

The Brick Twp. Municipal Utilities Authority
Minutes of a PUBLIC MEETING Held on July 25, 2016

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

2. OPENING STATEMENT

Ms. Sylvester advised, *"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 5, 2016, 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

Commissioners Present

Joseph Grisanti
Gregory M. Flynn
Thomas C. Curtis
Susan Lydecker
George Cevasco

Members Absent:

James Fozman
Maria Foster

Also Present

Chris A. Theodos
Stephen T. Specht
Joseph Maggio
Frank Planko
Gary Vaccaro
Marie Sylvester
Ben Montenegro, MUA Legal
Chuck Fallon, MUA Auditor
Sue Brasfield, MUA Engineer

Ms. Sylvester advised that in Comm. Fozman's absence, Commissioner Lydecker will be the voting member.

*** Presentation of Awards to "The 2016 Metedeconk River Watershed Mascot, Slogan and Public Service Announcement (PSA) Competitions."**

Chairman Cevasco stated, "I think the first order of business is we are going to have the presentation award for the Metedeconk River Watershed Slogan Winner."

Rob Karl stated, "I guess this is a continuation of what we did last month. Brick Utilities had our second annual Brick Utilities contest with the school system to help us develop a message and materials for our water supply protection program. Today we are here to recognize our middle school student winner. The middle schools were asked to come up with slogans to help us get our message across. We are here today to recognize Ms. Kelly Garcia. I'll let Shari Kondrup who spearheaded this program say a few words."

Ms. Kondrup stated, "This is the second year. We have been highly successful with it and we are very happy that the schools are getting involved to get our message across to protect our watershed."

Kelly please come up here. She is the winner of our 2016 slogan which is "*You are the solution to Water pollution.*"

(A round of applause.)

Mr. Karl stated, "Ms. Garcia has been awarded a plaque, and a plaque just like this has been given to your school so your hard work will be memorialized there. This is for you and along with that we give you a \$50 gift card to do whatever you'd like. Congratulations, great work."

(Applause again.)

Chairman Cevasco stated, "Now we will have the IMAC presentation."

Mr. Tom Ucko from IMAC stated, "Unfortunately we have a very difficult renewal to discuss with you. The last four years have been pretty good renewals and averaged about a 5% increase over the last four years. This year was not quite so good. I think you have all seen our report. The first thing we do when we look at a renewal is we look at how claims experience is running. Is it as expected, worse than expected or better than expected? So the last 12 months from May of 2016, your group had a 92.3% loss ratio. What that means is Horizon is paying out .92 cents for every dollar in premiums they were collecting. In order for Horizon or any insurance company to break even that needs to be in the mid to high 80's. So they obviously did not have a very good year. Your group did not have a good year claims wise. A year ago the loss ratio was 71.7% which explains why we had such a good renewal last year. The medical portion is doing worse than the program in general. The medical portion loss ratio is 96.0% and prescription was at 81.9%, but that averages out to 92.2%. Even more alarming to us when we started the renewal is per subscriber claims are up 29% versus a year ago. Which means that whatever claims were a year ago per employee they are 29.4% higher this year. This was not a good place to begin in this renewal process. With that as background Horizon's initial proposal was 33.1% composite rate increase. As we do every year we go to all the commercial carriers and also the State Health Benefits Plan. So this year we looked at Aetna, Amerihealth, Cigna, Oxford, United Health Care and New Jersey Health Insurance Fund. We also looked at free standing prescription plans to see if maybe there is a better option out there to split the prescription away from Horizon and move it to another prescription company. We looked at Benecard, CVS and Phoenix Benefit Managers. In terms of getting full service medical and prescription I got responses from Aetna Amerihealth and none of their offers were great. The Central Jersey Health Insurance Fund gave us a quote of 37.8% rate increase, Aetna gave us 33.8% and 26.8% came from Amerihealth. Cigna and Oxford did not respond because they could not compete with Verizon. We also looked at the State Health Benefits Plan. The problem with that is we don't know for sure and certainly we did our projections, but we didn't know what the renewal increase would be for 2017. We thought by today we would know that because the State Health Benefits plan would have had their renewal meeting scheduled for early in July. At almost the last minute they cancelled the meeting. There has been some talk in the press about wanting time to make plan changes to save money. We were lead to believe the rate increase from the State would be 10-13%. We think that was based on no plan design changes so we think they are trying to work that out, but we just don't know what that increase is going to be yet and they haven't announced any dates to release their rates. But assuming basically we took the midpoint of that 10-13% - for 11% and calculated that out if you were to go with the State Health Benefits Plan and that worked out to a composite 24.6% increase to your current Horizon Rate. We did get some decent quotes from prescription carriers. The problem with taking the prescription away from Horizon is they have a golden handcuff on their benefits. So if you take the prescription away from them they bump up the medical by 3%. If you look

at the details of our report that would wipe out any savings that would be available from any of the prescription carriers. We were able to get Horizon based on we have a pretty good relationship with them and some of the quotes and some of the uncertainty about the State Health Benefits plan we were able to talk Horizon down to a 20.5% composite rate increase. It's better than 30 something, but it's still not great. So at the bottom of page 2 of our report you will see a table which summarized the annualized cost of the Horizon quote and the various options. I believe Frank you have budgeted something that fit within this increase."

Director Planko stated, "We kind of suspected that there would be an increase late last fall so we actually are pretty much on budget for what Tom came in with for the budget."

Tom Ucko continued, "So even though it's not a great number at least it's what Frank had anticipated it would be."

Comm. Flynn asked, "You had to increase the budget 20.5%?"

Director Planko replied, "Yes I did."

Tom Ucko stated, "So again for your reference the total premium number is in the report. Gross premium doesn't always reflect anything you collect on Chapter 78 or retirees. So basically long story short - because we see no less expensive alternative to renewing with Horizon we recommend you renew with Horizon with that rate increase. As I mentioned, over the last four years before this the average increase has been 5.4% which is really good with the way that health care costs have been going up. Even if you add in this 20.5% and look at the last five renewals including this one, it averages out to 8.4% which is still probably less than average if you look at the public in general. It's just this one really bad year came after a series of some single digits. Also in the report are some charts which show how your loss ratio has been increasing over the last twelve months and also a chart showing claims per subscriber and also total head count. With that I can take any questions if anyone has any."

Comm. Flynn asked, "Of the 20% what percentage is related to the increase in claims?"

Mr. Ucko replied, "It is hard to give a precise answer to that. If everything they are equal taking into consideration that medical trend is about 20% per year. There are some cost increases of 10% per year. So the rest of it we can attribute to the fact that your claims were very heavy over the last year."

Comm. Flynn asked, "Why do claims increase assuming we have the same number of employees and dependents?"

Mr. Ucko replied, "You have 130 employees which is not what insurance companies consider a fully credible group. The bigger the group is the more predictable claims are. SO if you have 10,000 employees your claims are going to be very predictable and you are not going to get big spikes like this. The smaller the group is the more impact you get from one or two sick people. One large claim can throw off a group like yours. Definitely this year it is a spike."

Comm. Flynn asked, "We can't attribute it to anything specific?"

Mr. Ucko stated, "Well there have been one or two large claimants over the last year that have contributed to that. I just got June data the other day and it seems the trend may be calming down a little bit so as we go into next year hopefully it will go back to where it was before this."

Director Planko stated, "Because of HIPPA Laws we had some large claims, but we don't know exactly who it is but we had some illnesses and so forth that lead to some higher claims this year."

Mr. Ucko stated, "Rule of thumb in a five year period is you are going to have two or three good years and two or three bad years and this was one of the bad years. Again with larger groups it's much easier to spread out the claims, but because your group is 130 employees and retirees it is harder for the carrier to gain it back."

Comm. Flynn asked, "So in the five year period you think we are at the norm?"

Mr. Ucko replied, "Yes over the last year, if you look at just the five years you have done very well. You have averaged an 8.4% increase which in a market place where the average is 10 you did better than average for the last five years. It has been a very good five year period. It just so happens this year it caught up with us a little bit."

Director Planko stated, "It was back in 2008 that the Board and the Finance Committee asked me to take a look at moving from the State plan to an independent Plan. I talked to several brokers such as IMAC and I choose IMAC and since that point in time in 8 years we have saved \$1.4 million versus the State plan so it has been very favorable to us in our rates."

Comm. Flynn asked, "So historically we should even out at some point?"

Mr. Ucko replied, "Yes, and historical you have. Over the last five years you had a very good average. This year it brought the average up but it is still a very good average."

Chairman Cevasco thanked Mr. Ucko.

4. Adoption of Directors' Reports

Chairman Cevasco asked for a motion to adopt the Directors' report.

Comm. Curtis asked, "We are changing banks for payroll I believe I read in Frank's report? We are moving payroll from TD to Provident I think I read?"

Director Planko replied, "Yes we want to move the payroll checking account, and FSA Flexible spending Account. I do have some quotes for that so I hope to have that for this Finance Committee meeting coming up."

Comm. Curtis asked, "Now that is competitive bidding when we move it?"

Director Planko replied, "I did a lot of competitive shopping when I moved our other checking accounts and by far Provident was the best."

Comm. Curtis asked, "So we are not dealing with TD no more on that?"

Director Planko replied, "Well TD will still be our Trustee Account. They are very good as a Trustee Account. I just don't like them locally for our payroll account. I already got some numbers from Provident and it looks quite good."

Seconded by Comm. Lydecker.

AYES: Comm. Grisanti, Flynn, Curtis, Lydecker, Cevalasco
NAYS: None
ABSTAIN: None

5. APPROVAL OF MINUTES

Comm. Grisanti made a motion to adopt the minutes of the June 27, 2016 regular and exempt meeting. Seconded by Comm. Curtis.

AYES: Comm. Grisanti, Flynn, Curtis, Cevalasco
NAYS: None
ABSTAIN: Comm. Lydecker

6. CORRESPONDENCE - NONE

7. BILL RESOLUTION

Comm. Flynn read the Bill Resolution dated July 25, 2016 in the total amount of \$1,564,606.42 as follows:

Total Operating Vouchers:	\$	358,844.21
Total Payroll:		947,560.28
Total Capital Vouchers:		258,201.93
Escrow:		- 0 -
Total Bill Resolution	\$	1,564,606.42

Comm. Flynn made a motion to approve the Bill Resolution. Seconded by Comm. Curtis

AYES: Comm. Grisanti, Flynn, Curtis, Lydecker, Cevalasco
NAYS: None
ABSTAIN: None

8. TREASURER'S REPORT

Comm. Grisanti read the Treasurer's Report balances for the month ending June 30, 2016 as follows:

Unrestricted Funds:

Total Revenue Funds:	\$	16,238,974.71
Total General Funds:		3,652,976.29

Total Unrestricted Funds: 19,891,951.00

Restricted Funds:

Rate Projection Maintenance Fund: 2,5356.08
Working Capital Fund: 462,854.21
NJEIT Processing Fund: 1,207,706.71

Series 2015A/2016A Project Bonds: 3,543,980.26
Total Bond Funds: 11,316,330.19
Total Other Restricted Funds: 1,480,408.59
Total Restricted Funds 20,514,636.04
Total of All Fund Accounts: 40,406,587.04

Comm. Flynn made a motion to approve the Treasurer's Report. Seconded by Comm. Lydecker

AYES: Comm. Grisanti, Flynn, Curtis, Lydecker, Cevalasco
NAYS: None
ABSTAIN: None

9. DEVELOPER APPLICATIONS

9.1 Preliminary Applications - No Further Action Required- NONE

9.2 Other Applications

2168 D&J Realty Corporation/Mr. D.J. D'Onofrio, QuickChek Convenience Store & Fueling Station, Brick Blvd. & Route 70, Final, 1 Commercial Unit

Director Specht advised, "The first application is 2168 for D&J Realty Corporation, Mr. D.J. D'Onofrio, and QuickChek Convenience Store & Fueling Station at the intersection of Brick Blvd. and Route 70. It is for one commercial unit. Preliminary approval was granted back on August 24, 2015 and based on the revisions they have made to the plan I would recommend final approval. This was discussed at the Construction Committee meeting."

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

AYES: Comm. Grisanti, Flynn, Curtis, Lydecker, Cevalasco
NAYS: None
ABSTAIN: None

2169 Ms. Judy Knop, PE, Bricktown UE c/o Urban Edge Properties, Brick Town Plaza Building Addition, Chambers Bridge Road & Route 70, Preliminary, 1 Commercial Unit

Director Specht advised, "Application No. 2169 Ms. Judy Knop, PE, BrickTown UE c/o Urban Edge Properties, Brick Town Plaza. It is a building addition of Chambers Bridge Road and Route 70. It is a preliminary application for one commercial unit. They will be adding a 3,757 square foot addition

to the existing plaza. Part of the requirement of this development application is an existing water main will go under the footprint of the new addition and they will have to relocate that water main and then just connect into the sewer main located out back as well as tie into the relocation of the water main. This is a preliminary application and I would recommend approval as discussed in committee.”

Chairman Cevalco asked, “Where is this building going to be built?”

Director Specht replied, “It is going to be built toward the Route 70 side. There is a little parking lot there now. I guess next to the Joyce Leslie store.”

Comm. Flynn asked, “I had a question. I don’t know if I asked in Committee - do we have any I’m not sure what the correct wording is but to be part of work the contractor is doing? Do we feel confident in that contractor’s abilities? That’s a big job and there is a lot of stuff going on there. Can they just go out and pick Joe Shmo or how do we make sure they are selecting a contractor who can relocate our main to our satisfaction?”

Director Specht replied, “They can pick their contractor and they obviously have to provide us the appropriate performance bond. Then we will have our inspector out there, Either Mr. Hotz or Mr. Allen will be out there when they are installed and removing the pipe and we will make sure it is done properly.”

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

AYES: Comm. Grisanti, Flynn, Curtis, Lydecker, Cevalco

NAYS: None

ABSTAIN: None

2183 Mr. Kenneth Freid, Brick 70 Developers, LLC, c/o Paramount Realty,
Wawa Food Store & Quick Service Restaurant, Rt. 70 & North Lake
Shore Drive, Preliminary, 2 Commercial

Director Specht advised, “The final application tonight is No. 2183, Mr. Kenneth Freid, Brick 70 Developers LLC, c/o Paramount Realty. It is a for a new WAWA Food Store and quick serve restaurant located at the intersection of Route 70 and North Lake Shore Drive. This is also a preliminary application for two commercial units. So they will be coming back to us. Basically they are just providing new services off of new facilities that we have out there and I would recommend approval.”

Comm. Flynn asked, “That is for preliminary? Very very preliminary? They received nothing from the Town yet?”

Director Specht replied, “Not that I am aware of. It is preliminary so they will have to come back to us with some changes to the drawings.”

Comm. Flynn made a motion to approve this action. Seconded by Comm. Lydecker

AYES: Comm. Grisanti, Flynn, Curtis, Lydecker, Cevalco

NAYS: None

ABSTAIN: None

9.3 Release of Performance Bonds – NONE

10. UNANTICIPATED/EMERGENCY CAPITAL EXPENDITURES - NONE

11. CUSTOMER ACCOUNTS RECONCILIATIONS - NONE

12. CONTRACT CLOSE-OUTS - NONE

13. AUTHORIZATION TO EXPEND APPROVED FUNDS

- a. **Sea Avenue Storm Water Pump Station – County of Ocean; Purchase and Installation of Swing Check and Plug Valves for the Two Dewatering Pumps;**
Amount/Vendor: Purchase from Quality Controls, Inc. for \$17,106.00 and Installation by LVN Construction Company, Inc. for \$20,325.00
Funding Source: Reimbursable from the County of Ocean –

Director Specht advised, “This is for the Sea Avenue Storm Water Pump Station. We have an operation and maintenance shared service agreement with the County of Ocean and we are looking to purchase and install swing checks sand plug valves for two dewatering pumps. The purchase of the valves would be through Quality Controls, Inc. for \$17,106.00 and the installation of the valves will be performed by LVN construction for \$20,325.00. I previously received approval to proceed with this work from John Ernst the Ocean County Engineer. I’m just looking to get approval from the Board to move ahead with this purchase and the County will reimburse us once the work is completed.”

Comm. Curtis asked, “Question - the installation – do we inspect it?”

Director Specht advised, “We will have our maintenance crew out there when they do the work. It depends on how much time they spend out there. We generally have enough funding in our annual contract with the County for that.”

Comm. Lydecker made a motion to approve this action. Seconded by Comm. Flynn

AYES: Comm. Grisanti, Flynn, Curtis, Lydecker, Cevalasco
NAYS: None
ABSTAIN: None

- b. **Removal, Inspection, Reinstall of Well 11 Pump**
Amount: \$17,888.00
Vendor Layne
Account Number 799-009B

Director Maggio stated, “We are requesting authorization to expend approved funds for the removal, inspection and reinstallation of the Well 11 pump. The amount is \$17,888.00. The vendor is Layne. The account number is 799-009B. While doing work on the pump it was noted that there were several bearings out of alignment. A failure of the bearings could have catastrophic consequences so we want to have a vendor come out and pull the pump and do an inspection. Hopefully there will be no

repairs necessary and they will just need to realign the bearings and reinstall the pump when we get it back on line.”

Comm. Lydecker asked, “Why were the bearings misaligned?”

Director Maggio replied, “That we don’t know. We don’t know if it was a circumstance when the well was last worked on, which was about five years ago when it was redeveloped and reinstalled with the bearing out of alignment or if this is something that happened while it was operating. There may have been a shift in the shaft that goes 350 feet down to the pump and the motor is what rotates the shaft and the pump.”

Comm. Lydecker asked, “So we don’t think it is a defect and that we bought it that way?”

Director Maggio replied, “No we don’t think so no. This is more of a shifting of this 350’ shaft by just a matter of inches.”

Comm. Curtis asked, “Who was the contractor on it the last time?”

Director Maggio replied “I believe it was redeveloped by AC Schultes. Now we are using Layne.”

Comm. Curtis asked, “Didn’t we do something with Schultes and we had a problem with the project?”

Director Maggio replied, “We had an issue with a well head that we had replaced that failed and actually that was the second well head that had failed in a matter of months in operation. There is also a possibility where there may have been some event when these bearings shifted that could have exerted some force. We are only speculating at this point.”

Comm. Flynn asked, “But in this process you are going to inspect the bearings to determine if we need to do anything further?”

Director Maggio replied, “There will be an inspection and whatever we put back in the ground will be properly aligned.”

Comm. Flynn asked, “So there may be more cost if we find that the bearings are a problem?”

Director Maggio replied, “We hope not but at the very least this will cover it if there was just a minor readjustment of the shaft.”

Comm. Flynn asked “And who inspects those bearings?”

Director Maggio replied, “The vendor Layne. They are tasked with doing the inspection and any of the repairs.”

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

AYES: Comm. Grisanti, Flynn, Curtis, Lydecker, Cevalasco

NAYS: None
ABSTAIN: None

- c. **Replacement of 2 cameras and Card Readers damaged by Lightning Strike**
Amount: \$5,988.00
Vendor – OSI (Coop Purchasing Contract)
Account Number 918-8020

Director Maggio replied, “This item is the replacement of two cameras and card reader damaged by a lightning strike in the amount of \$5,988.00. The vendor is OSI. The account number is 918-8020. On June 21st in the morning there was a pretty sudden and severe lighting storm and several electronic systems were damaged on the campus and this is a repair of one of those components. The other components have been repaired already.”

Director Specht advised, “And we’ll seek reimbursement through our insurance company.”

Comm. Flynn asked, “We had the conversation about the fence and the lightning rods. The lightening hit the tree correct?”

Director Specht replied, “The lightening hit the tree adjacent to the fence and transmitted through the fence.”

Chairman Cevasco stated, “Lightening will ionize the air and carry from there.”

Comm. Flynn asked, “Is there any need to investigate doing anything further on that or that is just one in a million chance?”

Director Maggio stated, “I think at this point we are looking to see if there have been any other projects involving lightening protection or evaluating similar issues on the campus.”

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

AYES: Comm. Grisanti, Flynn, Curtis, Lydecker, Cevasco
NAYS: None
ABSTAIN: None

14. AUTHORIZATION TO SEND OUT BIDS, RFQ’S & RFP’S - NONE

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

16. ADOPTION OF PERSONNEL ACTIONS

Comm. Curtis made a motion to approve the personnel actions included in the Executive Directors Report. Seconded by Comm. Flynn

AYES: Comm. Grisanti, Flynn, Curtis, Lydecker, Cevasco
NAYS: None

ABSTAIN: None

17. OLD BUSINESS

18. NEW BUSINESS

18.1 Authorization to Utilize Reservoir

Director Specht presented the following requests to utilize the Brick Reservoir:

- a. **Organization: Ocean Medical Center Association, Brick, NJ**
Description of Event: "Jogging for John" 2nd annual 5k Walk/Run to benefit the John James Dooros Memorial Fund
Date: Saturday, November 5, 2016 from 9:00 a.m. to Noon
Special Needs: Tables/chairs for refreshments
No. of Participants: 200-250
Contact: Regina Dooros
Event Status: 2nd year
- b. **Organization: St Vincent DePaul Society – Church of Epiphany Conference**
Description of Event: "Walk for the Poor" Fundraiser
Date: Saturday, September 10, 2016 from 9:00 a.m. to Noon
Special Needs: Tables at the entrance
No. of Participants: 20-40
Contact: Joan Franken
Event Status: 4th year

Comm. Curtis made a motion to approve the Requests to utilize the Reservoir. Seconded by Comm. Lydecker

AYES: Comm. Grisanti, Flynn, Curtis, Lydecker, Cevalasco
NAYS: None
ABSTAIN: None

18.2 IMAC Insurance Renewal

Discussion held earlier in the meeting.

19. RESOLUTIONS

- 54-16 A Resolution Renewing IMAC Insurance Agency as Broker of Record and Accepting the Horizon Blue Cross Blue Shield Rates presented by IMAC

Director Planko advised, "This is the resolution to renew both our medical and prescription plans. Tom Ucko of IMAC as he usually does did a nice summary for the Board on costs and the comparison cost relationships they did with other firms. Again as I mentioned to Comm. Curtis I anticipated a rather larger increase in the insurance this year so even if we are running at full complement I don't anticipate that we will have an adverse impact on actual versus budget. I also want

to mention that we have a couple of other things that positively contribute to the budget which is our employee contributions which I estimate to be over a half a million dollars this fiscal year as well as the opt out program which I anticipate will contribute about \$280,000 this year. So overall we have a large increase we try to minimize our costs and we will be within budget. They did a great job as they usually do and I recommend we pass this resolution 54-16. Our new rates will go into effect August 1st."

Comm. Curtis made a motion to adopt Resolution No. 54-16. Seconded by Comm. Lydecker

AYES: Comm. Grisanti, Flynn, Curtis, Lydecker, Cevalasco
NAYS: None
ABSTAIN: None

55-16 A Resolution Memorializing the Execution of a Separation Agreement
with Christopher J. McClain, former Senior GIS Specialist

Counselor Montenegro stated, "This is a resolution memorializing the execution of a separation agreement with the former Sr. GIS Specialist. If you recall last month we met had a hearing and discussion on the item. There was a reduction in Force and an elimination of the position of Sr. GIS Specialist. Following that event there were discussions with that employee regarding bumping rights and things that he might want to exercise. There was an agreement to separate and terminate employment completely. This agreement sets forth and documents for the benefit of both parties exactly what the terms of that separation is both as to the use of any accrued time that he had any severance period and also a release of any and all claims against the municipal utilities authority. So the agreement documents, the separation gives a clean break for everybody in light of the reduction of force."

Comm. Flynn made a motion to adopt Resolution No. 55-16. Seconded by Comm. Lydecker

AYES: Comm. Grisanti, Flynn, Curtis, Lydecker, Cevalasco
NAYS: None
ABSTAIN: None

56-16 Purchase of New GCMS with Combipal Autosampler - \$120,232.40 – Vendor
Agilent Technologies (State Contract) – Account Number 710036A

Director Maggio replied, "This resolution is for the purchase of a new GCMS with Combipal Autosampler for \$120,232.40. The vendor is Agilent Technologies. This was purchased through State Contract and the account number is 710036A. This instrument is used to do analysis for our taste and odor compounds. We are one of very few labs in the entire country that do this type of analysis. Because of that this instrument generates a lot of client revenue. In 2015 we generated \$22,230.00 in client revenue and we also performed over \$100,000.00 worth of analyses for our own lab samples. We are on a similar pace for 2016. This instrument is just getting extremely old. All of the equipment was purchase used. The GCMS was purchased used in 2006 and the Combipal Autosampler from what I understand was also purchased used in 2006 but is vintage 1995. So finding replacement parts are becoming incredibly problematic which makes problems with this instrument very difficult to remedy. With that we end up losing revenue when we have to turn away clients and it is quite possible that the next failure of this instrument it just won't be able to be repaired. So this is really a predictive replacement for this piece of equipment."

Comm. Flynn made a motion to adopt Resolution No. 56-16. Seconded by Comm. Curtis

AYES: Comm. Grisanti, Flynn, Curtis, Lydecker, Cevalasco
NAYS: None
ABSTAIN: None

At this point in the meeting Chairman Cevalasco called for a motion to go into closed session.

Counselor Montenegro stated, "If we can have a motion and a vote to go into executive session by resolution at this point in the meeting of the Brick MUA on July 25, 2016 for the purpose of discussing confidential personnel matters. Whereas Section 8 of the Open Public Meetings Act NJSA 10:4-12 permits the exclusion of the public in an executive session in a meeting of the BTMUA in certain circumstances, and whereas the public body is of the opinion that such circumstances exist. Now therefore be it resolved by The Brick Township Municipal Utilities Authority of the Township of Brick in the County of Ocean, State of New Jersey as follows: The public shall be excluded from discussion on the actions upon the hereinafter specified subject matter and that being confidential personnel matters. The general nature of the subject matter to be discussed is listed under executive session as personnel. It is anticipated at this time that the subject matter will be made public if and when confidentiality is no longer needed and action may be taken. This resolution shall become effective immediately."

Comm. Curtis made a motion to go into executive session. Seconded by Comm. Flynn

AYES: Comm. Grisanti, Flynn, Curtis, Lydecker, Cevalasco
NAYS: None
ABSTAIN: None

The group entered exempt session at 7:35 p.m.

On motion duly made and seconded and a unanimous vote in exempt session, the group returned to open session at 7:58 pm.

20. PUBLIC DISCUSSION

At this point in the meeting, Chairman Cevalasco opened up the meeting to public. There was no comment from the public.

21. COMMENTS FROM COMMISSIONERS, PROFESSIONALS & STAFF

Director Maggio stated, "I just want to give an update on our source water situation which is much different after the rain today. This has been possibly the driest year since I have been here in 2007 and one of our toughest years in terms of river flows. Officially before it rained at about 7:00 a.m. this morning we were not allowed to take any water from the river. River flows were too low and our permit would not allow us to take water. We have been managing very well. We managed our well allocation very well going into the summer. We had an above average amount of well water that we could use. The Reservoir has also been equally well managed. We have only just gone below a full reservoir over the last week and that was only because with the low flow in the river we had to supplement our well

supply and we had to turn to the Reservoir. Of course for at least the next week that will all change with the rain we had today. We will be going back to the river. We will be filling the reservoir and reducing our usage of wells but that should last about a week. If we don't get any more rain we'll be right back down to where we were today. It is a very tough year but we are managing thus far."

Comm. Flynn stated, "Sayreville just went on alternate watering days."

Director Maggio stated, "Yes and I think Old Bridge also. DEP Steve just passed that along. They went to drought watch for Northern New Jersey."

Director Specht added, "For Northeast, Northwest central drinking water supply regions. The effected drought regions encompass 11 New Jersey Counties, Bergen, Essex, Huntington, Mercer, Middlesex, Morris, Passaic, Somerset, Union and Warren. So it is basically the north half of the state. We are right below Middlesex so it will roll into Monmouth and then to us. So we can eventually be on the hit list too unless the stream flows come up. I would anticipate. Just to let the Board know a drought watch announcement calls for voluntary efforts by the public to conserve water especially outdoors for activities such as lawn and landscape watering and other water dependent activities around the home."

Comm. Flynn asked, "We discussed what we thought would be the point where we would take the first step."

Director Specht replied, "We said when Coastal North, where we are in went to a drought watch we would start getting the word out but maybe we can do it now just based on the DEP with what their drought notification indicated for the northern half of New Jersey."

Comm. Flynn asked, "And what was that first level?"

Director Specht replied, "It is Normal, Watch, Warning, Emergency."

Comm. Flynn asked, "Should we publicize something?"

Director Specht advised, "It couldn't hurt to get something on our website just to let customers know it is up in North jersey and we should conserve water basically. It can't hurt."

Director Maggio advised, "We will get something up on the website."

Comm. Flynn asked, "On your director's report, there's an issue with the watershed at Lake Carasaljo work stoppage because of newly discovered issues. I did not see that on the committee meeting. What is that all about?"

Director Maggio replied, "We have a grant funded storm water project there. We have done the preliminary designs. We are going to be meeting with Lakewood to present the designs to them and get their approval and then once we get the approval move forward with the project. It is seven small projects around Lake Carasaljo. There hasn't been anything problematic that we have encountered. One component of it is there is a basin, not at Lake Carasljo but at the Shawnee Road basin which is a storm water basin that we are going to be rehabbing. During the design process our engineer did find that there are a lot of aspects found to be substandard and the work that we are going to be doing to rehab the basin is not meant to replace or repair some of these substandard issues like the outfall pipe. The

pipe that takes the water out of the basin was smaller than expected so we just wanted to make Lakewood aware of these deficiencies and if we did proceed with any work we wouldn't be doing any repairs to that part of the work. We are just rehabbing the basin itself. We are going to have our attorney present to make sure that they understand that we are not accepting any liability if these substandard features were to fail. That wasn't the intent of the project to repair these parts of the problem but they were uncovered in the design."

Comm. Flynn asked, "And the Jamesway outfall has nothing to do with this?"

Director Maggio replied, "The Jamesway outfall was ranked very high and just to give some background it is the largest storm water outfall in the watershed. It is ranked very high on the Metedeconk Watershed plan list. I believe it is number two or three in terms of priority projects. However it is such a large outfall and in order to do any remediation it would require purchasing land. It would be a significant project. We estimate that at the very bottom end it would be a \$2 to \$3 million dollar project, which far exceeds any grant funding that we have received. Actually most of the time grants come out in an effort to kind of spread the number of projects out. We are looking out for grants but it would be unlikely that there would be a \$3 million grant that we would be able to apply to that project. I think everyone would agree this is not something that should be funded by the MUA ratepayers. If we were going to move forward it would have to be grant funded like the Lake Carasajlo project."

Comm. Flynn asked, "Well is it in the mix? Is there some way that we're bringing it to their attention that this needs to be addressed?"

Director Maggio replied, "Oh absolutely, DEP is well aware of it. They have adopted the Metedeconk Watershed Plan where this was number two or three. They are well aware of this project. We had DEP representatives on a number tours of different locations around the watershed particularly the ones that were ranked high on the plan and this is definitely one of them that they are aware of. They understand that it would be a very beneficial nice project because it is an older storm water system that drains a very large area of impervious surface and because it is older there is really no treatment."

Comm. Flynn stated, "And we don't know what the new stuff coming on to that is."

Director Maggio replied, "Exactly we don't know if it is being expanded. I know the Chairman this is something that he has been very passionate about and I agree, but the funding is really the roadblock."

Comm. Flynn asked, "Is there any aspect to that where we know we are concerned about it because we draw our water from there? Does Lakewood have any concerns about pollutants in their own place?"

Director Maggio replied, "As much as any town. However everyone has budget constraints and for any town to budget \$3 million, it would be a large undertaking. Lakewood or Brick or Jackson they all have a lot of other issues that they can have improved stormwater issues that they can improve for a lot less money so one project for \$3 million is not a high priority."

Comm. Flynn asked, "Do they have any wells in that area do you know?"

Director Maggio replied, "I really don't know. I'm not that familiar with Lakewood's entire service area. It is possible that part is serviced by New Jersey American because half of Lakewood is Lakewood MUA and half New Jersey American. I'm not sure where their water supply is."

Comm. Curtis asked, "When they redevelop that land, is there a new requirement that this has to be looked at? Do we know that for a fact? That it would need to be addressed in the future?"

Director Maggio replied, "A lot of your redevelopment regulations, because you are redeveloping existing development does allow you to redevelop without upgrading stormwater systems. This is a stormwater system that goes well beyond one property. It used to be a Jamesway store and I think it is something else now."

Comm. Flynn stated, "Maybe it didn't come up on the approval process."

Director Maggio stated, "But I know it on the top of the Chairman's wish list and on the top of ours, but the money it is almost a deal breaker for grant but we hope it isn't in the future."

Director Vaccaro stated, "I just have one item I wanted to talk about one of the initiatives in my department is looking into a discussion we had with Comm. Curtis and the Chairman as far as reducing and relocating the storage inventory and equipment we have in the warehouse. So on July 13th I had a brainstorming session with my warehouse staff and we came up with a number of items. Some are looking at getting some surplus supply items to the new fleet building. I am going to talk to Director Specht about it to see if that is viable. Some of the procedural changes we are going to take a look at similar to when a piece of equipment goes out of service we are no longer using - it could be a printer or pump the warehouse is notified so they know to not stock that inventory associated with it as well. We are going to look at a uniform destruction company to dispose of old uniforms. We have a stockpile of uniforms that we haven't been able to get rid of because they have the emblems on them and they have to be destroyed. So we have to get a company to come in and take a look at that and some other items. When I talked to Comm. Flynn do you want me to talk about that in more detail at the construction committee meeting? Basically we did look at a number of items to see what we can do to better organize. Not that it's bad but maybe relocate some things."

Comm. Flynn asked, "The insurance on the pump stations are you waiting on the flood elevation certifications?"

Director Vaccaro stated, "I talked to them today. We have the flood certifications. I talked to the risk consultant today about that and it's a circle going around. FEMA still hasn't approved all the maps yet. Apparently it is holding up getting the insurance quotes for the underwriter to get a number. I even asked them we have Riverside pump station which hasn't changed being in a flood zone. We are just looking at excess flood insurance coverage and he said the number I was given is still the incorrect number. To be honest it is a convoluted system and I can't get a straight answer on it."

Comm. Flynn continued, "Well if they are waiting for FEMA that could be forever."

Director Vaccaro stated, "The problem is they are having trouble getting the quotes. They have the flood elevation certificates so we are trying to get quotes so we can determine the cost factors. Our risk consultant goes out to different underwriting companies. Right now we go to Selective and some other companies and they are not getting accurate quotes because they get the information from FEMA

and my understanding is all the maps haven't been completely updated. They were supposed to get updated. Right now they go through a computer system that is spewing out wrong numbers."

Comm. Flynn asked, "Ok I assume they reestablished the rate based on the new FEMA elevations. Are we going to get a refund for the time period that we have had it to the new elevation?"

Director Vaccaro replied, "The only ones that we are going to get flood insurance for are the ones that are in AE zones."

Comm. Flynn stated, "But we are currently paying the old rates."

Director Vaccaro stated, "No it has nothing to do with changing our rates. The only site we have flood insurance for is Riverside pump station because that is in an AE zone. What we are looking for at Riverside is our insurance covers us up to \$500,000, but the building is worth more than that with the equipment so we are trying to see if we can get excess flood insurance. Our risk consultant recommended that. The other sites - some are in an AE zone and we are trying to see if we can get flood insurance depending on how much it is. The flood elevation are so high it wouldn't make sense to get it. It is not going to change what we are paying. There is not a refund. I'm just trying to get numbers so I can work with Frank and say what do you think? Is it worthwhile to get the flood insurance?"

Comm. Flynn asked, "But as it is right now we are paying the flood insurance?"

Director Vaccaro stated, "For one site -Riverside only. The other sites we don't pay for at all. They are covered by JIF but some are not in an AE zone and there are some that are."

Ms. Brasefield advised she had nothing further to report.

Director Planko stated, "I did mention about the payroll account and I'll be taking a look at moving the payroll account over to Provident over the next couple of weeks. We have not had any more payroll fraud issues with that account so that is good news. Chuck Fallon just mentioned that next week August 2nd he will be starting the audit in house as well. Finally I just want to congratulate Commissioner Grisanti for his appointment to the judgeship. I know he is a short timer but best of luck."

Comm. Grisanti stated "I think Gary said I broke the record for the shortest tenure."

Comm. Flynn asked, "With regard to the EIT funding, does that apply to any of the upcoming projects like the hydrants or the undersize water mains?"

Director Specht advised, "They are all being budgeted as an NJEITF project. So they will all get financing through the Trust."

Comm. Curtis asked, "This fine we received or the mismark that was our contractor correct? So they are putting in our water and sewer and they broke our water main and we got..."

Director Specht replied, "They were putting in our sewer and they broke our existing ACP water main. It has always been their practice, we talked to the contractor any time they have a hit on a mismark they immediately notify BPU. We got a letter from BPU and we told them what happened."

They came back and hit us with a notice of violation. Based on my discussions with the Finance Committee, it is a \$3,000 fine. We are not going to contest that it was not mismarked. It wasn't your standard 18 inches away. It was about four foot away because it is around some elbows and it is very difficult as a matter of fact it is almost impossible to locate and ACP pipe. I have informed BPU that we would like to have a mitigation conference with them whereby I can bring some documentation about our track record indicating how we don't have many hits in our system either by us or our contractors. Maybe we can get a little bit of relief on that. I have responded to them accordingly and I am waiting for them to set up the mitigation conference."

Comm. Curtis asked, "Didn't their contractor cross our pipe prior to hitting in other spots?"

Director Specht replied, "No. Not where that was. This is where he was putting a manhole in so it was big excavation to put that manhole in. Believe me Commissioner I was not too happy when I saw it especially since it was our contractor but that is his procedure. And this is the first time I've seen it. It is his right to do it. I'm assuming he got nailed some other time."

Comm. Flynn asked, "What's the status now with getting the meter pits in?"

Director Specht advised, "We need to do more bacteria samples today on the main. It failed the first couple of tests, but hopefully it will pass this one."

Comm. Flynn asked, "Do we have any recourse on that with the contractor delay factor?"

Director Specht replied, "He has to get the job done under a certain amount of time. We issued a notice to proceed and he has 90 days to get the job done. He is well under that 90 days."

Comm. Flynn stated, "It is difficult to establish the cause."

Director Specht replied, "It could be a disinfection issue or could be something in the pipe. It could be a number of issues so they super chlorinated. We had one sample that passed and are doing our second sample today. So hopefully we will get a successful pass on it."

Comm. Flynn asked Sue Brasefield, "Monitoring wells for the ASR – what's the status of that? Do we have to do it or don't we?"

Ms. Brasefield replied, "We did recommend monitoring wells. The report was sent last week."

Comm. Flynn asked, "Are we talking about the same thing?"

Ms. Brasefield replied, "For Parkway? Oh I'm sorry."

Director Specht stated, "Tom Dwyer did his report and he submitted something to us last week. I think I shared it with everyone that they are still waiting to get feedback from the National Geologic Survey and we have not heard anything else on that."

Ms. Brasefield advised she will follow up with Tom.

Director Specht added, "It is performing. Thank g-d we had it this year because we don't have well 11."

Comm. Flynn asked, "I guess this would be for Gary, on the Xtel internet system increasing the speed and all that, they gave you a proposal and when does that come up for discussion?"

Director Maggio replied, "I believe we will bring it up for discussion at next month's meeting. We have already lowered rates with Verizon and have already taken effect. The Xtel will require entering into a contract with the Construction Committee at the very least."

Comm. Flynn stated, "I believe Xtel is a state contractor?"

Director Maggio replied, "I don't very well know. If they are we will find out about that. As I detailed in my monthly report, we would actually have two internet services bringing in the Xtel giving us 100 Mbs per second which is ten times what we have now, but because we have dramatically reduced the rates with our current Verizon vendor whose 10 Mbs. We would keep both so that way if there were ever a failure of one we do have redundancy. Actually the combination of the two is about or a little less than what we pay right now for just Verizon at 10 Mbs. We just recently had an outage of about four hours where Verizon had a failure somewhere in their system. We did loose internet and there was no outgoing emails so we would look, but of course I would discuss it with the appropriate committees. We would look to keep both services in tact to provide us the security of having a redundant system?"

Comm. Flynn asked, "Is it redundant?"

Director Maggio replied, "Yes. They would both be coming in and if one failed there would be an automatic switchover to the other system. You would have access to the 100 Mbs and we would switch over to one or the other. Verizon is essentially the gold standard for service. They are very reliable. Xtel has been in business for a long time but we are not sure they are up to the service snuff of Verizon so at the very least for some period of time we would want to keep both services."

Chairman Cevalasco asked, "What's the speed?"

Director Maggio replied, "The speed and capacity of the Xtel is 100 Mbs, the speed of Verizon which we currently have is 10 Mbs. The Verizon aspect would stay at 10. It would be on line constantly but if one failed all service will switch over to the other. I would go into this detail with the Construction Committee."

Chairman Cevalasco asked, "Why would you not use the 100?"

Director Maggio replied, "We would be using the 100 also, we would be using both."

Chairman Cevalasco asked, "What's the cost comparison between Verizon and Xtel?"

Director Maggio replied, "I think the Verizon is under \$1,000 and the Xtel is a little over \$1,000. I think both services would be approximately \$2,000 total."

Chairman Cevalasco asked, "I don't understand why we would be paying Verizon almost the same amount for ..."

Director Maggio replied, "From what I am told from our staff that is doing this research, Verizon has the strongest and most robust infrastructure. You are paying for the quality of the infrastructure and reliability."

Comm. Flynn asked, "If you gave Verizon \$2,000 are they going to give you 100 Mbs?"

Director Maggio replied, "I don't know the exact number for going to 100 Mbs with Verizon but I think \$2,000 is about right, but don't quote me on that."

Comm. Flynn asked, "So why are we even going to Xtel? Why not just upgrade the Verizon?"

Director Maggio replied, "You would lose the redundancy. If Verizon drops for that four hours like it did last month you would go to Xtel so it would essentially be seamless."

Chairman Cevalasco asked, "Do they each have their own drop here at the facility?"

Director Maggio replied, "We would have two separate lines, one Xtel and one Verizon."

Chairman Cevalasco asked, "Does Xtel have their own for lack of a better term transmission line outside on Route 88 or do they rely on Verizon?"

Director Maggio replied, "I don't believe they rely on Verizon, but I would have to confirm what their infrastructure is. But I will have that prepared when I present it to the Construction Committee and the appropriate committees."

Chairman Cevalasco stated, "Doesn't seem like it is worthwhile to stay with a 10 Mbs system when you've got 100 Mbs for the same price. It doesn't make sense."

Director Maggio replied, "It is something that we would want to discuss."

Counselor Montenegro advised, "The only report is I don't know if everyone saw it, the bid protest on the generator project was dismissed with prejudice so that litigation was successful. It is over and the project is moving forward with the low bidder as awarded by the Commissioners. There was about \$600,000 spread to the protestor that was seeking to have the award overturned."

Ms. Sylvester advised she had nothing further to report.

Director Theodos stated, "The recommendation to provide for voluntary water conservation I believe is very prudent in light of the reports by Director Maggio and Specht. Given the fact that we have a drought watch declared in eleven different counties, it reinforces the need for us to move forward with getting well 11 back on line. I appreciate the commissioner's diligence in approving the funding to move forward and have that put in place."

Chairman Cevalasco asked, "Will the bulk rate purchasers be notified too?"

Director Maggio advised, "We will be notifying them on our website so they would have access to our website, but we could reach out to bulk rate customers that we are posting voluntary water conservation."

Comm. Lydecker advised she had nothing additional.

Comm. Curtis advised he had nothing additional.

Comm. Flynn stated, "Congratulations Joe. Sorry to see you go. Good bye."

Comm. Grisanti stated, "As most of you are aware this is my last meeting with the BTMUA. I enjoyed my seven months here. Maybe I'm the shortest tenured commissioner, but I enjoyed the seven months and I want to thank my fellow commissioners who made me feel welcome from the day I got here as well as the Directors, Staff, and Marie. I wish the new executive director much success in the future. Again I wish everyone much luck and success. I think it is a great organization. I've served in several. It is basically a little town if you look at the budget and personnel. It's a little town in and of itself. I have been impressed at how well it is run. I credit the present commissioners as well as the past commissioners and the present staff as well as the past staff. So again I thank everyone for the welcome and helping me through these past several months. Every time I had a question everybody was always there to answer it. I am going to miss my service here and I'll be starting down the street August 22nd as the new Brick Township Court Judge. I am looking forward to the next phase of my professional career."

Chairman Cevalco stated, "I would like to congratulate Commissioner Grisanti and wish him well on his new endeavor and I will entertain a motion to adjourn."

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

AYES: Comm. Grisanti, Flynn, Curtis, Lydecker, Cevalco
NAYS: None
ABSTAIN: None

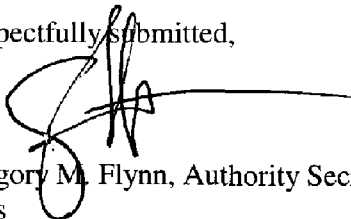
22. CLOSING STATEMENT

Ms. Sylvester advised, "The next Regular Public Meeting will take place on Monday, August 22, 2016 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

The meeting adjourned at 8:30 p.m.

Respectfully submitted,


Gregory M. Flynn, Authority Secretary
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