



**Berkeley Township**  
**MUNICIPAL UTILITIES AUTHORITY**

42 Station Road  
Bayville, NJ 08721  
(732) 237-0100  
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A Public Meeting of the Berkeley Township Municipal Utilities Authority was held on **Thursday, April 25, 2013** at 7:00 pm at the Berkeley Township Municipal Utilities Authority, 42 Station Road, Bayville, NJ 08721. Presided by Chairman Pizzi-present, Mrs. Davis-present, Mr. Mullikin-present, Mr. Hale-present, Mr. Sudia-absent, Mr. Buscio-present.

Mr. Pizzi stated for the record Mr. Buscio will be sitting in as an acting Commissioner with all the associated rights due to Mr. Sudia's absence.

Also present: Mr. Koutsouris-Attorney, Mr. Chiaravallo-Engineer, Mr. Holman-Accountant, Mr. Conaty-Accountant and Mrs. Nugent-Executive Director.

Motion to approve the minutes from the meeting on March 28, 2013: Mr. Mullikin, second, Mr. Hale. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

Motion to approve the minutes from the Executive Session from the meeting on March 28, 2013: Mrs. Davis, second, Mr. Hale. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

Motion to approve the Executive Director's Report from the meeting on March 28, 2013: Mr. Hale, second, Mrs. Davis. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

Motion to approve the Engineer's Report from the meeting on March 28, 2013: Mr. Hale, second, Mr. Mullikin. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

Motion to approve the Accountant's Report from the meeting on March 28, 2013: Mrs. Davis, second, Mr. Mullikin. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

Motion to approve the Attorney's Report from the meeting on March 28, 2013: Mr. Mullikin, second, Mr. Hale. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

**Treasurer's Report:**

Mr. Hale stated he and Mr. Mullikin reviewed the payroll and operating expenses for (03/30/13-04/26/13) four weeks. The payroll expenses were in the amount of \$34,423.34. The operating

expenses were in the amount of \$183,950.11. Mr. Hale stated this includes the \$88,100.00 appropriated to the Township.

Motion to approve the Treasurer's Report: Mr. Buscio, second, Mr. Mullikin. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

**Executive Director's Report:**

Mrs. Nugent stated four resolutions were authorized during the 03/28/13 Executive Session meetings. Written resolutions were not prepared for that meeting. These formal resolutions are now prepared. Per the instructions of the Authority Attorney these four resolutions will be presented and memorialized as follows:

Motion for Release of Escrow from the Authority Escrow Account to the Prior Owner of Crystal Lake Rehabilitation Center (CLRC): Mr. Hale, second, Mr. Mullikin. All in favor. Roll Call. Mrs. Davis-yes, Mr. Mullikin-yes, Mr. Hale-yes, Mr. Buscio-yes, Mr. Pizzi-yes. Motion Carried.

Motion for Release of Escrow to the Court System per Court Order for GS Realty: Mrs. Davis, second, Mr. Mullikin. All in favor. Roll Call. Mrs. Davis-yes, Mr. Mullikin-yes, Mr. Hale-yes, Mr. Buscio-yes, Mr. Pizzi-yes. Motion Carried.

Motion for Acceptance of Negotiated Terms for \$60,000.00 from American Southern Performance Bond for The Grand: Mrs. Davis, second, Mr. Mullikin. All in favor. Roll Call. Mrs. Davis-yes, Mr. Mullikin-yes, Mr. Hale-yes, Mr. Buscio-yes, Mr. Pizzi-yes. Motion Carried.

Motion to Grant Executive Director Authorization to Waive Service Fees for Homes which meet the Program Criteria due to Hurricane Sandy: Mr. Hale, second, Mr. Mullikin. All in favor. Roll Call. Mrs. Davis-yes, Mr. Mullikin-yes, Mr. Hale-yes, Mr. Buscio-yes, Mr. Pizzi-yes. Motion Carried.

Motion for Approval of the Amended Rules and Regulations: Mr. Mullikin, second, Mr. Hale. All in favor. Roll Call. Mrs. Davis-yes, Mr. Mullikin-yes, Mr. Hale-yes, Mr. Buscio-yes, Mr. Pizzi-yes. Motion Carried.

**Progress Report:**

**Acquisition of School Board property:**

Mrs. Nugent stated this topic did not make the BBOE April agenda because additional paperwork is required. The Attorney will provide an update.

**Post-Retirement Health Benefits:**

Mrs. Nugent stated this topic is under review with the Legal Committee.

Hurricane Sandy:

Mrs. Nugent stated as of today (04/25/13), 130 Hurricane Sandy related turn offs and 35 cut and caps have been completed. Mrs. Nugent stated approximately 100 ratepayers have applied for the Sandy forgiveness program.

Wire Transaction:

Mrs. Nugent stated the Finance Committee authorized a \$50,000.00 wire transfer from Ocean First Revenue to the TD Bank General Investments Account.

Local Finance Board Financial Disclosure Form (FDF):

Mrs. Nugent stated there are instructions on the back of her Progress Report for submitting the FDF using the online filing process by the May 31, 2013 deadline.

Cross Connection:

Mrs. Nugent stated a Princeton Avenue private well cross connection was discovered, terminated and reported to the NJDEP. The results of required test samples were in good order. Mrs. Nugent stated there is no further action required at this time.

1<sup>st</sup> Quarter 2013 Billing:

Mrs. Nugent stated meter reading and billing were completed April 5, 2013. The amount billed was \$369,578.96 for 3,232 customers. This represents two less customers and a 4% increase from 1<sup>st</sup> quarter, 2012.

Mayor's Golf Outing:

Mrs. Nugent stated the Mayor's Golf Outing is scheduled for Thursday, May 30, 2013. Registration is at 7:00 am and the start time is 8:00 am.

New Jersey Sustainable Energy Joint Meeting (NJSEM):

Mrs. Nugent stated the strike price for the NJSEM electric bid was not met at the April 9, 2013 auction. The NJSEM will rebid on April 30, 2013.

Semi-Annual Hydrant Flushing:

Mrs. Nugent stated the operational staff is performing the semi-annual hydrant flushing and will be completed by May 10, 2013. No complaints have been reported.

2012 Audit:

Mrs. Nugent stated the Authority Auditors will present the 2012 audit tonight (04/25/13).

Public Tour:

Mrs. Nugent stated Mr. Blair will be giving a tour for the Venturers' Club from Berkeley Township Elementary School (BTES). The children will be touring the facility during school hours on May 1, 2013.

Engineer's Report:

Well # 4:

Mr. Chiaravallo stated CME submitted plans and specifications for the Well #4 project to the State for the NJEIT funding on April 1, 2013. Mr. Chiaravallo stated the NJDEP responded to CME regarding the planning documents that were submitted in October 2012 and on the loan application that was submitted in March. Mr. Chiaravallo stated his office is preparing responses to the NJDEP.

Phase V Water Main Improvements Project:

Mr. Chiaravallo stated CME submitted plans and specifications for the Phase V Water Main Improvements project to the NJDEP prior to April 1, 2013. Mr. Chiaravallo stated his office is preparing a response to the NJDEP.

Crystal Lake Rehabilitation Center:

Mr. Chiaravallo stated CME prepared a letter for the Authority summarizing the information gathered during the walk-through of the site in March 2013.

Rules and Regulations:

Mr. Chiaravallo stated CME is preparing a draft with the updates and changes on the Rules and Regulations based on the resolution that was passed.

Mr. Mullikin questioned if CME has communicated with Mr. Johnson from the State Geological Survey about the background monitoring. Mr. Chiaravallo replied, not yet. CME is preparing the permit application for future discussions with Mr. Johnson regarding this information. Mrs. Nugent stated she spoke with Mr. Johnson and extended an open invitation to come to the Authority.

**Accountant's Report:**

Mr. Holman stated in his report:

**Cash Position Report for March 2013:**

Total All Cash Fund Balance:	\$3,965,239.09
Total Restricted Balances:	\$2,544,150.38
Total Fund Available for Disbursement:	\$1,421,088.71

Mr. Holman presented the 2012 Audit and stated it is a very good audit report. This report was reviewed by the Finance Committee, along with the Authority's professional staff.

Mr. Holman stated there is a clean audit opinion meaning that the numbers are presented fairly. The Financial Statements are presented here. The Authority complies with the statutes and regulations of the state of NJ.

Mr. Holman stated page 10 is the Balance Sheet. The total current unrestricted assets are \$3,032,714.00. This is available to pay the current liabilities which are in the amount of \$126,446.00. Mr. Holman stated if you subtract this figure from the \$3,032,714.00 there is a working capital position of approximately \$2.9 million. Mr. Holman stated this means the Authority has \$3,032,714.00 in current assets to fund \$126,446.00 current liabilities, which is very strong. This is just about exactly what the working capital position was the year before which is just about \$2.9 million.

Mr. Holman stated the liabilities are listed on page 11. The Long-Term Liabilities are with the NJEIT, the USDA, and privately held bonds. There are developer deposits in the amount of \$237,332.00 which are recorded as a liability because it is not the Authority's money. The total long-term liabilities are \$10,238,928.00, compared to \$10,675,896.00 from the year before. Mr. Holman stated this means the Authority paid its debts down approximately \$300,000.00 last year. Mr. Holman stated the net position, which is the Authority's equity, is in the amount of \$12,354,987.00. This amount is slightly lower as compared to the year before, but not enough to be very concerned about. In the equity position \$490,000.00 has been reserved for the water tank painting project. Mr. Holman added this amount will increase because \$50,000.00 per year is being put away for that project. Mr. Holman stated this is a good way for the Authority to do business as there will be no need to borrow money for the future water tank painting project. Mr. Holman stated the Authority has a very strong balance sheet. The equity position is approximately 50% of everything that the Authority owns. Mr. Holman added the Authority has a good debt to equity ration.

Mr. Holman stated the expenses are listed on page 12. The total operating revenues are in the amount of \$1,729,487.00 compared to \$2,071,325.00. Mr. Holman stated the decrease is due to the receipt of the Crystal Lake Rehabilitation Center's (CLRC) connection fee last year. Mr. Holman stated the Authority has held the line on its expenses. Mr. Holman stated the revenues are down, but the expenses were not up very much at all. Expenses increased about \$18,000.00 compared to the year before, meaning the expenses are just about flat. The administrative and

general expenses are actually lower this year. Those amounts were \$495,115.00 last year as compared to \$491,487.00 this year. Mr. Holman stated this enabled the Authority to have operating revenue in the amount of \$26,923.00 even though there were no large connection fees.

Mr. Holman referred to the non-operating revenues and expenses. Mr. Holman stated the water tower rentals are a good source of revenue for the Authority. Mr. Holman stated the Authority has to pay the interest on its bonds. Mr. Holman added the debt issuance expense is \$141,880.00 related to the refunding. As a result, there was a negative net change in position of \$347,217.00. However, almost half of it is the expense related to the refunding. Mr. Holman stated the depreciation expense is a non-cash expense which is where the Authority should be.

Mr. Holman referred to the Statements of Cash Flows on page 13 and stated this doesn't really apply to the Authority because it is for changes in investments.

Mr. Holman referred to the footnotes on page 15. Mr. Holman stated these are required so a reader can pick up the statements, see the accounting policies that are used and learn about our Authority.

Mr. Holman referred to page 20 and stated the Authority money is protected either by the FDIC or the Government Unit Protection Act (GUDPA). Mr. Holman stated the insured FDIC is for \$500,000.00, which the Authority has at \$250,000.00 each in two different banks. The GUDPA is supposed to refund the full amount, though this has never been tested. Mr. Holman stated the \$3,386,057.00 is outside of the FDIC protection, but inside GUDPA protected. The Authority does not have any money in the stock market; therefore, its money is secure.

Mr. Holman stated the breakdown for the Authority's fixed assets is listed on page 23. There are not many changes from the year before. Mr. Holman stated he is aware the Authority has upcoming projects and wanted to point this out.

Mr. Holman stated the depreciation difference gets expensed which is also part of the reason the Authority is showing a loss this year. Mr. Holman stated the Authority went from \$7,379,083.00 to \$8,049,850.00 in depreciation.

Mr. Holman referred to page 24 and stated this shows the bond indebtedness. The Authority owes a couple of loans in addition these bonds. Mr. Holman stated the Authority had six bonds that were outstanding in 2011 are now paid off. All of the associated interest rates were in the four through five percent range. Mr. Holman stated when the Authority refunded the \$6,020,000.00, but with rates between two and four percent versus the four through five percent, which is good news.

Mr. Holman referred to page 25 which shows the loans owed to the State. Here, the interest rate on the 2008 Series A is a little over half the money in the four to five percent range. Mr. Holman stated the other issue is the zero percent interest on the 2008 Series B loan. Mr. Holman stated the accommodation with the State is the prevailing rates at the time and then zero which brings the rate below market with those infrastructure loans.

Mr. Holman referred to page 28 which shows the prior period adjustment. Mr. Holman stated the Government Accounting Standards Board's (GASB) Statement 65 change regards the Authority's cost from prior bonds that were held. Now, GASB 65 requires the Authority to expense those. In this case, it went against the Authority's beginning retained earnings. It was not charged to the current earnings, but it had to be corrected because of this new standard.

Mrs. Davis stated this change actually benefits the Authority. Mrs. Davis stated the more unrestricted net position that you have is the number that goes to the calculation as to what the Township can ask of the Authority. Mrs. Davis added if the Authority has to reduce its net position it is better sooner than later. If it is required to be reduced, than there is less that is available. Mrs. Davis stated the Authority will have to make the adjustment this year or next year and will have to go back and restate anyway. This prior period adjustment may as well be done this year. It reduces the net position. Therefore, less is available for Township appropriation.

Mr. Mullikin referred to the section in page 13 regarding the five percent Township appropriation.

Mr. Holman referred the Commissioners to page 29. The Budget to Actual in the left hand side of the page. Mr. Holman stated the most important compliance measure is the Commissioners give the Executive Director a budget to manage the Authority. Mr. Holman stated to stay within budget can be daunting because anticipated hydrant fees (\$115,000.00) were not received. The Authority came out of revenues under budget by \$185,000.00 largely because of that. Mr. Holman stated when you look at the subtotals under the cost of providing service is in the amount of \$115,000.00 under. Mr. Holman stated the amount of \$88,547.00 was given to the Township and has been given several consecutive years. This is another factor.

Mr. Holman referred to page 30 and stated the total administrative costs were \$116,863.00 under and the non-operating expenses were also under. Mr. Holman stated by the end of the year the Authority had out-performed its original budget by \$242,774.00. Mr. Holman added this is very good considering the loss from the hydrant fees.

Mr. Holman stated his office did all the testing, all the compliance, went through all the invoices, vouchers, read the minutes, independently confirmed the cash, and that despite all this, there were no recommendations his office could make. Mr. Holman summed it up by stating this is a very good report of the Authority.

Motion to approve the 2012 Audit Report: Mr. Buscio, second, Mr. Hale. All in favor. Roll Call. Mrs. Davis-yes, Mr. Mullikin-yes, Mr. Hale-yes, Mr. Buscio-yes, Mr. Pizzi-yes. Motion Carried.

Mr. Pizzi stated working with Mr. Conaty is very beneficial to the Authority and he is always very helpful to its staff members. The audit team is very professional and performed a wonderful job. Mr. Pizzi stated he is extremely pleased to work with these professionals.

## **Attorney's Report:**

### **Crystal Lake Rehabilitation Center (CLRC):**

Mr. Koutsouris stated the release of escrow funds to the prior owners was previously discussed. Mr. Koutsouris stated the tour inspection of the facility was not addressed. Based on the tour, the Engineer has made recommendations in a letter that needs to be forwarded to the current owners of the facility. The statutory language requiring mandatory connection starting the 90 day deadline also needs to be forwarded. Mr. Koutsouris stated this presents a second opportunity to ensure that CLRC gets connected to the water system which the Authority should pursue. Mr. Koutsouris stated his recommendation is to get the letter forwarded to the new owners of CLRC.

Mr. Pizzi stated there have been problems with backflow preventors in the past. CLRC's system is quite large, which should behoove the Authority to take a closer look at CLRC's backflow preventor to ensure it will work in line with the Authority's water system. Mr. Chiaravallo stated it will depend on what system CLRC is using, but CME will be sure to make note of that.

### **Central Regional School District (CRSD):**

Mr. Koutsouris stated he contacted CRSD to receive a conveyance of the infrastructure beyond an area where the Authority would normally expect to take ownership of the water system. Mr. Koutsouris stated he had multiple discussions with CRSD's attorney with comments on the documents that will be presented to the school board in the near future. Mr. Koutsouris stated there were several modifications to these documents as requested by CRSD's attorney, but the Authority does have the easement in place.

### **Berkeley Township Board of Education (BBOE):**

Mr. Koutsouris stated the Authority is still trying to acquire the BBOE property. Mr. Koutsouris was recently notified the Commissioner of Education has to approve the conveyance of that piece of property. Therefore, information will need to be gathered and presented in a letter to the Commissioner of Education along with a copy to the County Superintendent. Mr. Koutsouris stated it is the County Superintendent who will make the determination of whether or not it is appropriate for this piece of property to be conveyed. Prior to this, the conveyance was just a matter of course. Now the State of New Jersey will have to get involved to approve the signing of the contract so an application can be submitted for the subdivision. All this will need to be done in order for the Authority to buy this piece of property. Mr. Pizzi questioned if the Administrator of the BBOE is aware of this. Mr. Koutsouris replied, yes.

### **UBC Mortgage – Surf & Turf/Gables:**

Mr. Koutsouris stated litigation was filed from UBC Mortgage Company regarding the Surf & Turf/ Gables Project. Mr. Koutsouris stated the reason the Authority, the Berkeley Township Sewerage Authority (BTSA) and the Township, are being sued is because of a condition of approval from the planning board for the creation of a homeowner's association. The homeowner's association would be responsible for maintenance of a water retention basin for the



development. Mr. Koutsouris stated the homeowner's association was never formed because the developer went bankrupt. The bank stepped in and realized that some of the funds needed to finalize the project are tied up in escrow with the various entities. Mr. Koutsouris stated the Authority is satisfied that most of the project is completed with the exception of a few thousand dollars needed to get the asbuilt finished and incorporated into our master plan. Mr. Koutsouris added despite this exception, the Authority will comply with whatever the court tells the Authority to do with the money. The attorney for the mortgage company was very apologetic for having to sue the Authority and the other entities, but there were no alternatives to accomplish his ultimate goal. Mr. Koutsouris stated the mortgage attorney is trying to finalize notices and to accomplish alternative service for the original developer, who disappeared. The mortgage attorney will place the developer on notice that his money is in jeopardy. The developer must agree to finance the asbuilt. The court will probably release any money that is left over back to the developer. Mr. Koutsouris stated the Authority will not be involved with this much longer as all the entities will consent to this when the matter goes back to court.

Mr. Koutsouris stated the topic of the cross-connection will be discussed in Executive Session. Mrs. Davis questioned where the Gables development is located. Mrs. Nugent replied it is located near Bay and Butler Boulevards.

### **Committee Reports:**

#### **Old Business:**

No Report.

#### **New Business:**

No report.

Motion to open the public portion: Mr. Mullikin, second, Mrs. Davis. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

Motion to close the public portion: Mr. Hale, second, Mr. Buscio. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

### **Executive Session:**

Motion to open Executive Session: Mr. Buscio, second, Mr. Hale. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

Annual Reviews for Four Employees

Cross-Connection – Princeton Avenue

Motion to re-open the public portion: Mr. Hale, second, Mr. Mullikin. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

Personnel Matters Discussed:

Motion for Approval for Annual Review for Employee #1: Mr. Mullikin, second, Mr. Hale. All in Favor. Roll Call. Mrs. Davis-yes, Mr. Mullikin-yes, Mr. Hale-yes, Mr. Buscio-yes, Mr. Pizzi-yes. Motion Carried.

Motion for Approval for Annual Review for Employee #2: Mr. Mullikin, second, Mrs. Davis. All in Favor. Roll Call. Mrs. Davis-yes, Mr. Mullikin-yes, Mr. Hale-yes, Mr. Buscio-yes, Mr. Pizzi-yes. Motion Carried.

Motion for Approval for Annual Review for Employee #3: Mrs. Davis, second, Mr. Hale. All in Favor. Roll Call. Mrs. Davis-yes, Mr. Mullikin-yes, Mr. Hale-yes, Mr. Buscio-yes, Mr. Pizzi-yes. Motion Carried.

Motion to adjourn: Mr. Mullikin, second, Mrs. Davis. The motion was approved by voice vote. There were no "nay" votes. Motion Carried.

Respectfully Submitted,



Sandra J Walker  
Office Clerk

The next meeting of the Berkeley Township Municipal Utilities Authority will be held on Thursday, May 23, 2013 at 7:00 pm at the Berkeley Township Municipal Utilities Authority located at 42 Station Road, Bayville, NJ 08721.