

**Minutes of a Meeting of
The Brick Township Municipal Utilities Authority
December 22, 2014**

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

Following the Salute to the Flag, Chairman Cevasco asked Ms. Sylvester to read the opening statement.

2. OPENING STATEMENT

Ms. Sylvester read the opening statement as follows: *"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 February 12, 2014 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

Members Present

James Fozman
Tom Curtis
Stacy Olsen
Ed McBride
George Cevasco

Also Present

Stephen T. Specht, PE, Dep ED/Dir Engr/Ops
Frank Planko, CFO
Joseph Maggio, PE, Dir. Water Quality
Gary Vaccaro, Dir. Compliance, Safety & GIS
Marie Sylvester, Exec. Supervisor
Nick Montenegro, Esq., Authority Counsel
Chris Theodos, PE, Consulting Engineer
Chuck Fallon, Authority Auditor

Absent

Allan E. Cartine
James C. Bayard

Ms. Sylvester advised that in Commissioner Bayard and Cartine's absence both alternates will be voting this evening.

4. Adoption of Directors' Reports

Comm. Fozman made a motion to adopt the Directors' Reports. Seconded by Comm. Curtis.

AYES: Comm. McBride, Fozman, Curtis, Olsen, Cevasco
NAYES: None
ABSTAIN: None

5. APPROVAL OF MINUTES

October 27, 2014 Rate Hearing Transcript
November 24, 2014 Regular Meeting

Comm. Fozman made a motion to approve the minutes. Seconded by Comm. McBride.

AYES: Comm. McBride, Fozman, Curtis, Olsen, Cevalasco
NAYES: None
ABSTAIN: Comm. Olsen abstain on October 27, 2014 due to absence

6. CORRESPONDENCE
NONE

7. APPROVAL OF BILL RESOLUTION - *Commissioner Bayard*

In Comm. Bayard's absence, Comm. Curtis read the bill resolution dated December 22, 2014 in the total amount of \$1,632,504.80 as follows:

Total Operating Vouchers:	\$	405,230.55
Total Payroll:		1,018,488.91
Total Capital Vouchers:		176,979.28
Escrow:		31,806.06
Total Bill Resolution	\$	1,632,504.80

Comm. Fozman made a motion to approve the Bill Resolution. Seconded by Comm. Olsen.

AYES: Comm. McBride, Fozman, Curtis, Olsen, Cevalasco
NAYES: None
ABSTAIN: None

8. TREASURER'S REPORT - *Commissioner Cartine*

Comm. Bayard read the Treasurer's Report balances for the month ending November 30, 2014 as follows:

Unrestricted Funds:

Total Revenue Funds:	\$	13,621,646.14
Total General Funds:		3,653,085.44
Total Unrestricted Funds:		17,274,731.58

Restricted Funds:

Rate Projection Maintenance Fund:		3,276,160.62
Working Capital Fund:		462,854.21
NJEIT Processing Fund:		2,436,050.16
Total Bond Funds:		12,911,986.47
Total Other Restricted Funds:		1,592,012.51
Total Restricted Funds		23,033,590.63
Total of All Fund Accounts:		40,308,322.21

Comm. Fozman made to motion to adopt the Treasurer's Report. Seconded by Comm. Olsen.

AYES: Comm. McBride, Fozman, Curtis, Olsen, Cevalasco
NAYES: None
ABSTAIN: None

9. DEVELOPER APPLICATIONS

9.1 Preliminary Applications - No Further Action Required - NONE

9.2 Other Applications

2151 Lawrence Wehrlen, Wehrlen Brothers Marina, LLC, Preliminary Major Site Plan – Wehrlen Brothers Marina, 197 Princeton Avenue Preliminary, 9 Commercial Units

Director Specht advised, "We have one developer application this month. It is application No. 2151 Lawrence Wehrlen of Wehrlen Brothers Marina, LLC. It is a preliminary major site plan for Wehrlen Brothers Marina located at 197 Princeton Avenue. Again it is a preliminary application for 9 commercial units. The applicant is looking 455 feet of sanitary sewer onto the property. The majority for the property now is septic and they will extend the sewer main to hook up the buildings. Again there are nine buildings on the property. Also we are looking to loop the six inch water main from Fairview all the way back to Princeton Avenue and create a loop and hook up the 9 buildings to that water main. Again this is a preliminary approval and they will come back to us for final and I recommend approval."

Comm. Fozman asked, "I am just curious are they putting fire hydrants in since that is a long run?"

Director Specht replied, "There is a fire hydrant down by the docks. There are no fire hydrants there now. There is only a fire hydrant on Princeton Avenue. They have a two inch water service coming in to all the buildings and they are going to upgrade that to six inches. They are going to put in two hydrants minimum."

Comm. Fozman made a motion to approve this action. Seconded by Comm. Curtis.

AYES: Comm. McBride, Fozman, Curtis, Olsen, Cevalasco
NAYES: None
ABSTAIN: None

9.3 Release of Performance Bonds - NONE

10. UNANTICIPATED/EMERGENCY CAPITAL EXPENDITURES - NONE

11. CUSTOMER ACCOUNTS RECONCILIATIONS

Director Planko presented the following Customer Accounts Reconciliations as follows and indicated that water did not enter the system therefore we have no financial impact on the Authority.

Sewer Credit

- a. Account 18152009, 7 Longfellow Ct. Catharine D'Amato. A Sewer Credit is recommended in the amount of \$4,505.00 due to a broken pipe. The quarter in question rose to 681,000 gallons while the average usage is 1,000 gallons. All repairs have been made and verified and the meter is in proper working order.
- b. Account 7261607, 374 Cherry Quay Rd. Bromirski. A Sewer Credit is recommended in the amount of \$699.75 due to a broken pipe. The quarter in question rose to 117,000 gallons while the average usage is zero gallons. Customer is demolishing the house therefore fixing the leaking pipe problem.
- c. Account 3172806, 9 Tilton Rd. Kent Mueller. A Sewer Credit is recommended in the amount of \$1303.59 due to underground pipe. The quarter in question rose to 169,000 gallons while the average is 10,000 gallons. The repairs have been made and verified and the meter is in proper working order.
- d. Account 12628854, 1 Bonnie Ct. Dominick Sblendorio. A Sewer Credit is recommended in the amount of \$828.75 for a broken hose bib. The quarter in question rose to 140,000 gallons while the average usage is 16,000 gallons. The repair has been made and verified and the meter is in proper working order.

One Time Credits

- e. Account 20168801, 1 Jaywood Manor Dr. Denise Hajjar. A One Time Credit for unexplained usage is recommended in the amount of \$429.42. The quarter in question rose to 68,000 gallons while the average usage is 1,000 gallons. The house had been vacant and we found nothing leaking. The meter is in proper working order.
- f. Account 23020886, 85 Sawmill Rd. Suzanna Libbin. A One Time Credit is recommended in the amount of \$3,959.30 for a leaky toilet. The quarter in question rose to 551,000 gallons while the average usage is 3,000 gallons. All repairs have been made and verified and the meter is in proper working order.
- g. Account 18856001-2, 341 17th Ave. Lisa Velasquez. A One Time Credit is recommended in the amount of \$ 549.10 for a toilet leak. The quarter in question rose to 89,000 gallons while the average usage is 14,000 gallons. All repairs have been made and verified and the meter is in proper working order.

Comm. Fozman made a motion to approve the one time credits and sewer credits. Seconded by Comm. McBride.

AYES: Comm. McBride, Fozman, Curtis, Olsen, Cevalco
 NAYES: None
 ABSTAIN: None

12. CONTRACT CLOSE-OUTS

- a. Contract Close-out and Final Payment for Steffen Drilling LLC for Contract No. 799009C – Redevelopment of Cohansey Well Nos. 2, 3, 4, 5, 6, 8 and 13 (Reduction in

Retainage from 2% to 0%)

Director Specht advised, "This is contract close out and final payment for Steffen Drilling LLC for Contract No. 799009C, redevelopment of Cohansey Well Nos. 2, 3,4, 5, 6,8 and 13. It is a reduction in their retainage from 2% to 0%. The contractor has submitted the appropriate documentation that will support the contract close out recommendation and their final payment amount totals \$2,065.75 and I would recommend approval."

Comm. Curtis made a motion to approve this action. Seconded by Comm. Fozman

AYES: Comm. McBride, Fozman*, Curtis, Olsen, Cevalco
NAYES: None
ABSTAIN: None

Comm. Fozman stated, "And I just want to say one thing too that was done in a reasonable amount of time too. It was sent out, done and completed."

13. AUTHORIZATION TO EXPEND APPROVED FUNDS

a. Annual Renewal of ESRI ArcGIS Software Maintenance Support Contract

Amount: \$17,828

Funding Source: Operating Account 966-8703

Director Vaccaro stated, "This is for the annual renewal of our ESRI ArcGIS Software Maintenance Support Contract in the amount of \$17,828.0 which actually is slightly less than last year. It is operating account 966-8703. This is the revised licensing support for our seven concurrent two single uses and one server license for our desktop basic and ArcGIS software per our shared service agreement with Brick Township and they share a percentage of the cost on this."

Comm. Fozman made a motion to approve this action. Seconded by Comm. Curtis.

AYES: Comm. McBride, Fozman, Curtis, Olsen, Cevalco
NAYES: None
ABSTAIN: None

Chairman Cevalco asked, "Just a question unrelated to this one but the other additional licenses for the iPads that is something different?"

Director Vaccaro replied, "That is something different. The one we talked about at the Construction Committee that is a separate item."

b. Purchase of Alum

Amount: \$35,000

Vendor: TBD

Funding Source: Operating Acct. 701-8330

Director Maggio advised, "We are requesting authorization to expend approved funds to purchase Alum in the amount of \$35,000. The vendor is US Alco. The unit price is .74 a gallon and the funding source is operating account 701-8330. This and the next two purchases are all related to the recommendations made by our consulting engineer Maser that came out of our Phase I evaluation of our corrosion control process."

Comm. Fozman made a motion to approve this purchase. Seconded by Comm. Curtis.

AYES: Comm. McBride, Fozman, Curtis, Olsen, Cevasco
NAYES: None
ABSTAIN: None

c. Purchase of Carbon Dioxide

Amount: \$35,000

Vendor: CIMS

Funding Source: Operating Acct. Number 701-8330

Director Maggio advised, "We are requesting authorization to purchase carbon dioxide in the amount of \$35,000. The vendor is CIMS and the unit price is \$290.00 a ton and the funding source is 701-8330."

Comm. Fozman made a motion to approve this action. Seconded by Comm. Curtis.

AYES: Comm. McBride, Fozman, Curtis, Olsen, Cevasco
NAYES: None
ABSTAIN: None

d. Repair Carbon Dioxide Tank

Amount: \$14,318.29

Vendor Coastal Air Conditioning –

Funding Source: Capital Acct.No. 799008

Director Maggio advised, "We are requesting authorization to expend approved funds to repair our carbon dioxide tank. The amount is \$14,318.29. The vendor is Coastal Air Conditioning. The operating account is 799008 and this will be the pressure test and also replace the malfunctioning refrigeration unit in the tank which was not in use since 2012."

Comm. Curtis asked, "What is the ball park price of a new tank?"

Director Maggio replied, "We did not get the cost of a new tank because we are going to have the tank pressure tested to make sure it is still structurally sounds. I would imagine that would be quite a bit more than just replacing the refrigeration unit which would be a component of the tank."

Comm. Curtis asked, "So we still don't know whether or not it passes or fails yet?"

Director Maggio replied, "Well the pressure test would be the first step. If it failed the pressure test we would not move forward with the other repairs."

Comm. Curtis stated, "And there is no guarantee with this, this is not a repair. It is testing basically."

Director Maggio rejoined, "Well the pressure testing, we had the problem with our tank back in 2012 when we were winding down the use of carbon dioxide. The tank was venting off quite a bit so we knew there was a problem but expecting to not have to reuse the tank, or hoping to not having to reuse the tank, we didn't make the repair at that time. We have had vendors in to evaluate the problem and they have identified it as a failed condenser unit and a problem with our refrigeration unit in general. So that is a repair that will be done, but prior to spending the money on the repair we definitely want to make sure that the tank is structurally sound and we'll have a pressure test done. If that fails we are not spending the money to do the repair."

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

AYES: Comm. McBride, Fozman, Curtis, Olsen, Cevalasco
NAYES: None
ABSTAIN: None

e. Standard Motor Maintenance Well 11
Amount: \$6,459.00
Vendor: Willier Electric
Funding Source: Capital Account: 799008

Director Maggio advised, "The next item is the standard motor maintenance for the motor for the pump for well No 11. The amount is \$6,459.00. The vendor is Willier Electric and the capital account is 799008. We did have a problem with this motor back in October so we had it removed and we replaced it with a spare motor that we do keep on hand for emergencies, but the standard motor maintenance in addition to redipping the windings will return this motor to useable service and well No. 11 is a very critical asset."

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

AYES: Comm. McBride, Fozman, Curtis, Olsen, Cevalasco
NAYES: None
ABSTAIN: None

14. AUTHORIZATION TO SEND OUT BIDS, RFQ'S & RFP'S

a. Authorization to Solicit Bids Fiscal Year 15/16 Chemical Purchase

Director Maggio stated, "We are requesting authorization to solicit bids for fiscal year 15/16 chemical purchases. This is an annual bid that we do for all our treatment process chemicals. But this year we will be including Alum and Carbon Dioxide which we are having stop gap purchases now but the bid will include Alum and Carbon Dioxide going into next fiscal year."

Comm. Fozman made a motion to approve the chemical purchase. Seconded by Comm. Curtis.

AYES: Comm. McBride, Fozman, Curtis, Olsen, Cevalasco

NAYES: None
ABSTAIN: None

b. Authorization to Solicit Bids Fiscal Year 15/16 Water Meter Purchase

Director Maggio advised, "The next item is authorization to solicit bids for 15/16 Water meter purchases and this is to restock our water meters which we do install throughout the year. This again is another annual exercise. As a matter of fact this year we are running a bit low on water meters so that is why we expedited this bid a little bit."

Comm. Fozman made a motion to approve this purchase. Seconded by Comm. Olsen.

AYES: Comm. McBride, Fozman, Curtis, Olsen, Cevalasco
NAYES: None
ABSTAIN: None

15. ADOPTION OF PERSONNEL ACTIONS

Chairman Cevalasco stated, "Mr. Montenegro we don't have to go into closed session because there is nobody here right."

Counselor Montenegro stated, "Well it depends. If you want to go into closed session to discuss any personnel matters then we do formally have to go in, even though it won't look any different."

Director Lacey advised, "Mr. Chairman I would recommend on page 8 of my report if there are no questions by the commissioners then please accept it as submitted. It has gone through the personnel committee."

Chairman Cevalasco stated, "Seeing none we will ask for a motion to adopt Item 15."

Comm. Fozman made a motion to approve this action. Seconded by Comm. Curtis.

AYES: Comm. McBride, Fozman, Curtis, Olsen, Cevalasco
NAYES: None
ABSTAIN: None

16. OLD BUSINESS

17. NEW BUSINESS

18. EXEMPT SESSION

(Personnel, Contracts & Potential Litigation Only)

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.

19. RESOLUTIONS

- 109-14 Final Quantities Change Order/Change Order No. 1 for an Increase in the Contract Amount of \$13,660.33.00 to T&T Commonwealth Construction Co., Inc. – Emergency Contract for the Partial Replacement of 6” Water Main on Bay Harbor Boulevard East of Blue Cedar Drive

Director Specht advised, "As discussed at the Construction Committee earlier this month. This is the final quantities change order/change order No. 1 for an increase in the contract amount of \$13,660.33 to T&T Commonwealth Construction Company for the emergency contract for the partial replacement of the 6" water main on Bay Harbor Blvd. east of Blue Cedar Drive. I would recommend approval."

Comm. Curtis made a motion to approve this action. Seconded by Comm. Fozman.

AYES: Comm. McBride, Fozman, Curtis, Olsen, Cevalasco
NAYES: None
ABSTAIN: None

- 110-14 Professional Engineering Consulting Services with French & Parrello in the Amount of \$51,850.00 for the Emergency Generators at the Mantoloking Road, Ridge Road and Morris Avenue Water Booster Stations; Capital Project No. 705001

Director Specht advised, "This is a professional Engineering consulting services agreement with French & Parrello in the amount of \$51,850. For the emergency generators at the Mantoloking Road, Ridge Road, Morris Avenue Water Booster stations capital project number 705001. What this entails is an RFP was issued back on November 13th of this year. We received proposals on December 9th from Maser, PS&S, French & Parrello, ARH. CME did not submit a proposal. Based on the review it is recommended that we move ahead with the award to French & Parrello."

Comm. Olsen made a motion to approve this action. Seconded by Comm. Fozman.

AYES: Comm. McBride, Fozman, Olsen, Cevalasco
NAYES: Comm. Curtis
ABSTAIN: None

- 111-14 Adoption of 2013/2014 Annual Audit

Chuck Fallon advised, "I passed out the audit reports. There are a couple of items that the State requires that you are familiar with and there are a couple of items I would like to show you. On the fourth page in which is labeled page number 1. That is the independent auditor's report. You have an unqualified opinion and it basically says that your financial statements are in conformance with GAP. And please jump in if you have any questions. On page 39 you have the comparison of your budget to actual. In the middle column a little to the left is your excess deficit in the 2014 year. You can see that your annual service charges came in a million dollars less than budgeted. Overall your revenues were only \$470,000 less than budgeted. This may be as a result of your first full year of the Sandy impact perhaps. Other reasons would be that maybe you had a drier year and people used less water."

Director Planko stated, "And a decrease in average use by customers."

Mr. Fallon continued, "The second part of this page on the bottom you see that your cost of providing services also actually was favorable at \$1.6 million so that more than offset your deficit in revenues. On the next page on page 40, you will see your administrative expenses also at a favorable variance of \$823,000. And if you go down to the bottom of that column, you will see that your total favorable variance is \$1,900,000. So on your budget you had planned to spend about \$756,000 on surplus and you ended up having savings of \$1,900,000. So the total variance was about \$2,000,600. On page 15 what you need to know here is go down to the cash flows from financing activities which is the second bold column to the left. The first item is payment for capital acquisitions. You spent about \$2.8 million dollars for capital items during this period. About 2.5 of that was actually your own money. So even though you had a million nine favorable balance you also spent \$2.5 million for capital projects which is not part of your operating budget. Most of that you actually borrowed. You did a bond anticipation note for next year. A lot of that got reimbursed to the Authority through that note is that correct?"

Director Planko advised, "That was reimbursement resolution 44-12 where we use our own internal funds and then once we got the money we reimbursed it back into the funds."

Mr. Fallon continued, "The Authority tries not to spend too much of its own money on capital it always goes out for borrowing."

Chairman Cevasco stated, "As it should be am I correct?"

Mr. Fallon replied, "There is a catch 22, if you can afford to do some with your own money that is fine, but the bigger projects you have to borrow because they have a useful life."

Director Planko stated, "Especially at the existing market rate where we got the note at less than one percent, or 40 basis points it was an optimum time to borrow."

Mr. Fallon advised, "But you will have to pay that note back or permanently finance for it in the future. On the previous page, 14 this is your income statement. Income statements never do an Authority justice, the net loss around two thirds down is 2.5 million. It is pretty close to the prior year of \$2.8 million. You have two big expenditures that aren't real expenditures. One is depreciation which is \$6.4 million and the other is your OPEB obligation. For those of you who don't know what OPEB is - it is your Other than Pension Employee Benefits. Meaning your health insurance. When someone retires here they get health insurance. A couple of years ago GAP required that you started to report this on your balance sheet. It was never on the balance sheet before and now it is going to increase at the rate of about \$3 to \$4 million dollars a year. Going to the next page on page 13, which is the previous page. At the bottom you will see your unreserved retained earnings at \$2.9 million and that is going to be negative next year perhaps because of the depreciation and OPEB obligation increasing. I imagine at some point they are either going to force Authorities and towns to start funding that obligation but at this point you are not required to do a pay as you go. As someone retires you just pay their health benefits. It is much like the pension that you don't do pay as you go. You fund it as it is required so what they are saying is *'hey this is another item and eventually you're going to have to fund as required rather than just pay as you go.'*"

Comm. Fozman asked, "If it was funded completely how much would that be? What would be the amount on the bottom here?"

Mr. Fallon replied, "If you had to fund it completely? I would say you would owe an additional \$15 million over and above that \$19,000 million. It's about \$34 million would be your total funding obligation. And the last thing I need to point out is on page 42, which is the comments and recommendations. I had one comment and my recommendation is that the Authority periodically price inventories at market and recognize losses as required. This is a GAP issue where your inventory is required to be stated at the lower cost per market. You have it right now priced at average cost and no one ever looks at the market to see if it is actually worth less. It may not be worth less but we don't know."

Chairman Cevalco asked, "What happens if it is worth more?"

Mr. Fallon replied, "It is lower cost per market so if it is worth more you still record it at cost. Obviously you can contact me if you have any other questions that you don't think of tonight. I will be more than happy to answer them. I thank the Authority. They were very cooperative. The administration and I think generally the Authority has great internal controls, it is well run. Thank you."

Director Planko stated, "I just want to mention a couple of things. I talked about some reassignment between restrictive and unrestricted cash. Chuck we fine-tuned as I recall."

Mr. Fallon replied, "Yeah that was required because of some new GASBY pronouncement. On the balance sheet which is on page 12 you see there is now restricted non-current assets, as well so you have cash in current assets unrestricted and you also have cash in non-current assets and that was required because what GASBY is saying is that certain cash you are not going to spend and you can't spend the money in your debt service reserve and other monies and that is why you have that now as a long-term asset instead of short term. We did reallocate from the prior year as a result of that GASBY so I had to restate the prior year also."

Director Planko stated, "Just a final comment, when we talked about page 14 some of the results that you always see in your revenues statements is sometimes misleading or people want to make it misleading when you show a negative net income. Because as Chuck already mentioned there is a lot of items in here including non-cash items, depreciation and especially the change in the OPEB obligation. But what we also have to take into consideration is the cash balance of the entity. In our case the Authority and our cash position here in the Authority has not only remained stable but strong. So we are a financially strong Authority despite the fact that based on GAPP regulations each year we continue to show that net losses. We have had some people in the past who try to say look at all the money they are losing every year, but they don't really want to talk about our cash position and how we maintain our cash position especially taking into consideration all we have done over the years, building a reservoir, purchasing Parkway service territory, minimal increases in rates, no rate increase in the past two years. Sometimes people try to take that negativity without looking at all the positive things this Authority has done financially."

Chairman Cevalco stated, "On that same note can you give me a list of all the items that are included into that particular net loss item category?"

Director Planko replied, "Well the net loss category Mr. Chairman is everything up and above that it takes your total operating revenues less your total operating expenses which is called your operating income and most of those items are cash items. Your income expenses."

Chairman Cevalco asked, "So all those items that are in parenthesis above."

Director Planko replied, "The ones in parenthesis below that are reductions in your net income. Some of these being cash, some of them being not cash. As an example, interest expense is cash that is what we pay our bond holders. Change in OPEB is a non-cash item that reduces our net income. Depreciation that you see and operating expenses that is a reduction in net income that is not a cash item. Amortization of debt and amortization of loss on defeasement loss on disposal of assets they are all non-cash items that attribute to a net income loss."

Mr. Fallon stated, "Just to add a little bit to that, the biggest misleading number is depreciation. If you had to say how long is your Reservoir going to last what would you say? Well if we are depreciating over 40 years, but it is going to last much longer so we are taking an expense number that is much higher than the actual. If anything you know the cost to reconstruct would be much higher than it was in the past so theoretically it is actually increasing in value not depreciating."

Director Lacey stated, "Mr. Chairman I have to chime in on this because I get this question often. Depreciation is always one of those interesting things. I always give the example, if you have \$100 million worth of pipes and valves and fittings in the ground and it's worth \$100 million and it is supposed to be designed for 100 years. So after one year it is worth \$1 million less. It is only worth \$99 million and you don't go out and put that money aside by raising rates and putting it aside and parking that money until you might need it for a whole host of reasons. We fund a lot of that through bonds maybe we won't replace it, maybe it will last a lot longer than 100 years just like Chuck explained. But to some people in the public that want to look at us with at microscope the first thing that they say is that we are in trouble financially, but it is a non-cash loss item and it is hard to explain."

Director Planko added, "Just to take that one step further, we do not include depreciation in our rates because we include borrowing for our infrastructure in the rates. So it doesn't impact our borrowing and it doesn't impact rates, but according to GAP depreciation is an item that you include on your income statement. Not like municipalities who do not have depreciation."

Mr. Fallon stated, "So in your instance, almost every Authority's instance your budget to actual is more important than your income statement."

Director Planko added, "And the reason that occurs is because our budget is on a cash basis."

Comm. Curtis made a motion to approve Resolution 111-14. Seconded by Comm. Fozman.

AYES: Comm. McBride, Fozman, Curtis, Olsen, Cevalco
NAYES: None
ABSTAIN: None

Chairman Cevalco asked, "One more thing can you look into the concept if we can do it of health care for retirees? putting them in a reimbursement plan? The only reason I say that is several years ago the company that I returned from went to a premium reimbursement plan where I pay the premium then they reimburse me for that premium. They put an amount of money into an account for myself and my wife and I found it to be beneficial to the point where and I have some health issues where in the last

two years I haven't been able to deduct from my schedule any health care costs. I have never met the threshold since I have moved to this. It is virtually it doesn't cost me anything for the plan because they reimburse me the premium. The plan that I want there is a broker that they put me in contract with for plan selection. There were two contacts. One was to get the information they needed and the second one was when they contacted me to go over all the different plans and which one would I like. For me it has been beneficial."

Mr. Fallon replied, "I guess the answer to your question is would it be beneficial for the Authority?"

Chairman Cevalco replied, "I am assuming so because they put the same amount into the plan every year. It is fixed. So it doesn't, premiums have been increasing, but the amount that they place in there because they have a carryover option whatever you don't use you don't lose. They just put it into next year's plan to cover the increases. For the last three years there is enough in there to cover the next few more years based on the same amount of increase in the health care plan. Whereas before as the company increased their premiums my contribution increased every year, and now it is stable at this point and it looks like it is going to be stable. If the increases continue at the rate that they are continuing I shouldn't have a problem for at least 15 years and who knows where I will be then. It is only for retirees. But I don't know if being a government entity we can develop a program like that."

Mr. Fallon advised, "Ok I will talk to you more about it later."

Comm. Olsen asked, "Do we offer a waiver or cash incentive for employees either current or retired who waive benefits?"

Director Lacey replied affirmatively.

Director Planko added, "By the way we will have a new OPEB evaluation which in accordance with GASBY 45 is a re-evaluation every three years and we will have a new evaluation of those numbers in March of 2015.

112-14 Task Order No. 1 for an Increase in the Contract Amount of Approximately \$24,000 to French and Parrello for Moses Milch Stormwater Basin Retrofit –

Director Maggio advised, "This resolution authorizes Task Order No. 1 for an increase in the contract amount of \$24,000 to French and Parrello for the Moses Milch Stormwater Basin Retrofit. This additional work is necessary because NJDEP during their review of the project has asked French & Parrello to do some additional soil testing. In addition to that work we have identified another outfall in the vicinity of the Moses Milch Basin that had no treatment whatsoever so we are asking French & Parrello to expand the scope of work of the project to include design and a BMP for that outfall also."

Comm. Curtis asked, "And we get reimbursed for this?"

Director Maggio replied, "We get reimbursed under the grant yes."

Comm. Fozman made a motion to adopt Resolution No. 112-14. Seconded by Comm. McBride.

AYES: Comm. McBride, Fozman, Curtis, Olsen, Cevalco

NAYES: None
ABSTAIN: None

113-14 Procurement of Services with Maser Consulting, P.A. for Phase 2
Evaluation of the Authority's Corrosion Control Efforts in the Amount of \$5,000

Director Maggio stated, "This resolution authorizes us to procure the services of Maser Consulting for the Phase II evaluation of the Authority's corrosion control efforts. They are in the midst of probably wrapping up the Phase I evaluation and have come up with a series of recommendations to improve our corrosion control going into 2015. This phase II work will include technical support for the implementation of those changes as well as monitoring of the effectiveness of those changes. And if I may I just want to really compliment and thank Maser and Cathie DiPietro for Phase I. They knew how important this project was to us and it was clear to me that this was a priority to them. They immediately jumped on it and in very short order had a very detailed review of our corrosion processes completed as well as a lot of detailed recommendations for us to do that at this point I am confident is really going to correct the issue that we had at the end of 2014."

Comm. Fozman made a motion to adopt Resolution No. 113-14. Seconded by Comm. Curtis.

AYES: Comm. McBride, Fozman, Curtis, Olsen, Cevasco
NAYES: None
ABSTAIN: None

20. PUBLIC DISCUSSION

There being no public present, the Chairman did not open up the meeting for public comment.

21. COMMENTS FROM COMMISSIONERS, PROFESSIONALS & STAFF

Director Vaccaro stated, "I just want to wish everyone a very Merry Christmas and Happy New Year and that is it."

Chris Theodos stated, "My report is similar, Merry Christmas, Happy Holidays and best of health in the coming year."

Director Planko stated, "Merry Christmas, Happy Holidays"

Comm. Olsen stated, "It's all been said... Happy Holidays."

Chuck Fallon stated, "Same, Merry Christmas, Happy Holidays and have a great new year."

Comm. Curtis wished everyone a Merry Christmas and Happy Holidays.

Director Maggio stated, "Merry Christmas, but also looking forward to another great year in 2015."

Counselor Montenegro stated, "Same here Mr. Chairman. Wish everyone a happy and prosperous new year."

Ms. Sylvester stated, "Merry Christmas, Happy New Year."

Director Lacey stated, "I am looking forward to a very good year with some of our larger projects that we have and get some of these things tied up. Certainly Merry Christmas, Happy Hanukkah, Happy New Year and I am looking forward to a great new year and good health to everyone and their families."

Comm. McBride stated, "Ditto, all the best to everybody... Everybody have a happy healthy new year."

Comm. Fozman stated, "Merry Christmas, Happy holidays to everybody have a great new year."

Chairman Cevalasco stated, "I think I will say something that nobody else has said so far and that is Merry Christmas everyone and may your Christmas be filled with joyful surprises that came out of a Christmas card I got this year. Thank you all for your participation and help this year. I think we have had a very good year this year."

22. CLOSING STATEMENT

Ms. Sylvester read the closing statement as follows: "The next Regular Public Meeting will take place on Monday, January 26, 2015 at 7:00 p.m. All meetings take place in the Main Conference Room of the Authority's Administration Building located at 1551 Highway 88 West."

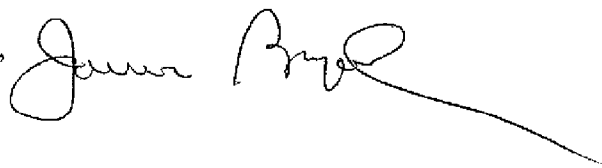
23. ADJOURNMENT

Comm. Fozman made a motion to adjourn. Seconded by Comm. Curtis.

AYES: Comm. McBride, Fozman, Curtis, Olsen, Cevalasco
NAYES: None
ABSTAIN: None

There being no further items for discussion, the meeting adjourned at 7:51 p.m.

Respectfully submitted,



James C. Bayard, Secretary