

**OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
REGULAR MEETING
March 16, 2011**

Call to Order: The Regular Meeting of March 16, 2011 was called to order at 7:00 p.m. with the Pledge of Allegiance by Chairman Galante.

Announcement Chairman Galante announced that this meeting is being held in conformance with the Open Public Meetings Act. Notice has been given to the newspapers and notice of the meeting has been posted in public places.

Roll Call: Present:
Thomas Galante, Chairman
Edward Testino, Vice-Chairman
Nicholas Smolney, Treasurer
Kiran Desai, Secretary
Rocco Donatelli, Commissioner
Reginald Butler, 1st Alternate – Assistant Secretary
Richard Greene, 2nd Alternate – Assistant Treasurer

Absent:
None

Also present:
Guy Donatelli, Executive Director
Michael Roy, P.E.
Stephen A. Florek II, Comptroller
Louis E. Granata, Esq.

Financial Report: Stephen A. Florek II, Comptroller

FY 2011-1012 Budget Introduction

A motion was made to approve the FY 2011-1012 Budget as presented by Mr. Smolney and seconded by Mr. Butler.

The roll call was as follows:

AYES: Desai, Donatelli, Smolney, Testino, Butler,
Greene, Galante.

NAYS: None.

7 Ayes 0 Nays 0 Absent

Prior to the roll call vote the following discussion took place:

Mr. Florek stated that the budget committee (Commissioners Greene and Smolney, Mr. Florek, Executive Director Donatelli and Mr. Morrison) met to review the numbers and reviewed all the aspects of the budget and arrived at the same budget presented to the Commissioners previously. The amount of net retained earnings is not available to sustain any further contributions to the Township of Old Bridge.

Chairman Galante opened a public portion.

Dr. Greenberg asked what was the least amount of money in reserve during the last five years.

Mr. Florek responded that the amount is \$1.13 million.

Dr. Greenberg believes that contributing money to the Township rewards reckless behavior and that there will be no money to build the recharge basin.

Seeing no further hands Chairman Galante closed the public portion.

Executive Director's Executive Director Donatelli referred to the Drinking Water Analysis-Report: Monthly Coliform Summary Report Form from the Garden State Laboratories as well as the Monthly Water Distribution for February 2011 as included in the Commissioners' packets. Also included is the Yearly Compliance Inspection which revealed that the Authority is in compliance with DEP regulations.

The Authority is advertising for qualifications for a computer maintenance specialist and an energy audit specialist. The qualifications will be due on April 5 with a presentation to the Commissioners on April 20, 2011.

NJEIT & NJDEP pre-award approvals for the Crossroads Regional Interceptor have been received. Interim financing will be applied for to start the project with a 0% bridge loan. Bids are expected to take place in the June.

NJEIT applications for the Summerfield Gravity Sewer Replacement project and the Sewer Division SCADA System were submitted to meet the March 7, 2011 deadline. Interim financing

for these projects will be applied for later this year once pre-award approvals are received.

The power company has asked about engaging in their curtailment program. They let us know when they want us to run our facilities on our generator. We will be reimbursed, and they pay for the fuel costs during this time. We are filing applications.

Hesser McBride of Wilentz, Goldman & Spitzer will represent the Authority in the matter of the Middlesex Water Company rate increase.

Matt Giacobbe of Cleary, Giacobbe, Alfieri, Jacobs will be monitoring the Pension and Health Care bills and how they affect the Authority.

Four vehicles have been removed from service. The Authority will replace two F150 pick up trucks on a State contract. The unit cost is \$35,579. He requested authorization to dispose of surplus vehicles on GovDeals.com.

A motion was made to purchase two F150 pick up trucks under State contract and authorize disposal of surplus vehicles on GovDeals.com by Mr. Smolney and seconded by Mr. Butler.

The roll call was as follows:

AYES: Desai, Smolney, Testino, Butler, Galante.

NAYS: None.

NO PARTICIPATION: Donatelli

5 Ayes 0 Nays 0 Absent 1 Not Participating

A motion was made to approve the Executive Director's Report by Mr. Smolney and seconded by Mr. Butler.

The roll call was as follows:

AYES: Desai, Smolney, Testino, Butler, Galante.

NAYS: None.

NO PARTICIPATION: Donatelli

5 Ayes 0 Nays 0 Absent 1 Not Participating

Chairman's Report: Thomas Galante

None

Previous Minutes: Regular Meeting - January 19, 2011
Executive Session - January 19, 2011
Reorganization - February 2, 2011
Regular Meeting - February 16, 2011
Executive Session - February 16, 2011

A motion was made to approve the previous minutes (with a correction to the spelling of Mr. Desai's first name) by Mr. Desai and seconded by Mr. Smolney.

The roll call vote was as follows:

AYES: Desai, Donatelli, Smolney, Testino, Galante.

NAYS: None.

5 Ayes 0 Nays 0 Absent

Engineering Reports: Michael Roy, P.E.

Report on Developers for Approval.
None

Superintendent's Report: Al Lunkenheimer, Superintendent Sewer Division

Report included in the Commissioners' packets.

A motion was made to approve the Superintendent's Report by Mr. Smolney and seconded by Mr. Donatelli.

The roll call vote was as follows:

AYES: Desai, Donatelli, Smolney, Testino, Galante.

NAYS: None.

5 Ayes 0 Nays 0 Absent

Engineering Reports: Michael Roy, P.E.

1. Repairs to Well No. 1 – Award Contract No. W11-153

Mr. Roy reported that Well No. 1 was built in the 1950's. The eighteen (18) inch casing which goes down a depth of over one hundred fifty (150) feet has deteriorated and failed. The repair work includes the installation of a fourteen (14) inch well casing liner inside the existing eighteen inch (18") casing. The well will also be redeveloped and pump equipment will be repaired.

The lowest bidder, Uni-Tech Drilling Co. has withdrawn their bid. The second lowest bidder is A.C. Schultes, Inc. This company has performed well development work in the past and has completed all the work in a satisfactory manner. This company is not listed on the State's Debarred list. His recommendation is to allow Uni-Tech to withdraw its bid, and to award the bid to A.C. Schultes in the amount of \$88,250.00.

A motion was made as recommended to allow Uni-Tech Drilling Co. to withdraw its bid and to award the bid for Repair to Well No. 1 to A. C. Schultes in the amount of \$88,250.00 by Mr. Smolney and seconded by Mr. Butler.

The roll call vote was as follows:

AYES: Desai, Smolney, Butler, Greene, Galante.

NAYS: None.

NO PARTICIPATION: Donatelli, Testino.

5 Ayes 0 Nays 0 Absent 2 Not Participating

**2. Radio Frequency Transmitters for Water Meters –
One-Year Extension of Contract No. W10-142**

Mr. Roy stated that this contract was awarded last year to Floyd S. Salser, Jr. & Associates which expires on March 31, 2011. The contract documents provide for an extension of up to two (2) years upon mutual agreement of both parties using the current State

“Index Rate” for any price adjustments in accordance with the Public Contracts Law. Floyd S. Salser, Jr. & Associates d/b/a Mars Company has agreed to a one (1) year extension of this contract. This company has performed their work in a satisfactory manner. His recommendation is to extend this contract for one (1) year .

A motion was made as recommended to extend the Contract No. W10-142 Radio Frequency Transmitters for Water Meters to Floyd S. Salser, Jr. & Associates, d/b/a Mars Company by Mr. Desai and seconded by Mr. Butler.

The roll call vote was as follows:

AYES: Desai, Smolney, Testino, Butler, Galante.

NAYS: None.

NO PARTICIPATION: Donatelli.

5 Ayes 0 Nays 0 Absent 1 Not Participating

3. White Oak Lane, USA, App. No. W10-163 – Release Water Performance Bond

Mr. Roy stated that White Oak Lane, USA installed a fire line in one of the buildings on White Oak Lane. Installation and testing of water construction is complete and satisfactory. As-built drawings are approved; Mylar and electronic copies have been received. All water lines remain privately owned by the applicant. His recommendation is to release the water performance guarantee for this project.

A motion was made as recommended to release White Oak Lane Performance Guarantee in the amount of \$10,423.60 by Mr. Smolney and seconded by Mr. Butler.

The roll call vote was as follows:

AYES: Desai, Smolney, Testino, Butler, Galante.

NAYS: None.

NO PARTICIPATION: Donatelli.

5 Ayes 0 Nays 0 Absent 1 Not Participating

**4. Demolition of Abandoned Water Treatment Plants –
Authorize Engineering Services to CME**

Mr. Roy stated that these old water treatment plants are located on Joseph Court in Central Park and Prospect Avenue in Laurence Harbor. Based upon the recommendations of an environmental report, CME has put together a proposal to complete the inspections necessary and prepare the contract documents to go out to bid. There will be six phases of work: two environmental tasks for Prospect Avenue – a hazardous building materials survey and a site investigation; two environmental tasks for Joseph Court – a hazardous building materials and a remedial investigation. The fifth and sixth tasks are to prepare the contract documents (the design and bid phase). This will be completed in three months. The cost for the construction has been incorporated into the general funds of next year’s budget. His recommendation is for CME to be authorized to proceed with the investigation, design and bid phases for this demolition work.

A motion was made as recommended to authorize CME to proceed with the investigation, design and bid phases for the demolition of the abandoned water treatment plants located at Joseph Court and Prospect Avenue by Mr. Smolney and seconded by Mr. Butler.

The roll call vote was as follows:

AYES: Desai, Smolney, Testino, Butler, Galante.

NAYS: None.

NO PARTICIPATION: Donatelli.

5 Ayes 0 Nays 0 Absent 1 Not Participating

Financial Report: Stephen A. Florek II, Comptroller

General Liability/Workers’ Compensation Insurance Renewal
Chris Volk stated that the current provider, Selective Insurance, has provided renewal terms. The coverage limits are remaining the same. Properties values have increased by 4%. The expiring premium was \$395,194; the renewal premium is \$406,364. The increase is attributed to the 4% property value increase.

With respect to Workers' Compensation the expiring premium is \$201,101; the renewal premium is \$236,560 which is a shift in the experience modification due to claims over the last three years which went from .92 to 1.141 (22% increase). The State of New Jersey sets that rate.

Executive Director Donatelli added that two employees caused this increase. The experience modification has increased due to the decrease in the number of employees.

A motion was made as recommended to award the contract for General Liability and Workmen's Compensation Insurance to the George Volk Agency by Mr. Smolney and seconded by Mr. Butler.

The roll call vote was as follows:

AYES: Desai, Smolney, Butler, Greene, Galante.

NAYS: None.

NO PARTICIPATION: Donatelli, Testino

5 Ayes 0 Nays 0 Absent 2 Not Participating

Reimbursement Resolution to NJEIT with respect to the Sewer SCADA System and the Summerfield Gravity Sewer Replacement

Mr. Florek reported that these projects are being financed through the State NJEIT Program for SFY 2012.

A motion was made as recommended to approve the resolution of the Old Bridge Municipal Utilities Authority declaring its official intent to reimburse expenditures for project costs from the proceeds of debt obligations in connection with its participation in the FY 2012 New Jersey Environmental Infrastructure Trust Financing Program by Mr. Testino and seconded by Mr. Smolney.

The roll call vote was as follows:

AYES: Desai, Donatelli, Smolney, Testino, Galante.

NAYS: None.

5 Ayes 0 Nays 0 Absent

Application Resolution to the Local Finance Board for the Interim Financing with regard to the Sewer SCADA System and Summerfield Gravity Sewer Replacement

A motion was made as recommended to approve the resolution of the Old Bridge Municipal Utilities Authority making application to the Local Finance Board pursuant to NJSA 58:11B-9(a) and NJSA 40A:5A-6 and authorizing the submission of an interim financial addendum form and a financial addendum form in connection therewith by Mr. Smolney and seconded by Mr. Testino.

The roll call was as follows:

AYES: Desai, Smolney, Testino, Butler, Galante.

NAYS: None.

NO PARTICIPATION: Donatelli.

5 Ayes 0 Nays 0 Absent 1 Not Participating

Investment Proposal from ACACIA Financial

A motion was made to approve the proposal from ACACIA Financial Advisory Group, Inc. to review the Old Bridge Municipal Utilities Authority's investment policies and procedures and to make future investment recommendations by Mr. Smolney and seconded by Mr. Desai.

The roll call vote was as follows:

AYES: Desai, Donatelli, Smolney, Testino, Galante.

NAYS: None.

5 Ayes 0 Nays 0 Absent

Proposal from Robert Morrison of the firm of Hodulik & Morrison, P.A. for Arbitrage Rebate Calculation Services

A motion was made to accept the proposal from Robert Morrison, Auditor, for arbitrage rebate calculation services in connection

with bond proceeds as required by the IRS Code 148 by Mr. Smolney and seconded by Mr. Testino.

AYES: Donatelli, Smolney, Testino, Butler, Galante.

NAYS: None.

NO PARTICIPATION: Desai.

5 Ayes 0 Nays 0 Absent 1 Not Participating

Transparency of Local Authorities and Commissions

Mr. Florek referred to a report from A. Matthew Boxer, Comptroller State of New Jersey, wherein it is noted that the OBMUA is one of only four authorities that have complete transparency with respect to website development and with all aspects of the business of the Authority being viewable by the public.

Mr. Desai congratulated the administration of the Authority for their diligence in completing this task.

A motion was made to approve the Finance Report by Mr. Smolney and was seconded by Mr. Testino.

The roll call vote was as follows:

AYES: Desai, Smolney, Testino, Butler, Galante.

NAYS: None.

NO PARTICIPATION: Donatelli.

5 Ayes 0 Nays 0 Absent 1 Not Participating

Legal Report: Louis E. Granata, Esq.

Oakwoode at Old Bridge

Mr. Granata informed the Commissioners that K. Hovnanian's claim has been settled. This case involved the requirement of their jetting a sewer line and posting security bond in order to release the performance bond. They sued on the basis of the Authority being arbitrary, capricious and unreasonable. Settlement negotiations were entered into and the Authority has been paid

\$10,000. The Authority will do the jetting. Messrs. Roy and Lunkheimer have agreed that this is reasonable.

He is requesting that the Executive Director and Chairman execute the Settlement Agreement and to authorize a resolution amending the recommendation made by Mr. Roy that includes all the conditions with the exception of jetting the sewer line.

A motion was made as recommended to authorize the Executive Director and Chairman of the Authority to execute a settlement agreement with K. Hovnanian and to authorize a resolution amending the recommendation made by Mr. Roy to include all conditions with the exception of jetting the sewer line by Mr. Smolney and seconded by Mr. Desai.

AYES: Desai, Donatelli, Smolney, Testino, Galante.

NAYS: None.

5 Ayes 0 Nays 0 Absent

Bills & Claims

A motion was made to approve Bills & Claims in the amount of \$1,921,280.10 by Mr. Smolney and seconded by Mr. Butler.

The roll call vote was as follows:

AYES: Desai, Smolney, Testino, Butler, Galante.

NAYS: None.

NO PARTICIPATION: Donatelli.

5 Ayes 0 Nays 0 Absent 1 Not Participating

Old Business:

Oakwoode at Old Bridge – Sewer Bond Release Settlement
Discussed earlier during Legal Report

1995 Brunetti Agreement – DEP Wetlands Agreement for Phase II

Mr. Granata stated that he had reviewed the agreement, and it is acceptable to have the Authority execute provided there is an acknowledgement of the responsibility from the Brunetti Organization for them to complete their obligations under the 1995 Sewer Agreement.

A motion was made as recommended to have the Authority execute the Agreement to Purchase Wetlands and Mitigation Credits in connection with the 1995 Brunetti Sewer Agreement subject to the Brunetti Organization acknowledging their obligations under the 1995 Sewer Agreement by Mr. Smolney and seconded by Mr. Galante.

The roll call vote was as follows:

AYES: Desai, Smolney, Testino, Butler, Galante.

NAYS: None.

NO PARTICIPATION: Donatelli

5 Ayes 0 Nays 0 Absent 1 Not Participating

Recharge Basin Study – Status

Mr. Roy reported that CME is putting together reports for the DEP which they will submit next month along with a model and work plan for them to determine if the Authority is proceeding with the approval process correctly.

Mr. Granata stated that with respect to the purchase of the property, the title search and report have been completed, and the Municipality has received a list of conditions that have to be met. The Township Attorney needs to clear up several title problems before a closing may be scheduled.

Mr. Granata stated that previously, Mr. Smolney questioned whether statutorily the Authority needs to appear before the planning board to present a proposal for a capital project. The statute is established so that municipalities, agencies and authorities present their capital projects to the planning board so that the municipality and planning board can adjust their master plan in accordance with the projects. Authorities who would appear before boards do not need variances or site plan approvals, but the master plan can be revised if need be.

His opinion is that there is no need to do this at this time because the Authority is in the process of a contract, and we don't have the project ready in order to go before the planning board and present it so that the planning board can make future plans. Mr. Smolney would like to have that done in advance so that responses can be

made and to facilitate this under the statute and the capital project reviewed.

Mr. Galante inquired when the closing is anticipated.

Mr. Morrison responded that the public hearing on the Township's budget is scheduled for April 25 which will be the soonest that action may be taken on the budget. They will not be able to adopt until a closing has taken place.

Mr. Galante inquired about outstanding legal issues.

Mr. Granata responded that there are legal issues with lots on which the Township is not shown as owner. There are extended pieces that run from Texas Road to Englishtown Road. The survey shows that along Englishtown Road at the southern end there are three lots included in the survey and in the contract for which a proper owner cannot be identified. The search indicates that Middlesex County still owns it. The Township also sent a proposed deed that was presented to the Council which did not include all the lots mentioned in the contract. The deed will need to be revised.

Crossroads Regional Interceptor – Status

Mr. Roy stated that this project is moving forward, and the next step is to apply for the interim financing. The resolution was passed this evening to proceed.

Brunetti Oaks at Glenwood Development – Status

To be discussed in Executive Session

New Business:

Use of an Appraiser

To be discussed in Executive Session

Open to the public:

Mrs. Panos stated that she attended a fire hydrant meeting. She asked how many fire hydrants are under the auspices of the MUA; how many incurred damage due to the recent snow storms; and what was the cost of repairs; will markers be allowed and would the MUA be willing to pay for them

Executive Director Donatelli responded that five or six hydrants were damaged, and the cost will vary from several hundred to several thousand dollars. The Authority doesn't have a problem with markers. No one but Authority personnel may maintain the

hydrants, cleaning around the hydrant can be done by anyone. This would have to be discussed with the Commissioners. Markers would cost approximately \$30 apiece plus installation.

Mr. Testino added that there is a lawsuit on Long Beach Island involving a child whose eye was punctured by a fire hydrant marker. Insurance would have to be obtained to cover possible injuries.

Mr. Giacalone (Fire Marshall Dist. 4) stated that there are many hydrants whose caps are stripped and broken. A hydrant on Cheesequake Road has been out of service for years.

Executive Director Donatelli requested that he be notified of a hydrant in need of repair, and stated that the Cheesequake Road Fire hydrant had been repaired.

Mrs. Panos asked if each fire district has an updated fire hydrant location list.

Executive Director Donatelli stated that there is no list, but rather a system map showing all streets, water mains and hydrants. That list is available at the Throckmorton Lane office at no charge.

Mrs. Walker inquired if all hydrants are flushed.

Executive Director Donatelli responded that hydrant flushing is predicated on the budget and resources. In most cases fire hydrants are designed to sit for decades. He doubts whether many of them have been used for fires. Private hydrants (e.g. apartment complexes, schools, commercial properties) are required to be inspected regularly.

Seeing no further hands Chairman Galante closed the public portion.

Executive Session: A motion was made to go into Executive Session at 7:45 p.m. by Mr. Butler and seconded by Mr. Donatelli.

The motion was approved by an ALL AYES vote.

Regular Meeting Reconvened at 8:01 p.m.

During Executive Session Mr. Granata discussed with the Commissioners the status of the Brunetti Litigation and the Crossroads Regional Interceptor project.

A motion was made to engage the services of DeRosa Appraisers in connection with the property for the Crossroads project by Mr. Butler and seconded by Mr. Testino.

The roll call vote was as follows:

AYES: Smolney, Testino, Butler, Greene, Galante

NAYS: None.

NO PARTICIPATION: Donatelli, Desai

5 Ayes 0 Nays 0 Absent 2 Not Participating

A motion was made to engage the services of DeRosa Appraisal Services for the property in the Summerfield project by Mr. Smolney and seconded by Mr. Butler.

The roll call vote was as follows:

AYES: Smolney, Testino, Butler, Greene, Galante.

NAYS: None.

NO PARTICIPATION: Donatelli, Desai

5 Ayes 0 Nays 0 Absent 2 Not Participating

Adjournment: A motion was made to adjourn at 8:01p.m. by Mr. Smolney and seconded by Mr. Butler.

The motion was approved by an ALL AYES vote.

Respectfully submitted:

Kiran Desai, Secretary