

**September 28, 2006**

Chairman Allmann called the meeting to order.

Flag Salute

Administrative Assistant read the following statement: "My name is Joan Haltigan, Administrative Assistant of the Jackson Township Municipal Utilities Authority. It is 5:30 p.m. and we will commence with the public portion of the regular scheduled Public Meeting of September 28, 2006."

Chairman Allmann requested a roll call.

The September 28, 2006 Public Meeting of the Jackson Township Municipal Utilities Authority was called to order at 5:30 P.M. Present were Members Blake, Borys, Clayton, and Chairman Allmann, Alternate Member Garofano and Alternate Member Lundy, along with the Business Administrator, James Diaz, Administrative Assistant, Joan Haltigan, and Executive Director, Timothy Shea. Also in attendance were Authority Engineer, Alan Dittenhofer, and Authority Counsel, William Hering. Member Rickabaugh was absent.

Administrative Assistant stated that this meeting was in compliance with the provisions of the "Open Public Meetings Act," with adequate notice of the Public Meeting having been advertised in the manner prescribed by law, and that this statement would be entered in the Minutes of this meeting.

1. Approval of the Minutes of the Open Session Public Meeting of August 24, 2006

Mr. Borys made a motion to approve the minutes of August 24, 2006. Mrs. Blake seconded the motion and was passed unanimously.

2. Questions / Comments from the Public

Chairman Allmann opened the floor to the public. Anthony Inverso from Acacia Financial Group was present and spoke briefly regarding the Banking RFPs .

Mr. Inverso has been working with Mr. Diaz on reviewing and soliciting for banking proposals for general banking services for the Authority as well as for merchant banking services. Mr. Inverso discussed the process of bids going out to eight banks and how he reviewed each proposal for completeness and accuracy based on criteria that was established. Based on Mr. Inverso's review, Ocean First Bank seemed to be the best proposal for the Authority. They offered the highest interest rate and the formula they used for calculating interest rate was the best in comparison to other banks. They also offer no fees and no hidden fees. Mr. Inverso asked if there were any questions before we go to the merchant-banking portion. Mrs. Clayton questioned collective balance. Mr. Inverso's explanation was using the following example. When you make a deposit into the account, the balance includes that deposit plus any money previously in the account. This is beneficial because interest is earned immediately on the full balance. In discussions with Jim, for the Authority, this actually seems like a benefit because

you are mostly collecting funds in from ratepayers and when that money gets deposited into your account you will start earning interest into the account plus all the checks that come in. Mr. Garofano asked whether there were fees for wiring money and stopped payments or returned check. Mr. Inverso stated that there are none.

Mr. Inverso then discussed the merchant banking portion and his recommendation for First Washington. Mr. Inverso analyzed a typical month for the Authority and found that First Washington is much lower for services than other banks. This is attractive due to the Authority's large customer base as opposed to a commercial base. First Washington's proposed fees for residential use were very attractive. Mr. Borys asked whether the equipment would have to be purchased. Mr. Inverso stated that this is something that would have to be confirmed based on what equipment is in place now. Mr. Inverso also stated that banks do not generally rent equipment, they are not trying to make money off it. Therefore, they would most likely work out a payment plan for purchasing equipment. Mr. Diaz stated that if you look at a three-year period, it is more cost effective to purchase rather than renting. But we will see what we can do with present equipment. We may be able to utilize what we have now.

With no other questions, Mr. Borys made a motion to close the public portion of the meeting, and Mrs. Blake seconded it, and it was passed unanimously.

3. Review of Executive Director's Report
  - Engineering Committee Report
  - Public Relations Committee Report
  - Administrative Committee Report

Mr. Shea discussed the incident of vandalism at the MUA on September 15<sup>th</sup>. Apparently the night prior, someone tried to reach through our drive up window drawer. In the process some damage occurred to the drawer. A service is scheduled to replace the drawer and put in some type of locking mechanism as well as extending the drawer further which will also be somewhat more convenient for customers to reach in. One suggestion was to place a camera outside whether live or not live to deter someone from this type of act. Money is budgeted in capital; therefore, we can look into some options.

Mr. Shea conducted a presentation at the Westlake Women's Club on September 15<sup>th</sup>. The presentation covered services the MUA, provides, as well as, answered any questions they had on drinking water or water quality. Mr. Shea confirmed the presentation went very well and that approximately 25-30 people were present.

The Westlake Woman's Club is putting on a Walk For The Cure, which is a cancer fundraiser on Sunday, October 8<sup>th</sup>. We are putting together a group in-house to walk representing the MUA as well as looking for more donations or sponsors. If anyone is interested, please let Joan know whether it's to walk or sponsorship. Any help is appreciated. This is the first time the MUA is participating in this event. This has been a rather successful Jackson event in past years.

Mr. Shea stated that we have received several letters this month regarding new connections, connection fees and request for waivers. Mr. Shea would like to present the following to the Board.

1. Jackson Colonial Arms – This apartment complex on BMR by Town Hall is asking for any help the JTMUA can give them to reduce the cost of connection as well as ongoing costs for the water. There is nothing we can do rate wise, they have to pay the rate everyone else pays. We can work with them on connection fees to a degree that the Board chooses whether they would allow payment of connection fees over a period of time. Can look at water use over a period of time. Come up with a connection fee based on usage. There are ways we can bring down the fee initially that I spoke with them about. One reason we would want to particularly work with this customer, BMR is a long water main and if we do not get customers on quickly, it will be poor water quality because the water will not be moved through and we will be flushing the main a lot. This is a large user; near the end of the line; this would be a key person to hook up. Anything we can do to bring them aboard quicker will also benefit our operation.. Mr. Shea stated that these are our finances, not the townships, so we should be in a position to dictate what type of payment plan you want to put in place. Mr. Allmann suggested it go to a five-year payment plan. - Should be clarified in the ordinance.
2. Jackson Baptist Church – Looking for relief on connection fees. Mr. Shea stated that the letter they wrote certainly has some errors to it. The JTMUA does not dictate the size of the fire service lines or fire service demand. We talked to them regarding the size of their regular water meter to help offset some of the quarterly costs. They are not interested on hooking up to our water system, only hooking up to fire protection. The requirement is that they are not a residential property; therefore, you must hook up. Our hook up ordinance waives all residential properties. Everyone else must hook up. Mr. Shea concurs that we should consider looking into extending connections fees over a period of time and that we are going to try to put together a meeting to see what can be worked out.
3. St Aloysius Church sent a letter requesting a waiver on application fees on the building of new church because they are non-profit. Mr. Shea does not feel that we are in the position to provide any type of waiver on the application and is anticipating another letter in the future regarding hook up looking for similar relief on connection fees. Mr. Lundy asked approximately how much this application fee is and Mr. Shea confirmed the fee is a couple of thousand dollars plus the review fee, which pays our engineering review fees to review that application. Mr. Lundy asked about connection fees when the church is built. Mr. Shea indicated if similar in occupancy to the Baptist Church, fees of \$22,000 would be required. Mr. Shea stated we should be able to work out a payment system over time, possibly 5 years on connection fees.

Mr. Shea discussed the Engineering Committee Report. The meeting was held yesterday. Mr. Shea was not present but has seen the notes on this. There are a series of items for action tonight.

- a) Annual laboratory services award for a competitive contract for J.R. Henderson Labs, Inc., in the amount not to exceed \$20,000.00. This was posted on our website and advertised in the newspaper. We went through the competitive contracting process of the Public Procurement Law. We received three proposals with JR Henderson being the most favorable.

- b) Geographic Information System (GIS) database mapping for water and wastewater maps. This is a task order No. 1 change to Hatch Mott MacDonald in the amount not to exceed \$12,000.00. This is to provide additional services on the mapping to include 11 new subdivisions that are not on our maps, to incorporate those into the map. One difficulty is that the subdivisions are not provided electronically so they have to be hand drawn onto the GIS map, which is complicated. Right now our new rules and regulations require all new development to submit as built in information electronically. This map will just overlay into the new map and will also be incorporating numbering of all our hydrants and manholes to help us in maintenance and operations.
- c) The next item is a close out and Performance Bond Release for the elevated water storage tank in Legler. This is a project began one year ago. All is ok on inspection. Contract is Caldwell Tanks to close out the project.
- d) The Manhattan Street Monopole Lease. - We advertised to lease land here at the administration building. We spoke about this in months past. We received two bids, with the most responsive bid being Nextel of New York. They bid a rental of \$25,200 per year and will construct the monopole. The pole will have a false evergreen look to it, which will make it a bit more attractive. This will also show the public that they are making an effort. There is a big demand for this in the area. There was another bidder who proposed a higher deposit but only 3% annual increase. The requirement is a minimum 5% increase each year. Although initial bid was higher with the exception and over time there is a difference in money. As soon as they apply to zoning we will put another advertisement/bid out for additional carriers. There is space on the pole for three other carriers, if we can maximize this pole, we will be looking at about \$100,000.00 per year in revenue that goes to the JTMUA. We have another carrier interested in a pole on Hyson Road. We will put this out to bid as well.

Mr. Shea stated that our agenda for tonight also included the following items:

- a) Change order No. 2 for the SCADA Improvement Phase No.1 to Bristol Babcock in the amount of \$6,779.61. This is for some repairs to equipment that was struck by lightening earlier in the month of September as well as redirecting and relocating a radio communications at the Legler site. We have not been able to maintain a constant communication back here from Legler through the existing radio. We need to move some of the equipment around.
- b) The Water System Master Plan – Task Order No. 1 to O’Brien & Gere Engineers in the amount not to exceed \$10,000.00. O’Brien and Gere performs our master plan work and also our water model. We are finding we need modeling done for different developments as they come. We do not want to release our models to developers or other engineers. We want to maintain security of it. This would allow O&G to do the modeling and when it’s done for developers, we’ll pay them and reimburse ourselves from the escrow money. We need them to do modeling for any planning purposes during this project.

Mr. Shea discussed some status items. There was a change order on the initial agenda on Birdsall Engineering for additional work on the Well #16 project. This resolution was removed from the agenda, awaiting additional information for some back-up.

Mr. Shea informed the Board that they received a copy of the 2007 Capital Budget. Both the Engineering and Finance Committee have reviewed the information. Mr. Shea asked the Board to review it. This is part of our budget and will be adopted at our October Public Meeting. Mr. Shea stated that it is an aggressive budget at \$3.3M. There are some large projects on the budget. There is some design work in the capital budget that we are going to have to start moving on in order to participate in the New Jersey Infrastructure Trust Fund. This is a program that the state puts on. It is low interest loans, where you get 50% 0 interest and 50% market. For general purposes you are looking at 50% bond issues and in this economy it's very good money to get hold of. Mr. Shea stated that projects we are anticipating going into this program with are the replacement of the treatment plant. Additionally, part of our Master Plan, that we are undergoing right now is looking at a facilities plan for the Manhattan Street site. What is needed here as far as treatment, and warehousing storage. There are some services we cannot perform now because we do not have space, such as meter testing. Presently, our meters are sent out for testing. It's much more efficient to have this operation in house, which saves on cost. The front office needs some work, which is included in this facilities plan and what purpose to use it for. The Manhattan street treatment plant has a lot of the controls that are outdated. It is a very labor intensive thing to operate. The equipment is outdated, we need to replace a lot of the control systems. The treatment technology cannot be permitted today for iron removal. There is an October 2nd deadline to submit a letter of interest. We are going to submit a non-binding letter to get our name into the program. We will be talking more on this program in the upcoming month.

Mr. Alan Dittenhofer of Remington, Vernick & Vena Engineers, is requesting approval on the following three developer projects. Mr. Dittenhofer has also supplied a map outlining which projects have already been approved by the authority in yellow, the three new applications are in red. Mr. Shea asked that he bring the maps to the meetings with the developments shown on them so the Board can be familiar when they are approving a project, which portion of the township it is located in. Mr. Dittenhofer will continue to update and bring map to each month's meeting.

Mr. Dittenhofer discussed that Diversified Developers Retail, Block 135.01, Lot 34.01. They are proposing to construct a 22,850 square foot retail building and a 10,000 square foot daycare center on the north side of County Line Road. west of Bartley Road. He recommended final sewer and water approval. Two conditions. The first is how these buildings will be metered and the second condition is with regards to the sewer system. Previous correspondence indicated that County Line Road is being widened and wanted confirmation that the manhole is being located outside the future roadway.

Mr. Dittenhofer discussed that Shore Drilling Warehouse, Block 154.32, Lot 21.04. Applicant is proposing to construct an 8,160 square foot warehouse at the intersection at Right Debow and Cosmo Lane. Approximately 3 acres. He recommended preliminary sewer and water approval.

Mr. Dittenhofer discussed that Tiger Distributors Warehouse, Block 154.32, Lot 21.03. The applicant is proposing a 20,000 square foot distribution warehouse on the west side of Cosmo lane north of 195, approximately 3.3 acres. He recommended preliminary sewer and water approval.

Mr. Shea stated that we were recommending release of two performance bonds and one performance bond reduction. Fox Hollow East, Block 66.09, Lot 13 recommending a performance bond release. Willow Point at Vista Center, Block 35.01, Lots 1.02-1.24 and Block 135.24, Lots 5-12, recommending a performance bond release for sewer. Jackson Crossing, Block 58.01, Lot 1. We are recommending tonight a performance bond reduction for water and holding any action on sewer.

Mr. Shea discussed the Administrative Committee Report. The Administrative Committee met on 9/25/06. Went through various revisions to the Authority's By-Laws and Rules of Order. Mr. Shea provided a summary to the Board of what the revisions are. Mr. Shea asked that the Board please review and will be looking to approve these revisions at the October Public Meeting.

Mr. Dittenhofer asked to address the Board with one more item. The Board had authorized RVV to start work on a water allocation permit application to increase the allocation from 120 million gallons to 170 million gallons. Mr. Dittenhofer had discussions with the NJDEP and trying to arrange meetings to schedule future meetings, however, they stated they would like to send documents prior to the meeting. Mr. Dittenhofer stated he is waiting to receive those documents. They accepted the test on Well #15, however they indicated they would want a new test done. RVV is putting together the framework for that test. Mr. Shea stated that the allocation was exceeded this past summer and that it is important to keep this moving as quickly as possible. Mr. Shea is anticipated a similar situation next summer depending on weather. Mr. Shea also stated that the Authority may also be feeling pressure from some communities in town to bring them on for irrigation purposes and we are going to be very stern about not doing so until we do receive this additional allocation. These communities have other options they should be looking at before they come to use our drinking water for their irrigation purposes. Mr. Shea thinks it is more beneficial to them anyway.

4. Business Administrator's Report  
    Finance Committee Report  
    Personnel Committee

Mr. Diaz stated that the Finance Committee met on Monday, September 25 , 2006, discussing and recommending approval of items on agenda this evening, as well as the Total Voucher list amount submitted this evening in the amount of \$868,604.46, with the funds being drawn against the following accounts:

1. Capital Reserve Fund in the amount of \$249,280.91 for capital projects;
2. Construction Fund in the amount of \$ 220,024.82 for bond projects;
3. Escrow Funds in the amount of \$71,992.47 for developer work;
4. Revenue General Fund in the amount of \$327,306.26 for operating expenses.

Mr. Diaz stated that from the Operating Expenses of \$327,306.26, that includes \$75,000.00 for funding the payroll account and \$20,007.34, to be reimbursed by the Township for the Legler Project.

Mr. Diaz then stated that the Finance Committee also met regarding the banking RFP and discussed the details on the choices made by Acacia Financial Group.

Mr. Diaz discussed the next item regarding 1996 A&B bonds. The Authority is required to perform an arbitrage calculation which needs to be submitted to the trustees every five years. The first five years have already been done, we are in the second five year term of which we only need to perform three years of this. Our auditor had been doing it on an annual basis. I received a proposal from Huchins, Farrell Meyer and Allison, our current auditors. It is a lengthy test. They submitted a proposal for \$3,000.00 The Finance Committee reviewed it and is recommending approval. Mr. Diaz would also include on an annual basis this as an expense so we can be kept up to date in the event we change auditors, it makes it easier to do one year as opposed to five.

Mr. Diaz stated that the Finance Committee had meetings over the last several months to discuss the budget. There is a lot of work put into this. Mr. Diaz stated that he distributed the 2007 Budget Reports to the Board. He went through some of the reports distributed this evening. Mr. Diaz is asking that the Board take a look at the budget and if there are any questions or comments please contact either Mr. Diaz or the Finance Committee. There is a tentative meeting scheduled in two weeks to discuss if there are any changes or just to verify that we are ready to move ahead. Would like to present to the Board for approval at the October Public Meeting. Mr. Diaz summarized the end of year 2006 projection report. The next report is 2006/2007, water sewer comparison report.

The Personnel Committee did not meet this month. Mr. Diaz recommended the following Personnel resolutions for approval this evening:

- 1) Ratifying a new hire, Edward Roberto, will fill an open labor position vacated last month. Mr. Roberto's start date was September 18<sup>th</sup>, 2006 with a starting rate of \$10.00 per hour.
- 2) Ratifying a promotion to Thomas Patrick. The promotion is from Laborer to Sewer Repairer/Water Repairer. We started the process with the DOP in January and they have finalized the paperwork on their end. This position pays \$14.00 per hour. Thomas is presently serving in our Military.

Mr. Allmann stated that the Board would vote once on all Consent Resolutions (2006-215 through 2006-221) and one vote on all Resolutions Offered (2006-222 through 2006-234)

5. Consent Resolutions 2006-215 to 2006-221:

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| 2006-215 | Resolution Ratifying Cash Management Report for August 2006  |
| 2006-216 | Resolution Granting Diversified Developers Retail, Block 135.01, Lot 34.01, Final Sewer & Water Approval             |
| 2006-217 | Resolution Granting Shore Drilling Warehouse, Block 154.32, Lot 21.04, Preliminary Sewer & Water Approval Resolution |
| 2006-218 | Resolution Granting Tiger Distributors Warehouse, Block 154.32, Lot 21.03, Preliminary Sewer & Water Approval        |

- 2006-219 Resolution Granting a Performance Bond Release to Paramount Homes for Fox Hollow East, Block 66.09, Lot 13
- 2006-220 Granting a Performance Bond Reduction to Conifer-Lechase Construction, LLC. for Willow Point at Vista Center, Sewer, Block 135.01, Lots 1.01-1.24 and Block 135.24, Lots 5-12
- 2006-221 Granting a Performance Bond Reduction to Cardinale Enterprises for Jackson

Mr. Borys made a motion to approve Resolutions 2006-215 through 2006-221. Mrs. Clayton seconded the motion and it was passed unanimously.

6. Resolutions Offered:

- 2006-222 Resolution Authorizing Payment of Vouchers, Deposit Refunds & Payroll
- 2006-223 Resolution Awarding Competitive Contract No. C6-00148 to J.R. Henderson Labs, Inc for Annual Laboratory Services, in an amount not to exceed \$20,000.00
- 2006-224 Resolution Awarding Manhattan Street Communications Monopole Lease, Contract No. C6-00150 to Nextel of New York in the amount of \$25,200.00
- 2006-225 Resolution Approving Change Order No. 2 to Bristol Babcock, Inc For SCADA System Improvements- Phase 1 – Contract No 05-123, in the amount of \$6,779.61
- 2006-226 Resolution Authorizing Closeout and Release of Performance Bond for Legler Elevated Water Storage Tank, Contract No. 02-107A, with Caldwell Tanks, Inc.
- 2006-227 Resolution Approving Task order No. 1 to Hatch Mott MacDonald for Geographic Information System Database Mapping for Water & Sewer Utilities, Contract No.05-133 in the amount not to exceed \$12,000.00
- 2006-228 Approving Task Order No. 1 to O'Brien & Gere for Water System Master Plan Update-Contract No. C6-00120 in the amount not to exceed \$10,000.00
- 2006-229 Resolution Approving By-Laws of New Jersey Utilities Authority Joint Insurance Fund
- 2006-230 Resolution Approving Promotion of Thomas Patrick to Sewer Repairer/Water Repairer
- 2006-230 Resolution Ratifying Hiring of Edward Roberto, Laborer at \$10.00/Hour
- 2006-232 Resolution Awarding Banking Service Contract No C6-00151 To Ocean First for General Banking and First Washington For Merchant Banking

