

OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY
REGULAR MEETING
September 19, 2012

Call to Order: The Regular Meeting of September 19, 2012 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 (arrived at 7:10 p.m.)
Rocco Donatelli, Commissioner
Kiran Desai, Secretary
Richard Greene, Treasurer (arrived at 7:22 p.m.)
Reginald Butler, 1st Alternate – Assistant Secretary
Anita Greenberg, 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.

Executive Director's
Report:

Monthly Water Distribution and Drinking Water Analysis
Executive Director Donatelli discussed the Drinking Water Analysis-Monthly Coliform Summary Report Form from Garden State Laboratories and the Monthly Water Distribution totals for August 2012.

Union Negotiations

Executive Director Donatelli stated that a meeting has been scheduled for October 15, 2012, and he will inform the Commissioners as to the progress on October 17, 2012.

Annual Service Contract for Electrical Contractor

Executive Director Donatelli stated that this is being advertised for public bid, the results of which will be discussed with the Commissioners on October 17, 2012 for the award of the contract.

Catastrophic Policy for Commercial Users

Executive Director Donatelli stated that he received a request to extend the catastrophic policy for homeowners to commercial users. Research is being performed by the auditor, and his recommendation will be made at the October 17, 2012 meeting.

New Vehicle Purchase

Executive Director Donatelli requested authorization to purchase two vehicles for the Water Division which are on the State bid list and have been encumbered in the budget:

2013 GMC 2500 Pickup 4X4 \$39,000.00
2013 GMC 3500 Utility Truck 4X4 \$60,000.00 (not to exceed)

A 2001 Dodge Utility truck with approximately 155,000 miles and a 2007 Chevy Avalanche with approximately 130,000 miles have been taken off the road, and his recommendation is to place them on GovDeals.com for public action to salvage the remaining value in the vehicles.

A motion to authorize the purchase of a 2013 GMC 2500 Pickup 4X4 (\$39,000.00) and a 2013 GMC 3500 Utility Truck 4X4 (not to exceed \$60,000.00) as recommended was made by Mr. Butler and seconded by Mr. Galante.

The roll call was as follows:

AYES: Desai, Butler, Greenberg, Galante

NAYS: None

ABSTAIN: Donatelli

ABSENT: Greene, Testino

4 Ayes 0 Nays 1 Abstain 2 Absent

Middlesex Water Company Reply to our Request for Reimbursement for Money Expended during the Boil Water Advisory

Executive Director Donatelli referred to a letter recently received from the Middlesex Water Company in response to the Authority’s request for reimbursement. After reviewing the arguments raised by the Middlesex Water Company, he and the staff agree that the

Authority has benefitted financially from Middlesex Water Company overlooking portions of our contractual agreement. The Authority and Middlesex Water have had a great working relationship for over twenty-five years, and until there is an urgent matter on which action must be sought in the future, this matter is closed.

Asset Allocation

Executive Director Donatelli invited Dennis Doll from the Middlesex Water Company to address the Commissioners with respect to having a true understanding of what is entailed in successfully managing a utility.

Mr. Doll stated that Middlesex Water Company has enjoyed a long, collaborative relationship with the OBMUA. Middlesex Water Company serves more than one-half million people in three states and is actively involved in the industry.

Every municipal entity is struggling to balance its budget, and many cities and towns have needs that are not being addressed. The underground wastewater infrastructure goes unnoticed by the public making them unaware of a looming crisis that could occur.

There is a need to include the concept of full cost pricing, i.e., the customer pays the entire cost of what is required to deliver the service. Many municipalities do not reflect the full cost of the service in its utility fee, and the consumer does not know that they are paying for it both in the utility bill and in property taxes or through some other assessment.

There are financial challenges associated with maintaining the infrastructure. Grants and low-cost loans are one source of financing which some say may be a reward for bad behavior because there are many systems that have gone into a critical state of disrepair due to a lack of good management and a lack of focus on asset management.

One of the dangers occurring around the country is the disbanding and dismantling of municipal utilities authorities and merging those entities into the municipal government. His experience has shown that a merger with a municipality occurs when the utility has built up reserves and demonstrates good asset management, but the municipality needs to balance its budget for a short term. The utilities authority reserves are used to balance the municipality's budget which is largely unnoticed by the consumer. As a result,

there is not enough money for maintenance, and it becomes deferred. The systems begin to fall into disrepair.

Although his intent is not to tell this Authority what is best for it, he believes that this Authority provides an element of transparency that would not exist when merged with municipal government. Many of his colleagues on the Board of the Water Research Foundation who have witnessed consolidations have admitted that it was not the right thing to do with respect to the utility service. These decisions are largely political and outside of the control of the utility boards.

There are plusses and minuses to various approaches, but there are pitfalls which need to be emphasized. The NJDEP is undertaking a pilot program to better understand how effective asset management programs are working across the state in water and wastewater utilities. His company has volunteered to be a participant in the program, and the goal is to be able to share best practices in asset management. i.e., what does a good asset management program look like; to what extent can the State establish consistent criteria that can be provided to all utilities (private or investor owned).

There needs to be more public education about utility services that it takes to deliver the service; why the service costs what it does; and why rates are going to increase in the future in order to meet aging infrastructure needs over the next twenty years.

Mr. Donatelli thanked Mr. Doll for his presentation.

Dr. Greenberg stated that she believes that public education is integral because most consumers are unaware of the functions of the OBMUA and its relationship with Middlesex Water Company. She realized the importance of surplus in the budget when the Township of Old Bridge took funds from the OBMUA and depleted that surplus.

Mayor Henry is committed to not taking \$1.3 million from the OBMUA. She encouraged a program for infrastructure maintenance to avoid a critical situation. The personnel of the OBMUA should feel confident in their positions and not have to absorb public scrutiny.

Mr. Doll stated that he never fails to forget that the residents of the Township of Old Bridge are the customers of the OBMUA. He believes that Middlesex Water Company can play a role in consumer education. The public is more accepting of a rate

increase when it is explained how money is made in this business. They realize that it is not all about money, but rather quality service and the integrity and reliability of the infrastructure.

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

The roll call was as follows:

AYES: Desai, Donatelli, Greene, Testino, Galante

NAYS: None

5 Ayes 0 Nays 0 Absent

Previous Minutes: Rate Increase Workshop - August 1, 2012
Public Rate Hearing - August 15, 2012
Regular Meeting - August 15, 2012
Executive Session - August 15, 2012

A motion to approve the previous minutes was made by Mr. Desai and seconded by Mr. Butler.

The roll call vote was as follows:

AYES: Desai, Greene, Testino, Butler, Galante

NAYS: None

ABSENT FROM THE PODIUM: Donatelli

5 Ayes 0 Nays 0 Absent 1 Absent From Podium

Engineering Reports: Michael Roy, P.E.

Report on Developers for Approval

Oaks at Glenwood, Phase I/Midtown Water Company
1. W86-284, Tentative Water – 1,312 Residential
Units and 600,000 SF of Commercial Area

Mr. Roy reported that this project located on the west side of Route 9 and north of Jake Brown Road consists of the construction of twelve, ten and eight inch (12", 10" and 8") water mains and an

elevated water storage tank to connect into existing water mains in Route 9 at two (2) locations to service Phase I of the Oaks at Glenwood Development.

The Township Planning Board granted an amended General Development Approval on September 5, 2000, for 1,535 residential units and 600,000 square feet of commercial space. On November 12, 2003, the Planning Board granted Preliminary and Final Subdivision and Site Plan Approval for 1,442 residential units and denied the Preliminary Site Plan Approval for the commercial development. On February 1, 2005, the Planning Board granted Preliminary Site Plan Approval for the commercial development.

The Authority granted Preliminary Sewer Approval on September 6, 2006 and granted Tentative Sewer Approval on April 18, 2007 (extended on February 20, 2008) for 1,380 residential units and a 65 EDCU recreation building. The 600,000 SF commercial was not part of the Sewer Application. The sewer NJDEP Treatment Works Approval (TWA) was granted for 1,312 residential units, a 150 member clubhouse and no commercial use.

The Brunetti Organization submitted a seconded amended water application dated August 29, 2011 which included a 1 MG tank which was approved on October 19, 2011 for a development of 1,312 residential units and approximately 600,000 SF of commercial area. This is the tentative application to advance the 1MG tank application.

The 1 MG on-site water storage tank is sufficient for this application of 1,312 residential units and 600,000 SF of commercial building based upon the advice from CME Associates, Consulting Engineers. However, the water storage needs for any future applications for water approval will be evaluated at the time that the application is made to the Authority based upon the methodology in the CME Associates letter dated October 1, 2011. No reserve capacity is guaranteed with the proposed on-site water storage tank beyond this current application. The 1MG tank will be dedicated to the Authority along with sufficient property to allow the Authority to properly maintain the water storage tank.

Applicant is to acknowledge that proposed water mains and fire hydrants within the public right-of-way will be dedicated to the Authority, and all proposed water mains and fire hydrants within private roadways and commercial areas will remain privately owned and maintained by the Applicant.

Applicant will submit a NJDEP Bureau of Safe Drinking Water Permit package for processing by the Authority that includes comments noted with this approval. Future deadlines for submitting a Final Water Application are October 17, 2012; November 28, 2012; and December 26, 2012.

Mr. Roy recommended that the Applicant receive Tentative Water approval subject to the five conditions outlined in his report, one of which is that the Applicant shall comply in all respects with the conditions in the report received from the Consulting Engineer, CME Associates, dated September 17, 2012.

A motion to approve Oaks at Glenwood, Phase I/Midtown Water Company W86-284, Tentative Water as recommended was made by Mr. Donatelli and seconded by Mr. Butler.

The roll call was as follows:

AYES: Desai, Donatelli, Greene, Testino, Galante

NAYS: None.

5 Ayes 0 Nays 0 Absent

Butler Major Subdivision/Kim Butler/34 Units 2. W10-618, Final Water

Mr. Roy reported that this project located on the south side of Matchaponix Road, approximately five hundred feet (500') east of the Old Bridge Township boundary with Monroe Township consists of the construction of approximately 2,260 LF of eight inch (8") DIP water main to connect into an existing main in Matchaponix Road to service 34 single family units.

Final Review and Inspection fees have been paid. The initial Connection and Construction Water fees have been paid. The balance of Connection and Construction Water fees will be paid in accordance with an approved schedule. Connection fee rates are subject to change.

The Authority granted Tentative Approval on September 16, 2010. Township Final Zoning Board Approval was granted on August 5, 2010.

Since all technical requirements sufficient for Final Approval have been satisfied, Mr. Roy recommended Final Water Approval subject to the nine conditions outlined in his report.

A motion to approve Butler Major Subdivision/Kim Butler, W10-618, Final Water as recommended was made by Mr. Desai and seconded by Mr. Desai.

The roll call was as follows:

AYES: Desai, Donatelli, Greene, Testino, Galante

NAYS: None

5 Ayes 0 Nays 0 Absent

Butler Major Subdivision/Kim Butler/34 Units
3. S10-484, Final Sewer

Mr. Roy reported that this project located on the south side of Matchaponix Road, approximately five-hundred feet (500') east of the Old Bridge Township boundary with Monroe Township consists of the construction of approximately 1,400 LF of eight inch (8") PVC sewer main to connect into an existing main in Matchaponix Road to service 34 single family units.

Final Review and Inspection fees have been paid. The initial Connection fees have been paid. The balance of connection fees will be paid in accordance with an approved schedule. Connection fee rates are subject to change.

The Authority granted Tentative Approval on September 16, 2010. Township Final Zoning Board Approval was granted on August 5, 2010. The Applicant has indicated that all proposed sanitary sewer mains will be dedicated to the Authority.

Since all technical requirements have been satisfied, Mr. Roy recommended Final Sewer Approval subject to the eleven conditions outlined in his report.

A motion to approve Butler Major Subdivision/Kim Butler, S10-484, Final Sewer as recommended was made by Mr. Testino and seconded by Mr. Butler.

The roll call was as follows:

AYES: Desai, Donatelli, Greene, Testino, Galante

NAYS: None

5 Ayes 0 Nays 0 Absent

Superintendent's
Report:

Al Lunkenheimer, Superintendent Sewer Division

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

The roll call was as follows:

AYES: Desai, Donatelli, Greene, Testino, Galante

NAYS: None

5 Ayes 0 Nays 0 Absent

Engineering Reports: Michael Roy, P.E.

**1. 2012 Sewer Pump Station Upgrades, Contract 2012-1,
Award Contract**

Mr. Roy stated that the OBMUA received ten (10) bids for the referenced project. R3M reviewed all bids for arithmetic errors and prepared a summary. The bid prices ranged from \$548,500.00 to \$797,057 with an average of \$606,566.30 and a median of \$568,630.00. R3M's opinion of the construction cost is \$735,280.00.

The apparent low bid was submitted by Ocean Construction LLC of Linwood, NJ with a total bid price of \$520,400.00 (which was withdrawn). The second low bid was submitted by MBE Mark-III Electric (MBE) of Madison, NJ with a total bid price of \$548,500.00. Both bids were below the current engineer's opinion of construction cost of \$735,280.00.

Greg Brady (R3M) stated that a more detailed technical review of the two (2) lower-priced bids was performed. The apparent low bidder allotted \$60,000 under Bid Item 1 – Mobilization and Demobilization. The Contract Documents limit this value to

\$15,000 for an Original Contract Amount totaling under \$500,000; and a \$30,000 limit for an Original Contract Amount totaling over \$500,000. Based on its bid price of \$520,400.00, Ocean Construction LLC's bid price for Mobilization and Demobilization is limited to \$15,000; and therefore, this bidder would be required to reduce its bid price by \$45,000 to adhere to the Contract Documents. Upon being notified of this discrepancy, Ocean Construction LLC indicated its intention to withdraw their bid within the time allowed by the Local Public Contracts Law.

Mr. Granata stated that he reviewed the bids, and although MBE's corporate seal did not appear to be on one of the documents, the seal was evident on every other required document. This is a minor discrepancy, and he suggested that this omission be waived. There was no authorization to sign the contract, but there is a bid bond which is signed, and he recommended awarding the contract to MBE Mark III.

A motion to award Contract 2012-1 2012 Sewer Pump Station Upgrades to MBE Mark-III as recommended was made by Mr. Butler and seconded by Mr. Galante.

The roll call was as follows:

AYES: Desai, Greene, Testino, Butler, Galante

NAYS: None

ABSENT FROM THE PODIUM: Donatelli

5 Ayes 0 Nays 0 Absent 1 Absent From Podium

2. 2012 Sewer Pump Station Upgrades, Engineering Construction Services to R3M

Mr. Roy stated that this contract is for Engineering Services for the Construction Phase of the contract that was just awarded tonight. Mr. Roy reported that the scope of this project involves the installation of communitor chambers at the Society Hill and Lakeridge West Sewer Pump Stations, installing a manlift at Lakeridge West Sewer Pump Station and relocating the emergency generator at the Brookside Sewer Pump Station to raise the generator elevation above the flood plain at Matchaponix Brook. R3M has provided estimates of the engineering as follows:

- Inspection - \$22,600.00
- Engineering Services During Construction - \$69,452.00

These fees are based upon an estimate of the number of hours required for the level of effort anticipated for each of the engineering tasks. The project duration is anticipated to be four (4) months of actual construction, with an overall contract time of approximately five (5) months.

A motion to authorize R3M Engineering to proceed with the Construction Phase of the referenced project as recommended was made by Mr. Butler and seconded by Mr. Greene.

The roll call was as follows:

AYES: Desai, Greene, Testino, Butler, Galante

NAYS: None

ABSENT FROM THE PODIUM: Donatelli.

5 Ayes 0 Nays 0 Absent 1 Absent From Podium

Financial Report: Stephan A. Florek, II, Comptroller

Mr. Florek stated that there were funds remaining from a 2008 Bond for Woodhaven Village Water and Sewer Improvements and the maintenance garage. This resolution includes three additional projects:

- 2012 Sewer Pump Station Upgrades
- Southwood Sewer Relining
- Iresick Brook Interceptor Relining

A motion to approve Amendment No. 1 to the Fourteenth Supplemental Indenture (2008 Bond) as recommended was made by Mr. Testino and seconded by Mr. Desai.

The roll call vote was as follows:

AYES: Desai, Greene, Testino, Butler, Galante

NAYS: None

ABSENT FROM THE PODIUM: Donatelli

5 Ayes 0 Nays 0 Absent 1 Absent From Podium

Mr. Florek reported that the audit is near completion, and there will be a report at the next meeting.

Legal Report: Louis E. Granata, Esq.

Mr. Granata stated that with respect to the condemnation proceedings for Tara Realty, the commissioners have been appointed, and all reports and appraisals have been submitted. He awaits a response from Tara Realty and for the commissioners to schedule a hearing.

Bills & Claims: A motion to approve Bills & Claims in the amount of \$1,852,543.49 was made by Mr. Greene and seconded by Mr. Butler.

The roll call was as follows:

AYES: Desai, Donatelli, Greene, Testino, Galante

NAYS: None

5 Ayes 0 Nays 0 Absent

Old Business: **Brunetti – Oaks at Glenwood Development – Status**
To be discussed in Executive Session

Recharge Basin Study – Status

Mr. Roy stated that the Recharge Basin Study is in a “holding pattern” until the DEP responds to a request for a clarification on the constraints to be imposed on the Authority with respect to the development of that property. The difficulty of the project will depend on the DEP’s response.

Manzo Boulevard – Request to Notify Bonding Company

Mr. Galante stated that this matter would be deferred until later in the meeting.

New Business: None

Open to Public:

Eric Abraham, Esq. (for the Brunetti Organization) referred to the Commissioners' action earlier in the meeting to approve Oaks at Glenwood, Phase I/Midtown Water Company W86-284, Tentative Water – 1,312 Residential Units and 600,000 SF of Commercial Area particularly with respect to the condition regarding the inability to reserve capacity for the application.

When he reviewed the rules and regulations for the Authority, he noted a procedure for the reservation of capacity... *“Capacity shall be reserved within the Authority’s water system for developments which have received preliminary approval of its application.”*

He understands that there is no current pending application for what he referred to as Phase II of the development. Another section of the rules and regulations of the Authority indicates that there is a requirement that... *“Before an OBMUA tentative approval shall be considered, the applicant must have received preliminary approval from either the local planning board or the zoning board, as shall be appropriate.”*

Mr. Abraham requested a modification to that ordinary course of business with a proposal that has been adopted by the Western Monmouth Utilities Authority with the recommendation and blessing of CME Engineering. He requested that an application of the Brunetti Organization for Phase II be submitted without having satisfied the second requirement with respect to the application having received approval of the planning board. This request is made with the suggestion that this would be made at the risk and peril of the Brunetti Organization to cover that cost. In the event that no planning board approval is obtained, there would be no effect to whatever approvals would accompany the water and sewer applications made.

However, if the Brunetti Organization were to obtain the preliminary approval from the zoning board, the approval of the OBMUA would then go “live” which would be a time saver for Brunetti and at no risk to the OBMUA; the burden of the cost would be borne by the Brunetti Organization.

Mr. Galante suggested that Mr. Abraham submit his proposal in writing for review by the Commissioners.

Seeing no further hands Mr. Galante closed the public portion.

Executive Session: A motion to go into Executive Session at 7:46 p.m. was made by Mr. Desai and seconded by Mr. Butler.

The roll call was as follows:

AYES: Desai, Donatelli, Greene, Testino, Galante

NAYS: None

5 Ayes 0 Nays 0 Absent

Regular Meeting Reconvened at 8:23 p.m.

During Executive Session Mr. Granata discussed Brunetti litigation and the Manzo conflict.

Chairman Galante recused himself from the following discussion and left the room for the remainder of the meeting.

Old Business: **3. Manzo Boulevard – request to notify Bonding Company**
(cont'd)

Mr. Granata stated that Manzo came up with a scheme to resolve the water problem at its property, but there has been no resolution. Manzo has been brought before the Commissioners to explain why their bond should not be called. A letter has been received from Mr. Post (attorney for Manzo) wherein he alleges that two Commissioners have a conflict of interest: Mr. Galante, who has not sat as a participating member since this matter has come before the Commissioners, and Mr. Testino, who has indicated that he has represented Michael Manzo (who has been deceased for twenty years) and has no further connection with the Manzo properties since then. His view is that this is not an impediment to Mr. Testino sitting on this board.

The Supreme Court in Graham v. United States has said “*Local governments would be seriously handicapped if every possible interest, no matter how remote and speculative, would serve as a disqualification of an official. If this were so, it would discourage capable men and women from holding public office. Of course, courts should scrutinize the circumstances with great care and should condemn anything which indicates the likelihood of corruption or favoritism, but in doing so, they must be mindful to abrogate the municipal action at the suggestion that some remote and nebulous interest is present would be to unjustifiably deprive a municipality in many importance instances of the service of its duly*

elected and appointed officials. The determination of municipal officials should not be approached with a general feeling of suspicion.” Justice Holmes has said “Universal distrust creates universal incompetence.”

Mr. Granata stated that he sees no conflict and invited Mr. Post to state his opinion as to why Mr. Testino would be influenced or affected by having represented Michael Manzo twenty years ago.

Mr. Post stated that he has realized that there is no conflict.

Mr. Granata stated that he has cautioned Mr. Testino that, based on past practices of the Manzo organization, this “conflict” may become an issue that may affect the decision of this board.

Mr. Testino stated that although he feels no conflict, he does not wish to bring his personal obstructions as intimated by Mr. Post upon the board. For the purposes of this discussion, Commissioner Desai will be appointed Chairman Pro Tempore.

Mr. Granata stated that each of the Commissioners received a letter from Robert Passarello requesting a private meeting which they declined. A letter dated September 14, 2012 was received by the Commissioners outlining a proposal and seeking an alternative. He assumes Mr. Post wishes to address the Commissioners about this letter.

Mr. Post (for Manzo) stated that in consultation with Maser Engineering information has been obtained with respect to the cost of the alternative discussed with the Commissioners at the last meeting, but the cost is quite substantial. There have not been any designs, but the cost is estimated to be \$200,000 to bring water to the Transco property. Manzo requests that the Commissioners reconsider the request for Transco to hook up on a temporary basis to the water that exists on Manzo Boulevard. The distance is approximately twenty to thirty feet from the terminus of the water line from the Transco property to Manzo Boulevard.

Mr. Granata asked what the amount of time was to be considered “interim”.

Mr. Post responded that the first part of that answer would be associated with NRG’s application to be approved by the OBMUA and the planning board.

Mr. Granata asked the status of NRG.

Mr. Post stated that his client has entered into a contract with NRG for the purchase of the entire balance of the original tract as subdivided.

Mr. Granata stated that NRG cannot proceed because they did not win the bid from the State, and they are not rebidding until next year.

Mr. Post stated that NRG is spending considerable amounts of money to keep the option alive.

Mr. Granata stated that if NRG does not get the bid, they have to wait another year. Therefore, the “interim period” is a non-defined period of time.

Mr. Post stated that there is a confidentiality clause with NRG honoring conditional obligations with Manzo. They are spending money now.

Mr. Granata stated that they are not yet authorized because they have not won the bid from the State.

Mr. Post stated that there are three applications before the DEP as prepared by Maser.

Mr. Granata stated that this is for the 2013 bid. Manzo has proposed the temporary connection to Johnny on the Spot. Now it has been determined that there is a cost of \$200,000; the bond is \$133,000 to do the work that Manzo was obliged to do under the original approval. Manzo should do what they agreed to do in the beginning.

Mr. Post stated that Manzo is proceeding on the assumption that the permanent fix is getting done in conjunction with the development of the NRG tract under the supervision of the planning board and the OBMUA who will have complete control over the process. If NRG decides to not go forward, the ball is back in Manzo’s court, and the water line will be completed whenever feasible.

Mr. Roy stated that Manzo wants Transco to tie into Waterworks Road which would put an unnecessary constraint on the MUA’s operations. There was discussion about a temporary connection at Johnny on the Spot. The water line cannot be extended onto Cheesequake Road for the amount of money in the bond.

The entire road was to be completed with water and sewer utilities.

Mr. Post stated that his understanding is that the actual water usage is for one person for one shift daily.

Mr. Butler asked if the initial request from Manzo was a hookup from the Manzo facility to Waterworks Road.

Mr. Post stated that was approved with the subdivision application that made possible the Stavola sale.

Mr. Butler asked the engineer why there could not be a hookup from Manzo to Waterworks Road.

Mr. Roy stated that this would connect Transco into Waterworks Road which will unnecessarily put constraints on the operations of the OBMUA.

Mr. Testino asked about fire suppression.

Mr. Roy stated that when this was first built, the OBMUA did not have them connect into Waterworks Road because they were trying to pull a “fast one” with completing half of the job. As years went by, the fire hydrants were unusable. The fire company wanted the MUA to allow the connection to Waterworks Road so that the hydrants could be usable, and the MUA agreed to do it as long as the connection did not include domestic use – fire flow only. Now Manzo wants domestic use also.

Mr. Post clarified that the use would be temporary.

Mr. Desai asked for an end date.

Mr. Post responded that as of December 2012 there will be a significant difference in the price per acre that NRG will have to pay if they don't buy the property. December 2014 is the drop dead date on that transaction. NRG is spending money for permits and approvals from the DEP.

Mr. Desai stated that 2014 is too far away.

Mr. Granata inquired how much it would cost for Manzo to complete the line.

Mr. Post stated that it would be a great deal more than the 2006 estimate of \$133,000 which had the water line as part of the road.

Mr. Roy stated that the Township of Old Bridge has a bond which would also have to be called. There is a significant amount of grading which would have to be done.

Mr. Post stated that NRG would have to approve whatever is going to be done with respect to the construction of the water line and the road.

Mr. Granata asked if NRG was aware of Manzo's obligation to the MUA and the Township of Old Bridge.

Mr. Post responded that NRG is aware of the obligation. Since they have a contractual right to buy the property, they also have a say about what goes on.

Mr. Granata stated that when Manzo asked for approval, they said they would build a road and both a water and sewer line, and would not sell any property until that was done. Manzo sold the property without having the work completed. Manzo is asking the Authority to bail them out because they don't want to spend money.

Mr. Post stated that Manzo is asking the Authority to recognize what was originally envisioned for the property.

Mr. Granata stated that Manzo sold property contrary to its obligations. Manzo signed an agreement stating that ... *"The building constructed by it will not be occupied prior to a water connection having been made and a water meter having been installed in the building."*

That agreement has been violated, and Manzo is requesting the Authority to bail them out. The alternatives that are being requested are to allow Manzo to do something that they should not have done in the first place.

Mr. Greene stated that his opinion is that Manzo is asking for a "time out" for them to accomplish something for a lesser cost.

Ms. Roy (for Transco) stated that there is no obligation for NRG to construct a water line. Transco would like to work with the MUA with respect to the legal fees in connection with the legal challenges in calling Manzo's bond.

Mr. Granata asked why Transco doesn't sue Manzo.

Ms. Roy stated that although this is an option, Transco's position is that Manzo has made a promise to the OBMUA, and that is a matter of public policy, and the bond should be called.

Mr. Post stated that this problem is being fueled by Transco's access to water. He again requested temporary permission for the water line.

Mr. Granata stated that it is not the obligation of the MUA to solve Manzo's problem with a third party. An agreement with the MUA has been breached.

Mr. Passarello elaborated on and reiterated the comments of Mr. Post.

Mr. Roy stated that the bottom line is that Manzo never consulted the MUA.

Ms. Roy urged the Commissioners to call Manzo's bond immediately.

Mr. Greene stated that he would like to have more conversation.

Mr. Donatelli stated that after a review by Mr. Granata, this matter should be discussed again at the next meeting.

Mr. Granata stated that the Commissioners will be voting on the calling of Manzo's bond at the next meeting subject to his coordinating with the Township of Old Bridge.

Adjournment: A motion to adjourn at 9:09 p.m. was made by Mr. Donatelli and seconded by Mr. Butler.

The motion was approved by an ALL AYES vote.

Respectfully submitted:

Kiran Desai, Secretary