

01/2012

Minutes of a PUBLIC MEETING of
The Brick Township Municipal Utilities Authority Held on
May 21, 2012 beginning at 6:00 p.m.

1. SALUTE TO THE FLAG OF THE UNITED STATES OF AMERICA

2. CHAIRMAN'S OPENING STATEMENT

Vice Chairman Buttacavoli called the meeting to order and read the following statement: *This meeting is being conducted pursuant to the Open Public Meetings Act, being Chapter 231 of the Laws of 1975. In accordance with the requirements of this law, a Meeting Notice was published on October 29, 2011 in the Asbury Park Press. Similar Notice was given to the Clerk of the Township of Brick and placed on the bulletin board maintained for this purpose by the Authority."*

3. ROLL CALL

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|-----------------------|---------|
| Allan E. Cartine | Present |
| George Cevasco | Present |
| Joseph P. Buttacavoli | Present |
| Edward McBride | Present |
| John Ciocco | Present |

Absent:

Patrick L. Bottazzi
Joseph M. Veni

Staff & Consultants Present

James F. Lacey, CPWM, Executive Director
Frank Planko, CFO
Frank Pannucci, Director of Customer Accounts
Joseph Maggio, PE, Director of Water Quality
Steve Specht, PE, Director Engineering/Operations
Scott Bundy, Director of Central Services
Marie Sylvester, Executive Supervisor
Jerry J. Dasti, Esq. Authority General Counsel
John S. Truhan, PE, Authority Consulting Engineer
Frank Holman, CPA, Authority Auditor

4. Directors' Reports

a. James F. Lacey, CPWM, Executive Director

Director Lacey advised, "There is not a terrible amount to report. We are moving forward on one of our projects on the Mantoloking Storage tower telecommunications which I understand Mr. Specht will carry through. Also we have a shared service agreement with the Borough of Bay Head on some sewer work. We have some financial issues to talk about with bonding tonight. We have some requests to go to bid on some pipes and appurtenances and we just had a couple of main breaks over the course of the month since last meeting...for a winter that wasn't very cold and the ground not moving you would think we wouldn't have them but we are continuing to have them as our system gets older. Other than that we have some personnel for closed session, possible litigation and contractual and that's all I have right now."

b. Stephen T. Specht, PE, Director of Engineering/Operations

Director Specht advised, "There are no developer applications tonight. There is just one application for release of performance bonds with regards to ASR Well No. 15A. The contractor has expended his time for developing the well and it has not reached the potential that we anticipated so additional development is probably required. A request for a quotation has been sent to the contractor that was compiled by our engineer CH2M Hill with regards to the abandonment of Well No. 10. We have not heard back formally from the NJDEP on our request for the waiver. Hopefully we will have a response from them later this week. As Director Lacey alluded to I have four resolutions on the agenda tonight which we will go over when we reach that part of the meeting and that will about do it for tonight Mr. Chairman."

c. Frank Planko, Chief Financial Officer

Director Planko advised, "I have three items that I want to mention. First of all the auditors finished their in house portion of the audit and I'm sure they are in the preparation stage of putting the financial documents together. The Auditors want to update us on the latest arbitrage calculations which we will do during the Finance Committee reports. Also as I mentioned last month, we talked briefly about capital funding. We talked about that in more detail at our Finance Comm. Meeting on Friday and we will talk further on that again during our Finance Committee Report."

d. Joseph Maggio, PE, Director of Water Quality

Director Maggio advised, "At the end of last week we received some excellent news. The Authority was selected by the Barnegat Bay Partnership to receive its Guardian of the Barnegat Bay Award. This is in recognition of our Source Water Protection Program and will be a long standing high quality source of drinking water for us. The Metedeconk River is also a tributary in part of the watershed for the Barnegat Bay. This is quite an honor and it will be awarded on June 3rd at the Barnegat Bay Festival in Island Heights. Last year's recipient was Governor Christie so this is quite a prestigious award and quite a pat on the back for all the effort we put into source water protection and protecting the Metedeconk. In addition to that as you know during April we undertook a distribution system flushing. It was completed on May 2nd and that was significantly ahead of schedule. Normally this takes six weeks and this year it took about three and half weeks. We had a minimal number of customer concerns and complaints. In the past dirty water is normally an issue but this year the flushers did a very good job and I think our high water quality that we put into the system really minimized instances of dirty water. Staff did a really good job on that. On the subject of source water challenges as everyone has noted we have seen some much needed rain over the last several weeks. We were really going into drought conditions which prior to summer could have really spelled trouble for us in terms of

source water availability. There is still a water deficit because we have had minimal rain. It did rain the beginning part of the year, but hopefully the rain we are seeing now will improve conditions going into summer.”

Comm. Cartine stated, “Through the chair, I sent a memo, an email back when I heard that you guys got that award and I asked you to notify also and inform the Mayor and Township Council of the award so they have knowledge of it. Has that been done?”

Director Maggio replied, “Now that the Board has been formally notified I will work with Director Lacey tomorrow to notify the Mayor and Council.”

Comm. Cartine continued, “You said we had minimal complaints with regards to the flushing. Can you give me an idea of how many?”

Director Maggio replied, “I am going to say it was less than ten. It was really minimal and some of them were people just asking what people are doing on our street. There were very few dirty water complaints. Normally we keep a supply of this material you can add to your clothes washer in case dirty water soils the clothes to remove manganese and iron and this year we didn’t even have to give any of that out. So it was a very successful flushing effort.”

e. Scott Bundy, Director of Central Services

Director Bundy advised, “I have two items on the agenda tonight. One is a special use request at the Reservoir which when we get to that on the Agenda I will tell you exactly what it is. The other is a renewal of our flood insurance policies. I also want to let the Board know that the Board of Education did approve our shared service agreement last Thursday at their meeting. I sent some pictures which I think Marie may have given to you. We had a nice walk up there on Saturday with about 300 people. Some pictures were taken so I passed them out to you guys.”

Vice Chairman Buttacavoli stated, “I noticed there was something about the Reservoir pathway to the other parking lot - we are having problems with Wall Township that they don’t want rocks they don’t want this and they don’t want that.”

Director Bundy advised, “They do want rocks. We don’t want rocks.”

Vice Chairman Buttacavoli asked, “Isn’t there a material that is like rubberized mulch that water passes through. Have we considered that?”

Director Bundy advised, “We have proposed several products to the wall Township officials. The Township planner is not willing to look at any of them and we are looking at the next step now which will probably be to go for a variance.”

Comm. Cartine stated, “Through the chair, these products have they or are they DEP approved?”

Director Bundy replied, “I don’t know the answer to that.. I can show you the stuff I have in my office.”

Comm. Cartine advised, "I know what the stuff is and I know it allows water to soak through into the ground. I think I know the answer to this, but I need for you to get an official answer that you can give to the Wall Township Planning Board or the Township Planner that the material that we want to use is green and is sound and is approved by the DEP. I think they have to know that and I wish that you would contact the DEP and get a letter stating to that fact."

Comm. McBride asked, "I saw that we had seven elevation requests last month. Do we charge for those or that is a free service?"

Director Bundy advised, "It's pretty much just looking up the information in a book and giving it to them. It's that simple."

f. Frank Pannucci, Jr., Director of Customer Accounts

Director Pannucci advised, "This month we have four customer accounts reconciliations which we will go into in detail at the portion when the Board votes on them. Personnel for closed session. There are no purchases this month and most of May we spent with our auditors for our yearly audit."

Vice Chairman Buttacavoli asked, "I noticed in one of the reports and I don't know who it comes under that there was a problem with several computers and things had to be upgraded - is that just wear and tear and who will be able to answer that? Does anyone know?"

Director Lacey advised, "There could be some upgrades with software. I know there were some maintenance agreements with software. I guess some of our licenses may be coming up things like that."

Comm. Buttacavoli added, "These were like freezing up and things like that and it appears we needed to get new PC's. I didn't know if we had a problem or if it was just old age."

Director Lacey stated, "Some of the stuff is just starting to get old yes."

Vice Chairman Buttacavoli stated, "Before we get into the Commissioner Committee Portion of our meeting I would like to welcome our guests. I would like to welcome Council President Ducey and our other guests, Councilman Fozman also. I see the family of Chuck Scheideler is here. Is there something that you wanted to bring up so that we don't keep you here all night or you just want to see the meeting?"

Mr. Scheideler stated, "Mr. Chairman we would like to wait and see what gets done at the meeting and then we would like to speak under the public forum."

5. Commissioner Committee Reports

a. Construction, Buildings & Grounds Committee

Vice Chairman Buttacavoli stated, "Construction Committee Buildings and Grounds that comes with me and really just about everything that was said by Director Specht, Maggio and Bundy was covered in that. We do not have applications at this time so that report has already been covered."

b. Finance Committee

Vice Chairman Buttacavoli advised, "Finance Committee, I have to apologize I know Comm. Cartine attended the Finance Committee meeting. I had personal things come up at the last minutes so Comm. Cartine I would appreciate it."

Comm. Cartine advised, "I attended the meeting on an emergency basis. In attendance was our CFO Frank Planko, our Financial Consultant Noreen White, our accountant Jerry Conaty and I and Jim Lacey were in attendance. We are going to go into that now and I'm going to turn this over to Frank Planko, but before I do, we have what I call a pocket resolution that was suggested and approved by the Finance Committee. It is a resolution declaring its official intent to reimburse expenditures for project costs for proceeds of debt obligations. At this moment I want to turn this over to Mr. Planko for a breakdown and some detailed information on what we are trying to do."

Director Planko advised, "As the Commissioner mentioned we talked about a couple of things. Number one is Capital Funding. We also talked about our arbitrage which we will get to in a couple of minutes. The capital funding issue is something I talked about with the Board last month and meeting our capital needs for the future. We had the chance to meet on Friday as Comm. Cartine mentioned. Noreen white who is our financial advisor fortunately was able to make it here tonight and she may have a few comments later as well. I believe the memo and the summary of items that were discussed at the meeting were included in each folder for the commissioners. As I discussed last week, the capital source for our spending which is our future capital requirements account is approaching depletion. Right now after this bill resolution we are going to have about \$438,000 in that account. I anticipate probably by July we will utilize those funds particularly for some bigger projects that we are working on like Well No. 15. So we are going to have to look at both the short and the long term capital funding alternatives. In the short term it was discussed to utilize internal funding with the possibility of adopting a reimbursement resolution as commissioner Cartine mentioned. In simple terms what a reimbursement resolution is whatever funding we use from internal funds, whether from rate maintenance fund or NJEIT processing fund when we get bond proceeds we would reimburse that money back to our accounts. It is basically what is involved with a reimbursement resolution. As I mentioned in my notes I did use this mechanism back in 2008 and 2002 when we bonded for over \$30 million dollars for our Reservoir and with that reimbursement resolution in effect borrowed about \$2.8 million from our internal funds and paid it back when we got our bond proceeds. So this is an experience that we had in the past that worked very effectively that is why I brought it up to the Finance Committee. Comm. Cartine asked that I show a copy of the previous resolution to Jerry Dasti and Jerry in fact did draft up a copy to have in our back pockets for when the board does want to take action on that. It is a very effective means of reimbursing those funds if the Board's position is that they want to save our internal funding in the long run. What I expect to do over the next couple of days is to sit down with Director Specht and go over all the projects in our five year capital fund to see if any of them are NJEIT eligible. If there are any we will be able to borrow at a lower rate so it is the first thing I will do. Any projects that are remaining we have to consider for borrowing on a long or short term basis, but in the interim the most important issue we should talk about tonight is that short term funding for when I run out of funds in the future capital requirements account and that I be allowed to draw from the other internal accounts. We think it would be a good idea to have that reimbursement resolution in place."

Comm. Cartine stated that if our financial consultants have anything in addition to add to Director Planko's report.

Mr. Holman advised, "In that reimbursement resolution you are not deciding tonight to get reimbursed your cash down payment but it does provide you the option to do that later. Do I have that right Noreen? Right now in round numbers Frank has identified five years capital projects of about \$20 million. If you go along with moving some of the money around that Frank is recommended that could raise about \$5 million. So you are talking about a potential borrowing of \$15 million. Noreen is going to help us as to whether that should be a series of notes and then go permanent later or permanent up front. What this resolution will do is give you the option later on to borrow that \$5 million and replenish your funds or you may decide to just keep that as a down payment. So I think it is a good thing to do because you are really not committing to anything."

Director Planko stated, "We also have the option of going with bond anticipation notes which are on a shorter term and roll them over into actual bonds. We have a lot of options but the first thing we want to do is identify NJEIT and look at the remaining projects that we have and then get the approval to utilize these internal funds as Frank and I recommend probably with a reimbursement resolution."

Comm. Cartine asked, "Once again I think we discussed this at the meeting - is this the time to seek advice from Bond Counsel and I will address that to Noreen White."

Ms. White advised, "I think that once you identify whether or not these projects are NJEIT eligible we can then be in touch with bond counsel regarding the appropriate resolutions that need to be adopted in order to finance the projects. I think the most important thing is to prioritize these projects that are going to be financed and determine which are EIT eligible because those projects essentially are at a 50% market rate and the remaining projects that are there we can work with your CFO and auditor to make a determination as to what the appropriate amount of bonds would be that you might need to finance on your own. Given where interest rates are there may be some advantage to borrowing notes and then permanently financing at a later date. The benefit of doing notes to finance projects is that you would only borrow that amount which you would need for the next year because you would be looking to roll the notes over for the following year so that could help to minimize some of your interest costs over the long term. So once we have the good list that the commissioners approve in terms of projects that are there and know the break out between EIT and projects that you would need to fund on your own. We could then come up with a plan that will have the least impact on the rate payers in Brick."

Vice Chairman Buttacavoli stated, "I think it is very prudent to be looking ahead and not scramble in an emergency later on. That's a wise choice."

Comm. Cartine added, "I have to tell you Mr. Chairman I'm not a finance committee member but the scary part is I understand all this so it makes me wonder."

Director Planko stated, "We are already in a good position already because when we put together our budget book we also put together a five year plan so we have a very clear picture of what we need over five years line item by project. So we have a pretty good standing of where we stand and in what years we need that money in relation to what Noreen just summarized for the Board."

Mr. Holman advised, "I think the point that Frank made earlier though we do have a decrease in debt service coming up in a couple of years."

Director Planko stated, "Yes that is correct. I mentioned that last month. I guess I should reiterate it. We have a debt service drop off of over \$1 million which is why I think the timing is perfect for us to take on some additional debt now because I can fit that into our rate structure next year without a significant rate impact or perhaps no impact."

c. Rate Committee

Director Planko advised that we probably won't have a meeting of the Rate Committee unless something unusual comes up before the Board before the fall.

d. Reservoir Committee

Comm. Ciocco advised, "We have nothing significant to report. We just have one special use and there were a couple of discussions about signage."

e. Watershed Committee

Comm. Cartine advised, "On April the 26th in Jackson Township the stakeholder advisory committee held its meeting. During the meeting it was discussed what projects we should prioritize for this year. If I remember the survey was emailed out to all the stakeholders. I was one of those people that received the email and it suggested 12 projects. The advisory committee were going to take the top five projects on that list and utilize the money that we have which is approximately \$466,000 to spend on those projects. Those projects were sent to us with Google maps outlining the areas of concern. There were 12 areas of concern which stretch from Brick Township way into Jackson and the hinter lands so to speak. I selected and prioritized my potential needs and interestingly enough one of those sites was adjacent to the parking lot off of Lanes Mill Road where there is an area that is a sore point for us. It is a pollution source point. I voted that to be one of the top five projects but important enough there are areas of concern that begin way out in Jackson Township. There are pollution sources that emanate from the very beginning of the river system. It is important that those areas also be projected and improved with this money if we can do that in the next year. So the project is moving along and I believe the draft of the priority needs will be sent to DEP or have been sent to DEP. The DEP will be receiving a final draft of our choices for the top five projects that we voted on."

f. Alternate Water Source/Energy Committee

Comm. Cartine stated, "What we have talked about and it's an ongoing project. We are looking at wind turbine power at the Reservoir. We are in Phase II where we are now contacting the people that own that tower on our property to see if we can affix the instruments to the top of that tower that would monitor the wind power over the next I think year and compiling the data at that time to see if it is feasible to put a turbine there."

g. Hazmat Liaison/Committee

Comm. Cevasco advised, "I attended the conference in Atlantic City. It was quite interesting knowing that first responders have other duties other than what are imagined. The coordination and direction behind the scenes was something that was an eye opener for me and I give them all the credit for doing what they do."

Vice Chairman Buttacavoli asked, "I believe we had a drill this past month with the hazmat."

Comm. Cevasco advised, "That was the drill that was held here and we had a simulated chlorine leak and the alarm went off. The personnel assembled and I said before it was a nice thing to see the coordination of the individuals involved and how each one knew what the other was doing and there was virtually not verbal communication from anyone. Everyone knew what had to be done. The point of alarm was identified through the instrumentation that we have in the buildings and it was just something to watch especially when you are under the gun and you are there to do a job and someone is watching."

h. Security Committee - Exempt

Vice Chairman Buttacavoli advised that the Security Committee will give their report during Exempt Session.

Arbitrage Update

Director Planko advised, "One more item under the Finance committee report under arbitrage that the Auditors would like to update the board before you go into closed session."

Mr. Holman stated, "The commissioners hired us a couple of months ago to update our calculations for the internal revenue service and we have done that. Three issues you wanted us to look at and each one of them ended up with good results where we increased the amount of negative arbitrage to date. Every five years if we earn more money on the escrow of the funds than what we pay in the interest rate on our municipal bonds we have to send the excess to the IRS. Interest rates the past two or three years have really benefitted us and we can't earn what the yields have been. Our bonds we pay between three and four and we haven't been able to earn over 1% the last few years, but we are required to keep the calculations up to date and we have done that and prepared reports. Frank will have these on file as well as Mr. Lacey. The good news is you don't owe the IRS anything."

Vice Chairman Buttacavoli stated, "Before we go into exempt session I would like executive director Lacey to read some correspondence."

Director Lacey stated, "I have a letter of Memorandum from Peter Chrashewsky, our Fleet Crew Chief to our Chairman Joe Veni. It is a request for consideration. I know we have the family of Chuck Scheideler here our good friend and co-worker who passed, and the friends and family have collected some \$1752 and they are requesting by memorandum of the Board that the commissioners see fit that they would sell a bench, plaque and several pavers at cost and then set aside a garden to be determined by our Reservoir Committee so that is something if the Board wants to entertain we can do that and we can get it in the works."

Vice Chairman Buttacavoli stated, "I have no problem with that at all. If you'd like to do that now we can do that."

Counselor Dasti advised, "You can certainly vote on it this evening and I will prepare a resolution memorializing your vote."

Comm. Cartine asked, "Exactly what are we doing now on this resolution?"

Director Lacey explained, "They are requesting a bench at cost. We have done it in the past. It will be paid for with money that has been collected by the friends and family of Chuck. They raised \$1,750.00 and they are asking that the commissioner sell them a bench at cost along with some pavers and also with a plaque and to put it into a designated area after the Reservoir Committee meets. But we need to get the OK from the Board to get everything working."

Comm. Cartine made a motion to accept the offer from the family and buy the bench and the pavers and whatever is stipulated.

Seconded by Comm. Cevasco.

AYES: Comm. Cevasco, Cartine, McBride, Ciocco, Buttacavoli

NAYS: None

ABSTAIN: None

Comm. Buttacavoli stated, "At this time we usually go into closed session to discuss personnel, potential litigation and contracts and then come back to continue on with our agenda."

Mr. Scheideler stated, "Mr. Chairman may I approach the Board so that we can may go home and you people can go about your business?"

Mr. Scheideler addressed the board, "My name is Francis Scheideler, Sr. I wish to extend my thanks and gratitude to the Board of Commissioners and especially you're Chairman for attending the wake of my son and my daughter-in-law's husband who was an employee here. He was well loved here. He loved his job here. I also want to express to Mr. Lacey, the Director of this organization on the love and the care and response that he showed and the employees of this organization to my son, my wife and my family and my daughter in law and my grandson's who are here today really appreciated it. And we needed that response from you people whom he loved and you showed your love for him. Thank you very much for adopting this park so that we can honor him for the rest of his life. He was a young man who was well dedicated to his job. I want to thank you personally as a father and resident of this area. Thank you very much. Have a good evening and may the lord be with every one of your families."

Comm. Cartine stated, "Could you approach please, we would like to shake your hand. We appreciate your son's service to us very much."

Mr. Scheideler stated, "This is a good man right here (Scott Bundy) I want you to know that and so is Dan Reilley, two very good men that took care of my son very well. I used to work for a sewage authority so I know what you people put up with when you sit up there in front of us and you don't normally hear something like this from a parent and an employee's father. I just wanted to thank you very much."

Vice Chairman Bottazzi advised, "I have to tell you it is very rare we get something nice coming from the audience."

Mrs. Scheideler stated, "So we are clear, the funds for the bench were raised entirely by the employees – Chuck's co-workers. They didn't come to us for anything. It was actually supposed to be a

surprise but I dropped off donuts and I saw it. The love and support that we have received from every part of the MUA, the Grounds, Reservoir, up front, Teri has been a god sent, every single employee that you have here has made what we are dealing with as a family easier if that is possible and I just want to say thank you for honoring my husband.”

6. EXEMPT SESSION *(Personnel, Contracts & Potential Litigation Only)*

Counselor Dasti advised, “The Authority needs to adopt a resolution to go into closed session to discuss personnel, contracts and potential litigation matters. The minutes of the meeting will be held confidential until the need for confidentiality no longer exists.”

On motion duly made and seconded the group entered exempt session at 6:40 p.m.

On motion duly made and seconded and a unanimous vote, the group returned to open session at 7:15 p.m.

7. APPROVAL OF MINUTES

The minutes of the following meetings were distributed previously:

April 23, 2012 – regular meeting

Comm. Cartine made a motion to adopt the minutes. Seconded by Comm. Ciocco.

AYES: Comm. Cevasco, Cartine, Buttacavoli, McBride, Ciocco

NAYS: None

ABSTAIN: None

8. CORRESPONDENCE

9. APPROVAL OF BILL RESOLUTION

Comm. Cevasco read the Bill Resolution Dated May 21, 2012 in the total amount of \$3,683,217.19as follows:

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|---------------------------|----|--------------|
| Total Operating Vouchers: | \$ | 2,251,296.52 |
| Total Payroll: | | 972,664.02 |
| Total Capital Vouchers: | | 459,256.65 |
| Escrow: | | 0.00 |
| Total Bill Resolution | \$ | 3,683,217.19 |

Comm. Cevasco made a motion to adopt the Bill Report. Seconded by Comm. Cartine.

AYES: Comm. Cevasco, Cartine, Buttacavoli, McBride, Ciocco

NAYS: None

ABSTAIN: None

10. TREASURER'S REPORT

Comm. Cartine read the Treasurer's Report balances for the month ending April 20, 2012 as follows:

Unrestricted Funds:

| | |
|---------------------------|-----------------|
| Total Revenue Funds: | \$15,494,783.72 |
| Total General Funds: | 252,837.37 |
| Total Unrestricted Funds: | 15,747,621.09 |

Restricted Funds:

| | |
|-----------------------------------|---------------|
| Rate Projection Maintenance Fund: | 3,591,000.00 |
| Future Capital Requirements Fund: | 894,303.72 |
| Working Capital Fund: | 1,121,464.21 |
| NJEIT Processing Fund: | 3,016,287.82 |
| Total Bond Funds: | 7,983,129.36 |
| Total Other Restricted Funds: | 1,805,943.04 |
| Total Restricted Funds: | 18,412,128.15 |
| Total of All Fund Accounts: | 34,159,749.24 |

Comm. Cartine made a motion to adopt the Treasurer's Report. Seconded by Comm. Cevalco.

AYES: Comm. Cevalco, Cartine, Buttacavoli, McBride, Ciocco

NAYS: None

ABSTAIN: None

11. DEVELOPER APPLICATIONS – NONE

11.1 Preliminary Applications - No Further Action Required - NONE

11.2 Other Applications –NONE

11.3 Release of Performance Bonds

1786 Eric Plackis, Hillside Avenue Subdivision/Upsizing of Water Main
659 & 663 Hillside Avenue – Release of Performance Bond

Director Specht advised, "Yes Mr. Chairman this is application No. 1786, Eric Plackis, Hillside Avenue Subdivision Upsizing of the Water Main for 659 & 663 Hillside Avenue – Release of Performance Bond. The applicant has submitted all of the required documents. The appropriate testing has been performed and it is recommended that the Board release the performance bond and allow the applicant to go on the two year maintenance bond."

Comm. Cevalasco made a motion to approve this action. Seconded by Comm. McBride.

AYES: Comm. Cevalasco, Cartine, Buttacavoli, McBride, Ciocco
NAYS: None
ABSTAIN: None

12. UNANTICIPATED/EMERGENCY CAPITAL EXPENDITURES - NONE

13. CUSTOMER ACCOUNTS RECONCILIATIONS

Director Pannucci read the customer accounts reconciliations as follows:

- a. Account 2258803, 24 Shell Road, Arthur Morris. A \$438.75 sewer credit is recommended due to a running toilet. The average usage us 2,000 gallons and the quarter in question rose to 132,000 gallons. This is a Summer residence and a NJ American Water customer
- b. Account 3130406, 157 Mantoloking Road, Tom Hurst. After a two year evaluation of actual usage, it is recommended to charge an additional \$1,214.86 for the sewer initial service charge. This has been reviewed by both Engineering and Customer Accounts.
- c. Account 9086420-5, 465 Route 70, Dick's Sporting Goods. After a two year evaluation of actual usage, it is recommended to refund the applicant \$1,918.20 out of their escrow from their sewer initial service charge. This has been reviewed by both Engineering and Customer Accounts.
- d. Account 9086420-9, 495 Route 70, Staples. After a two year evaluation of actual usage, it is recommended to refund the applicant \$1,598.50 our of their escrow from their sewer initial service charge. This has been reviewed by both Engineering and Customer Accounts.

Comm. McBride made a motion to approve the customer accounts reconciliations. Seconded by Comm. Cartine.

AYES: Comm. Cevalasco, Cartine, Buttacavoli, McBride, Ciocco
NAYS: None
ABSTAIN: None

14. CONTRACT CLOSE-OUTS - NONE

15. AUTHORIZATION TO EXPEND APPROVED FUNDS

a. Annual Renewal of Flood Insurance Policies

Director Bundy advised, "We had received our renewal notice for our flood insurance for six facilities being Base One, Bay Harbor Pump Station, Drum Point Road Pump Station, Mantoloking Road Pump Station, Riverside Drive Pump Station and the Water Treatment Plant. The total premium

on all of these is \$48,599.00. We were asked to look at some options which we did. That is with a \$1,000 deductible on each of those facilities. We asked for pricing for up to a \$50,000 deductible. It should be known that within the past ten years we have had this insurance coverage in place. We have never filed a single claim against these policies. Steve Specht and I reviewed the locations of these facilities and the probability of there being a flood that would impact them. We have had some severe storms over the past ten years and none of these have been impacted by it. We made a recommendation to raise the deductible on a few of the buildings actually on all of them to different levels. I can tell you those if you'd like to know, but basically what we are doing is we'd be saving on the premium \$13,207.00 for the year bringing the cost to \$35,392, instead of the \$48,000.00."

Comm. Ciocco asked, "What is the range of the deductibles that we are considering?"

Director Bundy replied, "We looked at \$1,000, \$2,000, \$5,000, \$10,000, \$15,000, \$20,000, \$25,000 and \$50,000.00"

Comm. Ciocco asked, "What are we settling on?"

Director Bundy replied, "Some of them are half. The premium is half. We are looking for two facilities going to a \$50,000 deductible and that cuts it basically in half."

Director Lacey stated, "Scott why don't you talk about Base One for example. That is pretty high. That is the building that we use for water quality. It has our server on the second floor and it has a gate in back. It is the original building. Scott why don't you just use that as an example."

Director Bundy advised, "The premium for that building with at \$1,000 deductible is \$8,305. with a \$50,000 deductible which is what we are recommending it would be \$4,700. There is nothing downstairs in that building that is even worth the cost difference. It's a block building downstairs. The plant is another one we went from \$8,300 to \$4,700 by raising the deductible. That is what we are looking at doing. The only one we kept low to \$2,000 was Mantoloking Road Pump Station because we do have on occasion water approaching that facility."

Comm. Cartine stated, "Good thinking Mr. Bundy."

Comm. Ciocco made a motion to approve this action. Seconded by Comm. Cevalasco.

AYES: Comm. Cevalasco, Cartine, Buttacavoli, McBride, Ciocco
NAYS: None
ABSTAIN: None

16. AUTHORIZATION TO SEND OUT BIDS, RFQ'S & RFP'S - NONE

17. ADOPTION OF REPORTS

Comm. Cartine made a motion to adopt all of the Directors' Reports. Seconded by Comm. Cevalasco.

AYES: Comm. Cevalasco, Cartine, Buttacavoli, McBride, Ciocco
NAYS: None
ABSTAIN: None

18. ADOPTION OF PERSONNEL ACTIONS

Comm. McBride made a motion to adopt the Personnel Actions as discussed in closed session. Seconded by Comm. Cartine.

AYES: Comm. Cartine, Buttacavoli, McBride, Ciocco
NAYS: None
ABSTAIN: Comm. Cevasco

19. OLD BUSINESS

20. NEW BUSINESS

20.1 Reservoir Special Use Permit Requests

- a. Richard Corbett, Living Word Christian Fellowship
Walk-a-Thon for St. Jude's Children's Research Hospital
Saturday, June 9, 2012 – 7:00 a.m.

Director Bundy advised, "We have one request for June 9th of this year at 7:00 a.m for the Living Word Christian Fellowship Walk-a-Thon for St. Jude's Children's' Research Hospital. The gentleman Richard Corbett who has requested this has provided all documentation including the insurance certificate and we have permission from Trinity Church to use the parking facility for this event."

Comm. Ciocco made a motion to approve this request. Seconded by Comm. McBride.

AYES: Comm. Cevasco, Cartine, Buttacavoli, McBride, Ciocco
NAYS: None
ABSTAIN: None

21. RESOLUTIONS

40-12 Award of Bid for the Annual Pipe and Appurtenances Contract

Director Specht advised, "We received five bids that were publicly opened on March 29, 2012. One of the bids was rejected. HD Supply Waterworks did not use the proper bid form. There were 74 line items for this bid and they are divided up as follows. I will give you the totals for each approved contractor:

Atlantic Plumbing Supply Corporation in the amount of \$10,118.41;
Cutter Drill & Machine Inc., in the total amount of \$11,595.56
Raritan Supply Company in the amount of \$4,637.88
Waterworks Supply Co., Inc. in the amount of \$10,805.40

Financing is available in both the capital budget as well as the operating accounts for this fiscal year. One line item did not receive a bid so it was obviously not awarded and one line item had a bid that was the same bid that was provided by two vendors and that also was not awarded. I would

recommend that we move ahead with this award tonight.”

Comm. Cartine made a motion to approve this resolution. Seconded by Comm. Cevalasco.

AYES: Comm. Cevalasco, Cartine, Buttacavoli, McBride, Ciocco
NAYS: None
ABSTAIN: None

41-12 Shared Services Agreement with the Borough of Bay Head for the Design and Construction Management of the Sanitary Sewer Clean-outs along Route 35 for \$60,440.00

Director Specht advised, “This is the shared services agreement with the Borough of Bay Head for the design and construction management of the sanitary sewer cleanouts along Route 35 for a total amount of \$60,440.00. This resolution supercedes one that was approved by the Board back in 2011. We have made adjustments to our labor rates based on current multipliers as well as current salaries and we made the presentation to the Borough of Bay Head. They concurred with this and they recommend that we approve it first and then upon our approval send it over to the Township of Brick for their approval and then we will forward it to the Borough of Bay Head for final execution again for a total of \$60,440 and that is for design and construction management service.”

Comm. Cevalasco asked, “Do we recover all of our costs when we do these shared agreements on other projects?”

Director Specht replied, “Yes.”

Comm. Cevalasco asked, “So we are just doing it as a general contractor?”

Director Specht advised, “That is correct. Based on our current rate schedule which is what we use as well as our multiplier.”

Comm. Cevalasco asked, “The labor changes was that to recover those costs?”

Director Specht replied, “That is correct.”

Comm. Cevalasco made a motion to approve resolution 41-12. Seconded by Comm. McBride

AYES: Comm. Cevalasco, Cartine, Buttacavoli, McBride, Ciocco
NAYS: None
ABSTAIN: None

42-12 A Resolution Approving Reimbursement Agreement With Eric Plackis Regarding Hillside Avenue, Brick Township, New Jersey

Director Specht advised, “This is a resolution approving a reimbursement agreement with Eric Plackis regarding Hillside Avenue in Brick Township for the upgrading of the water main approximately 250 feet in front of the property that the applicant owns on Hillside Avenue. It went from

four inches to six inches. As discussed last month the applicant approached us about a cost sharing for this project. The total cost of the project is approximately \$35,000. Originally the applicant was looking for an 80/20 split with us paying 80 - him paying 20. Based on the Board's recommendation we recommended a 50/50 split and based on his feedback if we allowed payment immediately he would knock that 50/50 split to \$15,000 flat which obviously you save the Board an additional \$2,800. I took a poll from the commissioners and this is basically memorializing that poll. The agreement has been signed by Mr. Plackets as well as the Chairman and the secretary. Again this is to memorialize that agreement."

Comm. Cartine made a motion to approve Resolution No. 42-12. Seconded by Comm. Ciocco

AYES: Comm. Cevasco, Cartine, Buttacavoli, McBride, Ciocco
NAYS: None
ABSTAIN: None

43-12 A Resolution Rejecting the Sole Bid Submitted by Cellco Partnership
d/b/a Verizon Wireless for the Mantoloking Road Water Storage
Tank Telecommunications Co-Location Lease Project

Director Specht advised, "This is a resolution rejecting the sole bid by Cellco Partnership doing business as Verizon Wireless for the Mantoloking Road Water Storage Tank Telecommunications co location lease project. The applicant did submit the minimum lease bid amount of \$40,000; however there are documents in his bid that determine it to be fatal and based on my discussions with Mr. Dasti it is recommended that we reject this project."

Counselor Dasti advised, "The resolution also calls for you to rebid it again."

Comm. Cartine asked, "What is fatal about it?"

Counselor Dasti explained, "The insurance company that posted the performance bond at least what was provided to us indicated that their authority to do business in New Jersey expired on May 1. Now they might have renewed it but they didn't send it to us."

Comm. McBride made a motion to approve Resolution No. 43-12. Seconded by Comm. Cevasco.

AYES: Comm. Cevasco, Cartine, Buttacavoli, McBride, Ciocco
NAYS: None
ABSTAIN: None

44-12 Reimbursement Resolution

Mr. Holman asked, "That reimbursement resolution that we had mentioned earlier didn't make it onto the agenda. Would that be ok Jerry if we do that tonight. In that resolution I think the amount of the cost was blank."

Director Planko advised, "The maximum of reimbursement in paragraph 3 we want to put a number in there. Frank Holman and I recommend an amount of \$5 million within that box. We can always place our own internal controls on that if we so decide, but that would be the maximum

amount.”

Comm. Cartine made a motion to approve Resolution No. 44-12 with the amendment of putting that amount in there. Seconded by Comm. Ciocco.

AYES: Comm. Cevasco, Cartine, Buttacavoli, McBride, Ciocco
NAYS: None
ABSTAIN: None

22. PUBLIC DISCUSSION

At this point in the meeting, Vice Chairman Buttacavoli opened the meeting up to public discussion and read the following statement, *“In order to provide all necessary information to the Authority and to provide sufficient time for members of the public to speak, each member of the public will be limited to five minutes and should provide their name and address.”*

Ms. Melinda Murray (1622 Forge Pond Road), addressed the board, “I was here two months ago asking about the trees down in the woods and you were going to discuss it at your April 12th meeting. Steve was going to call me the 13th and I haven’t gotten a phone call yet. I did however get a letter from your attorney’s office that you don’t have the witherall for the dense forest, and excuse me but you must have a bunch of sissies because they came and they didn’t cut down anything. They cut up a big tree, left branches hanging right over the side rail where they are blowing yesterday to the point where a police officer stopped and looked at them and said what is that and I said that is what the water company left behind in the four hours they were here. I do however really appreciate Mr. Lacey having the County paint that brown. That was great. Thank you very much. But because and I don’t know how to be politically correct, I only know how to shoot from the hip, I came here and I asked a question and I asked for an OPRA report which you gave me and I never filled out and all of a sudden every 25 feet from every front window in my house is a no trespassing sign, right after I ask for that report. I feel that is a little vindictive. You couldn’t get down that part of the woods if you wanted to. You can take those signs and put them a little further down the hill so I don’t have to look at them form every front window of my house. Who makes that decision were the signs go? Is that a collective decision or is that one person’s decision? Who makes that decision? Nobody even knows who makes that decision where the signs go?”

Director Lacey advised “I think the Security Committee made that decision.”

Ms. Murray asked, “Well can I meet with the Security Committee and ask them to move them a little down the hill because I bought the house in February. The reason I sold my house on Gilford & Edge was so I didn’t have to look at everyone else’s junk and their not taking care of their house, but I didn’t want to move my son to a different school district and I didn’t want to move out of that neighborhood that I have been in 32 years. I took a six month hiatus and bought the house in February. All I do is bring up my property value. I bought it because I can’t live in New Hampshire. Quite frankly I can’t. I adopted a little baby. He was white when I got him but he ain’t no more. I’d be living in New Hampshire if I could but spin the bottle is out of the question for him. So I bought that house so I could see the lake in the winter and the nice woods in the summer and now every 25 feet I’m looking at a red and white sign that says no trespassing. We know there is no trespassing. I got your attorney’s letter. We are well aware of it, but you can put them a little further down the hill. If you tell me those 20- something odd guys don’t have the gonads to go down there I’ll go down there and dig the

holes for you. I do appreciate you painting it brown but I can put the signs in there for you down the hill if you need me to. I would really appreciate it. I mean you are the only one who seems to know who makes that decision.”

Comm. Cartine stated, “No mam that is not true. It was...”

Ms Murray interrupted, “Well I asked the question and he’s the only one who answered me.”

Comm. Cartine stated, “It was made at the Security Committee which I was a part of and ...

Ms. Murray interrupted, “Well when I asked that you didn’t answer, he did. Every body just looked at me and nobody answered.”

Comm. Cartine stated, “Well we were waiting for the director to answer. He’s the on hands gentlemen. We are commissioners that sit on the committee and direct...”

Ms. Murray asked, “Do you think there would be any difference if they were just a few feet down the hill so I don’t have to see them out of three bedrooms, my living room and my dining room window? Because honestly I wouldn’t have bought that house. I mean it don’t cost a whole heck of a lot. The guys were done in what an hour and a half?”

Comm. Cartine stated, “Frankly I can see your point but let me just give you a comparison. I happen to be a hunter and when I go into the forest or the woods if I don’t see any no trespassing signs or any no hunting signs up, but see them fifty foot down or ten feet down into the woods I’m already in the woods and I haven’t been able to anticipate that this is a posted no hunting area. Apparently the people that have been trespassing on our property don’t understand what private property is and the hazards that property brings with it in regards to our liability if anyone gets hurt. We needed to put those signs in an area where people can understand that there is absolutely no trespassing on the property. As far as the aesthetics of the signs I drove up Forge Pond Road tonight and I drove up there and I saw the signs and I was little surprised that they were that small.”

Ms. Murray replied, “Why don’t you come into my house? I am inviting you there. You sit on my couch and you look at the fireplace and the TV and catch that out of the corner of your eye. You look out your window when you want to see the pond and the woods and you look at them. I’m inviting you into my house. You come sit at my dining room table and where you had a nice view and now you look at that. And I understand where you are talking about that would be Edge and Forge Pond it is not Forge Pond where I am. You can’t get down there. It’s too filled with briars and it’s too steep. Nobody goes down there. I have been there 32 years. I know where you re talking about where the kids go down and where they sleigh ride for the past 40 years. That’s not where it is. You did put them there too but across the street from my house is not where anybody goes down. You can’t.”

Comm. Cartine stated, “Well I don’t know where everybody goes down there. From my car I can’t see that and the fact is that this is all private property. It all belongs to the MUA. It always has been long before you bought your house here and we’ve had that property.”

Ms. Murray stated, “I get it but all I am doing is asking you to move them a little bit down so I don’t have to see them from everyone of my front windows.”

Comm. Cartine asked, "What happens if in fact we don't find out that we have dissuaded people to ..."

Ms. Murray replied, "I don't care what happens at the end of the road. You've got them all there and if those people aren't here complaining about looking out their windows well shame on them. That is where the paths are a block away from my house. Where you guys put these signs is not the spot. You know on Forge Pond Road where your gates are I am three houses from those gates on the opposite side if you want to ride down there again and look you cannot walk down that area. If you were going to do it you surely would be hurt. Those trails are further down."

Vice Chairman Buttacavoli stated, "We are way past the five minute allotment. We will take it under consideration at the next Security Committee Meeting."

Ms. Murray stated, "And I feel it is because I asked for the OPRA request. I twisted a few hairs and a few days later the signs are going up. I'll be here for the next meeting too."

Comm. Cartine stated, "Actually if I might say is that I have to thank you for informing the Security Committee that we did have a security problem because I'm told now until you spoke at the last meeting I did not as a commissioner know that we had a problem with people utilizing that area and also..."

Ms. Murray stated, "You get a lot of fishermen from the water too. What are you going to put them along the water? The no trespassing signs? Because that is where they dock and they come out and they pee on your property and in our watershed and leave their beers and smoke their weed. They are not along the water. They are only across the street from my house."

Commissioner Cartine stated, "Thanks for telling us. We will put them along the water as well."

Ms. Murray replied, "That would be great. I mentioned it last time and I was told it would happen. Ok so you are taking this under advisement when will I know what your decision is?"

Comm. Cartine stated, "When we make the decision."

Vice Chairman Buttacavoli advised "Before the next month's meeting."

Ms. Murray stated, "It's really not a big deal to just knock them down a few feet so I don't have to see them and you're welcome to knock on my door - 1622 Forge Pond Road any time of the day or night. I'll let you in and you can see them from every window."

Vice Chairman Buttacavoli asked if there was any business to be discussed in public session."

Council President Ducey stated, "Thank you for allowing us to have use of the clock for our meetings."

Comm. Cartine stated, "Oh now I understand. This is shared services. When I saw the clock last week I thought you guys went and bought a clock. Ok so we are sharing the clock. Now what do you do take it with you tonight?"

Comm. McBride asked, "Did everyone see the article about the Reservoir?"

Vice Chairman Buttacavoli stated, "Yes that was very nice."

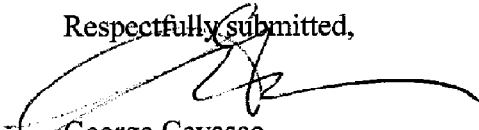
23. CHAIRMAN'S CLOSING STATEMENT

Vice Chairman Buttacavoli read the closing statement as follows: *The next Public Meeting of the Authority will be on Monday, May 21, 2012 at 6:00 p.m. All regular public meetings take place in the Main Conference Room of the Authority's Administration Building located at 1551 Highway 88 West.*

24. ADJOURNMENT

There being no further business to discuss, and on motion duly made and seconded the meeting adjourned at 8:19 p.m.

Respectfully submitted,



George Cevasco,
Asst. Secretary/Treasurer