

**LACEY MUNICIPAL UTILITIES AUTHORITY  
REGULAR MEETING  
APRIL 7, 2010**

Pledge of Allegiance

**ROLL CALL**

The regular Meeting of the Lacey Municipal Utilities Authority was held on Wednesday, April 7, 2010 and was called to order at 7:00 p.m. by James Knoeller, Chairman. Other members present were Michael Masciale, Richard Kennedy, Arthur Miklosey, Barbara Lanuto, Nick Juliano and Jack Nosti. Also present were Christopher Connors, attorney; Alan Dittenhofer, engineer; Felipe Contreras, engineer; Frank Holman, auditor; Edward A. Woolf, Executive Director, and Kathleen Barrett, Assistant Director.

**“SUNSHINE  
LAW”  
STATEMENT**

Mr. Knoeller read the following statement.

Notice of this meeting was adequately provided pursuant to Public Law 1975, Chapter 231.

Such Notice was posted at both the Lacey Township Municipal Building and at the Office of the Lacey Municipal Utilities Authority, Forked River, New Jersey.

Such Notice was forwarded to the following newspapers:

- a. Asbury Park Press
- b. Atlantic City Press

Such Notice was also forwarded to the Lacey Township Clerk for posting and filing.

**OTHER  
BUSINESS**

**Cavanaugh Capital Management** – Tom Graff and Jack Cavanaugh of Cavanaugh Capital Management were present to provide the Board with an overview of the Authority’s investments. Mr. Cavanaugh distributed the Investment Review portfolio for discussion and review. He spoke of portfolio composition and performance, market and economic review, bond maturity, portfolio returns, historical market value, and market value vs. cost basis. In reference to the Authority’s estimated annual income, Mr. Miklosey asked if the total is less than the \$32,000 paid to Cavanaugh Capital Management for its annual services. Mr. Cavanaugh stated it is. Mr. Miklosey asked Mr. Woolf to provide the Authority with an estimate of what its capital needs are for the next few months. Mr. Masciale stated a determination is needed in how much to bond for the water treatment plant improvements.

Mr. Cavanaugh stated he would provide the Board with a view of collective and total returns in the next report. Mr. Graff spoke of the market outlook in regards to rising interest rates. Mr. Masciale asked if the dollar would be strengthened if the Federal Reserve raises interest rates. Mr. Cavanaugh stated it would, and believes there is a good chance it would bolster confidence in the US economy. Mr. Miklosey asked for a summary of the actual percentage the Authority is making on its money. Mr. Cavanaugh stated he would provide this information in the next report.

**APPROVAL  
OF MINUTES**

**Regular Meeting of March 3, 2010** - A motion was made by Mr. Masciale and seconded by Mr. Kennedy to approve the minutes of the Regular Meeting of March 3, 2010. Roll call vote: Masciale-Yes; Kennedy-Yes; Lanuto-Yes; Miklosey-Abstain; Knoeller-Yes. Motion passed.

**Closed Session Meeting of March 3, 2010** – A motion was made by Mr. Kennedy and seconded by Mrs. Lanuto to approve the minutes of the Closed Session Meeting of March 3, 2010. Roll call vote: Kennedy-Yes; Lanuto-Yes; Miklosey-Abstain; Masciale-Yes; Knoeller-Yes. Motion passed.

**EXECUTIVE  
DIRECTOR'S  
REPORT**

**Cash Balance Report - Period Ending February 28, 2010** - Mr. Woolf summarized the cash balances for period ending February 28, 2010 as follows: Total cash balance for the unrestricted accounts were \$5,975,129.56, with earnings of \$5,472.52. Total cash balance for the restricted accounts held by the trustee were \$5,308,059.07, with earnings of \$5,186.59. Current period interest on the restricted and unrestricted accounts was \$10,659.11. Year-to-date earnings on all interest bearing accounts were \$22,262.73.

**BUSINESS  
REPORT**

**March Meter Reads** – Ms. Barrett reported 4,368 meters were read in March for Cycles 1, 4 and 9. Seventy-four work orders were cut to obtain manual reads not obtained during regular meter read routes. Seven reads were questioned because of high usage. Three customers were contacted by phone and had leaks. Four customers were sent letters.

**April Billing** – Ms. Barrett reported utility bills were mailed/hand delivered on April 6<sup>th</sup> in the amount of \$909,396.17. Penalties were assessed on 3,224 past due accounts (all cycles) in the amount of \$13,548.21 for a total billing in April of \$922,944.38.

**Customer Service** – Ms. Barrett reported twenty-five new customer welcome letters were mailed in February and ten responses were received in March. Thirty-two final reads with equipment inspections were performed in March with no violations.

Ms. Barrett stated a violation was discovered today. She explained someone has been using water without a meter for quite a while. No one is living at the residence; however, the home is fully furnished. Additionally, there is no certificate of occupancy on the house. Mr. Masciale stated a fine/penalty should be issued. Ms. Barrett stated the water was shut off, and a letter would be sent to them informing them of this. The code enforcement officer was copied on the letter. Ms. Barrett stated if the violation is abated then the code enforcement officer would not issue a summons. Mr. Masciale asked how would the Authority recoup the money. Mr. Woolf stated he would investigate this issue.

**ENGINEER'S  
REPORT**

**Wells and Water Treatment Plant at Well No. 1 Site** – Mr. Dittenhofer stated the water quality test results for test well No. 7 were favorable. However, it failed the bacteria test, which must pass before the well is turned over.

Mr. Dittenhofer stated his office prepared a mini-master plan for the project, which he will present to the board at the next meeting. He recommends proceeding with well No. 8 to secure the water allocation from the State. Mr. Knoeller stated NJDEP water allocation website indicates there are a list of projects in Lacey Township that have been on-line for over a year. He asked Mr. Dittenhofer if the Authority could increase its water allocation capability by closing out those cases. Additionally, he asked if credit could be given to the Authority, since what was projected is much higher than what is being used. Mr. Dittenhofer stated he would look into this.

**Beach Boulevard Bridge Utility Relocation** – Mr. Dittenhofer stated the contractor for the Beach Boulevard Bridge project, CRJ Contracting, has submitted a change order for approval, which includes accelerated work compensation in the amount of \$4,093.60. He stated the contractor claims since he was prohibited in working during the snowstorm, as well as other circumstances, work had to take place on holidays and weekends. Mr. Masciale suggested splitting the cost of the accelerated work compensation portion of the change order with the contractor. Mr. Dittenhofer stated the contractor would not have an issue with that decision. A motion was made by Mr. Masciale and seconded by Mr. Miklosey to approve change order No. 1 representing final as-built quantity adjustments for a net contract increase of \$17,921.80. This amount represents the splitting of cost of the accelerated work compensation. Roll call vote: Masciale-Yes; Miklosey-Yes; Lanuto-Yes; Kennedy-Yes; Knoeller-Yes. Motion passed.

**Cleaning and Televising Contract No. 5** – Mr. Dittenhofer stated 95% of the project is complete.

**Repainting of Tank No. 2** – Mr. Dittenhofer stated the contract documents are being prepared, and a preconstruction meeting was held March 16, 2010.

**Maintenance Garage Re-Roofing** – Mr. Dittenhofer stated the contract documents are being prepared, and a preconstruction meeting was held March 16, 2010.

**Cleaning and Televising Contract No. 6 & Flow Assessment** – Mr. Dittenhofer stated the contract documents are being prepared, and a preconstruction meeting was held March 18, 2010.

**Municipal Lane Pump Station Upgrades & Standby Non-Clog Pumps** – Mr. Dittenhofer stated the contract documents are being prepared, and a preconstruction meeting was held on March 18, 2010.

**ATTORNEY'S  
REPORT**

**Legal Opinion** – Mr. Connors stated his office provided a legal opinion for the Authority answering the question from the Township of whether the Authority can waive water charges for volunteer organizations in the Township. It is of legal opinion that due

to bond obligations and other budget related matters, the Authority is unable to waive the water charges for the fire department and first aid squads in Lacey Township. Mr. Knoeller asked Mr. Connors to respond to Ms. Laureigh, Township Clerk, of the Authority's position.

**Repainting of Tank No. 2** – Mr. Connors stated his office reviewed and approved the contract documents for execution by the Authority.

**Municipal Lane Pump Station Upgrades** – Mr. Connors stated his office reviewed and approved the contract documents for execution by the Authority.

## AUDITOR'S REPORT

**Accountant's Status Report – Month Ended February 28, 2010** – Mr. Holman reported sewer and water had an unfavorable variance for the month of February. Overall, the budget variance is positive for both water and sewer.

Mr. Holman stated the 2009 draft audit report was reviewed with the finance committee, and copies were provided to the commissioners for their review. He stated the finance committee had requested that some changes be made to the report. The proper reserves are now in place outlining all assets, liabilities and net assets. He stated reserve net assets decreased from \$5.6 million last year to \$4.9 million this year. However, total net assets are \$21,798,577. Mr. Holman stated there are no recommendations regarding compliance issues. Mr. Kennedy thanked the administrative staff for all their hard work.

**Resolution 2010-38 – Accept and Approve 2009 Audit** – A motion was made by Mr. Masciale and seconded by Mr. Miklosey to adopt *Resolution 2010-38, Resolution of the Lacey Municipal Utilities Authority, County of Ocean, State of New Jersey, Accepting and Approving the Audit Ending Fiscal Year December 31, 2009*. Roll call vote: Masciale-Yes; Miklosey-Yes; Lanuto-Yes; Kennedy-Yes; Knoeller-Yes. Motion passed.

## CORRESPONDENCE

**William Hering, Peaksail Pt.** – Mr. Hering is requesting relief of utility bill, due to a broken pipe. Since the water did not go into the sewer system, a motion was made by Mr. Kennedy and seconded by Mr. Miklosey to grant a credit adjustment on the sanitary sewer charges in the amount of \$117.36 (40,175 gallons). Roll call vote: Kennedy-Yes; Miklosey-Yes; Lanuto-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

**Mr. & Mrs. Kapitan, Beach Blvd.** – Mr. & Mrs. Kapitan are requesting relief of utility bill, due to a water leak. Mr. Kennedy stated no credit could be offered since the water went into the sewer.

**Eileen Reese, Puffin Court** – Ms. Reese is requesting relief of utility bill, due to a broken pipe. Since the water did not go into the sewer system, a motion was made by Mr. Kennedy and seconded by Mrs. Lanuto to grant a credit adjustment on the sanitary sewer charges in the amount of \$108.68 (39,600 gallons). Roll call vote: Kennedy-Yes; Lanuto-Yes; Miklosey-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

**OLD  
BUSINESS**

**Form of Contract – Repainting of Tank No. 2 - Beckett Enterprises, Inc.** – Chairman Knoeller and Secretary Kennedy executed the Form of Contract with Beckett Enterprises, Inc. for Repainting of Tank No. 2.

**Form of Contract – Maintenance Garage Re-roofing – MiBo Construction Company** – Chairman Knoeller and Secretary Kennedy executed the Form of Contract with MiBo Construction Co. for Maintenance of Garage Re-roofing.

**Form of Contract – Cleaning & Televising Sanitary Sewer Contract No. 6 – Video Pipe Services** – Chairman Knoeller and Secretary Kennedy executed the Form of Contract with Video Pipe Services for the Cleaning & Televising Sanitary Sewer Contract No. 6.

**Form of Contract – Municipal Lane Pump Station Upgrades & Standby Non-Clog Submersible Pumps – A.C. Schultes, Inc.** – Chairman Knoeller and Secretary Kennedy executed the Form of Contract with A.C. Schultes, Inc. for Municipal Lane Pump Station Upgrades & Standby Non-Clog Submersible Pumps.

**Form of Contract – Municipal Lane Pump Station Upgrades & Standby Non-Clog Submersible Pumps – C.W. Sales Corporation** – Chairman Knoeller and Secretary Kennedy executed the Form of Contract with C.W. Sales Corporation for Municipal Lane Pump Station Upgrades & Standby Non-Clog Submersible Pumps.

**Form of Contract – Municipal Lane Pump Station Upgrades & Standby Non-Clog Submersible Pumps – D & D Utility Contractors** – Chairman Knoeller and Secretary Kennedy executed the Form of Contract with D & D Utility Contractors for Municipal Lane Pump Station Upgrades & Standby Non-Clog Submersible Pumps.

**Professional Services Agreement – Forked River Medical Associates - Authority Physician** – Chairman Knoeller and Secretary Kennedy executed the Professional Services Agreement between the Lacey Municipal Utilities Authority and Forked River Medical Associates for the period from February 4, 2010 to February 2, 2011.

**NEW  
BUSINESS**

Mr. Knoeller stated the water treatment plants would be discussed at the next meeting. Mr. Masciale stated a finance committee meeting would be scheduled to discuss the financing of the plants.

Mr. Knoeller asked Mr. Woolf if the Authority would be doing the interconnection between the two wells (raw water line). Mr. Woolf stated yes - there is a plan in place. He will however need to rent an excavator due to the 16” piping. Mr. Knoeller asked Mr. Woolf to present the board with a budget for this project at the next meeting. Mr. Woolf stated he would provide a material list and cost for rentals.

Mr. Knoeller asked about the status on the grease trap inspection program. Mr. Woolf stated the board approved the program last year, and it addresses penalties, enforcement, etc. He stated he needs to meet with the personnel committee to discuss who will be

doing the inspection, and if there will be any added compensation. Mr. Knoeller requested the committee meet as soon as possible so this issue can be discussed at the next meeting.

**PUBLIC BUSINESS/  
COMMENT**

There was no public business/comment to discuss.

**PAYMENT OF  
VOUCHERS**

**WHEREAS**, the members of the Lacey Municipal Utilities Authority carefully examined all vouchers presented for payment of claims;

**NOW, THEREFORE, BE IT RESOLVED** by the Lacey Municipal Utilities Authority that:

1. Said vouchers in the sum of \$386,925.36 be and the same are hereby approved to be paid.
2. Said vouchers are listed on the attached computer check register.

A motion was made by Mr. Kennedy and seconded by Mrs. Lanuto to adopt the above resolution. Roll call vote: Kennedy-Yes; Lanuto-Yes; Miklosey-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Mr. Miklosey pointed out the Authority has been receiving separate bills for the supply and distribution of electricity. Mr. Woolf explained the Authority is part of the County Cooperative electric program. They went out to bid for power supply and they awarded Liberty Power to supply electricity. JCP&L will continue to distribute electricity. He stated this may save the Authority money over time; however, it is too new to tell and it will be monitored.

**CLOSED  
SESSION**

**RESOLUTION**

**WHEREAS**, Section 8 of the Open Public Meetings Act, Chapter 231, Public Law 1975 permits the exclusion of the public from a meeting in certain circumstances;

**WHEREAS**, this public body is of the opinion that such circumstances presently exist.

**NOW, THEREFORE, BE IT RESOLVED** by the Lacey Municipal Utilities Authority, County of Ocean and State of New Jersey as follows:

1. The public shall be excluded from discussion of action upon the hereinafter specified subject matter.
2. The general nature of this closed session concerns contract negotiations.
3. It is anticipated at this time that the above-stated matter will be made public once this matter has been resolved.

4. This resolution shall take effect immediately.

A motion was made by Mr. Miklosey and seconded by Mr. Masciale to adopt the above resolution. Roll call vote: Unanimously approved.

Separate minutes were kept on the above closed session.

**RE-OPEN  
MEETING**

A motion was made by Mr. Miklosey and seconded by Mr. Masciale to reopen the meeting. Roll call vote: Unanimously approved.

**ADJOURNMENT**

There being no further business to discuss, the meeting was adjourned at 7:50 p.m.

Respectfully submitted,

Michele Kennedy  
Secretary