

**OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY  
REGULAR MEETING  
June 15, 2011**

Call to Order: The Regular Meeting of June 15, 2011 was called to order at 7:20p.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  
Nicholas Smolney, Treasurer  
Rocco Donatelli, Commissioner  
Reginald Butler, 1<sup>st</sup> Alternate – Assistant Secretary  
Richard Greene, 2<sup>nd</sup> Alternate – Assistant Treasurer (arrived at 7:22 pm)

Absent:  
Kiran Desai, Secretary  
Edward Testino, Vice Chairman

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

Executive Director's Report: Executive Director Donatelli referred to the monthly Drinking Water Analysis –Monthly Coliform Summary Report from Garden State Laboratories for May 2011 and the Monthly Water Distribution Flows for May 2011 as included in the Commissioners' packets. He stated that included in his report are daily water averages to date. Water sales will indicate how funds will be expended in the future.

Executive Director Donatelli added that he will be discussing two items in Executive Session - Middlesex Water Company Contract and Brunetti Negotiations.

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

The roll call was as follows:

AYES: Donatelli, Smolney, Butler, Galante

NAYS: None.

ABSENT: Desai, Testino, Greene

4 Ayes          0 Nays          3 Absent

Previous Minutes: Regular Meeting - May 18, 2011  
Executive Session I - May 18, 2011  
Executive Session II - May 18, 2011

A motion to approve the above previous minutes was made by Mr. Smolney and seconded by Mr. Donatelli,

The roll call was as follows:

AYES: Donatelli, Smolney, Butler, Galante

NAYS: None.

ABSENT: Desai, Testino, Greene

4 Ayes          0 Nays          3 Absent

Engineering Reports: Michael Roy, P.E.

Report on Developers for Approval:

None

Superintendent's  
Report:

Al Lunkenheimer, Superintendent Sewer Division

A motion to approve the Superintendent's Report as included in the Commissioners' packets was made by Mr. Smolney and seconded by Mr. Donatelli.

The roll call was as follows:

AYES: Donatelli, Smolney, Butler, Galante

NAYS: None.

ABSENT: Desai, Testino, Greene

4 Ayes            0 Nays            3 Absent

Engineering Reports: Michael Roy, P.E.

**1. Nelms Funeral Home, W204-543, S203-420,  
Performance Bond Releases**

Mr. Roy reported that the installation and testing of the water and sewer construction is complete and satisfactory. The as-built drawings are approved, and the mylar and electronic copies have been received. The water meter has been installed, and all water and sewer utilities will remain privately owned by the Applicant.

Based upon the current status of this Applicant, Mr. Roy recommended the release of the Water and Sewer Performance Guarantees without condition.

A motion to release, as recommended, the Water and Sewer Performance Guarantees for Nelms Funeral Home, W204-543, S203-420, without condition was made by Mr. Donatelli and seconded by Mr. Butler.

The roll call was as follows:

AYES: Donatelli, Smolney, Butler, Greene

NAYS: None

ABSENT: Desai, Testino

NOT PARTICIPATING: Galante

4 Ayes            0 Nays            2 Absent            1 No Participation

**2. Gasoline & Diesel Fuel Annual Contract No. F08-135, Two-Year Contract Extension**

Mr. Roy reported that in 2008 the Authority entered into a two-year vendor contract for gasoline and diesel fuel with Rachles/Michele's Oil Co. which expires at the end of July 2011. The contract was written to allow for an extension of up to an additional two years. Since Rachles/Michele's Oil Co. has performed their work in an effective manner, Mr. Roy recommended a two (2) year extension to begin at the conclusion of the present contract with a price adjustment based on the applicable Index Rate published by the Division of Consumer Affairs.

Mr. Roy explained that the cost is approximately three (3) to four (4) percent under the township's cost, and on a retail comparison the cost is approximately fifteen (15) percent less.

A motion to approve, as recommended, a two-year extension of Gasoline & Diesel Fuel Annual Contract No. F08-135 to Rachles/Michele's Oil Co. was made by Mr. Butler and seconded by Mr. Donatelli.

The roll call was as follows:

AYES: Donatelli, Smolney, Butler, Greene, Galante

NAYS: None

ABSENT: Desai, Testino

5 Ayes            0 Nays            2 Absent

**3. Old Bridge Manor Phase III, Developer Agreements**

Mr. Roy reported that the Developer Agreements consist of the standard language, and the conditions of the Final Water and Sewer Approvals to construct approximately 40 LF of eight (8") DIP water main to connect into an existing water main at the intersection of Heathrow Lane and Mountbatten Drive to service five (5) single family units.

The Water and Sewer Developer Agreements have been signed in accordance with the Final Water and Sewer Approvals granted on

January 19, 2011 and are ready to be countersigned by the Authority.

A motion to approve, as recommended, the signing of the Old Bridge Manor, III Developer Agreements was made by Mr. Donatelli and seconded by Mr. Butler.

The roll call was as follows:

AYES: Donatelli, Smolney, Butler, Greene, Galante

NAYS: None

ABSENT: Desai, Testino

5 Ayes          0 Nays          2 Absent

**4. Summerfield Gravity Sewer Replacement, Bid & Construction Services to R3M Engineering**

Mr. Roy reported that this project, which is on the list for NJEIT funding, involves the construction of a sewer pump station and a force main to allow for the abandonment of an existing eight inch (8") gravity sewer behind Lantana Way in Laurence Harbor within an existing easement containing unstable slopes which will be stabilized under this project.

Mr. Roy recommended that R3M Engineering be authorized to proceed with the Bid and Construction Phases of this project in accordance with their proposal.

A motion to approve, as recommended, R3M Engineering to proceed with the Bid and Construction Phases of the Summerfield Gravity Sewer Replacement in accordance with their proposal was made by Mr. Butler and seconded by Mr. Smolney.

The roll call was as follows:

AYES: Donatelli, Smolney, Butler, Greene, Galante

NAYS: None

ABSENT: Desai, Testino

5 Ayes          0 Nays          2 Absent

Financial Report: Stephen A. Florek, Comptroller

A motion to approve, as recommended, a resolution concerning review of the findings of the Local Finance Board made at a meeting of said Board on April 20, 2011 in accordance with the provisions of NJSA 40A:5A-7 with respect to a project financing of the Authority and to authorize the Commissioners to sign the Group Affidavit in connection therewith was made by Mr. Smolney and seconded by Mr. Butler.

The roll call was as follows:

AYES: Donatelli, Smolney, Butler, Greene, Galante

NAYS: None

ABSENT: Desai, Testino

5 Ayes          0 Nays          2 Absent

**Prior to the roll call vote the following discussion took place.**

Mr. Greene requested that Mr. Florek elaborate on the savings which will be realized by the Authority participating in this program.

Mr. Florek stated that in connection with the American Reinvestment Act, there will be more savings than in the past with the NJEIT program. In the past, 50% was borrowed at the market rate, and 50% was subsidized by the State at a zero percent interest rate. Now, 75% is being subsidized through the State and Federal government at zero percent, with the Authority only paying 25% of the loan at the market rate.

The total cost of these three projects is approximately \$15.7 million dollars. Since the market interest rate is currently about 4%, the Authority's net interest rate will be about 1%.

Legal Report: Louis Granata, Esq.

Mr. Granata stated that Brunetti and Deep Run pending litigation would be discussed in Executive Session. Mr. DeRosa has been authorized to perform appraisals on the Crossroads property;

however, an agreement has not been reached with the Rosen family. The appraisal is also being finalized for the piece of property to be acquired for the Summerfield Avenue gravity sewer.

In the event of a breakdown in negotiations with respect to the Rosen property, Mr. Granata requested the Commissioners to authorize condemnation of that property due to deadlines which must be met to be in compliance with the funding requirements.

A motion to authorize condemnation proceedings in connection with the acquisition of property for both the Crossroads Project and the Summerfield Gravity Sewer Replacement Project, in the event of the breakdown in negotiations to acquire such property, was made by Mr. Butler and seconded by Mr. Donatelli.

The roll call was as follows:

AYES: Donatelli, Smolney, Butler, Greene, Galante

NAYS: None

ABSENT: Desai, Testino

5 Ayes          0 Nays          2 Absent

Bills & Claims: \$1,407,659.48

A motion to approve Bills & Claims was made by Mr. Smolney and seconded by Mr. Butler.

The roll call was as follows:

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

NAYS: None.

ABSENT: Desai, Testino.

5 Ayes          0 Nays          2 Absent

Old Business:

**Brunetti Oaks at Glenwood – Status**

Mr. Roy stated that this would be discussed in Executive Session.

**Recharge Basin Study – Status**

Mr. Roy reported that the Recharge Basin Study is ongoing. A package will be presented to the DEP sometime this summer.

**Crossroads, Summerfield, and SCADA NJEIT Projects – Status**

Mr. Roy reported that these projects are all proceeding with the DEP. Crossroads will be the first one to go followed by Summerfield and SCADA. Crossroads should be advertised prior to the July meeting.

New Business:

None

Open to the Public:

Mr. Cahill believes that the Authority would not have had to increase water rates if the land purchase from the Township had not occurred. He also expressed his dismay with respect to the decorum of several of the Commissioners.

Dr. Greenberg asked for a confirmation that rate increases are structured into the budget.

Mr. Florek responded that this is done in the same manner in which the Township includes tax increases in its budget.

Mrs. Panos expressed her displeasure with the increase in water rates as well as the purchase of land from the Township. She intends to petition the governor to oversee the MUA.

Mr. Granata stated that the reason the MUA is listed to be overseen is because the legislation as proposed targets “Regional Authorities” – those which service multiple Counties. The OBMUA services a small section of Aberdeen in Monmouth County.

Mr. Florek added that the State Comptroller issued a report in February 2011 highlighting four Authorities in the entire State which had complete transparency, and the OBMUA was one of them.

Mrs. Sohor is troubled that the amount of money paid for the purchase of land was the exact amount the Township needed to fill a budget shortfall.



Dr. Greenberg inquired what money had been allocated in the budget to begin work on the recharge basin and what the cost of the construction of the recharge basin will be.

Mr. Granata responded that subsequent to the purchase of the land, the Authority is required to appear before the DEP to complete the application process. Once that is done, the scope of the project will be determined which will be in about one year. The basin(s) will be funded through the NJEIT with a low interest loan.

Dr. Greenberg refuted this by saying that there has never been a financial analysis of this project or long-range planning.

Mr. Granata responded that in order for the Authority to present this project to the DCA, an estimated financial analysis had to be done.

Executive Director Donatelli stated that the current rate does not support the system as it is and that the Authority is constantly taking fund balances. The Authority tries to pay as it goes and pay for projects in cash so as to not add to the debt service.

He explained that the \$5 million fund balance used to purchase the land from the Township could have also been utilized to fund capital projects such as the Browntown Water Treatment Plant Improvements and a Water Storage Tank in the Disbrow Road/Rt. 34 area.

He also explained that since the cut backs were instituted in the late 1980's, the Authority has been investigating any possible increase in groundwater allocation. The land purchase was a business decision to try to use more groundwater at the existing plants without spending any money to upgrade the capacity of the plants.

He stated that this is one of the only projects that this Authority will undertake ever which will pay its debt service as it goes because it will not be buying two hundred to two hundred fifty million gallons per year of finished water from Middlesex Water Company.

Dr. Greenberg inquired about the State Regulation pertaining to the limit on the amount of water which may be taken out of the groundwater aquifer.

Executive Director Donatelli stated that the Authority will be staying within the criteria mandated by the State. If the DEP grants an additional one million gallons per day to the Authority, the plants will be up to full capacity on off-peak times.

The property purchased from the Township will still have value even if the project fails. Executive Director Donatelli is attempting to schedule a meeting with the DEP in a few weeks. The DEP is offering guidance and direction as to what they want to see out of the science and out of the work plan which is being put together to go forward to be successful.

Dr. Greenberg stated that a mistake was made with respect to Perth Amboy, and there is a problem with shared services, and she questioned why the Township didn't just give the land to the Authority.

Seeing no further hands Chairman Galante closed the public portion.

Executive Session: A motion was made to go into Executive Session at 7:51 p.m. by Mr. Galante and seconded by Mr. Butler.

The roll call was as follows:

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

NAYS: None.

ABSENT: Desai, Testino.

5 Ayes            0 Nays            2 Absent

**Regular Meeting Reconvened at 8:20 p.m.**

**During Executive Session Executive Director Donatelli discussed a proposed agreement with Middlesex Water Company. Mr. Granata discussed Deep Run and Brunetti litigation.**

***Middlesex Water Company Agreement***

A motion to enter into an Agreement, as recommended, with Middlesex Water Company in advance of the May 7, 2013 expiration of the current contract with the same terms and

conditions as contained in the current agreement was made by Mr. Smolney and seconded by Mr. Butler.

The roll call was as follows:

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

NAYS: None.

ABSENT: Desai, Testino.

5 Ayes          0 Nays          2 Absent

Adjournment: A motion was made to adjourn at 8:20 p.m. Mr. Smolney and seconded by Mr. Donatelli.

The motion was approved by an ALL AYES vote.

Respectfully submitted:

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Kiran Desai, Secretary