

Plumsted Municipal Utilities Authority Minutes
February 16, 2016

Chairman Bronson called the February 16, 2016 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, Robert Minter, Ronald Dancer, Harry Miller and Anthony Esposito. Committeeman Marinari was also in attendance.

Prior to the start of the meeting, Mr. Esposito was given the oath of office by Attorney McGuckin. Since this was the reorganization meeting, Attorney McGuckin asked for a nomination for Chairman. Mr. Minter nominated Mr. Bronson and Mr. Dancer seconded the motion. Roll Call Vote: All Ayes with Mr. Bronson abstaining.

Mr. Minter nominated Mr. Weirsky for Vice Chairman and Mr. Dancer seconded the motion. Roll Call Vote: All Ayes.

Mr. Dancer nominated Mr. Minter for Treasurer and Mr. Miller seconded the motion. Roll Call Vote: All Ayes with Mr. Minter abstaining.

Regarding the appointment of professionals, Mr. Ylvisaker the subcommittee's recommendation were to appoint: Dasti, Murphy, McGuckin, Ulaky, Kourtsouris & Connor as General Counsel; GluckWalrath as Bond Counsel; Holman, Frenia, Allison (HFA) as Auditor; and GB Associates as Financial Planner for 2016.

On motion of Mr. Dancer, seconded by Mr. Miller, Resolution No 2016-21 reappointing the professionals as recommended by the subcommittee was adopted. Roll Call Vote: All Ayes.

Bill List: On motion of Mr. Miller, seconded by Mr. Minter, the Bill List for February 16, 2016 was approved as submitted. Roll Call Vote: All Ayes.

Treasurer's Report: The Regular Account had an opening balance as of January 19th of \$67,775.72, operating expenses of \$30,301.35, deposits of \$25,908.38 with an ending balance on February 16th of \$63,382.75. On motion of Mr. Miller, seconded by Mr. Dancer, the Treasurer's Report was approved as submitted. Roll Call Vote: All Ayes.

Minutes: On motion of Mr. Minter, seconded by Mr. Dancer, the Minutes of January 19, 2016 were approved as submitted. Roll Call Vote: All Ayes with Mr. Miller and Mr. Esposito abstaining.

T & M Associates Monthly Update on the Sewer System Design: Mr. Crane provided the monthly report. He reported a letter was submitted to the Authority on January 19th confirming the concept design, projected wastewater flow and the locations of the pump station and wastewater treatment plant. T and M met with the Sewer Oversight Subcommittee on February 2nd to discuss the content of their letter. One of the major follow up items of this meeting was to present their process evaluation for the wastewater treatment plant. There will be a follow up meeting to further discuss items and recommendations.

Mr. Crane then looked ahead for the month stating the topographic survey for the pump station and wastewater treatment plant sites as well as the preliminary and final subdivision design plan for the WWTP would be completed. T and M also will complete the final geotechnical report and the draft of the Preliminary Design Report.

Mr. Dancer questioned if it appeared that we will be within our budget estimates for the sewer infrastructure. Mr. Crane said this was discussed with their engineering staff and he noted that they were not in a position to answer at this time as there were alternatives they had yet to discuss regarding operational costs and construction costs. Chairman Bronson said there has been discussion regarding some items that would have a significant impact to the construction costs to the system. He cited the flow estimates which are significantly lower than what was anticipated. But he also noted there is the possibility of looking at adding treatment processing to the treatment plant train and we are not sure if these costs were included or not in the estimates Van Cleef had put together, but thought it may have been so and we would be well within the construction budget. Mr. Dancer questioned if the school wastewater system was included in the preliminary estimates to which Chairman Bronson responded that all of the schools were included.

Executive Director's Report: Mr. Ylvisaker briefly discussed the 2015 Audit which had been distributed to the Authority members at the January 19th meeting. The subcommittee consisting of Mr. Dancer and Mr. Minter met with the Audit Manager Brian Waldron, and there is a change in the Audit which he asked Mr. Waldron to explain. Mr. Waldron gave the members a revised draft of the June 30, 2015 Audit Report and stated the major change, and reason for the delay in the preparation of the audit, was the need to comply with a new accounting procedure referred to as GASB Statement No. 6 that any authority in the State of New Jersey that is enrolled in a pension system must now comply with. The other reason for the delay was the report that was issued in November had a pension liability number that was extremely misstated regarding Peter's retirement which raised a red flag. As such, he had reached out to the Division of Pensions and Benefits to have them look into this. Regarding how this affects the independent Auditor report, he noted that they were issuing a modified opinion this year because of the fact the number that the State provided them which is required to be in the financial statement was incorrect or could be materially misstated. So instead of waiting another four or five months to have the State correct this, the firm thought it was best to move ahead with their opinion and the correct information would be updated and ready for the next audit for 2016. After discussing this with the Subcommittee, it was felt this was the best decision for the Authority to move forward with. Mr. Waldron also noted that with respect to the balance of the Audit everything else was being materially represented in the financial statements. Mr. Waldron continued reviewing the draft report of the audit. Regarding the findings and recommendation section of the audit, there were none and they had no additional comments. He said he would be happy to answer any questions the Authority members had.

Mr. Dancer said at their subcommittee meeting at the Legislative Office, they called the Department of Treasury regarding the pension issue and asked that this issue be expedited. Mr. Dancer's concern was at this time the MUA has a modified opinion meaning that once we get the true number in from the State it would be issued unmodified. The reason that this is important was that neither the Township nor the MUA has ever been financially rated. We have no serial bond indebtedness, only small bond anticipation notes he said. His concern was that there may be through this process a time when the Township or MUA may need to sell bonds for this project. He did not want to place the Township or MUA in a position with a modified opinion that the financial rating companies see there is an unknown there and do not want to do

business with us. The ratings and interest rates could amount to hundreds of thousands of dollars of difference. He said the timing of getting this information and the correct number is important. You cannot get the Township and the MUA in a precarious position with a modified opinion with a false financial rating. Mr. Waldron said this concern was discussed with Neil Grossman, the MUA's financial advisor, who saw no particular issue with this especially with the anticipated completion of the 2016 audit in the fall when the opinion would be erased and likely before the MUA may go out for bonding. Mr. Ylvisaker asked about acting on the resolution regarding receipt of the Audit. Mr. Waldron said it was acceptable to act on it even though the audit was in draft form. The members thanked him for attending.

Energy Aggregation: Mr. Ylvisaker said that JCP&L was in the process of sending out confirmation letters to people who were going with Tri Eagle as their 3rd party supplier. He said correspondence was sent to residents reminding them about the change and if they wanted to stay with the Township Energy Aggregation Program to do nothing and they would be switched over to Tri Eagle in March.

Solid Waste and Recycling: Mr. Ylvisaker said things have settled down regarding the new collection schedule. He said the MUA Website had not been fully updated but hoped it would be done soon. He said it looked like the residents understand the changes.

Redevelopment Project: Mr. Ylvisaker said he called DEP earlier in the day to make sure they had not received any appeals on the permit, which they had not. He felt at this point they had a non appealable permit.

He noted there was a meeting recently with Lennar and the MUA's Bond Counsel and Financial Advisor. They discussed a number of things and Lennar was going to make application to the Township's Land Use Board for their general development approval at their April meeting.

Mr. Ylvisaker said he prepared a revised project schedule. It maintains the back end of the schedule in terms of when ground will be broken for both the sewer project and the PRRC. But between now and roughly April 2017 we will not be able to make up anything with T&M until we get past the point where the budget has been confirmed, the treatment plant design has been confirmed and the layout for the sewer and pump station has been confirmed. Once that occurs, the hope is that T&M will be able to start with the preparation of the final design documents and can accelerate the schedule. He said Lennar was looking a little more aggressively at the schedule and to see whether or not they will be able to step up the schedule. They have entered into an agreement for the purchase of a property on Province Line Road for a second entrance which was pretty much the plan.

New Jersey American Water: Mr. Ylvisaker said there was a meeting with New Jersey American Water and he updated everyone regarding the third test well. The well is generating approximately 350 gallons per minutes which is enough to serve about 250 homes. NJ American Water has no plans to extend their existing service area other than to the PRRC at this point. He said there is still a need for a fourth well and at this point American Water has not been able to say whether the site of the third well will support a fourth well. A follow up meeting is scheduled for next week and hopefully more information will be received.

Sewer Ordinance: The subcommittee has prepared a further draft of the rules and regulations concerning rates and other regulations the MUA would adopt for the operation of a sewer system in the downtown. Mr. Ylvisaker noted the Township would have to adopt an ordinance

to make hookups mandatory. The subcommittee feels they have taken the draft as far as they can and that T&M has been asked to give a cost estimate to review the draft and put it into a final form for adoption. He expects there would be a request to authorize approval for this work in the near future.

Finance Plan: Mr. Ylvisaker said an overview of the finance plan for the redevelopment project was discussed at a recent meeting with Bond Counsel. There are things to work out regarding excess capacity and what NJEIT will or will not fund. There is also an update of the financial plan based on a 30-year term rather than a 20-year term which is a much better financial situation for the Township.

Bureau of Water Allocation Permitting: Mr. Dancer said it was very important that an adequate water supply for the entire redevelopment project be available and any applications NJAW needs to submit to the Bureau to increase the available water supply be acted on in a timely fashion. He said the Bureau of Water Allocation Permitting was really crucial in this matter and that it is important that NJAW's application(s) not get buried in the maze of bureaucratic tape that surrounds the entire permitting process. Mr. Dancer thought it important we try to get the attention of appropriate people in DEP to do their due diligence and try to facilitate the permitting process to avoid delays. Mr. Ylvisaker said it might be advisable to contact Dan Kennedy and let him know we were pleased that we received the NJPDES Permit and bring up the water allocation issue.

Development Applications: Mr. Ylvisaker reviewed two applications we had received. The first was for a minor site plan application for Ground Mounted Solar Panels. The second application being a Request for a Variance for the building height of a Pole Barn Building. Since both projects are not within Sewer Service Area, Mr. Ylvisaker will send a letter of no interest to the applicant and Land Use Board.

Public Comment: Mr. Bronson opened the meeting for public comment. Committeeman Marinari said that having Assemblyman Dancer as an active participant in the municipality, knowing what he can do and has done, is exceptional.

Resolutions:

There was discussion regarding adopting Resolution No. 2016-19 at this time. It was decided to table Resolution No. 2016-19 regarding the receipt of the Annual Audit for the period ending June 30, 2015 until the next meeting.

On motion of Mr. Minter, seconded by Mr. Miller, the following resolutions were adopted by one vote. Roll Call Vote: All Ayes.

Resolution No. 2016-20, providing dates of Authority Meetings for the Year 2016; and

Resolution No. 2016-21, awarding Professional Services Agreements for the Plumsted Township Municipal Utilities Authority for the Year 2016; and

Resolution No. 2016-22, adopting a Cash Management Plan; and

Resolution No. 2016-23, authorizing Payment for Unused Sick Leave

Since there was no further business, a motion was made by Mr. Minter and seconded by Mr. Miller, to adjourn the meeting. Roll Call Vote: All Ayes. The next meeting is scheduled for March 15, 2016 at 6:30PM.

Respectively submitted by:

Nancy Hendrickson, Secretary