

Plumsted Municipal Utilities Authority Minutes  
October 17, 2017

Chairman Bronson called the October 17, 2017 Plumsted Municipal Utilities Authority Meeting to order and asked everyone to stand for the Flag Salute. Attorney McGuckin read the Open Public Meetings Act.

Those in attendance were Walter Bronson, Edward Weirsky, Robert Minter, Richard Brown, Anthony Esposito and Nancy Lawrence. Committeeman Marinari was also in attendance.

Ronald Dancer was absent.

Treasurer's Report: Peter Ylvisaker said his report involves two accounts. Our new bank account at Investors is now active. For September, the opening balance was \$0, there were expenses of \$3,128.75 and deposits of \$30,611.52. The cleared balance of \$27,482.77 reconciles with QuickBooks. As of October 17, 2017, there is a register balance of \$13,617.62 after paying bills totaling \$48,329.01.

For September, BB&T had an opening balance of \$94,836.42. There were expenses of \$29,219.40 leaving a cleared balance of \$73,752.12 and an uncleared balance of \$73,302.37. The difference between the cleared and the uncleared balance were two checks for \$449.75. After the two checks had cleared, Mr. Minter and Mr. Ylvisaker went to BB&T and closed the account. The balance of \$73,302.37 was transferred to Investors. At this point, Investors has a register balance of \$92,684.11.

After next month, there will be one bank report for Investors. A final reconciliation will be given for BB&T in November.

Mr. Ylvisaker stated there are funds available to pay the bills listed on the Bill List.

There were no questions or comments about the Treasurer's Report. On motion of Mr. Minter, seconded by Mr. Weirsky, the Treasurer's Report was approved. Roll Call Vote: All Ayes

Bill List: Mr. Bronson had a question about the two bills from T&M. He asked if the amount of \$11,613.50 is against the planning and design for the wastewater treatment plant and the collection system and the \$11,695.92 is against the engineering review of the PRRC project. Mr. Ylvisaker said that \$11,613.50 is for invoices that T&M has submitted for completed engineering review.

Mr. Bronson asked why that differs from the number at the bottom of the page. Mr. Ylvisaker said the amount of \$11,695.92 at the bottom of the page is the total running balance of money that has been received from Lennar for the design review of their sewer collection system. The Authority received \$27,120.00 in review application fees from Lennar, so he is keeping a running total against that number so he knows the amount of money that the Authority has remaining. The difference between the two is what the Authority paid last month (\$82.42).

Mr. Bronson asked if it was paid from a separate escrow account. Mr. Ylvisaker said it is all in one account and that is why he is keeping a running total. Mr. Bronson asked Mr. McGuckin if a separate account needs to be kept for escrow money. Mr. McGuckin said that a separate escrow account should be maintained for each developer. Mr. Ylvisaker asked if another account needs

to be opened. Mr. McGuckin said you can use the same bank, but you need a separate account within the Authority. He explained the Land Use Board does that for each application. There is one bank account, but a separate escrow account within that for each applicant. Mr. Bronson asked is this something that is just done in QuickBooks or must be done with the bank. Brian Waldron, the Auditor from Holman Frenia Allison, P.C. said he has a comment to make about that in his audit report.

There were no other questions or comments on the Bill List. On motion of Mr. Weirsky, seconded by Mr. Minter, the Bill List for October 17, 2017 was approved as submitted. Roll Call Vote: All Ayes

Minutes: Mr. Weirsky had a question about the dollar amount of the rebates on page 2 of the Minutes. He said the way it is written, that \$70.00 was rebated to the customers. Mr. Ylvisaker said that it was \$10.00. He said the Minutes will be changed to reflect the \$10.00 rebate.

On motion of Mr. Minter, seconded by Mr. Brown, the Minutes of September 19, 2017, as amended, were approved. Roll Call Vote: All Ayes, except Mr. Weirsky and Mr. Esposito who abstained.

#### T&M Associates Monthly Update:

#### Easement Maps and Descriptions

The Authority is continuing with the necessary acquisitions for the project.

#### Permitting

#### NJDEP Treatment Works Approval (TWA)

NJDEP issued the TWA permit for the collection system portion of the project on Friday and it was sent out today.

#### New Jersey Environmental Infrastructure Funding Program (NJEIFP) Submittal & Planning Document Submittal

Jeff Mason of the DEP has advised that the Environmental Decision Document (EDD) dated August 23, 2017 went through a 30-day public comment period and no comments were received. Once the final construction documents have been approved, the DEP will issue Authorization to Advertise.

#### Office of State Comptroller (OSC) Review

T&M submitted specifications to the OSC pursuant to requirements for projects with construction costs exceeding \$10,000,000. Initially, T&M thought it was just to notify the OSC of the project being advertised. Rather, OSC did a thorough review of the specifications. OSC commented on the front-end section of the documents as well as various technical sections of the specifications. All comments have been addressed and the specifications have been resubmitted for OSC approval. OSC said they will turn that review around in a couple of days.

## Schedule

Authorization to Advertise is expected within the next 30 days pending Office of State Comptroller (OSC) review of the specification approval and approval of the final construction documents, which include the modifications to address permit agency comments and other various revisions since the original March 2017 submission.

Mr. Bronson asked if the Authority receives approval from the Comptroller's Office and NJEIT, would it be ready to go out to bid before its next meeting on November 21<sup>st</sup>. He asked Mr. McGuckin if it needs to be done as one authorization or as two when the Authority authorizes T&M to advertise for bids. Mr. McGuckin said it needs to be done as two separate authorizations.

Mr. Bronson asked Mr. Ylvisaker the amount of the next phase of T&M's contract for construction, administration and bidding. Mr. Ylvisaker said it is \$137,560.00. Mr. Bronson said he would like to enter a motion to authorize T&M Associates to proceed with Task 4, Bidding and Construction, for \$137,560.00, subject to the availability of funds and authorization to proceed to bid from NJEIT.

Mr. Minter asked about permits. Mr. Bronson said the permit for the TWA was issued Friday. Mr. McKelvey said the authorization to advertise comes from the NJEIT. Mr. Bronson said we have the two TWAs, we do not need anything more from flood hazard and we have soil conservation district approval.

Mr. Minter asked when the properties are going to be acquired. Mr. McGuckin said the properties will be acquired within the next ten days. Mr. Bronson said that technically we do not have to have those until we award the contract. We can go to bid without that.

Mr. Minter made a motion to authorize T&M Associates to move forward with Task 4 for \$137,560.00, subject to the availability of funds and authorization to proceed to bid from NJEIT. The motion was seconded by Mr. Weirsky. All Ayes.

Mr. Weirsky made a motion to authorize T&M Associates and the Township Clerk to advertise for bids in the Asbury Park Press, the Newark Star Ledger and the Trenton Times, subject to the availability of funds and authorization to proceed to bid from NJEIT. The motion was seconded by Mr. Brown. All Ayes.

## Auditor's Report:

Brian Waldron from Holman Frenia Allison, P.C. introduced himself and said he will report on the Financial Statements and Supplementary Schedules for the year ending June 30, 2017. He said there is a change in the Management's Discussion and Analysis on page 67. He added that the report is in draft form because there will be an additional change in the report concerning the \$27,120 in escrow fees.

They have no comments or recommendations to report to the Board. Last year, they reported an issue with an over expenditure on the budget lines. That has been rectified. Mr. Ylvisaker has worked with their office to update QuickBooks to provide an accurate and complete report for this year's audit.

Pages 1, 2 and 3 contain the Independent Auditor's Report which lets the Authority know that they have no findings or recommendations. Their opinion is what is called "an unmodified opinion." It is a clean opinion. In accounting terms, it is the best opinion that they can give. Everything is materially stated. Everything is following generally accepted accounting principles. As far as the accounting information, they feel it is accurate and correct.

The one change he wants to bring to the attention of the Authority is the \$27,120.00 for the escrow amount. Currently, that money is being shown on page 28 on the Schedule of Revenues and Costs Compared to Budget. Under 2017, third column to the right, is "Actual" figures. The \$27,120.00 is currently sitting in "Miscellaneous income." It is part of the \$27,416.00.

Those are escrow funds from Lennar for the service projects to move forward with the design and implementation for the Venue at Crosswicks Creek. He said he spoke to Mr. Minter and Mr. Ylvisaker before the meeting to ensure that the funds are being drawn on as bills are being paid.

Mr. Waldron said the funds should be held in escrow as they are received and paid to the engineer and architect as the work is being done. There should be a separate bank account for those fees so that the fees will go to the proper place. What will happen now is that the \$27,120.00 will be removed from revenue and will be booked as a liability on the balance sheet. What that will do is reduce the bottom line by \$27,120.00 and hold it in an escrow fund until those funds are needed. Those fees were not spent as of the end of 2016. The liability will transfer from revenue.

If you go down the third column, you will see the Net variance balance is \$53,651.57. That is going to change to roughly \$27,000.00 after net income. The \$6,128.25 at the bottom of the page will also decrease by \$27,120.00. The reason for such a large decrease is the unbudgeted pension expense. These are fees that are being recorded by the State on an unbudgeted pension expense basis. This is not a fee or expense that the Authority will have to pay. It is a number that is calculated from actuaries which is then audited by a major accounting firm. The State then tells the accounting firm to push it down to the individual authorities.

In the current year, the Authority paid about \$8,000 in actual contributions for those employees who are enrolled in that pension system. You will need to continue to budget for that as you have been since the beginning. The balance shows a bottom line number of \$6,128.25 on a gap basis. Page 28 is the most important to the Board, because you cannot control that \$50,000.00 fee. It is being shown in gap and accounting terms to make sure that everything is being filed as it needs to be, in accordance with DCA and Local Government Services.

To sum everything up, he recommends that the change be made to the draft for the \$27,120.00. He will report it back to Mr. Ylvisaker, who can share it with the Finance Committee and they can approve the change on the Authority's behalf. It could be submitted to Local Government Services and DCA before October 31<sup>st</sup> to make sure everything is on time. The final packets will be sent out to the Board. At the next meeting the Authority will have 45 days from receipt of the audit to fill out a group affidavit. That way, everything will be filed accordingly and on time. You do not need to approve the audit tonight. He is asking the Authority to authorize the Finance Committee or part of the Board to approve the revised draft that he will submit back to Mr. Ylvisaker tomorrow. That way it will be filed to the State on time. The receipt of the acknowledgement can be done at the next meeting.

Mr. Bronson asked Mr. McGuckin if he approved. Mr. McGuckin said he did.

Mr. Bronson asked for questions or comments from the Board.

Mr. Bronson asked if the Authority needs to set up a separate bank account for any escrows. Mr. Waldron said yes it does, and that he can work with Mr. Ylvisaker to make sure there will be a separate account in QuickBooks as well. He said it is very common for developers to set up those types of escrow fees. This is the first time the Board has encountered this situation.

The money will be kept in what is a developer's deposit account. It will be showing as a liability on your balance sheet in a separate account outside of your normal operating account. Mr. Bronson said that in MLUL you are supposed to give developers a monthly statement and accrued interest. Mr. Waldron said this is something he can help Mr. Ylvisaker to set up. There was no money spent in this fiscal year, but moving forward any additional funds that come in from any developers will be handled properly.

Mr. Bronson had a question about the second paragraph from the bottom on page 30. "The Minutes indicated that no bids were requested by public advertising..." but that is not true. The Authority does advertise for its professionals. Mr. Waldron said professional services contracts are addressed in the last paragraph on page 30.

Mr. Ylvisaker asked what the finance committee is going to review. Mr. Waldron said he is going to move the \$27,120.00 out of miscellaneous revenue and record it as developer escrow and set it up as a liability. He will then send it back to make sure it meets the approval of the finance committee. As long they are authorized to approve it, then he can send the audit in to make sure it arrives in a timely fashion. Mr. Ylvisaker asked if the Board can approve it right now. There was a general discussion about approving the audit and it was decided that it could be resolved tonight, rather than going to the Finance Committee.

Mr. Minter made a motion to authorize a resolution to approve the submittal of the audit report, as changed, to DCA before the November 2017 meeting. Seconded by Mr. Weirsky. All Ayes.

#### Executive Director's Report:

##### Energy Aggregation:

Mr. Ylvisaker said the letter from Constellation Energy has gone out to the residents. He has received a few phone calls. People seem to understand and remember what it is, and some people have called just to confirm. The end of the opt-out period is November 5<sup>th</sup>. JCP&L will then send a notice to residents that the program will start in December.

Constellation Energy also won the bid for all municipal accounts. According to Mr. Chilton everything worked out. The municipality will have a 2-year contract with Constellation.

##### Redevelopment Project:

Mr. Ylvisaker said there will be a monthly call with NJDEP and NJEIT on Thursday to focus on the ability to go out to bid.

He spoke about New Jersey American Water and the notice regarding public comments on their allocation permit. This afternoon he received a copy of the DEP draft report. He will email it to anyone who would like to have it.

We will be closing on the Heller property within the next few days.

He has requested a schedule from Lennar to work with them on any discrepancies. As soon as he receives the schedule, he will circulate it to the members. In the Redevelopment Agreement with Lennar there were some milestones which trigger payments from Lennar. The first such trigger where we get money from Lennar is based on their receiving preliminary approval from the Township Land Use Board. As this has been met, Lennar will be sending the Township a check for \$100,000. We continue to work on the loose ends and seem to be making progress.

Mr. Bronson asked about the Diocese property. Has Jack Mallon looked at that to see what the development potential is there? Mr. Ylvisaker said that Lennar is looking at it. He has brought in another consultant. What he is hoping to do is turn half of the property into a developable category. He cannot do any work until someone cuts down the growth. For some reason, he has not been able to get a farmer out there to do it.

Mr. Bronson asked if there were any other comments or questions from the Board. There were none.

#### Public Comments:

Committeeman Marinari said that a lot of work has gone into this project and you should be very proud of what you have done. A lot of years have gone by and there is a point when you say it is done, the public is not going to say it is done until the first shovel is in the ground. He thanked the Board on behalf of the residents.

#### Old/New Business

Since there was no further business, a motion was approved to adjourn the meeting.

The next meeting is scheduled for November 21, 2017 at 6:30PM.

Respectively submitted by:

Nadene Cicero, Secretary