

# BOARD OF PUBLIC WORKS

## *Vision*

The Board of Public Works exists to improve the quality of life of the customers we serve.

## *Mission*

We are dedicated to providing our current and future customers with utility and other value added services in a safe, reliable, and economical manner consistent with sustainable growth, community involvement, and environmental stewardship.

**Regular Meeting of the Board of Public Works was held at 107 Franklin Ave Upstairs,  
Lewes Delaware on November 18, 2015 at 7:00 pm.**

Board Members Present:

*C. Wendell Alfred*  
*D. Preston Lee, P.E.*  
*Jack Leshner*  
*A. Thomas Owen*  
*Nancy Levenson*

Ex-Officio Members Present:

*Theodore Becker, Mayor*  
*Darrin Gordon, General Manager*  
*Glenn C. Mandalas, Legal Council*

Others Present:

Vicki Friend, 43 Sussex Drive  
Douglas Spelman, 121 Samantha Drive  
Paul Eckrich, City Manager  
Dave Bernheisel, 66 Sussex Drive  
Claudio Smarrelli, 27 Sussex Drive

## **1. WELCOME, CALL MEETING TO ORDER AND PLEDGE OF ALLEGIANCE.**

At 7:00pm President Alfred welcomed everyone, called the meeting to order and led Pledge of Allegiance.

## **2. ROLL CALL**

All members present

## **3. REVISIONS AND/OR DELETIONS TO THE AGENDA**

None

## **4. CONSENT AGENDA**

- a) Receive the General Manager Monthly Report**
- b) Receive Severn Trent Report for October**
- c) Receive President Report**
- d) Receive Vice-President Report**
- e) Receive Secretary Report, Approve Regular Minutes October 28, 2015**
- f) Receive Treasurer Report**
- g) Receive Asst. Treasurer Report**

Motion to approve consent agenda.

**5. Open forum/general discussion of the current financial reserve policy. INFORMATION/ DISCUSSION/ACTION ( D. Gordon,)**

Handout: Addendum to the Statement of Objectives and Investment Guidelines for the Investment of Board of Public Works Funds.

Mr. Gordon discussed the decisions to modify the account restraints due to the limitations which are currently inconsistent with our investment objectives. The risk tolerance of this portfolio is considered conservative. The allocation of assets may also include: Equities, Corporate/Foreign Fixed Income, Municipal Debt and Alternative Investments.

Mr. Gordon explained guidelines and the concerns brought again that it is too broad especially in the equities. Following are the constraints set in place with respect to asset class ranges:

1. Equities must not exceed 60% or be less than 20% of the portfolio.
2. Fixed Income must not exceed 70% or be less than 30% of the portfolio.
3. Alternative Investments must not exceed 15% of the portfolio.
4. Cash may not exceed 15% of the portfolio.

Mr. Gordon's recommendation is to leave as is and to monitor regularly.

Board Discussion:

Mr. Owen thought that Item #2 was totally inflexible. He is comfortable with it not exceeding 60% without being fixed.

Mr. Leshner emphasized the point that it does not have to be 60%. He likes the idea that there is wiggle room to make changes and is in favor of leaving it the way it is.

Ms. Levenson also stated that she would leave it as is. She spoke on Item #4 which cannot exceed 50% with cash and in extreme market situations would hate to be bound. She is fine with Item #1.

Mr. Lee: *I have a grave concern with 60% in equities, I see no reason we need to have it there or over 30%. We really leave our customers and the Board to devastation. Things happen quickly and sometimes changes need to be made. Cash 50% no problem.*

Mr. Owen commented on the 60% which is really 27%.

Mr. Alfred: A long time spent talking about 30/35%. And he clearly cannot imagine getting up to 60%.

However this policy was presented to us with help of auditor. He suggested that Andy and Tim be invited to January meeting to discuss.

The Board agreed to move this item to January meeting and ask Tim and Chesapeake Group to attend to resolve issue.

**6. Open forum/general discussion and approval of the annual donation to the Lewes Fire Department. INFORMATION/ DISCUSSION/ACTION (D. Gordon)**

Mr. Gordon: It is time to support Lewes Fire Department. For public's information, resolution states that the one and only non-profit the Board can support is the Lewes Fire Department. Board has made donation since 1923 when they bought a hose for the LFD. Last year's donation was \$25,000 and the recommendation was for the same amount (\$25,000) this year.

City donated \$30,000 per Mayor.

Motion made by N. Levenson and seconded by J. Leshner to donate \$25,000 to Lewes Fire Department which will be presented at their annual banquet the third week of January 2016. Motion carried.

**7. Open forum/general discussion of the authorization of the General Manager to sign the lease agreement and other required documents of the Schley Avenue "new" power plant building for the electric utility benefit. The discussion and action needed to meet City of Lewes requirements to complete the lease. INFORMATION/DISCUSSION/ACTION (D. Gordon)**

Mr. Gordon is working with Alevo to lease the Schley Avenue power house which is currently empty but for Lewes Bloom. He believes this will be an opportunity and benefit to citizens. The least will be \$50,000 per year with rental. Lease itself is \$48,000 and estimates another \$50,000 when savings start to

kick in. He asked the Board to consider signing the three documents associated with the lease.

Since Alevo will also become an industrial customer of LBPW, it is a win/win situation. These savings will not occur immediately but will take about a year.

Ms. Levenson asked if there were any variables that could impact.

Mr. Gordon replied absolutely. LPBW will make sure shell stays up and roof stays on. It is an old generating plant and any construction that may be required, Alevo will pay for it along with all engineering and battery costs. 0 cost to LBPW.

Mr. Owen: Alevo will be painting building and putting up shrubbery which will improve the look of the location.

At a DEMA meeting transmission and capacity charges were discussed per Mr. Gordon. Looking at a couple % drop in rate next year. There are legal issues going on above us but not a done deal. These are wild cards.

Lewes is close to the end of the line and they are asking for more money generators. It will certainly affect the peak charge and is more than we have now.

Mayor T. Becker asked Mr. Mandalas about the full lease.

Mr. Mandalas explained that it was a 5-year term with four (4) 5-yr automatic extensions. There is not a built-in escalator. Deed owned by City. A signature on behalf of the city is needed and the Board Chair was authorized to sign. There is an option to cancel. The signage was addressed and it will be according to city code. Alevo said it was not going to be a big gaudy sign and City will have a voice.

Mr. Lee: Lewes & Bloom moving to other part of building. They are not being kicked out of the building.

A motion to adopt the resolution that Board Chairman C. Wendell Alfred be authorized to take action between LBPW and City of Lewes was made by Mr. Owen and seconded by Mr. Lee. All in favor and motion approved.

#### **8. MEETINGS ATTENDED BY BOARD MEMBERS OR STAFF.**

Mr. Leshar attended meeting in Millsboro,

Mr. Lee with Mr. Gordon, attended meeting with Mr. Mark Eisner, hydrogeologist for Village Center, GM of Connxx regarding wireless meter reading, Tidewater and City Council.

#### **9. BOARD OR STAFF REQUESTS FOR AGENDA ITEM(S).**

#### **10. CALL TO THE PUBLIC:**

Mr. Dave Bernheisel, Highland Acres. History of annexation of Highland Acres (HA). There were serious hard feelings and in 1957 Highland Acres disjoined from city. For 40 years HA has attempted to get back into City. This was met with cool reception. An informal straw poll overwhelmingly rejected the idea. This issue has surfaced again and the City is much more receptive and HA more organized. At an election about 2/3 for annexation and 1/3 against. The view of the opposition to annexation was HA did not want to be a cash cow for the city. Now water and sewer are coming and the City wants us to pay impact fees to develop infrastructure, and finally user fees to use what we have funded twice. This is going to be expensive for HA citizens. We are asking for help to share some of the cost burden which would send a message to opposition that the City is not looking for HA to be a cash cow.

Mr. Alfred: No action can be taken tonight. Will defer to General Manager. Thanked Mr. Bernheisel on a well-presented statement.

Mr. Doug Spelman, 121 Samantha Dr., asked about the street light intersection of Samantha and Park Rd. Wanted to get on the record to have it done at some point.

Mr. Gordon answered that they are getting a price.

There is a HA citizens group meeting tomorrow night at 7 PM. Since Mrs. Vicki Friend of 43 Sussex was unable to attend, she was asked to stay after the meeting to discuss.

**11. CALL TO THE PRESS**

none

**12. ADJOURNMENT**

A motion was made to adjourn at 7:42

\*minutes not approved at Meeting January 27,2016 correction per D. Preston Lee duplicated line removed and wording from D. Preston Lee on the Financial Reserve Policy.\*