

BRUNSWICK SEWER DISTRICT
Board of Trustees Regular Monthly Meeting
22 May 2012

Approved Minutes

Call to Order

The regular monthly meeting of the Board of Trustees of the Brunswick Sewer District was called to order by General Manager Blanchette at 7:00 pm on Tuesday, 22 May 2012, in the conference room at District offices. A prepared agenda was noted and the meeting was recorded.

Members present: Chair Priest, Trustees Green, Barbour and Schwindt

Absent: Trustee Boochever.

Others present: General Manager (GM) Blanchette, Finance Manager (FM) Caron, Assistant General Manager (AGM) Pontau, Camera Operator Madison Brownne, and Mrs. Bonnie Shippen (Minutes). Also present was Mr. Stephen Birmingham and Mr. Stuart Williams from Peoples United Bank. Mr. Robert Fletcher from TD Bank arrived at 7:20 pm.

Meeting Advertisement

The meeting was advertised in the Monday, 21 May 2012, edition of the *Times Record* and also noted in a letter to the ratepayers regarding the Special Meeting that preceded this meeting.

Public Comment

There was no public comment.

Minutes of Previous Meeting

The Trustees reviewed the minutes of the 17 April 2012 regular Board meeting.

IT WAS MOVED BY TRUSTEE BARBOUR, SECONDED BY TRUSTEE GREEN, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT, WITH THE EXCEPTION OF TRUSTEE SCHWINDT WHO ABSTAINED, TO ACCEPT THE MINUTES OF THE 17 APRIL 2012 REGULAR MEETING OF THE BOARD OF TRUSTEES.

Annual Report of External Investments Managers: Peoples United Bank

GM Blanchette introduced representatives from People's United Bank as Mr. Stuart Williams, Senior Vice President, Wealth Management and Mr. Stephen M. Birmingham, Vice President, Senior Portfolio Manager. The gentlemen were there to present the annual report on the status of the District's investments.

Mr. Stuart noted to the Board he has been back working in the area for three years and appreciated the opportunity to work with the District. He then turned the meeting over to Mr. Birmingham.

Mr. Birmingham presented to the Board a booklet of graphs showing the economy during good economic times and through the latest recession, dating from the 1980's to the present. Mr. Birmingham explained that in Maine, the Total Gross Domestic Product and Per Capita Personal Income had increased and the Unemployment Rate had decreased since the recession of 2008 – 2009. It was the opinion of Mr. Birmingham that the economy was bouncing back. He noted banks have kept the interest rates low as delinquency rates have plummeted.

Mr. Birmingham noted that although the rates are low at this time, it is his opinion that they will go up. He believes inflation remains tame at this time and the U.S. Economy shows a current 2% increase, which is consistent with the average inflation over the past 15 years at a 2½% increase. Chair Priest noted everything appears to be on the increase: food, gas, oil, etc. Mr. Birmingham agreed, although noting he didn't foresee an increase in energy costs.

Mr. Birmingham distributed to the Board a pamphlet regarding investment research from an independent third party, Vanguard Group. This research shows health care and higher education as being the two major increases in inflation. Vanguard Group explained the various investments available and the best strategy to get the most out of the District's funds. Mr. Birmingham believes the District should invest where there is a higher return, although in order to do this the State Statute would have to be changed through the Legislature. Mr. Birmingham noted the District would be able to break up the funds and chart what is needed in the next 5, 10 or 20 years and invest according to needs in a higher funding investment.

Mr. Stuart noted that the District would have to look into the future at the District's needs and break them up into short and long term purchases. GM Blanchette noted that the District would not only need to look into the future for needs, but estimate what the cost might be in 20 years. Mr. Birmingham suggested the District's legal team look into presenting changes to the Legislature and discuss availabilities of higher yielding investments.

Mr. Stuart and Mr. Birmingham concluded their presentation and left the meeting at 7:37 pm.

Presentation of Credit Card Payment Acceptance Program: TD Bank

AGM Pontau introduced Mr. Robert Fletcher, Assistant Vice President Merchant Services from TD Bank to present to the Board, for discussion, the credit card payment program.

Mr. Fletcher noted to the Board the purpose of the Internet Merchant Program is to provide the ability to customers to make their payments with a credit or debit card. This program is through Authorize.net and works as a payment gateway right from the District's website. Authorize.net is a completely secure sight that is Visa and Mastercard certified.

Chair Priest noted previous problems with credit card payments being hacked into, most notably, Hannaford, and question how the District can make sure that doesn't happen here. Mr. Fletcher explained about a company named Security Metrics, whose job is to hack into these companies to see how secure they are. Security Metrics has never been able to break into Authorize.net.

Mr. Fletcher noted the process for a customer making a payment is easy and secure. There would be a disclaimer on the website explaining to the customer that they will be leaving the District website, although if they didn't read the disclaimer, they wouldn't know they were being redirected. The customer would log in with an account number, amount being paid and the credit card number. Once payment is accepted a confirmation number and receipt would be given to the customer for proof of payment.

Chair Priest requested Mr. Fletcher inform the Board of the fees involved with online payments. Mr. Fletcher noted the following fees that would be applicable:

- One time set up fee: \$ 99.00
- Monthly Gateway Maintenance fee \$ 21.90 *
- Qualified Discount Rate per swiped card 2.59%
- Visa/MasterCard/Disc Transaction fee: \$.10
- Chargeback fee on occurrence: \$ 15.00 **
- Retrieval request fee on occurrence: \$ 3.00 ***
- Inactive fee (when there is no activity in a month): \$ 15.00

* \$11.90 bank, \$10.00 Authorized.net

** A chargeback occurs when a cardholder disputes a credit card transaction with their credit card company. There is no charge for a voluntary refund.

*** A retrieval request occurs when a cardholder contacts their credit card company and requests a copy of the receipt.

Mr. Fletcher noted TD Bank Merchant Services also offers Data Breach Insurance. This coverage provides Merchants up to \$100,000 in reimbursement for any fines, assessments, and investigation costs per data breach incident up to 5 times a year. The fee for this coverage is \$6.95 month.

Chair Priest thanked Mr. Fletcher for his time and Mr. Fletcher departed the meeting at 8:00 pm.

GM Blanchette noted he will look for a motion from the Board on this matter during the next meeting. He also noted his only concern is the 2.59% fee that will be charged per transaction. AGM Pontau noted that the District would be allowed to pass that fee onto the customer if the District chooses to. Management staff have all agreed that accepting credit card payments would speed up the process of receiving payments, and create less time in processing checks. AGM Pontau noted the Brunswick-Topsham Water District started accepting credit cards last month. He would look into how they are progressing in usage.

Treasurer's Report

Financial: Trustee Green noted that the District's billing revenue was ahead of budgeted, although down from the previous month and that non-billing revenue was higher than projected. Overall, the revenue is ahead by \$23,000 at the end of April.

Trustee Green noted the District's operating expense—including salaries, wages, benefits, etc. — is less than what was expected at this time of year.

Receivables: Trustee Green noted receivables are about average, and liens continue to be low, currently at \$600 for the month of April. He also noted the cash equivalent and reserve items were broken down for better understanding.

Forecasted vs. Actual Revenue: Trustee Green noted that residential revenue was below forecasted, and commercial revenue was above forecasted. Brunswick Landing is approximately \$19,000 below forecasted, which is attributed to the lack of rainfall, not due to the I & I repair work being completed. Topsham Sewer District is approximately \$32,000 above forecasted, catch basins are approximately \$200 above projection and septage is below projection by approximately \$600.

Trustee Green noted Operations, Maintenance, and general expenses are at approximately 68.5%. GM Blanchette explained maintenance of lines was the result of two sewer lines collapsing within a two-week period. AGM Pontau noted very little has been spent in the Capital budget, although he expects all work to be completed by October. He also noted that the one-ton truck that was budgeted has been ordered.

Warrants: The weekly warrants were distributed to the Board for their review. The Trustees reviewed the weekly warrants on disbursements for the preceding month, querying staff regarding the purpose of a number of those listed. Weekly warrants from general disbursements have been reviewed and signed by the General Manager. Disbursements unusual in amount or purpose were discussed. GM Blanchette noted that all checks for disbursement and payroll were on consecutively numbered instruments, and consecutive from the previous month.

Trustee Barbour questioned the line item of Mark Costa. GM Blanchette explained Mr. Costa designed the Access billing system and continues to offer support for the software.

Monthly Report of Treatment Operations

AGM Pontau reported that the total flow to the treatment plant for April 2012 was 59.8 MG, down approximately 8% from the previous month and exactly half from this time last year. Flows of 10.8 MG and 3.9 MG for the month originated with Topsham and Brunswick Landing, respectively. Average daily flow for the period was 1.9 MG, or 52% of that allowed by permit. Maximum daily flow processed was 3.5 MG, on 24 April 2012. Precipitation for the month totaled 4.49", with a daily maximum of 2.81" on 23 April 2012.

Septage receiving for the period totaled 125,000 GAL, up approximately 133% from the previous month. Removal rates for BOD and TSS for the period were 93.7% and 92.4%, respectively, in compliance with the minimum 85% required for each parameter by permit. A total of 125 CY of sludge was produced. There were no bypasses or spills, and all flow to the plant received full treatment.

GM Blanchette noted the District is field stacking and will resume land application in July.

Personnel Policy Discussion: Domestic Partner Coverage (Health Insurance)

GM Blanchette presented to the Board for consideration to adopt the motion to add domestic partner coverage to the Districts MMA health insurance package. MMA requires an Affidavit of Domestic Partnership form and at least two forms of proof to qualify. He noted there are currently three employees that may qualify for this coverage. GM Blanchette noted it will be the responsibility of the employee to notify if there are any changes in the relationship that would withdraw eligibility.

IT WAS MOVED BY TRUSTEE GREEN, SECONDED BY TRUSTEE BARBOUR AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT TO OFFER TO ALL EMPLOYEES MEETING THE ELIGIBILITY CRITERIA, THE DOMESTIC PARTNER HEALTH BENEFIT AVAILABLE WITHIN THE DISTRICT'S HEALTH BENEFIT PLAN OF THE MAINE MUNICIPAL EMPLOYEES HEALTH TRUST.

Proposal for Financial Audit Services from RKO

GM Blanchette presented to the Board for consideration and adoption, the proposal from Runyon Kersteen Ouellette to provide financial audit services for the three-year term of 2012 through 2014. FM Caron noted they are one of the few firms that deal with Municipalities and they are a great group to work with.

IT WAS MOVED BY TRUSTEE BARBOUR, SECONDED BY TRUSTEE GREEN AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT TO ACCEPT AND ADOPT THE PROPOSAL FROM RUNYON KERSTEEN OUELLETE TO PROVIDE FINANCIAL AUDIT SERVICES FOR THE THREE-YEAR TERM OF 2012 THROUGH 2014.

Status Report on Administration Office Building Renovation Project

- a. Financing: GM Blanchette noted the District has decided to obtain the financing for the Admin office renovation through the Maine Municipal Bond Bank's General Bond Resolution Program (GBR) instead of the State Revolving Fund (SRF) Loan program due to the cost involved to meet the federal Davis-Bacon wage requirements. The additional interest cost on the GBR loan is approximately \$94,000, which is currently at 3%. GM Blanchette explained the Construction Manager noted to obtain the 1% interest rate through the SRF Loan program, the additional cost to meet the Davis-Bacon wage requirements would add an additional \$125,000 to \$150,000 onto the estimated projected cost, and would exceed the \$500,000 budget.

Chair Priest noted he believes in the Davis-Bacon program and it is his opinion that the District should continue the process with the program and raising the Bond amount if necessary. Trustee Green agreed with GM Blanchette that using the Davis-Bacon process could lead to contractors lengthening the project due to the wage increase based on Federal standards. GM Blanchette agreed if the program was based on State of Maine wages they would continue the process. Trustee Schwindt noted the District has already been approved for a \$500,000 Bond and it is his opinion that the project should be kept within that amount.

GM Blanchette noted that after much discussion with Admin Management, it was determined that the additional \$94,000 in interest paid out over the 10 year loan was more cost effective than an additional \$125,000 to \$150,000 being paid within the 2012 budget.

IT WAS MOVED BY TRUSTEE GREEN, SECONDED BY TRUSTEE BARBOUR AND VOTED WITH THREE IN FAVOR AND CHAIR PRIEST OPPOSED TO OBTAIN FINANCING THROUGH THE GENERAL BOND RESOLUTION PROGRAM.

- b. Design: GM Blanchette presented to the Board the floor plan and exterior building designs approved at this time. He noted if the Board had any questions or requested changes they would be needed before the design is finalized.

GM Blanchette noted the major changes consist of a pitched roof, larger entrance, more efficient heating and lighting, and a more efficiently designed

conference room. The exterior of the building will have cedar shingles and clapboard siding.

GM Blanchette noted with the Boards approval of the finalized layout, Ouellet Associates can now develop an accurate estimate of the project cost.

- c. **Leased Office Space:** GM Blanchette noted during the renovation process it was decided to vacate the building, therefore a 7 month lease with MRRA for Building #37 has been signed. The lease begins on 1 June 2012 and continues through 31 December 2012 at \$1,900.00 a month. He noted if the building renovation is not complete at that time, a month to month lease will continue. GM Blanchette noted the leased building is currently listed for sale or lease and MRRA has assured the District that the lease will be honored if the building is sold during the lease period.

GM Blanchette noted signs will be placed at Building #37 and notices will be given to the rate payers. He noted the Trustees Board meetings will be moved to MRRA's Building #27 starting in July, 2012.

Finance Manager's Report

- Update on Staff Training: FM Caron noted Ms. Lisa True and she attended a MMA tax class and they will also be attending a MM Health trust meeting this week.
- Preparation for Leased Office Space: FM Caron noted the Admin Staff is in the process of packing up the vault for storage. All files and items not being taken to the temporary office will be securely stored upstairs in the Admin garage. The Minute books will go to the temporary office and stored in a fire proof cabinet.

Assistant General Manager's Report

- Treatment Plant Evaluation update: AGM Pontau noted the treatment plant evaluation is moving along and everyone is working well together.
- Emergency Line Repairs: Everett & Weymouth Streets: AGM Pontau noted there were two emergency line repairs done within a two week span as a result of collapsed pipes. He noted that a service connection burst was the cause of the collapse, not construction in the area. The damage was estimated to be approximately \$20,000 but believe it will be less than that amount.
- MacMillian Drive I&I Removal Project Update: AGM Pontau noted a neighborhood meeting was held and six people representing two households attended the meeting. Inspections have started by employees knocking on doors and leaving pamphlets to those that are not home. It is AGM Pontau's opinion that out of the approximate 80 homes in the area, if the District can analyze 40 to 50 of those homes he will have a better idea of what needs to be done in that area.
- Hawthorne School Roof Drain: AGM Pontau noted during construction on Federal Street it was discovered that one of the sewer lines from Hawthorne School was never reconnected from the District's 1996 project that replaced the Green Street sewer main. There are two roof drains, one connected on Federal Street and one on Green Street. As a result the District has been billing for one roof drain that was never

reconnected to the sanitary sewer system. At this time the drain line has been reconnected to the sewer main.

General Manager's Report

- Board Vacancy Update: GM Blanchette noted this is not a vacancy as Trustee Boochever continues to be a member of the Board until a replacement is found. He noted at this time the Town has not received any applications.
- GM Vacation Schedule: GM Blanchette noted he will be on vacation next week. He also noted vacations tentatively scheduled for the third week in July and the third week in September.
- Dig Safe Work Group Appointment: GM Blanchette noted he volunteered to be part of a 22 member PUC work group for Dig Safe. A member from the Portland Water District was chosen to fill the position and GM Blanchette was chosen as an alternate.
- Water District Rate Increase Notice: GM Blanchette distributed to the Board a copy of the Brunswick & Topsham Water District's proposed 10.74% rate increase notice. He noted that this will need to be taken into consideration when BSD considers an increase later this year.

Schedule of Upcoming Meetings and Events

The upcoming meetings are as follows:

- | | | | |
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| • Trustee Regular | Tuesday | 12 June 2012 | 8:00 am |
| • Trustee Regular | Tuesday | 17 July 2012 | 8:00 am |
| • Trustee Regular | Tuesday | 14 August 2012 | 8:00 am |

GM Blanchette noted the change in time for the next three meetings. He also noted that the 12 June 2012 meeting will be held at the District offices and then will move to MRRA's Building #27 for the remainder of 2012.

Remarks from the Chair

Chair Priest thanked the Trustees present, GM Blanchette, AGM Pontau, FM Caron, Camera Operator Madison Brownne, and Mrs. Bonnie Shippen for their time.

Adjournment

There being no further business before the Board,

IT WAS MOVED BY TRUSTEE BARBOUR, SECONDED BY TRUSTEE GREEN, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT TO ADJOURN THE BOARD OF TRUSTEES MEETING AT 9:20 PM.

Attest: _____

David N. Barbour
Assistant Treasurer, Board of Trustees