

SEPTEMBER 23, 2013

Minutes of the monthly meeting of the Municipal Services Commission held September 23, 2013 at the office of the Commission, 216 Chestnut Street. The meeting was called to order at 4:00 P.M. with Robert S. Appleby, President, Commissioner, presiding.

Attendance Report:

Present:

Robert S. Appleby, President, Commissioner  
Daniel F. Knox, Commissioner  
Dr. Roy J. Sippel, Commissioner  
Pamela A. Patone, Secretary  
Jay Guyer, Water Supervisor  
Scott Blomquist, Electric Supervisor  
Mary Jane Stubbs, Treasurer

Special Guest: Joseph Bonasera, Summit Financial Corp  
Jason Denton, Summit Financial Corp, via telephone

PRESENTATION OF PENSION PLAN VALUATION AND INVESTMENT REVIEW-  
SUMMIT FINANCIAL CORPORATION- JOSEPH BONASERA AND JASON DENTON

Mr. Bonasera introduced Mr. Denton the actuary for Summit Financial and advised that he would present the pension plan valuation. Mr. Denton explained that the pension plan year is a calendar year and estimated benefits have consistently been calculated based on a calendar year. The Municipal Services Commission operates on a fiscal year beginning April 1<sup>st</sup>, it was requested by Secretary Patone that the valuation reports be presented on a fiscal year. Mr. Denton indicated that since the MSC is a governmental entity and does not have any required IRS filings that presenting on a fiscal year would not require any additional administrative work and would allow for easier presentation in the financial statements.

Mr. Denton reviewed the plan valuation highlighting the demographics of the employees, assumptions utilized in the actuarial calculations and the benefit improvements as a result of union negotiations in the past year. Commissioner Appleby questioned whether the funding percentage was consistent with other plans that Summit has seen. Mr. Denton reported that the funding percentage for the MSC plan is currently 70% which is consistent with other governmental pensions that Summit has seen. He advised that the expectation would be to have the plan moved toward 100% funding. Secretary Patone asked for an update on the mark to market proposal from GASB for the investment return rate utilized in the calculations and the requirement to record the pension liability on the financial statements. Mr. Denton advised that 7% is the current asset rate of return utilized and the new rules appear to be able to utilize this rate for this plan, however, the changes will not take effect until 2015. Mr. Denton's portion of the presentation was then complete and the telephone call was disconnected.

Mr. Bonasera then reported on the investment results of the pension plan. He discussed the economy and its effect on investment returns. Mr. Bonasera reviewed the types of investments

and reminded the Commissioners of the reallocations made last month from treasury bonds to corporate bonds and multi sector bonds. This would allow the investment managers flexibility with types of bond purchases. Commissioner Appleby questioned whether there were any changes being recommended for equities. Mr. Bonasera advised that the equities were performing as expected and he was not recommending any changes.

Mr. Bonasera then went on to discuss his recommendations outside of the pension plan. Mr. Bonasera indicated that currently the Commission has investments with Prudential and Vanguard. He noted that the Vanguard intermediate term treasury fund is a great fund but it is susceptible to rising interest rates. Mr. Bonasera advised that he would recommend investing more in the Prudential Short-Term investment. In addition, he would invest in the Oppenheimer floating rate funds that allow for corporations that are a little below investment quality bonds which will assist with the rising interest rates. He went on to advise that an investment should also be made to the Pioneer Strategic Income which is an unconstrained bond fund where the investment managers have flexibility in the bond purchase decisions. In summary, the recommendation was to have the investments as follows: \$300,000 Prudential Short-Term Corporate Bd A LW, \$250,000 Pioneer Strategic Income Y, \$250,000 Prudential Total Return Bond A LW, \$100,000 Oppenheimer Senior Floating Rate I, and \$100,000 Vanguard Intermediate Term Treasury Adm.

Commissioner Appleby thanked Mr. Bonasera for his report and Mr. Bonasera left the meeting.

## MINUTES

With the concurrence of all the Commissioners the minutes of the August 22, 2013 regular monthly meeting were approved without alteration.

## WATER DEPARTMENT REPORT

Supervisor Guyer reported that the flushing of the water system in Riverbend was done again this month to maintain the chlorine residual and billed to the owner Cecil Bank.

Supervisor Guyer reported that the as-builts for Seeds of Greatness Church have been received and will be reviewed. He advised that water has been turned on temporarily at this location for the contractor to perform some testing. He went on to report that the Washington Street Project is complete with the exception of three locations. These locations will be completed when the work on the 7<sup>th</sup> Street drainage culvert is complete. Supervisor Guyer indicated that the inspector from Pennoni Associates (PA) has resigned on good terms and has transitioned the work and provided information and photos regarding the project. Supervisor Guyer indicated that since the project is approximately 95% complete the MSC will do any remaining inspections necessary and this has been communicated with Dan Barbato of PA.

Supervisor Guyer reported the Certificate to Construct from the Office of Drinking Water has been received for the 12" water main extension on Delaware Street, the material list went out to bid and Fergusons was the lowest bidder. He expects delivery on or about September 30<sup>th</sup> and for installation to begin the beginning of October.

Regarding the GIS system, Supervisor Guyer reported that the data points for mapping the water system were collected from East 3<sup>rd</sup> through 6<sup>th</sup> Street and that Assistant Supervisor Jaeger is working with ESC, Inc. to get the connectivity for the water system working. He reported that the Penn Farm Well Head Protection Areas continue to be maintained by the MSC Water Operators. He then advised the Commissioners that at 5 commercial locations the iTron ERTs in the water meters began experiencing problems and the ERT's have been removed and returned to iTron to resolve. The final 2 commercial meters that the MSC has taken ownership of will be replaced within the next few months.

Supervisor Guyer advised that the fire service at 802 W. 13<sup>th</sup> Street and the three homes on Moore's and Brylgon Street were all complete in accordance with the Commission's standards and final billing will be completed.

Supervisor Guyer reported that Secretary Patone, Supervisors Blomquist, Granger, Jaeger and he met at School Lane to discuss the feasibility of installing a small Solar Array with the funds MSC currently has for these types of projects. He indicated that they discussed location, security, interfacing with the electric system, and the expandability of the array.

Supervisor Guyer reported 11 planned water outages, 10 relating to the Washington Street Project and 1 related to MSC removing an abandoned fire hydrant tee and valve on Frenchtown Road. He then communicated that AC Shultes submitted the final report for all the pumps and motors. He advised that the report did not make any recommendations for service or redevelopment work at this time. He went on to report that the security panel at the Million Gallon Tank failed and it was replaced under warranty.

Supervisor Guyer reported that the new printer/copiers from KDI, Inc. were delivered and are being set up. He indicated that Truck 8 went in for service due to a fuel system problem and the fuel transfer pump and level sensing switches were replaced at a cost of \$1,127.88. In personnel, Supervisor Guyer reported that the annual evaluations for union personnel were prepared and would be presented in the following week.

Commissioner Appleby questioned the value of the old printer that was given to the City Building Official Jeff Bergstrom. Secretary Patone indicated that KDI, Inc. would not give a trade in value for the copier due to the discontinuance of any support and materials. Jeff Bergstrom requested to be given the equipment for City of New Castle to utilize and Secretary Patone approved.

## ELECTRIC DEPARTMENT

Supervisor Blomquist indicated that the Seeds of Greatness Church electric service was shut down on September 17<sup>th</sup> for the installation of the fire pump service. He reported that an invoice for work to date was submitted to DelDOT and that there is one more pole that needs to be set before completion of the project.

Supervisor Blomquist reported that he and Secretary Patone spoke with Allen Allhouse with Carew Associates regarding obtaining a quote for a feasibility study to provide electric service for the Airport Plaza Shopping Center. He advised that DelDOT has given verbal approval for the MSC to install conduit under DelDOT's permit for the 273 Multi-Use Trail. He indicated that materials for the project have been put out to bid and ordered and that he had received a quote for the bore under the tree from one company. Commissioner Knox questioned the policy regarding obtaining quotes. Secretary Patone indicated that for larger projects an attempt to obtain three quotes is standard. Supervisor Blomquist indicated that he would be attempting to obtain additional quotes.

Regarding the capacitor banks for the electric system, Supervisor Blomquist reported that delivery had not yet been received. He advised that the Moores Lane & Brylgon projects were being reconciled with accounting. He continued that there are SCADA alarms that needed to be corrected with Keystone and that Assistant Supervisor Granger was addressing this issue.

Supervisor Blomquist reported that he was working with Carew Associates to assist in the design of a small solar array at the School Lane Treatment Facility. He went on to report that after meeting with the owner of 25 The Strand regarding electric lines that are attached to her home, Secretary Patone asked for him to create an estimate of costs to remove the electric lines and put them underground. He indicated that he provided the quote to Secretary Patone.

Regarding outages, Supervisor Blomquist reported a scheduled outage that took place at Tesla to make repairs to the secondary connections. He advised that the issue was identified as a result of the infrared testing performed by Compliance Environmental. In addition, he reported several switches in Centerpoint Industrial park were disconnected, cleaned and reconnected but an outage was not required. The last item relating to the infrared testing relates to transformers at Ferry Cut Off which Supervisor Blomquist reported will need to schedule an outage to clean all the connections and a second set of neutral jumpers.

Supervisor Blomquist reported that Utility Engineers agreed to pay for the damages caused by the design issue that resulted in the ammeters malfunctioning. They agree to issue a credit for their time spent on the issue. Commissioner Appleby advised that payment in check would be preferred. Secretary Patone will be following up with Utility Engineers. Supervisor Blomquist obtained quotes for testing of the substation. He went on to report that the Electric Department union personnel evaluations are complete and will be presented on September 24, 2013.

Commissioner Appleby thanked the Supervisors for their attendance and they left the meeting.

## FINANCIAL REPORT

Secretary Patone reported that the Commission's attorney sent a letter to the Department of Education regarding the outstanding debt of Pencader Charter School. Secretary Patone indicated that she communicated to the City of New Castle's State Senators and Representatives about the issue and she was pleased to have heard from both Senator Rose Margaret Henry and Representative Michael Mulrooney that they would inquire into the situation. She went on to report in Collections that Tesla Industries, Inc. in Centerpoint has been delinquent and is being assessed a deposit on their account.

She reported that the month ending August 31, 2013 reports showed that "Cash" decreased \$50,000 from the previous month. In "Revenue and Expenses" the "Change in Net Assets" was an excess of net assets in the amount of \$81,000 which is better than the budgeted excess of \$10,000. She reported that the Water Department is reflecting an excess of approximately \$34,000 and Electric reflected an excess of approximately \$47,000. Secretary Patone reported Vanguard has decreased approximately \$5,000 and Prudential has increased \$4,000 from last month. She advised that overall the investment performance is down for the fiscal year

She said in "Control Procedures" that Supervisor Jay Guyer reviewed the bank statements for August.

Secretary Patone indicated that as was reported by the Supervisors the standard copier and wide format copier have been received and are being set up. She also reported that she did speak with the engineers regarding the ammeter design failure and they agreed to pay the costs associated with the issue and she will speak with them regarding issuing a check for the fees paid to them instead of a credit. She advised that she anticipates having quotes for the Airport Plaza feasibility study at the next Commission meeting. Lastly, she indicated that the Smart Meter Consultant project is still in progress. The Commissioners questioned Treasurer Mary Jane Stubbs regarding a few disbursements. Treasurer Stubbs was able to answer the inquiries with no follow up required.

Upon motion made and unanimous approval, the Commissioners accepted the financial report for the month of August and approved the payment of the August bills attached hereto.

## SECRETARY'S REPORT

Secretary Patone reported that she and Commissioner Appleby will attend DEMEC's and AMP's Board meeting on September 25, 2013.

## OLD BUSINESS

Secretary Patone reported that she and Supervisor Blomquist already reported on Airport Plaza Shopping Center feasibility progress.

NEW BUSINESS

Upon motion made and unanimous approval, the Commissioners voted to move forward with the investment recommendations made by Joe Bonasera of Summit Financial.

Secretary Patone reported that the owner of 25 The Strand is indicating that the wires attached to her home serves her neighbor and that she would like the lines put underground. The Commissioners reviewed the estimated costs associated and instructed Secretary Patone to do some research and to contact Comcast and Verizon.

Commissioner Appleby reported that the Trustees of the New Castle Common will be paving the parking lot at the Bellanca Airfield and they want to install light fixtures. The Trustees would like the Commission to consider putting the electric service underground.

Upon motion made and unanimous approval, the Commissioners voted to approve contributing the labor and MSC equipment for the Bellanca underground electric service project with the provision that the Secretary be provided with information from the Trustees regarding the environmental remediation and the Trustees being billed for materials.

Secretary Patone reported that she will be asking Supervisor Blomquist to perform the complete testing of the Wilmington Road Substation now that the renovations are complete which will cost \$13,000 per the quote provided by Cable Testing. She indicated that the funds would come from the Substation bond money.

Secretary Patone went on to report that she is tracking the telephone and visitors that call or come into the office to track the activity in the office. She advised the Commissioners that the Electric linemen will be assisting the Planning Commission with installation of a few directional signs on light posts. Secretary Patone declined having any signs placed on utility poles. Secretary Patone went on to update the Commissioners on the linemen tree trimming activities.


SEPTEMBER MEETING

The Commissioners set the date of the next monthly meeting to be October 30, 2013 at the office of the Commission, 216 Chestnut Street, New Castle, DE 19720.

ADJOURNMENT

By motion made and unanimous approval, the Commissioners voted to adjourn.

Approved 10-30-13  
Date

  
Pamela A. Patone