proceeds and enough time to relocate to the Crocker Road site.

We are working with the City and with Nordic to move approvals along. For our part, we have to first get PUC approval of both the sale of the land and of the Water Supply Agreement so we will welcome your questions tonight so we can address those on the record. This proceeding tonight is being recorded and we look forward to providing additional information.

I am going to turn this back over to the District's Attorney to give an overview of how you can participate tonight and in the PUC process.

Andy:

Notice of this meeting has been given by these two methods:

- (1) The notice has been given individually to each customer by regular mail at least 14 days before the meeting—specifically notices were sent and postmarked on February 16 for this March 15 meeting; and
- (2) The District has also provided newspaper notice of the meeting in The Republican Journal on March 1 for this March 15 meeting.

The District has filed a request for approval for the sale of Water Resource Land with the Maine Public Utilities Commission, which has been assigned the

following case title and docket number: *Request for Approval of Sale or Transfer of Water Resource Land Pertaining to Belfast Water District*, Docket No. 2018-00043.

If you have any questions or concerns regarding the District's pending request with the Maine Public Utilities Commission, there are three ways to stay informed and to participate:

1. You may add your name to the notification list using the Commission's online Case Management System (CMS). For information on how to register and use CMS please see this link: <http://www.maine.gov/mpuc/online/index.shtml>. You are also allowed to submit written comments to the CMS.
2. You may file a petition to intervene as a formal party, with the right to participate in the hearings and in negotiations. Your petition must state the name and docket number of this proceeding and the manner in which you are affected by this proceeding. Your petition must also include a short and plain statement of the nature and extent of the participation you seek, and a statement of the nature of the evidence or argument you intend to submit. Your petition must be filed electronically using the Commission's CMS no later than March 22, 2018.
3. You may express your view at a public witness hearing, if a hearing is held. If you wish to request that the Commission hold a public hearing, you must electronically file a written request using the Commission's CMS no later than March 22, 2018.

Finally, if, within 30 days of the meeting, 15% of the customers (or 759 customers) file with the District and with the Commission petitions demanding a review of the District's decision to proceed with the sale, the Commission shall have the authority to suspend, investigate, and review the decision of the District with respect to the proposed sale. The complaint alleged in the petition shall be processed by the Commission according to the procedure described in Chapter 110, § 1101 of the Commission's rules.

If you need more information about the methods of participation or have questions regarding this proceeding, you may contact Harry Lanphear, the Administrative Director of the Commission (207-287-3831), Kiera Reardon of the Office of the Public Advocate (207-624-3687) or call Keith Pooler, Superintendent of the Belfast Water District (207-338-1200). [Back to Keith]:

Keith:

The District will permit anyone at the meeting to ask a relevant question about the proposed sale and to express their approval or disapproval of the proposed sale. If you would come to the microphone to speak, please state your name, and your address, and indicate whether you are a customer of the District. I will ask Andy Hamilton and Suzette Harford to keep a record of each speaker and your questions and comments.

Now, your questions please.