

**LACEY MUNICIPAL UTILITIES AUTHORITY  
REGULAR MEETING  
MAY 2, 2012**

Pledge of Allegiance

**ROLL CALL**

A Regular Meeting of the Lacey Municipal Utilities Authority was held on Wednesday, May 2, 2012 and was called to order at 7:00 p.m. by James Knoeller, Chairman. Other members present were Michael Masciale, Richard Kennedy, Arthur Miklosey, Nick Juliano, Jack Nosti and Ralph Lanuto. Also present were Jerry Dasti, attorney; Alan Dittenhofer, engineer; Jerry Conaty, auditor; Edward A. Woolf, Executive Director, and Kathleen Barrett, Assistant Director. Mark Dykoff, Lacey MUA/Township Committee Liaison, also attended the meeting.

**“SUNSHINE  
LAW”  
STATEMENT**

Mr. Knoeller read the following statement.

Notice of this regular 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.

**APPROVAL  
OF MINUTES**

**Regular Meeting of April 4, 2012** - A motion was made by Mr. Masciale and seconded by Mr. Miklosey to approve the minutes of the Regular Meeting of April 4, 2012. Roll call vote: Masciale-Yes; Miklosey-Yes; Juliano-Yes; Kennedy-Yes; Knoeller-Yes. Motion passed.

**Closed Session Meeting of April 4, 2012** - A motion was made by Mr. Kennedy and seconded by Mr. Miklosey to approve the minutes of the Closed Session Meeting of April 4, 2012. Roll call vote: Kennedy-Yes; Miklosey-Yes; Juliano-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

**EXECUTIVE  
DIRECTOR'S  
REPORT**

**Cash Balance Report - Period Ending March 31, 2012** - Mr. Woolf summarized the cash balances for period ending March 31, 2012 as follows: Total cash balance for the unrestricted accounts were \$3,514,359.28, with earnings of \$1,467.92. Total cash balance for the restricted accounts held by the trustee were \$5,402,711.07, with earnings of \$5,972.18. Current period interest on the restricted and unrestricted accounts was \$7,440.10. Year-to-date earnings on all interest bearing accounts were \$13,542.37.

**Resolution 2012-29 – Adoption of Bond Resolution** – Mr. Dasti stated the Resolution modifies the original bond resolution, which was adopted in the late 1980's. It authorizes the Authority to move forward with financing with Ocean First Bank for construction of the new water treatment plant. He stated the closing is expected on June 1<sup>st</sup>. Pending review and approval by the Authority's attorney, a motion was made by Mr. Masciale and seconded by Mr. Miklosey to adopt *Resolution 2012-29, Resolution of the Lacey Municipal Utilities Authority, County of Ocean, state of New Jersey, Supplemental Resolution No. 9, Providing for the Issuance and Sale and Determining Certain Detail of the Water Revenue Bonds (Series 2012) of the Lacey Municipal Utilities Authority*. Roll call vote: Masciale-Yes; Miklosey-Yes; Juliano-Yes; Kennedy-Yes; Knoeller-Yes. Motion passed.

## **BUSINESS REPORT**

**April Meter Reads** – Ms. Barrett reported 3,870 meters were read in April for Cycles 2 and 9. Twenty-seven work orders were cut to obtain manual reads not obtained during regular meter read routes. One read was questioned for high usage and a letter was sent.

**May Billing** – Ms. Barrett reported utility bills will be mailed May 3<sup>rd</sup> in the amount of \$697,169.60. Penalties were assessed on 3,375 past due accounts (all cycles) in the amount of \$16,851.59 for a total billing in May of \$714,021.19.

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

**Records Disposal** – Ms. Barrett requested authorization from the Board to submit to New Jersey State Division of Archives and Records Management for disposal of bank statements for years 1971 to 1983, and vouchers from the years of 1973 through 1995. A motion was made by Mr. Kennedy and seconded by Mr. Juliano authorizing submittal to the State to dispose of bank statements and vouchers dating from 1971 to 1995. Roll call vote: Kennedy-Yes; Juliano-Yes; Miklosey-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

## **ENGINEER'S REPORT**

**Installation of a Hydraulic Grinder at L-2 Pump Station** – Mr. Dittenhofer stated this project is complete. He recommends release of performance bond and final payment upon approval of the Maintenance Bond by the Authority's attorney.

**Water Treatment Plant No. 1 Upgrades** – Mr. Dittenhofer stated the Bureau of Safe Drinking Water construction permit was granted, and the bid opening is scheduled for May 16<sup>th</sup>.

**Cleaning and Televising Contract No. 6 & Flow Assessment** – Mr. Dittenhofer stated one lateral is still pending.

**Cleaning and Televising Contract No. 7** - Mr. Dittenhofer stated this project is ongoing. Mr. Knoeller asked if these projects are supervised. Mr. Dittenhofer stated they are. Mr. Knoeller asked Mr. Dittenhofer to provide the Board with photographic evidence that leaks were found and repaired for the June 6<sup>th</sup> board meeting.

**ATTORNEY'S  
REPORT**

**Ocean First Bank Bond Closing** – Mr. Dasti stated he anticipates the bond closing to take place June 1<sup>st</sup>.

**Toll Brothers Connection Fee** – Mr. Dasti stated there are no updates regarding this issue.

**AUDITOR'S  
REPORT**

**Accountant's Status Report – Month Ended March 31, 2012** – Mr. Conaty reported user charges had an unfavorable variance on both water and sewer. Revenues and expenses fell in line with the budget; however, repairs and maintenance were unfavorable. This was due to purchasing flags for the fire hydrants. OCUA usage is less than what was estimated; therefore, the Authority should anticipate a credit of approximately \$54,000.00. Mr. Woolf pointed out this credit includes the reduction in the overall usage rate.

Mr. Miklosey referenced the standard verbiage used in the status report where it states *that utilities and fuel have an unfavorable variance due to the Authority not receiving fuel bills in a timely manner*. He stated he does not agree with this statement since he reviews the vouchers every month and they are up to date. He asked Mr. Conaty to investigate this matter.

Mr. Knoeller referenced the Independent Auditor's report for years ended December 31, 2011 and 2010. He stated Note 12 of the report states *OCUA Credit/Deficiency is computed by taking the actual flows for the year and comparing this number to the estimated flows. The Authority has recorded a credit receivable of \$308,879 as of December 31, 2011 and 2010*. He stated he does not believe this is an accurate statement. He pointed out the verbiage of the report also indicates anticipated credit due to the Authority for 2011 is estimated to be \$585,000. Mr. Conaty stated this issue was discussed with the Finance Committee. The reason it was done this way is we did not want to anticipate a credit and increase the income statement and balance sheet until we knew we were actually getting the \$585,000. Mr. Knoeller pointed out the Authority is not sure they are getting \$308,879 either. Mr. Conaty stated the \$308,879 was recorded for the prior year with anticipation of receiving the credit. Mr. Knoeller stated it would have been more accurate if the credit receivable of \$308,879 was recorded for 2010 because that is what it was really for. It had nothing to do with 2011. Mr. Conaty stated the \$585,000 is not reflected in the financial statements. It is reflected in the note as an explanation to the readers that the Authority is anticipating a credit of \$585,000, which is currently being disputed by the OCUA and an amount will be adjusted upon settlement of the dispute. Mr. Knoeller stated it appears that the \$585,000 is inclusive of 2010 and 2011, which is confusing. He would like the report to be an accurate document in the event the Authority goes to litigation against the OCUA. Mr. Conaty stated he would reword the report.

**CORRESPONDENCE**

**Linda Palsa, Hickory Drive** - Requesting relief of utility bill, due to leaking water heater. Since the water from the leak 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 sewer charges in the amount of \$62.48 (27,000 gallons). Roll call vote: Kennedy-Yes; Miklosey-Yes; Juliano-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

**Frederick Ciampa, Devon Street** – Requesting waiver of late fee, due to claim of not receiving utility bill. After consideration of this request, a motion was made by Mr. Kennedy and seconded by Mr. Masciale to waive the late charges in the amount of \$3.48. Roll call vote: Kennedy-Yes; Masciale-Yes; Juliano-Yes; Miklosey-Yes; Knoeller-Yes. Motion passed.

**Charles Platt, Skimmer Court** – Requesting waiver of late fee, due to mailing utility bill to physical mailing address, not P.O. Box. After consideration of this request, a motion was made by Mr. Kennedy and seconded by Mr. Miklosey to waive the late charges in the amount of \$3.02. Roll call vote: Kennedy-Yes; Miklosey-Yes; Juliano-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

**Edward Andzeski, Dove Court** – Requesting relief of utility bill, due to toilet leak. After consideration of this request, a motion was made by Mr. Kennedy and seconded by Mr. Masciale granting additional time to pay the balance of the April 2012 bill, as well as waiver of the late charge in the amount of \$3.10. Roll Call vote: Kennedy-Yes; Masciale-Yes; Juliano-Yes; Miklosey-Yes; Knoeller-Yes. Motion passed.

**Harry Bennett/Assist 2 Sell, South Street** – Requesting relief of utility bill, due to unexplained high water usage. Based upon the available information, a waiver of a portion of the charges could not be supported. Customer will be notified about removing and testing of water meter.

**Laurie King, Lake Barnegat Drive South** – Requesting removal of late fee. After consideration of this request, a motion was made by Mr. Kennedy and seconded by Mr. Miklosey to waive the late charges in the amount of \$2.53. Roll call vote: Kennedy-Yes; Miklosey-Yes; Juliano-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

**OLD  
BUSINESS**

There was no old business to discuss.

**NEW  
BUSINESS**

Mr. Woolf stated a finance committee meeting was held to discuss the appointment of Brown Advisory as the Authority's investment manager. Originally, the Board decided it was not worthwhile to appoint an investment manager, due to the decline in interest rates. However, due to the Authority's extensive investment portfolio, the finance committee recommended appointing Brown Advisory for an additional three months.

Mr. Knoeller asked how much money did Brown Advisory manage for the Authority last year. Mr. Woolf stated approximately \$5 million dollars, with an interest gain of approximately \$120,000.00. Mr. Knoeller pointed out they are being paid \$25-\$30,000 a year to manage the Authority's investments, which he does not find feasible.

Mr. Masciale suggested they be contacted to see if they are willing to renegotiate their fees based on their services as financial advisor, not investment manager. Mr. Dasti suggested extending their contract until after the bonding and loan issue is complete. Mr. Miklosey also suggested Brown Advisory meet with the Board to review and discuss the existing accounts.

**PUBLIC BUSINESS/  
COMMENT**

**Christa Dittrich, Assist 2 Sell** – Ms. Dittrich was present on behalf of Assist to Sell regarding her letter to the Authority requesting relief of utility bill on unexplained high water usage. Mr. Knoeller stated her letter was discussed and a letter would be sent recommending the water meter be removed and tested for accuracy.

**Regina Discenza, Sunset Drive** – Mrs. Discenza asked if the Authority received plans for the proposed White Castle project. Mr. Woolf stated as of this date no plans were submitted.

Mrs. Discenza asked if vacant and foreclosed homes would attribute to the downside of revenue. Mr. Knoeller stated revenue is impacted by these circumstances.

**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 \$359,731.63 be same are hereby approved to be paid.
2. Said vouchers are listed on the attached computer check register.

A motion was made by Mr. Miklosey and seconded by Mr. Kennedy to adopt the above resolution. Roll call vote: Miklosey-Yes; Kennedy-Yes; Juliano-Yes, but abstains on South Jersey Auto Supply; Masciale-Yes; Knoeller-Yes. Motion passed.

Mr. Dykoff reported the budget was introduced at the last Township meeting, and anticipates it being passed. He stated the Township is working on a few things to increase revenue, which includes working on the COA plan. He stated the State informed them they have to spend the COA trust fund by July 1<sup>st</sup>, or it would be forfeited.

**ADJOURNMENT**

There being no further business to discuss, the meeting was adjourned at 7:25 p.m.

Respectfully submitted,

Michele Kennedy  
Secretary

