

**OLD BRIDGE MUNICIPAL UTILITIES AUTHORITY  
REGULAR MEETING  
October 15, 2014**

Call to Order: The Regular Meeting of October 15, 2014 was called to order at 7:00 p.m. with the Pledge of Allegiance by Arthur Haney, Chairman.

Announcement: Chairman Haney 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:  
Arthur Haney, Chairman  
Richard Greene, Vice Chairman  
Edward Testino, Secretary  
Anita Greenberg, Treasurer  
Rocco Donatelli, Assistant Secretary  
Frank Weber, 1<sup>st</sup> Alternate Assistant Treasurer  
Brian Cahill, 2<sup>nd</sup> Alternate

Absent:  
None

Executive Director's  
Report: Guy Donatelli, Executive Director

**Monthly Water Distribution and Drinking Water Analysis**  
Executive Director Donatelli discussed the Drinking Water Analysis-Monthly Coliform Summary Report Form from Precision Analytical Labs and the Monthly Water Distribution for September 2014.

**Old Bridge Day**

Executive Director Donatelli stated that Commissioners, as well as union and non-union employees, were in attendance at the booth. There was a display of the equipment and materials used along with educational handouts including small plant-able pine trees.

**Billing**

Executive Director Donatelli stated that there is a need to update the billing procedure of the Authority due to the antiquated nature of the system. There has been discussion with the staff relating to out-sourcing the billing and mailing requirements. It appears to be

more economical over time to out-source this work especially if monthly billing was to be instituted.

Mr. Greene stated that hundreds of thousands of dollars have been spent to upgrade the meter reading equipment. He asked for a clarification as to the connection between the meter readings and physically mailing out bills.

Executive Director Donatelli stated that the meter readings and billing are separate. The results of the meter readings are uploaded into the antiquated DOS billing system, and the work is done by hand.

Mr. Greene suggested that one or two Commissioners form a committee to study this change as opposed to having an outside consultant perform a study. For various reasons, he is reluctant to move forward until the Commissioners discuss this in depth.

**Personnel**

To be discussed in Executive Session.

A motion to approve the Executive Director’s report was made by Mr. Haney and seconded by Dr. Greenberg

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Testino, Haney

NAYS: None

5 Ayes            0 Nays            0 Absent

Chairman’s Report: Arthur M. Haney, Chairman

Mr. Haney thanked all the employees who were involved in “ Old Bridge Day”. He was extremely impressed with the equipment and fire hydrant display. He commended all who volunteered their time.

***Audit Report:***

Mr. Morrison referred to the certificate issued by the GFOA for Excellence in Governmental Reporting. The OBMUA remains the only Authority within the State of New Jersey to received this award.

He believes that the internal controls are appropriate for an organization of this size, and the key controls responsible for identifying any error or irregularity are in place so that they can be corrected.

Compliance has been tested with a variety of rules and regulations in addition to the specific grant requirements (e.g. compliance with the Local Public Contracts Law and IRS regulations, etc.), and the OBMUA has been found to be in compliance with all completed tests.

Mr. Morrison expressed his opinion that the financial statements of the Authority are fairly stated, and that the appropriate accounting principles were followed consistently. Because the Authority is the recipient of a significant amount of money in federal loans and grant dollars, the scope of the audit was required to be expanded to include a single audit which means rather than doing a program-by-program audit of the individual grants, he included the audit of the major grant program as part of the base audit.

There is no need for a Corrective Action Plan; however, there is one area that is a new event for the Authority that could lead to a future potential budgetary problem. In 2011, the Commissioners set aside \$5 million in an irrevocable trust to fund the projected cost of retiree health benefits as of 2008. The numbers as calculated by actuaries were calculated to cost \$5 million over the remainder of the retirees' lives. The balance in the fund currently is \$2.6 million. The actuarial evaluation estimates a liability as of December 31, 2013 in the amount of \$5.7 million meaning that the group of retirees is no longer prefunded. If that amount of money is continued to fund those retirees' costs, there will be three budget cycles remaining until the fund is depleted unless the Authority considers adding approximately \$800,000 to the operating budget.

Mr. Morrison expressed his appreciation for the courtesies extended by the entire staff of the Authority.

Mr. Haney thanked Mr. Morrison and his staff for the professional services provided to the Authority. He stated that the post-employment benefit amount was predicated on numbers created by actuaries.

Mr. Morrison stated that the actuarial numbers have not held true to the first calculation. The assumptions as to the cost of health benefits and longevity have changed. The cost of health benefits has increased beyond what was estimated in addition to the

mortality estimates of the retired employees. Those numbers were based on a return 8%. There has not been a return of even 1% for several years. His recommendation is to review annual experience vs. premiums to determine if there is individual or aggregate excess coverage that make sense.

Mr. Florek stated that there is a need to analyze the amount of increase of the additional employees retiring out of the operating budget to slowly fund this account.

Mr. Greene stated a certain amount is appropriated each year for this account.

Mr. Florek stated funding for new retirees has to be done incrementally out of the operating budget. The goal is to minimize the impact on the Authority's budget.

Mr. Cahill asked for a clarification that in order to maintain the account, it must be funded with \$800,000 annually.

Mr. Morrison stated that Mr. Cahill was correct and suggested developing a plan to fund this account through the Authority's unrestricted retained earnings.

Mr. Cleary stated that the Commissioners were required to sign the audit affidavit. Upon roll call the following Commissioners acknowledged their willingness to sign the "Comments and Recommendations" page of the audit: Commissioners Donatelli, Greenberg, Greene, Testino, Weber, Cahill and Haney.

A motion to accept the Audit was made by Mr. Testino and seconded by Mr. Greene.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Testino, Weber, Cahill, Haney

NAYS: None

7 Ayes      0 Nays      0 Absent

Previous Minutes:

**Public Rate Hearing - July 16, 2014**

A motion to approve the previous Public Rate Hearing Minutes of July 16, 2014 was made by Mr. Donatelli and seconded by Mr. Haney.

The roll call vote was as follows:

AYES: Donatelli, Greenberg, Greene, Testino, Haney

NAYS: None

5 Ayes            0 Nays            0 Absent

**Regular Meeting - August 12, 2014**

A motion to approve the previous Regular Meeting Minutes of August 12, 2014 was made by Mr. Donatelli and seconded by Dr. Greenberg. No roll call was taken and the following discussion took place.

Mr. Greene stated that the minutes erroneously reflect that he “left during Executive Session”. He stated that he was present for the entire Executive Session including a discussion on Joseph Court, Brunetti Litigation and Personnel. He left the meeting after Executive Session.

Sometime ago he agreed with another Commissioner that resumes should be circulated among the Commissioners. He did not see a resume in this instance and believes that it is going backwards by being asked to support a vote on a possible hire. He recognizes the need for an employee in the Sewer Division, but has a problem with the other appointment in light of the fact that the responsibilities were created for that individual. He exited the meeting because he had the opportunity to either abstain or walk out because he was disappointed with the process. He left after the Executive Session, not during it.

Mr. Haney stated that the resume was available for any Commissioner who wanted to review it.

Mr. Greene stated that he believes that it was not appropriate to review the resume at the meeting; it should have been circulated and discussed at a prior meeting.

A motion to amend the Regular Meeting Minutes of August 12, 2014 to reflect that Mr. Greene exited the meeting after the

conclusion of the Executive Session was made by Mr. Haney and seconded by Dr. Greenberg.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Haney

NAYS: None

ABSTAIN: Testino

4 Ayes          0 Nays          1 Abstain      0 Absent

A motion to approve the August 12, 2014 Regular Meeting Minutes as amended was made by Mr. Donatelli and seconded by Dr. Greenberg.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Haney

NAYS: None

ABSTAIN: Testino

4 Ayes          0 Nays          1 Abstain      0 Absent

**Executive Session - August 12, 2014**

A motion to approve the previous Executive Session Minutes of August 12, 2014 was made by Mr. Donatelli and seconded by Dr. Greenberg.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Haney

NAYS: None

ABSTAIN: Testino

4 Ayes          0 Nays          1 Abstain      0 Absent

Engineering Reports: Michael Roy, P.E.  
**Reports 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 Dr. Greenberg and seconded by Mr. Donatelli.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Testino, Haney

NAYS: None

5 Ayes            0 Nays            0 Absent

Engineering Reports: Michael Roy, P.E.

### **1. Redshaw Village, W209-609, S209-478 – Bond Reduction**

The current status of the water and sewer improvements for this project is as follows:

1. Installation and testing of the water and sewer main construction for the residential section is complete. Punch-list items for both water and sewer main construction remains outstanding. Installation and testing of the water and sewer main construction for the commercial section remains outstanding.
2. Initial "As-built" Drawing submission has been made. Field verification and acceptance of drawings remain outstanding.
3. Water meter installations remain outstanding.
4. Formal acceptance of water and sewer mains by resolution remains outstanding.
5. Posting of Maintenance Bonds remains outstanding.

With the satisfactory completion of approximately seventy-five percent (75%) of the water and sewer construction, Mr. Roy recommends that the Water Improvements Performance Bond (#S0014065) be reduced by an amount of fifty percent (50%) from \$219,219.66 to a new total amount of \$109,609.83, along with the

cash portion of the performance guarantee being reduced fifty percent (50%) from \$24,357.74 to a new amount of \$12,178.87.

Additionally, Mr. Roy recommends that the Sewer Improvements Performance Bond (#S0014064) be reduced by an amount of fifty percent (50%) from \$148,354.47, to a new total amount of \$74,177.23, along with the cash portion of the performance guarantee being reduced fifty percent (50%) from \$16,483.83 to a new amount of \$8,241.92.

A motion to reduce the Water and Sewer Improvements Performance Bond - W209-609, S209-478 – by fifty percent (50%) as recommended was made by Mr. Donatelli and seconded by Dr. Greenberg.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Testino, Haney

NAYS: None

5 Ayes            0 Nays            0 Absent

## **2. Sewer Division SCADA, Change Order No. 3**

Change Order No. 3 to MBE Mark III, for the referenced project has been prepared by R3M Engineering, Inc. and includes the changes to the Contract Documents.

This Change Order consists of an extension of time to October 20, 2104, which is the date of substantial completion; a replacement of the cellular service at the Laurence Harbor control center from Verizon to AT&T; and, a variety of electrical modifications due to field changes found during the work at each pump station, along with the reallocation of the remaining allowance balances provided for in the contract for miscellaneous work.

The total cost of this Change Order No. 3 is \$1,971.33 that is a zero point zero nine percent (0.09%) increase of the original contract amount of \$2,180,000.00 to a new contract amount of \$2,181,971.32. Previously approved Change Orders No. 1 and No. 2 were “no cost” change orders. This change order represents the total amount of contract cost increase to date.

A motion to approve Change Order No. 3 to MBE Mark II for the referenced project in the amount of \$1,971.33 (0.09%) as recommended was made by Mr. Testino and seconded by Mr. Greene.

The roll call was as follows:



AYES: Donatelli, Greenberg, Greene, Testino, Haney

NAYS: None

5 Ayes          0 Nays          0 Absent

**3. Summerfield Gravity Sewer Replacement, Change Order No. 3**

Change Order No. 3 to Caruso Excavating, Inc. for the referenced project has been prepared by R3M Engineering, Inc. and includes the changes to the Contract Documents.

This Change Order consists of an extension of time to October 31, 2014, which is the date of substantial completion of the Contract; a substitution of the retaining wall material in order to limit the area of excavation; additional sub-base fill at the pump station site due to unsuitable soils found during the excavation; and, additional cost to fill voids found in the slope along the easement during excavation for the retaining wall.

The total cost of this Change Order No. 3 is \$2,809.50 which is a zero point twenty-two percent (0.22%) increase of the amended contract amount of \$1,298,481.00 to a new contract amount of \$1,301,290.50. Together with previously approved Change Orders No. 1 and No. 2, the total cost of change orders to date represents a two point nine percent (2.9%) increase from the original contract amount.

A motion to approve Change Order No. 3 to Caruso Excavating, Inc. for the referenced project in the amount of \$2,809.50 (0.22%) as recommended was made by Dr. Greenberg and seconded by Mr. Donatelli.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Testino, Haney

NAYS: None

5 Ayes          0 Nays          0 Absent

Financial Report: Stephen A. Florek II, Comptroller

Mr. Florek reported that the Tax Sale listing in the amount of \$977,125.54 was recently sent to Old Bridge Township for inclusion in their 2014 Tax Sale to take place on December 17, 2014.

Mr. Florek referred to a resolution urging the State Legislators to keep the State and Local Municipalities Pension funds separate and distinct from each other since the local entities and counties have funded their pension fund, and the State has not.

Mr. Florek also referred to the Revenue Schedule through the four months ended September 30, 2014 and the projected numbers through year-end May 31, 2014. Based upon projections and sales to date, the Authority should realize sales in excess of budget by approximately \$124,500.00.

Mr. Florek stated that the bond refunding has not yet taken place. The Authority is waiting for confirmation that the Township has made its disclosure. As per bond counsel, this should be finalized this week, and perhaps the Authority can go to refund next week.

A motion to accept the Financial Report was made by Dr. Greenberg and seconded by Mr. Donatelli.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Testino, Haney

NAYS: None

5 Ayes            0 Nays            0 Absent

**Resolution**

A motion to approve a resolution urging the Governor and legislature to recognize and preserve the strength of local pension funding when considering the recommendations of Governor Christie's Pension and Health Benefit Study Commission was made by Mr. Greene and seconded by Dr. Greenberg.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Testino, Haney

NAYS: None

5 Ayes            0 Nays            0 Absent

Bills & Claims: A motion to approve Bills & Claims in the amount of \$1,897,369.76 was made by Dr. Greenberg and seconded by Mr. Testino.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Testino, Haney

NAYS: None

5 Ayes          0 Nays          0 Absent

Old Business: Mr. Roy reported that the construction work on Rt. 516 has been moved from nights to days due to noise complaints. The major pipe work is anticipated to be completed in less than two weeks, with the work beginning after 7:30 a.m. and finishing by 3:30 p.m. During the last hour of the day, the traffic will be detoured around Higgins Road.

Open to Public: Mayor Henry expressed his appreciation to the Authority for its participation in Old Bridge Day.

Seeing no hands Chairman Haney closed the public portion.

Executive Session: A motion to go into Executive Session at 8:09 p.m. was made by Mr. Haney and seconded by Mr. Greene.

The roll call was as follows:

AYES: Donatelli, Greenberg, Greene, Testino, Haney

NAYS: None

5 Ayes          0 Nays          0 Absent

**The Regular Meeting reconvened at 8:37 p.m.**

**During Executive Session the following items was discussed: Personnel and Diversionary Rights Purchase.**

Adjournment: A motion to adjourn at 8:37 p.m. was made by Dr. Greenberg and seconded by Mr. Donatelli.

The motion was approved by an ALL AYES vote.

Respectfully submitted:

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Edward Testino, Secretary