

MINUTES OF THE BOARD OF TRUSTEES

May 27, 2015

The regular meeting of the Board of Trustees, which was held in the Conference Room of the Water District Office Building at 92 Main Street, Kennebunk, was called to order by President Tom Oliver at 3:00 pm. Trustees Jim Burrows, Richard Littlefield and Bob Emmons attended along with Superintendent Norm Labbe, Assistant Superintendent Scott Minor, Treasurer Wayne Brockway, Plant Manager Bill Snyder, Facilities Manager Rob Weymouth, Accountant Cathy McLeod, Distribution Manager Butch Tibbetts, Utility Assistant Keith Archibald and Administrative Assistant Cindy Rounds.

Minutes – April 29, 2015 Meeting

On a motion by Mr. Burrows, seconded by Mr. Littlefield, it was unanimously voted to approve the Minutes of the April 29, 2015 Meeting as written.

Public Comment

There was no public comment.

Treasurer's Report

The Treasurer provided an overview of the January and February financial reports. He then presented the first four months budget versus actual revenue analysis. Annual metered account revenues were \$1,003,451, indicating a 0.24% favorable budget variance of \$2,455. Seasonal metered account revenues totaled \$238,785, indicating a 92.2% favorable variance of \$114,546. Total metered revenues were \$1,242,236 indicating a 10.4% favorable variance of \$117,001 and a 4.9% decrease in the billed usage from 2014. A total of \$12,680 was collected for four system development charges in March bringing the 2015 total to \$30,571.89 for nine connections (\$30,388 for 15 connections in 2014).

On a motion by Mr. Emmons, seconded by Mr. Burrows, it was unanimously voted to approve the January and February financial reports as presented.

Staff Presentation

The Superintendent took a minute to introduce Keith Archibald who has accepted the Distribution Manager's position that will vacated upon the retirement of Butch Tibbetts at the end of July. Keith has worked for the District for 15 years in several positions within the Distribution Department.

Monthly Water Production Report

The Assistant Superintendent reported that 61.1 MG of water (.3% increase from 2014) was produced in April (60.8 MG in 2014) comprised of 27.5 MG of surface water (Branch Brook) and 33.6 MG groundwater from the Kennebunk River wells (29.7), Plant wells (2.9) and Harriseckett Road (1.0) wells. Year to date groundwater production of 123.7 MG has exceeded the 2014 year to date total of 36.1 MG. The 2015 year to date total production for all sources combined is 17.6 MG (8.3%) ahead of 2014.

The April surface water versus groundwater production comparison chart showed a surface water chemical cost of \$285.22 per MG and a groundwater chemical cost of \$44.78 per MG. Year to date, the groundwater chemical cost was \$204.39 per MG less expensive than the surface water chemical cost. The reason for the magnitude of increase in the surface water chemicals for April is typically attributed to the increase in turbidity and color due to a spring snow melt or after a heavy rain event. He noted that the year to date chemical cost savings realized with groundwater equates to \$25,283. Liquid precipitation measured at the Filtration Plant was 4.06" of rain in April.

The Assistant Superintendent presented the 1994-2014 Water Main Renewal Program analysis. It illustrated that in 2014, the District retired 15,039 linear feet (1.33% of the total distribution system) of obsolete water main and installed 9,677 linear feet of new water; bringing the 21 year water main replacement average to 0.89%. He estimated that the national average is 0.22-0.24%.

The Assistant Superintendent summarized the chart illustrating the weekly drawdown levels of the Kennebunk River well. He was pleased to report that since the well was activated in November 2014, a total of 180 MG of water has been produced from this newest well; with 146 MG since January 2015. The well will continue to be run at 1 MGD throughout the spring and then increased to 1.44 MGD (1,000 gpm) during the peak summer months.

Merriland River Well Manganese Removal Project

The Superintendent reported that he expects to be requesting a modification to the Capital budget at next meeting. He summarized that a piping change to a more readily available material that would better handle pressure (thrust) issues in the clear well contributed to increasing the cost of the project to approximately \$60,000. In addition, there were higher than expected labor costs and additional equipment (chlorine feed) that was required to be installed. The Superintendent stressed that even with the additional expenses, the project will still cost a fraction of what it could have cost if it hadn't been designed and constructed in-house.

The Facilities Manager reported that the manganese removal system was tested and performed very well. Although the system is functional, more controls will be added to get the system to operate without any manpower.

Main Extension -- Ocean Avenue, Kennebunkport

The Superintendent reported that the Technical Services Manager compiled (and mailed) an analysis of the responses submitted by the area residents regarding interest in extending a potential main extension in the Ocean Avenue area. There was a 50% positive response to the initial solicitation of interest in connecting to a main extension. The analysis had shown that the estimated cost would be approximately \$50,000 per residence, assuming that all of the interested parties participated. Another update will be provided at the next meeting.

AMI Project

The Treasurer reported that the final language of the contract is being reviewed.

MDOT Route One Ogunquit Project

The Assistant Superintendent provided a progress update on this project. The main replacements on Beach Street, Grasshopper Lane and Belm Lane are complete. He outlined the work currently being undertaken on the two bridges. The Distribution Manager reported that paving of District related project areas will take place on Thursday, Sunday and Monday. The night work has ceased for the time being.

Main Extension – Arundel-Kennebunkport Cottage Preserve, Route One, Arundel

The Assistant Superintendent reported that this project, comprised of 249 units (900 sf each) with a nine-month occupancy, is progressing. According to Distribution Technician Jerry Smith, who is the District's on site inspector, approximately 1,300' of the 1,800' of the 16" water pipe has been installed. The developer intends to immediately build two models units.

Seasonal Hydrant Flushing

The Assistant Superintendent reported that spring hydrant flushing was successfully completed last Friday. Flushing in Ogunquit did not occur do the ongoing MDOT construction project.

Ogunquit 3 MG Tank Painting

The Facilities Manager reported that the blasting and coating of the Ogunquit 3MG tank has commenced and is progressing well. The contractor (Limerick Steeple Jacks) was slightly delayed while blasting in the area of the tank where a repair (recoat) was made approximately 8-10 years ago.

Southern Maine Regional Water Council (SMRWC) Activities

The Superintendent reported that SMRWC met on May 12th to discuss the (previously reported) grant process and develop a game plan. The District will host the next meeting on June 2nd at which time the details of the core study that will be common to all six systems should be finalized.

Kennebunk Tank

The Superintendent reported that the Kennebunk tank, built in 1895, is nearing the end of its useful life as a water storage facility. At some point within the next five years, a new tank will be designed and built on the property adjacent to the Arundel-Kennebunkport Cottage Preserve on Route One in Arundel to replace this tank. When the property was purchased 24 years ago, the intention was to eventually replace the Kennebunk tank with a larger tank at this location. The Facilities Manager reported that there is a minor leak in the internal rubber coating near the top of the bottom ring of the tank that will be repaired and outlined additional maintenance work that will be necessary in the next year or two.

Bond Resolutions

The Treasurer provided an overview of the Declarations of Official Intent and the votes to authorize the issuance of water revenue bonds on the Donnellys Bridge (Ogunquit) project, Mile Stretch Road, Biddeford Pool project and the AMI project.

On a motion by Mr. Burrows, seconded by Mr. Emmons, it was unanimously voted to approve the Declaration of Official Intent for the Donnellys Bridge Project as presented:

DECLARATION OF OFFICIAL INTENT DONNELLS BRIDGE PROJECT

WHEREAS, the Kennebunk, Kennebunkport and Wells Water District, Maine (the "Issuer") has proceeded with a public water facility project consisting of the design, construction and equipping of the Donnellys Bridge Water Main Replacement in Ogunquit (the "Project");

WHEREAS, the Issuer intends to finance the cost of the Project through the issuance of tax exempt bonds (the "Obligations");

WHEREAS, the costs of the Project have increased since the original approval of the Project; and

WHEREAS, the Issuer has authorized additional debt to fund the increased costs of the Project

WHEREAS, the Issuer anticipates making certain expenditures with respect to the Project prior to the issuance of the Obligations;

WHEREAS, the Issuer intends to allocate certain proceeds of the Obligations to reimburse the Issuer for any such expenditures made with respect to the Project; and

WHEREAS, Treasury Regulation Section 1.150-2 requires that the Issuer declare its official intent to reimburse any expenditure with respect to the Project no later than sixty (60) days after the payment of such expenditures;

NOW THEREFORE, the Issuer does hereby declare its official intent as follows:

1. Declaration of Intent. This declaration is a Declaration of Official Intent under Treasury Regulation Section 1.150-2. The Issuer intends to reimburse any expenditure made on the Project with the proceeds of the Obligations. All expenditures to be reimbursed will be made prior to the date of the issuance of the Obligations.
2. Intention to Reimburse. On the date hereof, the Issuer reasonably expects to reimburse its expenditures made with respect to the Projects from the proceeds of the Obligations.
3. General Description of Property to Which Reimbursement Relates. The following is a general functional description of the type of property for which the expenditures to be reimbursed are paid: Public water system infrastructure improvements.
4. Statement of Expected Debt. The maximum principal amount of debt expected to be issued for the Project is \$147,965.
5. Identification of Source of Funds. Expenditures made on the Projects shall be paid from the Issuer's general funds.
6. Public Availability of Official Intent. This Declaration of Official Intent shall be maintained as a public record of the Issuer and shall be maintained and otherwise supervised by the Clerk of the Issuer. This Declaration of Intent shall be continuously available for public inspection at the office of the Clerk during normal business hours of the Issuer until the date of the issuance of the Obligation.
7. Reimbursement Period. The Issuer intends to reimburse expenditures made with respect to the Projects within three (3) years of the later of the date on which the expenditure was paid or the date on which the Projects are placed in service. Moreover, the Issuer intends that any expenditure to be reimbursed will be a capital expenditure as defined in Treasury Regulation Section 1.150-(b).
8. Reasonableness Standard for Declaring Official Intent. The Issuer believes that this Declaration of Official Intent is consistent with its budgetary and financial circumstances.

None of the expenditures on the Project have been budgeted by the Issuer or otherwise provided for by reserves or other long-term holdings established by the Issuer. Moreover, the Issuer has not developed a pattern of failing to reimburse expenditures subject to other Declarations of Official Intent.

9. Miscellaneous Restrictions. This Issuer intends that none of the proceeds from the Obligation shall be used directly or indirectly in violation of the "anti-abuse rules" set forth in Treasury Regulation Section 1.150-2(h).

10. Authority of Declaration. This Declaration of Official Intent is adopted pursuant to Project approval duly adopted by the legislative body of the Issuer.

On a motion by Mr. Burrows, seconded by Mr. Emmons, it was unanimously voted to approve the Declaration of Official Intent for Mile Stretch Road and Biddeford Pool Project as presented:

**DECLARATION OF OFFICIAL INTENT
MILE STRETCH ROAD AND BIDDEFORD POOL PROJECT**

WHEREAS, the Kennebunk, Kennebunkport and Wells Water District, Maine (the "Issuer") has proceeded with a public water facility project consisting of the design, construction and equipping of improvements to facilities at Mile Stretch Road and Biddeford Pool (the "Project");

WHEREAS, the Issuer intends to finance the cost of the Project through the issuance of tax exempt bonds (the "Obligations");

WHEREAS, the costs of the Project have increased since the original approval of the Project; and

WHEREAS, the Issuer has authorized additional debt to fund the increased costs of the Project

WHEREAS, the Issuer anticipates making certain expenditures with respect to the Project prior to the issuance of the Obligations;

WHEREAS, the Issuer intends to allocate certain proceeds of the Obligations to reimburse the Issuer for any such expenditures made with respect to the Project; and

WHEREAS, Treasury Regulation Section 1.150-2 requires that the Issuer declare its official intent to reimburse any expenditure with respect to the Project no later than sixty (60) days after the payment of such expenditures;

NOW THEREFORE, the Issuer does hereby declare its official intent as follows:

1. Declaration of Intent. This declaration is a Declaration of Official Intent under Treasury Regulation Section 1.150-2. The Issuer intends to reimburse any expenditure made on the Project with the proceeds of the Obligations. All expenditures to be reimbursed will be made prior to the date of the issuance of the Obligations.

2. Intention to Reimburse. On the date hereof, the Issuer reasonably expects to reimburse its expenditures made with respect to the Projects from the proceeds of the Obligations.

3. General Description of Property to Which Reimbursement Relates. The following is a general functional description of the type of property for which the expenditures to be reimbursed are paid: Public water system infrastructure improvements.

4. Statement of Expected Debt. The maximum principal amount of debt expected to be issued for the Project is \$763,560.

5. Identification of Source of Funds. Expenditures made on the Projects shall be paid from the Issuer's general funds.

6. Public Availability of Official Intent. This Declaration of Official Intent shall be maintained as a public record of the Issuer and shall be maintained and otherwise supervised by the Clerk of the Issuer. This Declaration of Intent shall be continuously available for public inspection at the office of the Clerk during normal business hours of the Issuer until the date of the issuance of the Obligation.

7. Reimbursement Period. The Issuer intends to reimburse expenditures made with respect to the Projects within three (3) years of the later of the date on which the expenditure was paid or the date on which the Projects are placed in service. Moreover, the Issuer intends that any expenditure to be reimbursed will be a capital expenditure as defined in Treasury Regulation Section 1.150-(b).

8. Reasonableness Standard for Declaring Official Intent. The Issuer believes that this Declaration of Official Intent is consistent with its budgetary and financial circumstances. None of the expenditures on the Project have been budgeted by the Issuer or otherwise provided for by reserves or other long-term holdings established by the Issuer. Moreover, the Issuer has not developed a pattern of failing to reimburse expenditures subject to other Declarations of Official Intent.

9. Miscellaneous Restrictions. This Issuer intends that none of the proceeds from the Obligation shall be used directly or indirectly in violation of the "anti-abuse rules" set forth in Treasury Regulation Section 1.150-2(h).

10. Authority of Declaration. This Declaration of Official Intent is adopted pursuant to Project approval duly adopted by the legislative body of the Issuer.

On a motion by Mr. Burrows, seconded by Mr. Emmons, it was unanimously voted to approve the Declaration of Official Intent for Automated Metering infrastructure (AMI) Project as presented:

**DECLARATION OF OFFICIAL INTENT
AUTOMATED METERING INFRASTRUCTURE (AMI) PROJECT**

WHEREAS, the Kennebunk, Kennebunkport and Wells Water District, Maine (the "Issuer") has proceeded with a public water facility project consisting of the costs associated with replacing obsolete water meters - automated metering infrastructure (AMI) radio read technology (the "Project");

WHEREAS, the Issuer intends to finance the cost of the Project through the issuance of tax exempt bonds (the "Obligations");

WHEREAS, the costs of the Project have increased since the original approval of the Project; and

WHEREAS, the Issuer has authorized additional debt to fund the increased costs of the Project

WHEREAS, the Issuer anticipates making certain expenditures with respect to the Project prior to the issuance of the Obligations;

WHEREAS, the Issuer intends to allocate certain proceeds of the Obligations to reimburse the Issuer for any such expenditures made with respect to the Project; and

WHEREAS, Treasury Regulation Section 1.150-2 requires that the Issuer declare its official intent to reimburse any expenditure with respect to the Project no later than sixty (60) days after the payment of such expenditures;

NOW THEREFORE, the Issuer does hereby declare its official intent as follows:

1. Declaration of Intent. This declaration is a Declaration of Official Intent under Treasury Regulation Section 1.150-2. The Issuer intends to reimburse any expenditure made on the Project with the proceeds of the Obligations. All expenditures to be reimbursed will be made prior to the date of the issuance of the Obligations.

2. Intention to Reimburse. On the date hereof, the Issuer reasonably expects to reimburse its expenditures made with respect to the Projects from the proceeds of the Obligations.

3. General Description of Property to Which Reimbursement Relates. The following is a general functional description of the type of property for which the expenditures to be reimbursed are paid: Public water system infrastructure improvements.

4. Statement of Expected Debt. The maximum principal amount of debt expected to be issued for the Project is \$600,000.

5. Identification of Source of Funds. Expenditures made on the Projects shall be paid from the Issuer's general funds.

6. Public Availability of Official Intent. This Declaration of Official Intent shall be maintained as a public record of the Issuer and shall be maintained and otherwise supervised by the Clerk of the Issuer. This Declaration of Intent shall be continuously available for public inspection at the office of the Clerk during normal business hours of the Issuer until the date of the issuance of the Obligation.

7. Reimbursement Period. The Issuer intends to reimburse expenditures made with respect to the Projects within three (3) years of the later of the date on which the expenditure was paid or the date on which the Projects are placed in service. Moreover, the Issuer intends that any expenditure to be reimbursed will be a capital expenditure as defined in Treasury Regulation Section 1.150-(b).

8. Reasonableness Standard for Declaring Official Intent. The Issuer believes that this Declaration of Official Intent is consistent with its budgetary and financial circumstances. None of the expenditures on the Project have been budgeted by the Issuer or otherwise provided for by reserves or other long-term holdings established by the Issuer. Moreover, the Issuer has not developed a pattern of failing to reimburse expenditures subject to other Declarations of Official Intent.

9. Miscellaneous Restrictions. This Issuer intends that none of the proceeds from the Obligation shall be used directly or indirectly in violation of the "anti-abuse rules" set forth in Treasury Regulation Section 1.150-2(h).

10. Authority of Declaration. This Declaration of Official Intent is adopted pursuant to Project approval duly adopted by the legislative body of the Issuer.

**VOTE AUTHORIZING ISSUANCE OF UP TO \$147,965 WATER REVENUE BONDS OF THE DISTRICT
TO FUND THE COSTS OF THE DONNELLS BRIDGE PROJECT**

On a motion by Mr. Burrows, seconded by Mr. Emmons, it was unanimously voted:

That under and pursuant to the provisions of Title 35-A, Section 907 of the Maine Revised Statutes, as amended and supplemented to date, and the Charter of the Kennebunk, Kennebunkport and Wells Water District (the "District"), a public water facility improvement

project consisting of the design, construction and equipping of the Donnell's Bridge Water Main Replacement in Ogunquit Project (the "Project"), is hereby approved; and

That a sum not to exceed \$147,965 is hereby appropriated to provide for the costs of the Project (the \$147,965 appropriation represents an increase of the total appropriation for such Project from an appropriation of \$80,000 made for the Project as part of the 2015 Capital Budget approval process on November 11, 2014); and

To fund said appropriation, the Treasurer and the President of the Board of Trustees are hereby authorized to issue, at one time or from time to time, bonds, notes or other evidences of indebtedness of the District (the "securities"), including temporary notes in anticipation of the sale thereof, in an aggregate principal amount not to exceed \$147,965 and the discretion to fix the date(s), maturity(ies), denomination(s), interest rate(s), place(s) of payment call(s) for redemption, form(s), and other details of said securities, including execution and delivery of said securities against payment therefor, and to provide for the sale thereof, is hereby delegated to the Treasurer and the President of the Board of Trustees.

VOTE AUTHORIZING ISSUANCE OF UP TO \$763,560 WATER REVENUE BONDS OF THE DISTRICT TO FUND THE COSTS OF THE MILE STRETCH ROAD AND BIDDEFORD POOL PROJECT

On a motion by Mr. Burrows, seconded by Mr. Emmons, it was unanimously voted:

That under and pursuant to the provisions of Title 35-A, Section 907 of the Maine Revised Statutes, as amended and supplemented to date, and the Charter of the Kennebunk, Kennebunkport and Wells Water District (the "District"), a public water facility improvement project consisting of the design, construction and equipping of the Mile Stretch Road Water Main Replacement in Biddeford Pool Project (the "Project"), is hereby approved; and

That a sum not to exceed \$763,560 is hereby appropriated to provide for the costs of the Project (the \$763,560 appropriation represents an increase of the total appropriation for such Project from an appropriation of \$720,000 made for the Project as part of the 2015 Capital Budget approval process on November 11, 2014); and

To fund said appropriation, the Treasurer and the President of the Board of Trustees are hereby authorized to issue, at one time or from time to time, bonds, notes or other evidences of indebtedness of the District (the "securities"), including temporary notes in anticipation of the sale thereof, in an aggregate principal amount not to exceed \$763,560 and the discretion to fix the date(s), maturity(ies), denomination(s), interest rate(s), place(s) of payment call(s) for redemption, form(s), and other details of said securities, including execution and delivery of said securities against payment therefor, and to provide for the sale thereof, is hereby delegated to the Treasurer and the President of the Board of Trustees.

**VOTE AUTHORIZING ISSUANCE OF UP TO \$600,000 WATER REVENUE BONDS OF THE DISTRICT
TO FUND THE COSTS OF THE AUTOMATED METERING INFRASTRUCTURE (AMI) RADIO READ
TECHNOLOGY PROJECT**

On a motion by Mr. Burrows, seconded by Mr. Emmons, it was unanimously voted

That under and pursuant to the provisions of Title 35-A, Section 907 of the Maine Revised Statutes, as amended and supplemented to date, and the Charter of the Kennebunk, Kennebunkport and Wells Water District (the "District"), a public water facility improvement project consisting of the costs associated with replacing obsolete water meters automated metering infrastructure (AMI) radio read technology project (the "Project"), is hereby approved; and

That a sum not to exceed \$600,000 is hereby appropriated to provide for the costs of the Project (the \$600,000 appropriation represents a \$265,700 appropriation made for the Project as part of the 2015 Capital Budget approval process on November 11, 2014 and a \$334,300 additional appropriation made for the Project on April 29, 2015); and

To fund said appropriation, the Treasurer and the President of the Board of Trustees are hereby authorized to issue, at one time or from time to time, bonds, notes or other evidences of indebtedness of the District (the "securities"), including temporary notes in anticipation of the sale thereof, in an aggregate principal amount not to exceed \$600,000 and the discretion to fix the date(s), maturity(ies), denomination(s), interest rate(s), place(s) of payment call(s) for redemption, form(s), and other details of said securities, including execution and delivery of said securities against payment therefor, and to provide for the sale thereof, is hereby delegated to the Treasurer and the President of the Board of Trustees.

Annual System Development Charge (SDC) Update

The Superintendent outlined the calculations that were undertaken in the annual update of the System Development Charge (SDC). The result proposed a slight decrease in SDC fees as follows: ½" meter, \$549 (from \$559), 5/8" meter, \$1,402 (from \$1,429) and ¾", \$5,264 (from \$5,260). The decrease in the proposed SDC was due to several District-installed SDC projects being completed for less than what was budgeted in the District's Comprehensive Plan. The proposed effective date is August 1, 2015.

On a motion by Mr. Littlefield, seconded by Mr. Burrows, it was unanimously voted to adopt the updated SDC fees as presented and proceed to file the update with the PUC.

Branch Brook Rattling Bridge Repair by Wells NERR

The Superintendent reported that the Wells Reserve will be doing some work at the site of this old stone bridge structure that crosses Branch Brook. He distributed a photograph that illustrated several large stones that are inhibiting a clear fish passage. Around July 4th, Well

NERR will be conducting a demonstration project, utilizing a manually-operated grip hoist to remove and relocate the stones. The District has entered into a written Memorandum of Understanding (MOU) with them, with liability and indemnification issues appropriately addressed and approved by our insurance carrier.

LD 1124 – An Act to Manage Risks Associated with the Installation of Natural Gas Pipelines

The Superintendent reported that it now appears that a modified bill will work its way through the legislative process, mandating a 3-foot horizontal and 1-foot vertical separation between gas lines and other underground utilities. This compromise will likely be approved.

Other Business

- The Superintendent summarized the District's Open House that was held on May 2nd at the Office Complex in conjunction with the Town's May Day festivities. Mr. Oliver added his compliments for the outstanding coordination by the Administrative Assistant that resulted in another successful Open House.
- The Superintendent brought the Board's attention to a thank you letter from the Kennebunk Events Committee for the District's participation in the May Day event.
- The Superintendent was pleased to share a kudos letter regarding the technical help and assistance that was provided by the Technical Services Manager to a customer requesting the cost for a main extension.
- The Superintendent reported that he attended an Ogunquit Selectmen's meeting on May 5th. The Ogunquit Fire Chief confirmed that the hydrant in question (near the scene of the fire) which had been out of commission during the main replacement project was put back into service prior to the arrival of the Fire Department and did not pose a delay in their firefighting efforts.

Next Meeting

The next regular meeting of the Board of Trustees is scheduled to be held on Wednesday, June 24, 2015 at the Filtration Plant, 135 York Street, Kennebunk.

Adjournment

On a motion by Mr. Littlefield, seconded by Mr. Burrows, it was unanimously voted to adjourn the May 27th meeting at 4:05 pm.



Wayne A. Brockway, Clerk