

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

Pledge of Allegiance

ROLL CALL

The regular Meeting of the Lacey Municipal Utilities Authority was held on Wednesday, July 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, and Barbara Lanuto. Also present were Jerry Dasti, attorney; Alan Dittenhofer, engineer; Felipe Contreras, engineer; Frank Holman, auditor; Edward A. Woolf, Executive Director, and Kathleen Barrett, Assistant Director. Brian Reid, Lacey MUA/Township Committee Liaison also attended the meeting.

**“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.

**APPROVAL
OF MINUTES**

Regular Meeting of June 2, 2010 - A motion was made by Mr. Masciale and seconded by Mr. Kennedy to approve the minutes of the Regular Meeting of June 2, 2010. Roll call vote: Masciale-Yes; Kennedy-Yes; Lanuto-Yes; Miklosey-Yes; Knoeller-Yes. Motion passed.

Closed Session Meeting of June 2, 2010 – A motion was made by Mr. Miklosey and seconded by Mr. Masciale to approve the minutes of the Closed Session Meeting of June 2, 2010. Roll call vote: Miklosey-Yes; Masciale-Yes; Lanuto-Yes; Kennedy-Yes; Knoeller-Yes. Motion passed.

**EXECUTIVE
DIRECTOR’S
REPORT**

Cash Balance Report - Period Ending May 31, 2010 - Mr. Woolf summarized the cash balances for period ending May 31, 2010 as follows: Total cash balance for the unrestricted accounts were \$4,812,315.87, with earnings of \$3,434.47. Total cash balance for the restricted accounts held by the trustee were \$6,544,527.34, with earnings of \$22,635.11. Current period interest on the restricted and unrestricted accounts was \$26,069.58. Year-to-date earnings on all interest bearing accounts were \$95,145.04.

Resolution 2010-53 – Authorize Sale of Personal Property Not Needed for Public Use – On recommendation by the executive director, a motion was made by Mr. Kennedy and seconded by Mrs. Lanuto to adopt *Resolution 2010-53, Resolution of the*

Lacey Municipal Utilities Authority, County of Ocean, State of New Jersey, Authorizing the Sale of personal Property Not Needed for Public Use. Mr. Woolf stated the list of items to be auctioned would be put on the GovDeals website. Mr. Knoeller stated he would contact the Township and Board of Education to see if they are interested in any of the items. Roll call vote: Kennedy-Yes; Lanuto-Yes; Miklosey-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

Cavanaugh Capital Management – Mr. Woolf stated the Authority has been notified that Cavanaugh Capital Management (CCM) has entered into an agreement with Brown Advisory Holdings Incorporated that will result in the change of control of CCM. They are requesting they be notified by July 18th that the Authority gives its consent to the assignment of the change in ownership of CCM. Mr. Masciale stated the Authority must obtain professional advice on this merger, therefore, he suggested they be notified of the Authority's decision after the September 1st board meeting. Mr. Knoeller agreed, stating they should be notified no later than September 3rd. Mr. Miklosey pointed out the Authority may not need their services next year, due to the Authority buying property from the Township, as well as the funding of the water treatment plant. He asked they provide the Authority a status report on all their investments. Mr. Knoeller asked that a meeting be held with the finance committee to discuss this issue further. A motion was made by Mr. Masciale and seconded by Mr. Kennedy authorizing the executive director to inform Cavanaugh Capital Management that a decision giving consent to the change of ownership would be made after the September 1st board meeting. Roll call vote: Masciale-Yes; Kennedy-Yes; Lanuto-Yes; Miklosey-Yes; Knoeller-Yes. Motion passed.

BUSINESS REPORT

June Meter Reads – Ms. Barrett reported 4,374 meters were read in June for Cycles 1, 4 and 9. One hundred eleven work orders were cut to obtain manual reads not obtained during regular meter read routes. Eight reads were questioned because of high usage and were sent letters.

July Billing – Ms. Barrett reported utility bills were mailed/hand delivered on July 2nd in the amount of \$1,009,369.79. Penalties were assessed on 3,317 past due accounts (all cycles) in the amount of \$17,255.02 for a total billing in July of \$1,026,624.81.

Customer Service – Ms. Barrett reported forty-six new customer welcome letters were mailed in May, and three responses were received in June. Fifty final reads with equipment inspections were performed in June with no violations.

ENGINEER'S REPORT

Resolution 2010-50 - Maintenance Bond Release – Closeout Escrow Account – Total Building Services – On recommendation by the Authority's engineer, a motion was made by Mr. Miklosey and seconded by Mrs. Lanuto to adopt *Resolution 2010-50, Resolution of the Lacey Municipal Utilities Authority, County of Ocean, State of New Jersey, Maintenance Bond Release, Close Out Developer Escrow Account, Total Building Services, L.L.C., Blocks 1215 & 1221, Various Lots.* Roll call vote: Miklosey-Yes; Lanuto-Yes; Kennedy-Yes; Masciale-Yes; Knoeller-Abstain. Motion passed.

Resolution 2010-49 – Maintenance Bond Release – Cleaning & Televising Sanitary Sewer Contract No. 4 – D & D Utility Contractors, Inc. – On recommendation by the Authority's engineer, a motion was made by Mr. Masciale and seconded by Mr. Miklosey to adopt *Resolution 2010-49, Resolution of the Lacey Municipal Utilities Authority, County of Ocean, State of New Jersey, Maintenance Bond Release, Cleaning & Televising Sanitary Sewer Contract No. 4, D & D Utility Contractors, Inc.* Roll call vote: Masciale-Yes; Miklosey-Yes; Lanuto-Yes; Kennedy-Yes; Knoeller-Yes. Motion passed.

Wells and Water Treatment Plant at Well No. 1 Site – Mr. Dittenhofer stated the contractor has remobilized the well No. 8 site, and drilling started on July 6th. This project should take approximately 60 days to complete.

Conceptual Design Water Treatment Plant No. 3 (Bayonne Avenue) – Mr. Dittenhofer stated this information was previously forwarded to the Board for review.

Cleaning & Televising Contract No. 5 - Mr. Dittenhofer stated this project is complete.

Repainting of Tank No. 2 – Mr. Dittenhofer stated this project has been pushed back to the fall, due to high water usage in the tank and the availability of the contractor.

Maintenance Garage Re-Roofing – Mr. Dittenhofer stated this project was expected to be completed by the end of the week; however, due to the weather it has been delayed.

Cleaning & Televising Contract No. 6 & Flow Assessment – Mr. Dittenhofer stated this project is ongoing.

Municipal Lane Pump Station Upgrades & Standby Non-Clog Pumps – Mr. Dittenhofer stated this project is expected to start the third week of July.

In reference to the conceptual design for water treatment plant No. 3 site, Mr. Knoeller requested Mr. Dittenhofer also incorporate the existing building that is on that site in the plans. He would like a finalized version of the plans to be voted on at the August or September meeting so a determination can be made on how much money to borrow to offset costs from bonding. Mr. Masciale asked Mr. Dittenhofer to create a design that would be economical to the Authority's budget. The objective is to save money where necessary.

ATTORNEY'S REPORT

Contract Negotiations with Township of Lacey – Mr. Dasti stated the Township has accepted the Authority's proposal of \$500,000.00 to purchase the maintenance garage property. His office would be preparing the contract documents. Additionally, an appraisal would be done to comply with the law. Mr. Miklosey asked for the status of the sale of the LMUA building. Mr. Reid stated the Township would not be selling the building to the LMUA for \$250,000.00. Mr. Miklosey asked about submitting payments for the purchase of the property to the Township on a monthly basis through December. Mr. Dasti stated the Township did not respond to this request. However, he pointed out the Township needs the money in hand before the budget is finalized, and are likely unable to wait until the end of the year. Mr. Miklosey asked Mr. Dasti to check into this.

Oyster Creek Nuclear Generating Station – Water Extension - Mr. Dasti stated he forwarded a letter to representatives of Exelon concerning the Authority's proposal to extend water facilities to their site. As of this date, he has not received a response.

AUDITOR'S REPORT

Accountant's Status Report – Month Ended May 31, 2010 – Mr. Holman stated he neglected to add a line to the report regarding OCUA calculations. He apologized and stated future reports would reflect OCUA calculations.

Mr. Holman stated water user charges resulted in a favorable variance for the month and a favorable variance for the year. Sewer user charges resulted in a favorable variance but an unfavorable variance for the year. Water user charges continue to be a concern, however; house connections are higher than what was budgeted which makes up for the user charge deficit.

Mr. Holman stated he would provide a report to the board regarding arbitrage calculations. He believes the Authority does not owe any arbitrage to the IRS. Earnings are less than what is paid on the bond interest rate.

CORRESPONDENCE

Linda Schuler, Steuben Avenue – Ms. Schuler requested relief of utility bill, due to high water usage. Based upon the information available, a waiver of a portion of the charges could not be supported.

Philip Kasper, Brandywine Avenue – Mr. Kasper requested relief of utility bill, due to filling pool without pool fill meter. A sewer credit adjustment of \$77.76 (15,620 gallons) was made to the July bill based on the readings of the pool fill meter used between April 26th and the 29th. Prior to the Board considering an additional sewer credit for initial time period not using the pool fill meter, the customer is to provide the specifications of the pool detailing the dimensions of the pool and the liner.

Michael Anderson, Rogers Street – Mr. Anderson 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 \$931.52 for 37,000 gallons on the February 2010 bill, and 126,000 gallons on the May 2010 bill. Roll call vote: Kennedy-Yes; Miklosey-Yes; Lanuto-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

OLD BUSINESS

Resolution 2010-51 – Memorializing Action Taken on June 2, 2010 – Appointing Troy Burton - Water Treatment Plant Operator – A motion was made by Mr. Masciale and seconded by Mr. Kennedy to adopt *Resolution 2010-51, Resolution of the Lacey Municipal Utilities Authority, County of Ocean, State of New Jersey, Memorializing Action Taken on June 2, 2010, Appointing Troy Burton to Water Treatment Plant Operator*. Roll call vote: Masciale-Yes; Kennedy-Yes; Lanuto-Yes; Miklosey-Yes; Knoeller-Yes. Motion passed.

Resolution 2010-52 – Memorializing Action Taken on May 5, 2010 – Approving Stipend Increase – Darren Coraggio – A motion was made by Mr. Kennedy and seconded by Mrs. Lanuto to adopt *Resolution 2010-52, Resolution of the Lacey Municipal Utilities Authority, County of Ocean, State of New Jersey, Memorializing Action Taken May 5, 2010, Approving Stipend Increase for Darren Coraggio, Authority Compliance Officer*. Roll call vote: Kennedy-Yes; Lanuto-Yes; Miklosey-Yes; Masciale-Yes; Knoeller-Yes. Motion passed.

**NEW
BUSINESS**

Mr. Woolf stated he would be preparing rate calculations for the Board's review to determine whether or not a rate hearing would be needed in the near future.

**PUBLIC BUSINESS/
COMMENT**

Lorraine Sansone, Laurel Boulevard – In reference to the auditor's report, Ms. Sansone asked about the water user charge deficit. Hr. Holman explained the Authority's year-to-date actual water revenue versus the budgeted revenue is a deficit of approximately \$40,000.00. Ms. Sansone asked if this is due to customers not using as much water as the Authority budgeted for. Mr. Holman stated that is correct. Ms. Sansone asked how does the Authority resolve the conflicts of customers not using water, which is good during a drought, but not good financially. Mr. Knoeller stated with a drought there is no excess of water; therefore, payments to the OCUA are less than anticipated. On the flip side, the Authority does not benefit when customers do not use as much water as they normally would. Environmentally or not customers are using less water due to economics.

Ms. Sansone asked about the negotiations with the Township. Mr. Knoeller explained the Authority purchased 3.25 acres of property from the Township for \$500,000. He stated the Authority has a repair building on that property, as well as a cell tower. The Board of Education also uses the building to repair their buses rent-free.

Ms. Sansone asked how much revenue is being generated by the cell tower. Mr. Woolf stated between the two towers, one at the maintenance garage and one at the water tower No. 2 site, the Authority receives \$90,000.00 a year. Ms. Sansone asked how much money does the tower at the maintenance garage generate. Mr. Woolf stated between \$40-45,000 per year.

Ms. Sansone stated she understands the Authority was leasing the property to the Township for \$1.00. She asked if both parties would be having appraisals done. Mr. Knoeller stated the Township had assessed the piece of property for \$500,000, but an appraisal must be done by law. The Authority must justify the purchase to the ratepayers and bondholders. Mr. Knoeller added the Township had a right, under the State statute, to request at least 5% of the Authority's operating budget to be contributed to them with no consideration. Since the Authority wanted something for the money, it negotiated with the Township to purchase the property for \$500,000. Ms. Sansone asked where is the \$500,000 coming from. Mr. Knoeller stated it is coming out of some money that is to be used for the water treatment plant.

Ms. Sansone asked about Mr. Miklosey's comment regarding the possibility of not needing Cavanaugh Capital Management's services next year. Mr. Knoeller explained the Authority pays CCM \$30,000 a year to review its investments. Since the Authority anticipates using some of that fund money for the water treatment plant, as well as the \$500,000 purchase of the Township property, it may not be beneficial to pay them a \$30,000 flat fee to work on the Authority's investments.

Ms. Sansone asked how much money would be left after the \$500,000 payment to the Township, and funding for the water treatment plant. Mr. Knoeller stated this would be determined by how much money the board would agree to use towards the water treatment plant. Money has been set aside for the wells, however; there must be enough money in surplus to cover emergencies, etc. It could also depend upon what we want to bond. The Authority already has over \$60 million on bonded indebtedness, and he does not want to get into much more debt. He pointed out projects have been deferred; due to the length of time it takes to get permits and wells drilled.

Ms. Sansone asked for an update on supplying water to Oyster Creek/Exelon. Mr. Knoeller stated the Authority has reached out to them to extend water facilities to their site.

Alison Lemke – In regards to the Oyster Creek/Exelon water main extension, she recalls them coming before the board a few years ago wanting to connect. Mr. Woolf stated at that time the Authority was unable to provide water to them because there was no water main in the area. Since then the water main has been extended, and they are looking at the possibility of connecting into our system. Mrs. Lemke stated she spoke with the vice president of Exelon and he informed her they were not going to connect to the water system due to the tritium issue. Mr. Knoeller stated that line was run in the hopes of having an interconnect with Barnegat Township and to provide water to Exelon.

Mrs. Lemke asked what are the anticipated gallons per minutes of the new wells. Mr. Dittenhofer stated 1700 gpm. He pointed out it can produce more than that; however, an aquifer test has not yet been performed on well No. 7 to determine the gpm. Mrs. Lemke asked if the Authority would be applying for permits. Mr. Dittenhofer stated a test print plan has been approved by water allocation. Well No. 8 has to be completed before an aquifer test can be performed. Once the aquifer test is performed he can submit for allocation. Mrs. Lemke asked for the timeline of the project. Mr. Dittenhofer stated well No. 8 would take approximately 60 days to drill, and another two months to develop and put in place. It should be completed by late fall.

In regards to the Finnegar Farm area, Mrs. Lemke informed the board that she received confirmation from DEP that if there were any development of the temporary road on Finnegar Farm the Township would have to apply for a new CAFRA permit. Mr. Knoeller stated that issue has no relevance to the LMUA.

Regina Discenza – Mrs. Discenza asked is there is an estimate as to how much revenue would be generated by the power plant hook-up. Mr. Woolf stated he does not have that information at this time, but she can contact him during business hours and he would provide the information to her.

**OTHER
BUSINESS**

In regards to the Beach Boulevard Bridge issue, Mr. Miklosey asked Mr. Woolf to make sure Mr. Dasti and Mr. Dittenhofer submitted all their costs associated with the issue to determine if it meets the insurance deductible.

**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 \$331,446.21 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 Mr. Miklosey to adopt the above resolution. Roll call vote: Kennedy-Yes; Miklosey-Yes; Lanuto-Yes; Masciale-Yes; Knoeller-Yes, but abstains on invoice 0014841. Motion passed.

**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 matters.

2. The general nature of this closed session concerns potential litigation and personnel matters.

3. It is anticipated at this time that the above-stated matters will be made public once these matters have been resolved.

4. This resolution shall take effect immediately.

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

Mr. Dasti's son was present for the regular meeting. He asked that his son stay for the closed session meeting. Ms. Sansone objected to Mr. Dasti's son's attendance at the closed session meeting. Mr. Knoeller asked Mr. Dasti's son to leave closed session.

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