

The Brick Twp. Municipal Utilities Authority
Minutes of a PUBLIC MEETING Held on September 26, 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

James Fozman
Gregory M. Flynn
Thomas C. Curtis
Maria Foster
George Cevasco
Susan Lydecker

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 Brasefield, MUA Engineer

At this point in the meeting, Chairman Cevasco stated, "At this time we are going to go into closed session because there are some items that need to be discussed that affect items on the agenda down further so we are going to go into closed session first so we can clarify them and then we will come back in."

Counselor Montenegro stated, "If we could at this time request a resolution for executive session at this point in the meeting of the Brick Township Municipal Utilities Authority September 26, 2016 for the purpose of discussing confidential personnel items and/or litigation whereas Section 8 of the Open Public Meetings Act, NJSA 10:4-12 Permits the exclusion of the public from a public meeting in certain circumstances and whereas this public meeting is of the opinion that such circumstances exist therefore be it resolved by the Brick Township Municipal Utilities Authority in the County of Ocean, State of New Jersey as follows : The public shall be excluded from discussion on the actions herein after specified subject matter, again being personnel and litigation. 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 will take effect immediately."

Motion to go into exempt session by Comm. Flynn. Seconded by Comm. Fozman

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

The group entered Exempt Session at 7:01 p.m.

On motion duly made and seconded and a unanimous vote in closed session, the group returned to open session at 7:34 am.

4. Adoption of Directors' Reports

Chairman Cevalasco asked for a motion to adopt Item No. 4 Director Reports.

Motion by Comm. Fozman, Seconded by Comm. Lydecker

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

5. APPROVAL OF MINUTES

July 25, 2016 – Regular & Exempt
August 22, 2016 – Regular & Exempt

Comm. Curtis made a motion to adopt the meeting minutes, Seconded by Comm. Flynn

AYES: Comm. Lydecker, Flynn, Curtis, Fozman, Cevalasco
NAYS: None
ABSTAIN: Comm. Lydecker (August 22, 2016), Comm. Fozman (July 25, 2016), Chairman Cevalasco (August 22, 2016)

6. CORRESPONDENCE - None

7. BILL RESOLUTION

Comm. Flynn read the Bill Resolution dated September 26, 2016 in the total amount of \$2,496,919.33 as follows:

Total Operating Vouchers:	\$	921,041.21
Total Payroll:		1,058,763.31
Total Capital Vouchers:		517,114.81
Escrow:		- 0 -
Total Bill Resolution	\$	2,496,919.33

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

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

8. TREASURER'S REPORT

Comm. Curtis read the Treasurer's Report balances for the month ending August 31, 2016 as follows:

Unrestricted Funds:

Total Revenue Funds:	\$	17,761,771.10
Total General Funds:		3,653,167.70
Total Unrestricted Funds:		21,414,938.80

Restricted Funds:

Rate Projection Maintenance Fund:	2,503,356.08
Working Capital Fund:	462,854.21
NJEIT Processing Fund:	1,046,218.61
Series 2015A/2016A Project Bonds:	3,208,063.65
Total Bond Funds:	10,363,689.91
Total Other Restricted Funds:	1,515,672.27
Total Restricted Funds	19,099,854.43
Total of All Fund Accounts:	40,514,793.23

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

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

9. DEVELOPER APPLICATIONS

9.1 Preliminary Applications - No Further Action Required -NONE

9.2 Other Applications

2155 The Church of St. Pio of Pietrelcina c/o Msgr. Thomas Gervasio,
Major Subdivision of Block 12.22, Lot 1/The Church of St. Pio
Pietrelcino's property, NJ State Hwy. Route 35 & Seventh Avenue/
529 Route 35 NB, Final, 21 Residential Units

Director Specht advised, "We have two applications tonight. The first application is 2155, the Church of St. Pio of Pietrelcina a major subdivision of Block 12.22 Lot 1. It the Church of St. Pio of

Pietrelcino property which has now been demolished. It is on Hwy. 35 north and south bound, as well as Seventh Avenue. It is for a final and it is a 21 lot residential subdivision. We previously approved this application as a preliminary approval back on June 22, 2015. It is approximately 1,000 feet of 8 inch diameter PVC sewer main which will be installed by the developer on a 15 foot easement outside of the public right of way and I would recommend approval.”

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

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

2186 Mr. James Trainor, Parallel Sanitary Sewer Line Extension – 20
Cadiz Drive, Preliminary & Final, 1 Residential

Director Specht advised, “2186 is a Mr. James Trainor. It is for a parallel sanitary sewer line extension for 20 Cadiz Drive. It is a preliminary and final for one residential lot. It is a 76 foot 8 inch sewer man extension and one main hole. I would recommend approval.”

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

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

9.3 Release of Performance Bonds – NONE

10. UNANTICIPATED/EMERGENCY CAPITAL EXPENDITURES - NONE

11. CUSTOMER ACCOUNTS RECONCILIATIONS

Director Theodos presented the following customer account reconciliations for approval by the commissioners.

- a. Account # 3641601-0, 150 Bretonian Dr. M & T Bank, A One Time Credit is recommended in the amount of \$2832.20 for a toilet leak. The quarter in question rose to 403,000 gallons while the average usage is 12,000 gallons. The toilet has been repaired and verified by our servicemen. The meter is in working order. This has been approved of by Frank Planko before he left.

Comm. Curtis stated, “I have to question this. We have talked about this awhile back, about doing something with these, this is a bank owned home. They don’t maintain it. They don’t look at anything. Why are we giving them credit? It’s not a mom and pop, where she can’t hear the toilet run. That’s a bank. You’re giving a bank money back. Bank’s don’t give you money back.”

Comm. Flynn stated, "Chris we had established we thought it was best in a commercial situation that we give them a clearly a one-time credit. I think we talked about adopting a resolution that would establish that is the policy. A residential homeowner is one thing, but as a business that is supposed to be responsible for a nursing home or whatever it is, we can't just every time they screw up pay them."

Director Theodos stated, "The regulations as they stand allow us to do this."

Comm. Flynn replied, "I understand that but we had talked about creating a resolution or policy to limit that for commercial enterprises to a one time credit."

Comm. Curtis asked, "My question is if this is a bank owned house."

Director Theodos stated, "This is a one-time credit."

Comm. Flynn stated, "This bank probably has four or five other homes and if they mess up on these other homes because they don't service it..."

Comm. Fozman stated, "But that certain address is the one we bill, that house even if it is a bank owned it doesn't matter. That will never get another credit, that address."

Comm. Flynn stated, "Well if a man owns ten rental units, why should we be allowing him to make all these mistakes if he doesn't want to maintain the property."

Comm. Fozman stated, "You're giving the sewer money back only."

Chairman Cevalasco stated, "No this is a toilet so it did go down the sewer. Mr. Montenegro can you look into this – if we can narrow a one credit per owner. In other words if you've got somebody who owns multiple units so that, or a business or entity."

Counselor Montenegro stated "We'll take a look at that and report."

Comm. Fozman clarified, "So if someone owns ten houses and there is only one mistake at one house you are not going to honor credits for any other houses?"

Chairman Cevalasco replied, "No because he is the owner and he's not maintaining his property."

Comm. Fozman stated, "I understand but if you have a house and it happens at this house that house should get the one-time credit. If it happens to a house over there that house should get the one-time credit. If they use it up they are not going to get another one if they are owned by the same people."

Chairman Cevalasco replied, "What we are doing is saying here if we've got multiple properties owned by one owner, that the owner gets a one-time credit for one of the properties that's it. The rest of them..."

Comm. Fozman stated, "I don't agree with that."

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

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

- b. Account # 20129742-0, 27 Riveredge Dr. Kim Kirchofer, A One Time Credit is recommended in the amount of \$ 1,286.05 for a toilet leak. The quarter in question rose to 150,000 gallons while the average usage is 5,000 gallons. The toilet has been repaired and verified by our servicemen. The meter is in working order. This was preapproved by Frank Planko and Chris Theodos as an emergency for a closing taking place.

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

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

12. CONTRACT CLOSE-OUTS

- a. Contract Close-Out with Pillari Brothers Construction Corp. for Contract No. 713001 – Knoll Crest Avenue Water Main Replacement (Final Contract Payment and Reduction in Retainage from 2% to 0%)

Director Specht advised, “We have one contract close out tonight with Pillari Brothers for Contract No. 713001- Knoll Crest Avenue Water main replacement project. The contractor throughout CME Associates has submitted the appropriate close out documentation and CME has recommended we close out the project. It has been reviewed by my staff and I also agree with that recommendation. It will reduce the amount of retainage from 2% to 0% and we’ll pay the final contract amount. I recommend approval.”

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

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

13. AUTHORIZATION TO EXPEND APPROVED FUNDS - 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

Chairman Cevalasco asked for a motion to adopt the Personnel actions as listed in the Executive Director’s report.

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

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

NAYS: None

ABSTAIN: None

17. OLD BUSINESS

17.1 Update on Well No. 11 & 12 Repairs

Director Maggio advised, "I am pleased to report that the emergency repair work for both Well 11 & Well 12 was completed and was completed well ahead of schedule. Well 11 was brought back into service on September 7th. We estimated schedule end date was actually September 22nd so that project went extremely well. Well 12 was brought back on line on September 13th. Also well ahead of what we anticipated it would have taken given some of the difficulties that we saw when we actually pulled the well components out of the ground. Both wells have since become an integral part of our source water strategy, particularly given the low river flows. Today we have only about 2.8 million gallons available that we can withdraw from the river and that is not even close to being adequate to meet our source demands. We are making up for that difference – today it is well 12 and a portion of the flow from the Reservoir. If the river flow drops even further we would expect to have both 12 & 11 operating to supplement our reservoir flow."

Comm. Flynn asked, "Where do we stand with reviewing or determining the problem with Schulte's?"

Director Maggio replied, "We have inspection reports for the components that were removed..."

Comm. Curtis asked, "Shouldn't this be done in exempt?"

Counselor Montenegro stated, "I am not sure how far he is going. Maybe you should just give a general update."

Director Maggio stated, "We have inspection reports of the components that were removed from the well from Layne, the contractor that removed them. It has been on site for a few weeks and we have also retained the services of the Authority engineer Maser to review Layne's conclusions and observations as well as do an inspection and evaluation of the materials themselves. I do have a preliminary draft report from Maser in hand."

Comm. Flynn stated, "Ok that's enough for now. And great job everybody for putting it back together."

Comm. Fozman stated, "We lucked out too, picking it out was like a day and a half."

Director Maggio replied, "Yes the problem with well 12 was the column pipe for the well at a portion about 200 feet down actually separated. When it separated there was 50 feet of column pipe and the pump that literally fell to a point 1,250 feet into the well. What Layne needed to do was they fabricated what they call an extraction tool, but I'll call it a fishing pole. They send this down and it is a gamble how long it would take them to actually secure this portion of pipe down 1,250 feet. They got it

on the first try so we did very well that is one of the reasons why well 12 was brought back on line so quickly because that could have taken days but they got it on the first try.”

18. NEW BUSINESS

19. RESOLUTIONS

70-16 Change Order No. 3 in the Amount of \$24,619.88 to Quad Construction Company – Immediate Upgrades of Six (6) Wastewater Pump Stations and Two (2) Ejector Stations Flooded by Super Storm Sandy – Breton Road, Vanada Woods, Mantoloking Road, Fifth Street, Eastern Lane and Laurelton Wastewater Pump Stations and Eagle Point and Island Drive Ejector Stations; Contract No. 812003

Director Specht advised, “The first resolution tonight is for 70-16, Change Order No. 3 in the Amount of \$24,619.88 to Quad Construction Company. This project has to do with the immediate upgrades of six (6) Wastewater Pump Stations and Two (2) Ejector Stations flooded by Super Storm Sandy under contract No. 81200. The change order was reviewed at both the Construction and the Finance Committee and I would recommend approval.”

Comm. Flynn asked, “There is a comment in there about it being reviewed by Nick in your report? And that is all done?”

Director Specht replied, “That’s all done. None of the resolutions go on the agenda without our attorney taking a look at them.”

Comm. Fozman made a motion to adopt Resolution No. 70-16 Seconded by Comm. Lydecker.

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

71-16 Award of Public Contract to Pillari Brothers Construction Corp. in the Amount of \$364,212.20 for the Parkway Service Territory Additional Interconnections on Cherry Lane and Redbud Lane, the East Granada Drive Water Main Extension, the Winding River Lane Water Main Upgrade and the Oak Knoll Drive Interconnection; Contract No. 715006

Director Specht advised, “This is for Award of Public Contract to Pillari Brothers Construction Corp. in the Amount of \$364,212.20 for the Parkway Service Territory Additional Interconnections on Cherry Lane and Redbud Lane, the East Granada Drive Water Main Extension, the Winding River Lane Water Main Upgrade and the Oak Knoll Drive Interconnection; Contract No. 715006. Bids were received on September 1st and were reviewed by our consulting engineer Maser Consulting. And they are recommending that we award the contract to Pillari instead of Mount. Again this contract was discussed at the Construction Committee as well as the Finance Committee, and reviewed by our counsel so I would recommend award of this contract.”

Comm. Flynn asked, “What was the difference of the \$5,000?”

Director Specht replied, "The \$5,000 was a line item mathematical error that was picked up during the review by sue Brasefield."

Comm. Fozman made a motion to adopt Resolution No. 71-16 Seconded by Comm. Curtis.

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

72-16 Award of a Professional Engineering Services Agreement with H2M Associates, Inc. in a Not-To-Exceed Cost of the Work Basis in the Amount of \$41,400.00 for the Design, Permitting, Bidding, Construction Administration/Management and Part Time Inspection (If And When Directed by Brick Utilities) for the Fencing Upgrades at the Seven (7) Wastewater Pump Stations Impacted by Superstorm Sandy; Capital Project No. 601001 -

Director Specht advised, "Resolution No. 72-16 is for the Award of a Professional Engineering Services Agreement with H2M Associates, Inc. in Not-To-Exceed Cost of the Work Basis in the Amount of \$41,400.00 for the Design, Permitting, Bidding, Construction Administration/Management and Part Time Inspection (If and When Directed by Brick Utilities) for the Fencing Upgrades at the Seven (7) Wastewater Pump Stations Impacted by Superstorm Sandy. Funding is available under Capital Project No. 601001. I would recommend approval."

Comm. Fozman made a motion to adopt Resolution No. 72-16 Seconded by Comm. Curtis.

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

73-16 Purchase and Installation of the Perimeter Fencing at the Fleet and Equipment Storage Building by Consolidated Steel & Aluminum Fence Co. for \$18,851.00; Fleet and Equipment Storage Building; Capital Project No. 604001

Director Specht advised, "73-16 is for the purchase and installation of the perimeter fencing at the Fleet Storage Building by Consolidated Steel & Aluminum Fence Co. for \$18,851.00. Funding is available under the capital project 604001 which is the fleet and equipment storage building and I would recommend approval."

Comm. Fozman made a motion to adopt Resolution No. 73-16 Seconded by Comm. Curtis

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

74-16 Retaining the Professional Services of Fleisher Forensics for a Not-To-Exceed Amount of \$15,000.00 as Litigation Experts for the AM-Liner, Inc. Lawsuit; Rehabilitation of Sanitary Sewer Mains – Phase 5; Capital Project No. 897087H

Director Specht explained, "74-16 is to retain the professional services of Fleisher Forensics for a not to exceed amount of \$15,000 as litigation experts for the AM Liner, Inc. law suit - the rehabilitation of sanitary sewer mains Phase V, Capital project 897087H and I recommend approval."

Comm. Flynn made a motion to adopt Resolution No. 74-16. Seconded by Comm. Curtis.

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

75-16 A Resolution Adopting the 2015/2016 Annual Audit

Authority Auditor, Chuck Fallon distributed copies of the Annual Audit Report and summarized as follows:

"If you can turn to the last page please. This is the management comments and recommendations. You are required to know this in order to sign the affidavit. You can see that there are none. We did have some minor comments that we gave at the Finance Committee meeting last week but they were so minor they don't belong in the audit. Next if you would go about six pages up, section 2, page 3. This is required this year. This is a single audit. With the way grants work is they get audited at the lowest level this way the State doesn't come in and audit you for your grants and the federal government doesn't come in and audit you. It is only done at one level. You had \$2 million in grant expenditures so this is a new schedule that you haven't seen in a few years because you didn't have enough expenditures in the prior two years to have this. The largest portion was the six pump stations. That is the \$1.7 million on that page. And you are familiar with the watershed grants. We had to audit those separately. Now if you would turn to the front of the audit, about five pages in, it is marked page number one. This is our opinion on your financial statements and it is an unqualified opinion which is the best opinion you can get. If you turn to page 12, they call this now the *Statement of Net Position*. But it used to be called your balance sheet so they try to confuse everybody. It is three pages. The first page is your assets and your deferred outflow resources. Deferred outflow resources is a new term used for just a couple of years now. They had to come up with a way of accounting for the deferral of pension estimates. So you will see a number on the bottom \$3,938,459.00. That is an estimate of what the actuaries made on the state pension that we don't have to show as an expense yet. It is going to be amortized over five years. It is a little complicated, but I just wanted to let you know that is what that is. If you start from the top you can see that your unrestricted assets haven't changed from the prior year. They are still at around \$23, to \$24 million. You have cash of \$16 million and the prior year you only had \$13 million. The cash in the restricted account went down from \$10 million to \$5 million. That is because you are spending the \$14.5 million that you borrowed. So there is really no surprises there only the pension deferral. On the next page you will see your liabilities and everything looks similar to last year except when you come down to last year right above the deferred inflow resources and you will see net State pension obligation. That went from \$20 million in 2015 to \$25 million in 2016. Now this was not on your 2015 audited financial statement. I had to show it retroactively for comparative purposes. Basically what the Authority's the Government and County Standards board says to us is -ok you now have to put on your balance sheet your proportion of the State Pension deficit. So your 56% of your share of that pension is now \$25 million and it is on your balance sheet now even though it is not your fault. They did the same thing if you see with the line above it, the OPEB obligation."

Comm. Flynn asked, "Is that the \$20 million that we had in question? It wasn't paid but it was there?"

Mr. Fallon continued, "Right you don't have to pay this. The same thing with the State Pension. You don't have to pay it but you just have to show it. It is just an estimate of how much you would owe because the State is not 100% funded. So the OPEB is the health insurance. That is what you would owe on all your retirees. That has gone up another \$1 million. We only pay what we owe. We don't pay extra to fund all the retirees who are working now. On the next page, let's call it your retained earnings. Obviously with the State Pension liability added to your liabilities this restated net position went down \$20 million and you can see it all got hit in the unreserved portion. Instead of having a \$5 million dollar positive unreserved retained earnings, you have \$14 million negative in 2015 and now \$19 million in 2016. Now again, I said earlier you have \$19 million in cash and you have about \$45 million in liabilities to OPEB and the pension. You still have \$19 million in cash so you are not in bad shape because you are not going to have to pay these liabilities any time soon. At some time you might decide to start funding them somehow with some type of funding plan."

Comm. Flynn asked, "Is it something we should be thinking about?"

Chairman Cevalasco stated, "You could always keep it on your mind but realistically at this point we've got too many other things on our plate right now."

Mr. Fallon stated, "On the health benefits, you've had them on there for five years now and haven't done anything. I don't think anybody else has done anything. You were paying over \$500,000 a year right now for retirees so the pay as you go, it works. We probably should do some work to see how quick that is going to go up."

Comm. Fozman stated, "We could put extra money away every year in an account for the future. We did talk about that at one time before."

Chairman Cevalasco asked, "Can we do that?"

Mr. Fallon replied, "You can set aside reserves for whatever reason you'd like. However you can't invest it like a pension plan could. You can only put it in CD's and so it is what's the difference if it's sitting in your cash account, it is unrestricted or cash account that is restricted. It's not the type of thing I would recommend raising rates to try to fund at this point. But we can really consider how to fund it in the future. The next page is your income statement. If you look at the totals - the total operating revenues are just \$200,000.00 higher than last year at \$35.6 million. Total operating expenses are about \$600,000.00 higher than the prior year. That is \$100,000 than the cost of providing services, \$400,000 in administration, but that includes the solar project and about \$100,000 higher in depreciation. Your operating income is \$4.2 million which is down \$400,000. And then you have all these other adjustments under non-operating revenue and they are all pretty similar to the prior year except for the one where you see the extra expense of \$2,080,000 - the change in State Pension obligation. So that is new for this year and that's what really brings your net income loss from a positive \$255,000 the year before to a negative \$1.5 million for 2016. Again it is an expense that they are making you pick as an expense, but you really don't have to pay that out. The \$1 million that you did pay towards the pension fund this year that is in your cost of providing services and administration expenses. The other \$2 million of your expenses is outside of that operating expense for us. I expect that the pension is going to really oscillate because when they have bad years, and this was a bad year

you saw it went from \$20 million to \$24 million. The prior year had gone from \$22 million down to \$20 million so this pension obligation will oscillate. Hopefully it doesn't oscillate upwards. I think that is all I need to cover with the Board. There are a multitude pages of notes that you can read if you'd like to get into the accounting. For instance, let me just go over one note here. If you can look on page 25. You can see it is an accounting of your fixed assets. So have what your fixed were at the beginning of the year, what you added to fixed assets what you disposed of during the year, disposals are correct except for the construction in progress disposals. They are not really disposed of, the \$1.39 million, that gets allocated into additions. When something comes out of construction in process it goes into a different category, but you end up with \$270 million worth of assets at the end of the year with \$10 million of that being construction in progress. So that is the type of things you'll see in the notes. You'll see an accounting of all your long term debt there as well."

Comm. Flynn asked, "Who makes those evaluations on those physical construction types of things?"

Mr. Fallon replied, "Well it's not a value, its cost. What you paid for it. Technically the \$270 million could be higher or lower, but I would assume it would be higher because a lot of that was constructed a while ago. What would it cost you now to construct your reservoir? A lot more I would think. If there are any questions I will take them otherwise - I thank the Board for the opportunity to be your auditor and I want to let you know that the staff was very cooperative. Again I didn't find any problems."

Comm. Curtis made a motion to adopt Resolution No. 75-16 Seconded by Comm. Fozman.

AYES: Comm. Lydecker, Flynn, Curtis, Fozman, Cevasco

NAYS: None

ABSTAIN: None

76-16 A Resolution Awarding Bid for Sensus Metering Equipment and Appurtenances

Director Maggio advised, "Resolution No. 75-16 is a resolution for the award of a contract to HD Supply Water Works Limited for Sensus metering equipment and appurtenances. The total amount of this contract is \$305,400 and with this contract we will purchase 2,500 ¾" Iperl water meters, 200 1" Iperl water meters and 25 AMR touch read pit lid housing assemblies. As discussed last month this bid was required because the Meter Department is in the process of an extensive water meter replacement program and they have been far outpacing all estimates that we had made early on for replacing these meters. We actually ran out from our last bid they are doing such a good job. These estimated quantities should get us through the next fiscal year when we will again bid for the fiscal year 2017/2018 meters."

Comm. Flynn stated, "I may have asked this before what are you doing with the old meters?"

Director Maggio replied, "We do maintain them on site for a minimum of three months. The reason for that is we allow customers to get their quarterly bill and in the event that they have any concerns like why did my water bill go up we have that meter accessible to test it to show that the new meter and the old meter are operating properly. After that period we do break down the meter and remove the plastic components and then scrap the brass."

Comm. Flynn asked, "Scrap it for money?"

Director Maggio replied, "Oh absolutely."

Comm. Fozman stated, "I think it was \$18,000 you got?"

Director Specht replied, "I believe you have to surplus them first."

Director Maggio stated, "It is a good amount of scrap in terms of the money we make. They are not just thrown out."

Comm. Curtis made a motion to adopt Resolution No. 76-16 Seconded by Comm. Fozman.

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

NAYS: None

ABSTAIN: None

77-16 A Resolution Designating Chris A. Theodos, PE, Executive Director, as Acting Chief Financial Officer and Stephen T. Specht, PE as Acting Deputy Chief Financial Officer

Comm. Flynn made a motion to adopt Resolution No. 77-16. Seconded by Comm. Curtis.

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

NAYS: None

ABSTAIN: None

78-16 Authorizing Purchase of Laserfiche Document Management Software and Associated Scanning Support Services – Capital Project No. 916001

Director Vaccaro stated, "78-16 is authorizing a purchase of Laserfiche document management software and associated scanning support services. The cost is \$83,779.00 under capital project number 916001. As I discussed with the Construction Committee, our current document management software – Fortis is outdate and needs to be upgraded. However the software was purchased by another company and Fortis will no longer be supported after 2017. After looking at several various vendors including having to do with on-site demonstrations, we selected Laserfiche Document management software as one of the software companies that Mike Esolda had recommended that we take a look at. We selected it based on the price, ease of use and product offering. It had references from several New Jersey State Government agencies including Woodbridge and Lakewood Board of Education, etc. So we want to select that in additionally the software does maintain our public records imaging processing certification so we will still maintain that which is very important. We want to purchase this under New Jersey State Contract through Storage Engine. The total cost is \$82,779.00 the resolution breaks down this cost and includes software purchasing and licensing for \$41,179.00, implementation and training for \$4,800. We have a number of documents that are in Fortis already that have to get converted over to the new system so we have to get basically get them indexed and converted and that is \$12,800 which is a very key part of this. And the last part with scanning and indexing customer files which is \$25,000.00. We have over 235,00 pages of customer accounts files that are backlogged and need to get into our document management software system so Storage Engine will take these documents, scan them into Laserfiche, index the documents as well as boxing up the

documents and identifying them so we can get them collected and disposed of through New Jersey. I am recommending approval so we can move on and have our new document management system.”

Comm. Fozman asked, “So this will stop back logs? So when a bill comes in they will automatically put it in?”

Director Vaccaro stated, “Well basically what was happening is, about a little over a year ago I found out there were all these files that were sitting in Customer Accounts. In the past they were getting scanned into Fortis. But that stopped because that Scanning Technician is no longer working there so it just became a backlog. So there are all these documents that are sitting in customer accounts that we need to scan into the document management system. This way they can get to them right away and they don’t have to go into the files. Otherwise if we don’t do it now it will keep piling up. We do have documents now that are scanned into Edmunds but it’s not a certified system. It’s kind of a stop gap measure just to try to get stuff scanned into something. But we need to get to those documents because they are just piling up in there.”

Comm. Fozman asked, “It’s not going to pile up again once you get this program in because they will instantaneously put them in.”

Director Vaccaro stated, “Yes we are going to work it so they are scanned right in so we can get rid of all those documents. I think it is a worthwhile investment because it just hasn’t been getting done. We tried on our end but we don’t have the resources.”

Comm. Flynn stated, “I think we discussed too that the cost for the whole thing is much more than just document management.”

Director Vaccaro stated, “There is a web portal for guys in the field to see the document. The core of it is document management, scanning and indexing and we maintain our migratable path certification so that once things are scanned we can destroy them.”

Comm. Flynn stated, “But it has a lot of other things that it can do.”

Director Vaccaro replied, “It also has the potential for electronic signatures. Once everything has recognition of documents so when things are scanned it finds key words and that gets scanned in. You can create forms on it so there are a lot of different versions of things that can be done with this but the core is to get our document management we have the certification and Fortis is outdated and they are not going to support it anymore. We actually did look at the company that bought out Fortis but their prices are still even higher even with the discount. We just thought this was a better product to go with.”

Chairman Cevasco stated, “I think Laserfiche has been around a long time.”

Director Vaccaro stated, “There are a number of agencies. We went to Woodbridge and took a look at it. It’s very easy to use and hopefully we have more people scanning documents into it.”

Comm. Flynn stated, “Well actually \$83,000 sounds like a lot for just document management when the fact is there is a lot more to it.”

Director Vaccaro stated, "Well the software itself and the training is around \$46,000, but to convert the documents out of Fortis and put them into Laserfiche that is \$12,000. It still was below what the other vendor was going to charge."

Comm. Fozman advised, "What is yearly maintenance fee on that?"

Director Vaccaro replied, "That is included in there. It is around \$6,000 or yearly maintenance and that is every year."

Comm. Lydecker asked, "What does the maintenance include for that much money?"

Director Vaccaro stated, "Obviously any kind of support we need, upgrades to the software, we would be able to call them up."

Comm. Flynn stated, "We looked at it up in Woodbridge and it does a lot of things and it has the capability of going in a lot of different directions."

Director Vaccaro stated, "The Fortis system to be honest with you is kind of cumbersome. This is a lot easier to use. So I am recommending approval."

Comm. Fozman made a motion to adopt Resolution No. 78-16 Seconded by Comm. Flynn.

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

79-16 A Resolution Appointing the Chief Financial Officer

Director Theodos stated, "This is a resolution appointing the Chief Financial Officer. Just by way of background the Authority received 13 resumes from respective candidates to replace former CFO, Frank Planko. That was in response to advertisements in three different media. The resumes were reviewed by myself and Frank Planko over the past two months. A total of 10 interviews were conducted with 7 selected candidates. The top three candidates were interviewed by myself and the Personnel Committee. While we were fortunate to have several very good candidates, I am pleased to present this resolution with my recommendation and the concurrence of the Personnel Committee for John Clifford, CMFO. I believe his education, experience and qualifications are an excellent fit for the Authority and complement to our outstanding management staff."

Comm. Fozman made a motion to adopt Resolution No. 79-16 Seconded by Comm. Lydecker.

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

80-16 A Resolution Authorizing the Acting CFO and Alternate Chief Financial Officer to Execute any and all Documents for the Provident Bank on behalf of The Brick Township Municipal Utilities Authority

Director Theodos stated, "This is a resolution authorizing the Acting CFO and Alternate Chief Financial Officer to execute any and all documents for the Provident Bank on behalf of the Brick Township Municipal Utilities Authority. This is related to the transfer of payroll and FSA accounts from TD Bank to Provident Bank."

Comm. Curtis made a motion to adopt Resolution No. 80-16 Seconded by Comm. Fozman.

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

81-16 A Resolution Authorizing the Acting CFO and Alternate Chief Financial Officer to Execute any and all Documents for the TD Bank on behalf of The Brick Township Municipal Utilities Authority

Director Theodos stated, "This is a resolution authorizing the Acting CFO and Alternate CFO to execute any and all documents for TD Bank on the behalf of the Brick Township Municipal Utilities Authority. This involves the authorized signatures for accounts that we have at TD Bank for myself and Steve Specht to sign those documents."

Comm. Fozman made a motion to adopt Resolution No. 81-16 Seconded by Comm. Flynn.

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

20. PUBLIC DISCUSSION

At this point in time, Chairman Cevalasco opened up the meeting to the public.

Denise Buttermore stated, "I live in Laurelbrook condominiums. I have been a homeowner for 28 years. I am here at the suggestion of one of the staff members because I had a problem today and she said I need to speak to a commissioner and that the meeting was tonight at seven o'clock. My problem is that I received one of these threatening letters to turn my water off. I have never missed a bill in 28 years. The reason I didn't pay my water bill was because I didn't get one. I am a retired school teacher and I thought I was back at recess because the first words out of her mouth was the Post office did it. I knew if I went to the Post office they would say BTMUA did it, and I was not going to get anywhere. I had a number of suggestions and she said go to the meeting because we can't do any of those things. I would like to avoid this in the future. Particularly because I am retired now and I go to Florida and my mail gets forwarded and I don't want to have an issue with this. It's a bill that comes in once every three months - not once a month and when you don't know exactly when it is based on your usage you don't know what to send. I asked could I have my bill sent by email on line- "Nope - go talk to them." I said I pay my taxes quarterly and they take it right out of my checking account so I'm never delinquent on that - 'Nope go to that meeting tonight and talk to them.' I'm listening to all this updating with this other stuff and is there going to be anything done with the way we do the billing in the future. I don't mind paying my bill. It's a surprise when you get a pink one after 28 years. It surprised me and it annoyed me. You know that it came ten to five on a Friday. So I came here right away today and I don't know if she was blowing me off, because I'm sure everyone says you didn't send me a bill when they don't pay, but

if you check my records on the computer once you get them all up to date you'll see that I have never been delinquent When I am in New Jersey my bills in Florida are automatically paid because that is the way they do it. They take it out of my checking account for the complex I am in down there so are they going to be updating the way. You can only get a paper bill and if I don't get the bill I don't know what I owe you."

Chairman Cevalasco stated, "We just employed a new Chief Financial Officer who has that charge."

Ms. Buttermore stated, "Well tell them in the office because I could have avoided siting here for the night. So the next person who comes in and pays their bill and has suggestions, they are saying – Nope go to the meeting at 7:00 tonight."

Mr. Clifford stated, "I actually thing that it might not be that difficult. I do believe that Edmunds has some ability to Ebill."

Ms. Buttermore stated, "I even tried to go on the website to see if I could get into my account because I can do that with Visa to see when I need to pay my bill and you can't. I pay my biills on line through wells Fargo but I have to know what my bill is and being that it is based on usage. It's not like I know to send them \$100 every month."

Mr. Clifford stated, "There is actually, and I don't want to get too technical, because I am not an expert on this but I believe there is a way that you can pay and view bills on line as far as just balances go."

Ms. Buttermore stated, "I pay my bill on line already and that makes it easier. I'm a snowbird so everything is on time that way but yours is still one of the only ones that still uses paper. Everybody else went into..."

Mr. Clifford stated, "You might be able to check a balance and pay on line that way, from Florida."

Ms. Buttermore stated, "I did that today on my Ipad and I couldn't get into my account to know what to send you."

Chairman Cevalasco stated, "The gas company has a payment process where the average and they reconcile at some point in time."

Ms. Buttermore replied, "I don't mind the dollar and change that they charge me in interest from Friday to Monday when I came in to pay the bill today, but then interest is accruing and they surprise me. Usually a debit card they grab up right away because that is like cash. There is a fee to use the debit card so I wrote them a check which is going to take longer for you to get your cash. I wrote her a check and she was happy and told me the meeting was 7 o'clock tonight so that is why I am here."

Chairman Cevalasco stated, "That is something that we are all looking in to because it's today."

Ms. Buttermore continued, "That's the other thing I was thinking of. Don't they want to be eco-friendly with no paper like everybody else and she said – "Talk to them. Talk to them."

John Clifford met with Ms. Buttermore to get her information.

There being no other members of the public wishing to speak, Chairman Cevalco closed the public portion of the meeting.

21. COMMENTS FROM COMMISSIONERS, PROFESSIONALS & STAFF

Director Vaccaro stated, "Just a quick update the tax maps were sent to the State on August 24th and they told us they would give us a 45 day turnaround so we should have all their comments back hopefully very few by October 27th. The uniform destruction company came and destroyed all those uniforms that have been sitting up there in the warehouse. There are some other items we can surplus. We had a meeting with staff where we talked about relocating items into the fleet storage building. Other than that I just want to congratulate John, welcome aboard look forward to working with you. I've been here ten years and it's a very enjoyable place and a great group of people."

Sue Brasefield advised she had nothing to report.

Director Maggio stated, "I would also like to welcome our new CFO. I think he is going to be a great asset to an already good management team. Just to take a second to add on to the discussion of Well 11 & 12. I just wanted to take the opportunity to recognize some of our staff. Bill Storer, one of our Water Treatment Plant Maintenance Foreman, Jim O'Neil, another Water Treatment Plant Maintenance Foreman, and John Rouse were really instrumental in coordinating those repairs and getting them done in a timely manner. Especially Bill he was out there every day including Saturdays and did a real outstanding job."

Comm. Flynn asked, "On the lab and the fees that you charge for the lab - do you have it broken down somewhere where you know what the costs are? You know we just bought that new equipment do you have any idea what it cost to run the lab and what your income is. You know like a business? Does it pay for itself?"

Director Maggio replied, "No. The lab is not operated to be a commercial lab where profit and revenue is our main focus. The lab's purpose is really the primary client is the MUA. Every month we do report actual lab revenues we get from outside clients in our monthly report, but in addition to that we actually report the equal value of lab samples and samples that we do for the Authority itself. On a regular basis that amount is essentially about a 2.5:1 ratio. Our samples for the MUA are about two and a half times the ratio for our clients. However, we do recognize that this equipment is expensive and we do recognize that in addition to the samples that we do in house. A lot of the work is automated that the equipment does. So we make every effort to take up that excess capacity and that is what makes up our client samples. Our billing rates, because we have the luxury of making money is not our primary focus in the lab. We don't have quite the profit margin that a commercial lab has."

Comm. Flynn stated, "From what I understand that is a contributing factor to a project or operation that we need here."

Director Maggio replied, "Absolutely. We do charge industry competitive rates to our clients. They are not heavily discounted. We know what other labs charge and we basically charge similar

amounts to our outside clients. I think the reason they turn to us is our rapid turnaround time and the customer service we give them. That is what tips the scale for outside clients choosing us.”

Director Specht stated, “I would like to thank the Board for appointing me the Acting Deputy Chief Financial Officer. It will look great on my resume. (Laughter) John welcome aboard. I’m sure you’ll get to know me. I’m the guy who likes to spend all the money.” (Laughter)

Comm. Flynn stated, “This kind of goes back to Mr. Maggio, we didn’t discuss the generator project and the new schedule.”

Director Maggio stated, “There was some unexpected delays in getting the building permit from the Township. This was generated by some unanticipated storm water management requirements that we need to comply with. The building permit has been secured by Thomas Controls. It was secured on September 16th. Based on the prior schedule this did delay some of the work by about six weeks so the last schedule I got from Thomas Controls does have some of the deadlines pushed forward six weeks. After reviewing that schedule I did convey some comments to our engineer CME asking some questions about why it is going take 45 days where the prior schedule had 30 days. So I am hoping that we can actually pull the delay time back a bit.”

Comm. Flynn asked, “Didn’t we get a commitment from them to bring it back a little bit?”

Director Maggio responded, “Right now as far as I’m concerned until, and if we award a time extension because they are asking for a time extension because of the delays with the building permit, until and if and I’m not inclined to award one if it isn’t justified, their commitment is actually for the original deadline.”

Comm. Flynn stated, “I think they should be aware that we are not happy with the delay.”

Director Maggio replied, “I did convey to CME to bring that to their attention. I wasn’t happy with some of the things they did with the revised schedule so that is definitely not written in stone, but it has been pushed off about six weeks. That is consistent with the delay from when they thought they were going to be starting work on the generator pads to now the new start of work which actually they have mobilized today.”

Comm. Flynn asked, “I ran into a couple of different people that had a discussion with me regarding the Reservoir. And I also came across an unauthorized Facebook page. All the comments were unbelievable. People love it and they talked about how the people up at the Reservoir help. It was pretty amazing to hear all that and I just want to say Steve and his team up there. It’s a great asset for the organization.”

Director Specht replied, “Thank you. No doubt about it they do a great job up there and will continue to do a great job.”

Ben Montenegro stated, “Other than to welcome and congratulate Mr. Clifford, no report from the legal department.”

Ms. Sylvester stated, “Welcome John, looking forward to working with you.”

Director Theodos stated, "Mr. Chairman, just want to with respect to wells 11 & 12 repairs, thank the commissioners for expediting the process and approving the emergency appropriations which we needed to complete the work. Thanks to Joe and his staff for getting the job done ahead of schedule. I also wanted to welcome our new CFO, John Clifford. Look forward to working with you."

Chuck Fallon stated, "I would just like to add that if any commissioner has any questions on the audit and needs to talk to me about anything please feel free to contact me. Welcome John."

John Clifford stated, "I would just like to thank the Commissioners for the appointment. I appreciate it. Initial conversations with Mr. Theodos and Commissioner Cevasco and Commissioner Fozman, I look forward to working with this group. It's nice to see a bunch of people actually care about the issues at hand. Some of the questions that happened during the interview process were interesting. Original and if I may call you George is a tough customer. They caught me of guard, but I like the way he thinks. He's already looking to make improvements. I get key words from him as improving the customer experience and efficiencies, cutting waste and all those kinds of buzz words that get accountants excited. Again thank you very much and I'm looking forward to getting started and doing some good things here."

Comm. Lydecker stated, "Just welcome to Comm. Clifford. I look forward to working with you and thank you for the audit."

Comm. Flynn stated, "Welcome."

Comm. Foster stated, "Same thing welcome."

Comm. Curtis stated, "Same here, welcome and thanks Chuck."

Comm. Fozman stated, "I would like to welcome John Clifford our new CFO and he will do a fine job for us. The meter crew I would like to thank. They are doing a fine job. Things are going along well. Also Well 11 & 12 I was impressed that got done so early. It was needed to get done real early and with everyone working on it was a fantastic job and just like to say happy 30th anniversary to my wife."

Chairman Cevasco stated, "The only thing I have to say, and Director Theodos can say that negotiations are going excellent. They are head and shoulders above what we ran into last time. Everything is going very well and the meetings are amicable this time. So thank you very much guys. I would ask for a motion to adjourn."

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

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

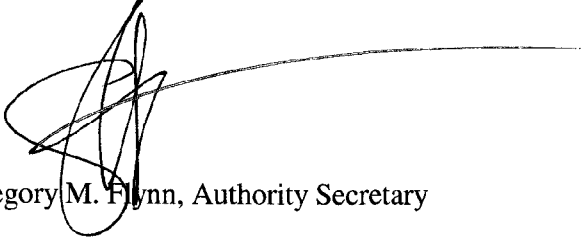
22. CLOSING STATEMENT

Ms. Sylvester advised, *"The next Regular Public Meeting will take place on Monday, October 24, 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

There being no further business to discuss the meeting adjourned at 8:43 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to be "Gregory M. Flynn", with a long horizontal line extending to the right.

Gregory M. Flynn, Authority Secretary

/mas