

May 23, 2016

As voted by the Board of Trustees and in accordance with the notice of the meeting, the Regular Meeting of the Board of Trustees of the Portland Water District was held at the Jeff P. Nixon Training Center, 225 Douglass Street, Portland, Maine, on Monday, May 23, 2016. Attending from staff were Messrs. Miller, Quirk, Kane, Johnson, Crovo, Wallace, Firmin and Ms. Katsiaficas, Demers and Walker. Attending from the public were Jeff Hubert and Chad Dudley from Macpage LLC, and Brad Kauffman of Cape Elizabeth. The meeting was convened by President Cote at 6:00 p.m. with the Pledge of Allegiance and a moment of silence.

ROLL CALL

The roll was called by the Clerk. All Trustees were present.

ACCEPTANCE OF MINUTES

It was moved by Trustee Libby, seconded by Trustee Dreger.

Voted all in favor to waive the reading and accept the minutes of the Regular Meeting of April 25, 2016, and the Workshop Meeting of May 9, 2016.

INVITATION FOR PUBLIC COMMENT

None

REPORTS

Operations Committee

Trustee Lunt, Chair, provided a summary of the Operations Committee meeting. Staff provided an annual update on the CSO monitoring Programs for Portland, Westbrook and Cape Elizabeth. Staff also updated the committee on the current schedule of main renewal and 407 zone projects.

Planning Committee

Trustee Swinton, Chair, provided a summary of the Planning Committee's meeting. The committee elected Nisha Swinton as committee chair for the next 12 months. Staff discussed the sale of surplus land located at 1909 Congress Street, Portland and recommended disposal of the property to the highest bidder. Staff recommended Communications Facilities, Inc. to market District tank sites for leasing to wireless communications companies. Staff discussed the painting bids for the tanks at Shore Acres and recommended awarding to the low bidder and establishing a project budget.

Administration and Finance Committee

Trustee Garrison gave a summary of the Administration and Finance Committee's meeting. Christian Smith and Jeff Hubert, Macpage principals, presented the 2015 audit reports. The four reports presented included the following: Audited Financial Statements, Management Letter, Governance Letter and Single Audit. Additionally, Mr. Smith reviewed the financial results and noted that one new accounting standard was implemented in 2015 which required the pension plans' liability be disclosed as a liability on the statement of Net Position as well as disclosed in footnote. He noted the pension unfunded liability is \$4.4 and \$3.1 million for the Bargaining and Non-Bargaining plans, respectively.

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Staff presented a recommendation to refinance the outstanding balance of the \$10M bond issued in 2007. The existing bond has an interest rate of 4.25%. By refinancing at the current rate of slightly more than 2%, the District is expected to realize 7.28% savings. Unless interest rates increase before the expected June 15th issue date causing the savings to be less than 3%, staff will issue the advance refunding bonds if the Board approves the proposed motion.

Staff presented a recommendation to amend the Town of Falmouth's 2016 wastewater assessment to reflect the debt service costs related to the Mill Creek Pump Station project.

Mr. Chad Davis noted he would like to present the results of a recently completed information system security audit. A motion was made by Seth Garrison and seconded by Brad Cleaves to go into executive session pursuant to 1 M.R.S. §402(3)(L). Because of time limitations, the Hansen work management and billing system platform report will be presented next month.

General Manager's Report

The Annual Water Quality Report is currently at the printer and will be available the last week of May.

Jeff Hubert, Principal, at Macpage LLC gave a brief overview of the 2015 Audit Report. The District was given a clean opinion of the audit, which is the best opinion you can receive. No audit adjustments were made to the financial statements and no material weakness or deficiencies were reported.

NEW BUSINESS

Resolution 16-007, accepting the Audit Report for 2015 and authorize its distribution as required by Section 21 of the Charter of the District.

On May 9, 2016, Macpage LLC presented the results of the 2015 audit to the Administrative and Finance Committee. Among the items presented were the:

- Auditors Communication to the Board of Trustees;
- Financial Report for the year ending December 31, 2015
- Management Letter for the year ending December 31, 2015
- Single Audit Report for the year ending December 31, 2015

Consideration of the annual Audit Report is required by Section 21 of the District's Charter.

It was moved by Trustee Garrison and seconded by Trustee Dreger.

It was Voted and unanimously

WHEREAS the Bylaws of the District require that an annual audit report on the financial affairs of the District be presented to the Board of Trustees for acceptance, and

WHEREAS the Board of Trustees previously appointed the accounting firm of

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Macpage LLC to conduct the audit of 2015 financial affairs, and

WHEREAS Macpage LLC has conducted the audit of 2015 and presented their unqualified opinion to the Board of Trustees,

NOW THEREFORE BE IT RESOLVED that the Board of Trustees accepts the Audit Report for 2015 and authorizes its distribution as required by Section 21 of the Charter of the District.

Public Hearing, regarding the issuance of bonds.

President Cote opened the public hearing for members of the public to speak. Seeing no one from the public wanting to speak, President Cote closed the public hearing.

Resolution 16-008, authorizing the issuance of up to \$6,200,000 in advance refunding bonds to defease the outstanding balance of the 2007 \$10 million bond.

In 2007, the District issued a \$10 million bond to finance a water meter, water mains and SCADA projects. The bond had an interest rate of 4.25%. The bonds were issued with the first call date of November 2017. The District's financial advisor, Cabot & Moors, has recommended we refinance the November 2017 outstanding balance of \$5,160,000. The refunding of the callable maturities is estimated to generate savings of approximately \$375,540 in PV savings (7.28% of refunded par) and approximately \$419,754 in budgetary savings by refunding the 2007 Bonds using current market rates.

It was moved by Trustee Garrison and seconded by Trustee Cleaves

It was Voted and unanimously

RESOLVED, the issuance of up to \$6,200,000 in advance refunding bonds to defease the outstanding balance of the 2007 \$10 million bond is hereby authorized. The full form of the Resolution attached hereto is hereby approved and shall be attached to and incorporated as part of the minutes of this meeting.

Order 16-023, approving an amendment to the Town of Falmouth's 2016 assessment.

On November 23, 2015, the Board authorized the 2016 assessment to the Town of Falmouth in the amount of \$15,012 for billing-related costs. In February, the towns of Falmouth and Cumberland requested the District finance the renovation of the Mill Creek pump station. On March 28, 2016, the Board authorized the issuance of a bond up to \$6,138,000. The first debt service payment on the related bond is \$21,000 with a due date of November 1, 2016. Pursuant to Section 12 of the District's Charter, the District can do a supplemental assessment if the funds previously assessed are insufficient.

It was moved by Trustee Garrison and seconded by Trustee Cleaves

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It was Voted and unanimously

ORDERED, that, pursuant to Section 12 of the District's Charter, the Town of Falmouth's assessment is hereby amended for 2016 to be \$36,012.

Order 16-024, authorizing the General Manager to convey surplus property located behind 1909 Congress Street, Portland.

In January 2016, the Board declared a small piece of vacant land located off Outer Congress Street surplus and directed staff to solicit bids from the abutting owners. Staff did so and received two bids as follows:

- 1) Northland Enterprises – Purchaser of the adjacent Elks Club property. \$7,500.00 contingent on receiving Master Plan approval from the City of Portland for the redevelopment of the adjacent property which is expected to take up to 4 months.
- 2) Joyce Gauthier and William Linnell, abutting owners \$2,600.00.

Staff recommended to award to the high bidder for the property.

Trustee Libby noted that the District does not normally accept bids with contingencies, but due to the much higher price offered by the high bidder, the high bid was selected. In the event that the contingency is not met within the timeframe noted, at the option of the Planning Committee, it would go out to bid again.

It was moved by Trustee Swinton and seconded by Trustee Ross

It was Voted unanimously

ORDERED, the General Manager is authorized to convey a small parcel of surplus land located behind 1909 Congress Street in Portland, shown on Exhibit A, attached hereto to Northland Enterprises for the amount of \$7,500;

BE IT FURTHER ORDERED, the General Manager and the Treasurer, each acting singly, are authorized to take such other steps as may be necessary to accomplish the intent of this vote.

Order 16-025, authorizing the General Manager to enter into an agreement with Communication Facilities, Inc. for the provision of Telecommunications Antenna Consulting and Management Services.

The District entered into a contract with Communications Facilities Inc. (CFI) in February of 2013 for marketing of lease antenna space and site management of the Shore Acres Tank. They were selected to provide these services as a result of a request for proposals that were sent to three companies in December 2012. The District received one proposal for these services, from CFI. Since that time, the Planning Committee of the Board of Trustees has expressed an interest

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in expanding these services to market all of the District Tanks for leasing to wireless communication companies.

CFI submitted a proposal to provide their services to all of the District's water tanks. Their current contract requires the District to pay a 15% marketing fee for any new lessee obtained by them. This fee is limited to the first five years of any lease. The recent proposal has reduced that fee to 12.5% for the next lease and to 10% for every property leased thereafter. They also proposed a 10% ongoing site and tenant management fee for the life of each lease that is executed where the tenant occupies the site.

Trustee Libby noted that typically the Planning Committee does not like to do contracts without competitive bidding, however, in this case when the bid went out in 2012 the only company to bid was CFI. They have been excellent to work with providing us with information and advice.

Trustee Siviski asked for clarification on the marketing fee. The committee is recommending that CFI be able to market the District's inventory of water tanks for 3 years. The marketing fee is once they have an agreement in place with a cellular company they would receive it for the first five years of the lease.

It was moved by Trustee Swinton and seconded by Trustee Libby

It was Voted and unanimously

ORDERED, that the General Manager is authorized to enter into an Agreement with Communication Facilities, Inc. for the provision of Telecommunications Antenna Consulting and Management Services in accordance with the terms of its proposal dated March 11, 2016; and

BE IT FURTHER ORDERED, that the General Manager or the Treasurer, each acting singly, may take whatever steps necessary to implement the intent of this vote.

Order 16-026, authorizing the General Manager to execute a contract for the Shore Acres Tank painting project.

In November of 2013 the District entered into two lease agreements with cellular phone companies, AT&T and Verizon. Subsequent to negotiating the leases the District recognized the need to paint the tank prior to the placement of antennas and required as a condition of each lease that these companies reimburse the District up \$50,000 as a contribution toward tank painting. On April 25, 2016 Verizon was granted a building permit from the Cape Elizabeth Planning Board to install antennas and ancillary equipment. The next step is to paint the tank prior to placement of their equipment.

In anticipation of this the District sent out a request for bids to 4 qualified contractors to strip and repaint the 80 foot tall 30 foot wide water tank. Marcel A. Payeur, Inc. was the successful low bidder at \$139,000. This company had successfully painted two District tanks in 2009 and is qualified to complete this project.

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Trustee Garrison inquired about the structural condition of the tank and if it contained lead paint. Mr. Crovo confirmed that an assessment of the tank had been done. It does contain lead and abatement would need to be done prior to the tank being painted.

Brad Kauffman of 1 Avon Road, Cape Elizabeth lives down the road from the Shore Acres tank and provided public comment. His main concerns are: Will a second company be hired to monitor the lead contamination as the paint is being removed? Will the District limit the hours of operation due to the noise? Is it possible to have a neighborhood meeting with the District prior to the work starting?

The Board discussed the concerns Mr. Kauffman brought forward.

It was moved by Trustee Swinton and seconded by Trustee Libby. Trustee Libby moved and Trustee Levinsky seconded an amendment to the motion to increase the budget by an additional \$10,000 for a total of \$160,000 based on information received from public comment. The Board unanimously approved the amendment (11-0). The amended motion was then moved and

It was Voted and unanimously

ORDERED, that the General Manager is authorized to execute a contract for the Shore Acres Tank painting project in Cape Elizabeth to Marcel A. Payeur Inc. for a sum of \$139,000 and

BE IT FURTHER ORDERED, that, a project budget is hereby authorized not to exceed \$160,000; and that the General Manager and the Treasurer, each acting singly, are authorized to take such steps as may be necessary to accomplish the intent of the vote.

EXECUTIVE SESSION

None

OTHER BUSINESS

None

SECOND INVITATION FOR PUBLIC COMMENT

None

TRUSTEE COMMENTS

Trustee Libby thanked Trustee Swinton on accepting her position as Planning Committee chair.

Adjournment.

Meeting adjourned at 6:57 p.m.

Submitted by

Donna M. Katsiaficas
Clerk