

BRUNSWICK SEWER DISTRICT
Board of Trustees Regular Monthly Meeting
June 11, 2015

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 8:38 a.m. on Thursday, June 11, 2015, in the Board Room at District offices at 10 Pine Tree Road, Brunswick, Maine. A prepared agenda was noted and the meeting was recorded.

Members present: Chair Priest, Trustees Green, Harvey, Rice and Barbour.

Others present: General Manager (GM) Blanchette, Assistant General Manager (AGM) Pontau, Finance Manager (FM) Caron, Camera Operator Dan Munsey and Administrative Assistant Bonnie Shippen (minutes). Also present was Mr. John Frost and Ms. Karissa McDonough from Peoples United Bank.

Meeting Advertisement

The meeting was advertised in the Friday, 29 May 2015 edition of the *Times Record*.

Public Comment

GM Blanchette noted that there was no public comment at this time.

Public Outreach

1. GM Blanchette distributed a copy of an article in the May 2015 edition of the Maine Water Environment News reporting on the kiosk / interactive poster project.
2. GM Blanchette distributed a copy of the letter he sent to the *Times Record* and the *Mid-Coast Forecaster* concerning the upcoming charter amendment referendum in November. He noted that they were both published on the opinion page section of the papers. Chair Priest congratulated GM Blanchette on the nice article.

Correspondence

GM Blanchette noted there was no correspondence to report.

GM Blanchette noted that there is a cookout planned for this afternoon in appreciation to the staff and to recognize several individuals for recent accomplishments. He noted that all Staff and Board members are invited.

Adoption of Minutes of Previous Meeting

The Trustees reviewed the minutes of the May 14, 2015 Regular Board meeting.

IT WAS MOVED BY TRUSTEE BARBOUR SECONDED BY TRUSTEE GREEN AND APPROVED BY THE TRUSTEES PRESENT (5-0), TO ACCEPT THE MINUTES OF THE MAY 14, 2015 REGULAR MEETING OF THE BOARD OF TRUSTEES AS PRESENTED.

Annual Investment Report from Peoples United Bank

GM Blanchette introduced the representatives from People's United Bank, Mr. John Frost, CFA, Senior Portfolio Manager, Senior Vice President Wealth Management and Ms. Karissa McDonough, Director of Fixed Income Strategy. They were there to present the annual report on the status of the District's investments.

Mr. Frost noted Mr. Waterman could not be here but he brought along Ms. Karissa McDonough to help present to the Board. Mr. Frost presented a booklet containing economic and market commentary, District account summary and performance, portfolio analysis and the District investment policy. Mr. Frost reviewed the Relationship Summary noting that the main goal of the district is principal safety. He noted that there was mention of the possibly of withdrawing funds for the treatment plant upgrade. GM Blanchette noted that it should not be necessary as the project is expected to be fully funded from the SRF loan.

Mr. Frost reviewed the District's portfolio noting the allocation of government notes, statistics of maturity, securities and performance based on one and two year totals.

Ms. McDonough reviewed the fixed income market update and noted the chart of where we are today compared to the past. She noted that there is no imminent crises and are at normal expectations. Ms. McDonough reviewed the current rates, investment strategies, and preferred investment options.

Mr. Frost questioned if he should look into corporate bonds and mutual funds as an investment option. GM Blanchette noted he would look into obtaining clarification on the limitations of District investments per State statute. Mr. Frost noted he will work with the current limitation of our investment policy until told otherwise. Management and the Board members thanked Mr. Frost and Ms. McDonough for a very informative report.

Mr. Frost and Ms. McDonough concluded their presentation and left the meeting at 9:48 am.

Trustee Harvey noted that his family has accounts with Mr. Bernard Waterman at PUB and wanted full disclosure in case of a possible conflict of interest.

Treasurer's Report

Financial: Trustee Green noted the May 2015 Variance Analysis report indicated billing revenue to be \$2,000 under projection and non-billing revenue to be \$44,000 above projection. Expenditures are \$20,000 over projection at this time, indicating overall revenue over expenditures of \$22,000 over projection. The Capital expenses are over by \$39,000. Trustee Green noted the receivables were at \$42,200 and liens were at \$1,100.

Forecasted vs. Actual Revenue: Trustee Green noted that Commercial, Topsham Sewer District, and Septage operating revenues are currently running ahead. Residential and Brunswick Landing are running behind. Catch Basins are ahead by \$2,052 indicating an overall \$1,728 below projection. Non-Operating Revenue is above projection by \$38,938.

Capital & Operations expenses: GM Blanchette noted that the capital budget is approximately \$77,800 or 16.5% of the budget spent. He noted that they had expected to have spent more on the

Treatment Plant upgrade at this time. FM Caron noted that she does not receive the upgrade related bills in time to note on the financial statement. AGM Pontau also noted that he expected that we would have had to pay for the screw presses when ordered, but was notified that they won't have to pay until they are delivered at the end of the year. AGM Pontau noted that we will not be doing the fiber optics cable. He is unsure if this is a good option as the monthly fees will be very high. AGM Pontau also noted that although the current plotter needs replacing, they are looking at leasing instead of purchasing. He noted that overall leasing would be a better financial decision.

Warrants: The weekly Warrants for May were distributed to the Board for their review. The Trustees reviewed the weekly warrants on disbursements, 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, and all voided checks, if any, are accounted for and on file.

The Board questioned the line item for Tribridge, which FM Caron noted was the monthly cloud fee for the financial software program.

Monthly Report of Treatment Operations

AGM Pontau reported that the total flow to the treatment plant for May 2015 was 68.96 MG, down approximately 21% from the previous month and down 1% from this time last year. Flows of 10.51 MG and 6.32 MG for the month originated with Topsham and Brunswick Landing, respectively. Average daily flow for the period was 2.22 MG, or 58% of that allowed by permit. Maximum daily flow processed was 2.79 MG, on May 1, 2015. Precipitation for the month totaled .5", with a daily maximum of .32" on May 10, 2015.

Septage received for the period totaled 135,950 gallons, up 11% from the previous month. Removal rates for BOD and TSS for the period were 96.6% and 95.3%, respectively. A total of 271 CY of sludge was produced. All the plant systems were working and there were no bypasses or spills, and all flow to the plant received full treatment.

Chair Priest questioned the status of the new digester at Brunswick Landing. AGM Pontau noted that the owners have broken ground on the property and should be up and running by December. He noted that the digester will have two employees working and will look to the District for occasional help. They will have a dome building and it will be at the end of the runway.

Creation of a Charter Referendum Committee

GM Blanchette noted with the passage of the Charter amendment to increase the District's debt limit to \$25 million, the next step is approval of the amendment by our rate payers in a referendum planned for this coming November. Chair Priest would like to create a committee composed of Board members and staff to plan and implement a program for the accomplishment of that goal. Trustee Harvey and Rice volunteered to help on the committee.

Benefits Committee Report

Trustee Harvey noted that they are reviewing all employee benefits and are almost half way through. He noted that they have mostly cleaned up the benefits and noted that any major changes

would be proposed in the Fall when they review the health insurance, and implemented in 2016. He noted that it has been great working with the employees, getting to know them and hearing their input.

Finance Manager's Report

FM Caron noted that she had nothing to report at this time.

Assistant General Manager's Report

1. Michael J. Jouver's Promotion: AGM Pontau noted that Mike Jouver has earned his associate's degree in electro-mechanical technologies and they have created a new position for him. Mr. Jouver's new position and title will be Senior Electro-Mechanical Systems Technician. AGM Pontau noted that Mr. Jouver has been with the District for 20 years this fall and he has already seen improvements and Mr. Jouver's education has already cut down on the use of outside vendors. GM Blanchette displayed the Certificate of Achievement that will be given to Mr. Jouver and noted that he will be moved to a new pay grade.
2. Aaron Temple's Step Increase: AGM Pontau noted that Aaron Temple in the Collections Division has earned a step increase in pay grade. He noted that Mr. Temple is responsible for the spot lining work that is being done and is an asset to the District.
3. Treatment Plant Upgrade – Status Report: AGM Pontau noted that the Treatment Plant upgrade is at 60% design. He noted that they will have a meeting next week with all the parties involved. AGM Pontau noted that PC Construction and Wright Pierce are working well together to meet the District's expectations. He noted that this is the first Construction Management project for John Scully of MeDEP and he has worked great with the District, is very dedicated and has become more an important part of the team. He noted that Wright Pierce is working well with the CM format also.
4. Vehicle / Equipment Garage – Status Report: AGM Pontau noted that they had a couple weeks of delay time but everything is moving along and should be completed on schedule as planned. He noted that PC Construction has moved in a trailer, obtained the building permit and the site work has begun. He noted that the cost is \$2.6 million, following a value engineering effort that reduced the cost by some \$400,000.

GM Blanchette noted that there have not been any formal discussions with Topsham Sewer District but they are aware the garage is part of the Treatment Plant upgrade and will be included in TSD's cost sharing amount. He noted that Mr. Stu Kay is in agreement with this, but he has not brought this to his Board for a formal determination.

5. Union Street Service Line Repair – Final Costs: AGM Pontau noted they received the invoice from Labbe for the Union Street line repair and it came to \$22,000. He noted that they did a great job and the resident was great to work with. He noted that there is another 'chimney' service line on Union Street but they are unable to get to it to look at it. GM Blanchette noted that the goal over the next 20 – 30 years is to completely replace all the 'chimney' services by taking them to nearby manholes.
6. AGM's Report: A Review of Employee Absenteeism: AGM Pontau noted that this was a report he had to do for his MBA and decided to use the comparisons of employee absenteeism based on going from a five-day work week to a four-day work week and implementing the sick time buy-back program. He noted that the District had a 40% drop in absenteeism under

the four-day work week. AGM Pontau noted that he compared the District with other companies and their policies as well. He reviewed his report with the Board noting the comparisons. Chair Priest noted that this report should be put on the website.

General Manager's Report:

1. AGM's MBA: GM Blanchette and the Board members congratulated AGM Pontau on receiving his MBA. AGM Pontau noted that he hasn't received the degree yet but does know he completed it with a 3.89 GPA. GM Blanchette noted that AGM Pontau completed some very difficult courses. AGM Pontau noted that he couldn't have done it without the policies and support of the District.
2. Eligible Referendum Voter Memo: GM Blanchette distributed the e-mail from Ms. Fran Smith, Town Clerk, noting that "all registered voters of the Town of Brunswick who reside within the District are voters of the District." He noted that he is currently working with the Town to determine the boundary. He noted that we are still on schedule for the November referendum.
3. Report on Brunswick Landing Potable Water / Wastewater Comparison from 2006 -2014: GM Blanchette distributed a comparison chart created to determine the I&I component of the wastewater flow of the former NASB, now Brunswick Landing. He noted a drop when the base closed in 2010.
4. Update to Maine Municipal Bond Bank (MMBB) and Maine Department of Environmental Protection (MDEP) re: TP Upgrade Project Funding: GM Blanchette distributed the e-mail correspondence between Mr. Rob Nadeau, MMBB, and himself regarding the SRF loan. He noted that we are still all set with the SRF loan and that the loan rates are still low at this time and could be in the 8/10ths of a percent range. The Board discussed the possibility of applying now to lock in the interest rates and sign the final papers after the November referendum vote. GM Blanchette noted that we have the authority to borrow \$18.5 Million at this time so he will go ahead and file the SRF loan papers.
5. Garage Complex: New Annual Debt Repayment Cost: GM Blanchette distributed the cost difference between the repayment of the new garage and the calculated lease payments for the Collections building. He noted that the cost of the garage construction is currently being paid by the funds from the bank interim loan, which will be paid off using the SRF loan. FM Caron noted that individual components of the facility will be depreciated at differing timeframes.
6. Estimated Impact to Revenue from MRRA I&I Reduction: GM Blanchette distributed the estimated annual revenue from Brunswick Landing based on potential annual reductions in I&I through 2018. He noted that he spoke with Mr. Brubaker at MRRA and noted that a proposed bond is to be used for water and sewer infrastructure improvements.

Schedule of Upcoming Meetings and Events

The upcoming meetings and workshops were scheduled as follows:

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| • Strategic Plan Workshop | Thursday | 18 June 2015 | 1:00 p.m. |
| • Trustee Regular | Thursday | 16 July 2015 | 8:30 a.m. |
| • Trustee Regular | Thursday | 13 August 2015 | 8:30 a.m. |
| • Trustee Regular | Thursday | 17 September 2015 | 8:30 a.m. |

Remarks:

Trustee Barbour noted that he and his wife will be becoming residents of Florida in October and will thus be retiring from the Board of Trustees. He noted that he is willing to stay on until October, but will resign earlier if a suitable replacement is found.

Adjournment

There being no further business before the Board of Trustees,

IT WAS MOVED BY TRUSTEE RICE, SECONDED BY TRUSTEE HARVEY, AND UNANIMOUSLY VOTED BY THE TRUSTEES PRESENT (5 -0) TO ADJOURN THE MEETING AT 10:55 AM.

Attest: _____
David N. Barbour
Clerk, Board of Trustees