

The regular meeting of the Little Egg Harbor Municipal Utilities Authority was held on November 10, 2015 at 5:00 P.M. at the Authority headquarters, 823 Radio Road, Little Egg Harbor Township, New Jersey.

MEMBERS PRESENT: Joseph Koptic, Chairman; Margaret DePergola, Vice Chairwoman; Richard Crea, Secretary; Earl Miller, Treasurer; Eugene Kobryn; Marie Skelly; Richard Robins

MEMBERS ABSENT: None

OTHERS PRESENT: Earl F. Sutton Jr., Executive Director; Michael DiFrancia, Superintendent; Colleen Kleinow, Administrative Assistant; Alan Dittenhofer, Authority Engineer; Christopher Connors, Authority Attorney

Mr. Koptic opened the meeting and led the Pledge of Allegiance.

Mrs. Kleinow read the following announcement:

In accordance with the Open Public Meetings Law, this meeting has been duly advertised in the Atlantic City Press and Asbury Park Press, posted on the Authority bulletin board, and posted and filed in the Office of the Little Egg Harbor Township Clerk. Resolutions are posted on the bulletin board.

PRIOR MINUTES

A motion was made by Mr. Miller, seconded by Mrs. DePergola to approve the minutes of the regular meeting held October 13, 2015. Roll call vote, Earl Miller – yes, Marie Skelly – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes.

TREASURER'S REPORT

A motion was made by Mrs. DePergola, seconded by Mr. Crea to approve the Treasurer's Report. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

BILLS RESOLUTION

A motion was made by Mr. Kobryn, seconded by Mr. Crea to approve the operational account bills resolution. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

Mr. Koptic stated that the audit report for fiscal year ending June 30, 2015 would be addressed next.

Mr. Koptic stated that our Auditor is here tonight and asked if he would like to make a presentation.

Mr. Logan stated that the Authority has an unmodified opinion on its financial statements and supplementary information. That is equivalent to an A+.

Mr. Logan also stated that there were no deficiencies in internal controls related to compliance issues, and there were no recommendations to the report. The Board Members will receive a letter to management, which were housekeeping items that have no effect on the financial statements. The letter can be read at their convenience.

Mr. Logan further stated that if there are any questions, he will be more than happy to answer them at this time and further stated that he will always be available to answer questions the Members may have.

Mr. Logan stated that he wanted to add that he appreciates the courtesy the Authority employees give the auditing staff during the audit period.

Mr. Miller asked, on a scale of one to ten, where does this audit put the Authority.

Mr. Logan advised that an unmodified opinion is an A+ so that is a ten as to the opinion on the financial statements.

Mr. Miller stated that is a good thing. The Board agreed.

A motion was made by Mr. Miller, seconded by Mr. Kobryn to approve the Authority audit report for fiscal year ending June 30, 2015. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

EXECUTIVE DIRECTOR'S REPORT

1 – Mr. Sutton stated that Mr. Logan already covered the audit report; however, he would like to make some comments on it. There were no deficiencies as expected. We operated very efficiently and reduced expenses where possible, but we did it in a way so as not to reduce services. We have used the latest technology, purchased equipment for safety, and we will continue to do it as we move forward. He is very pleased with the audit and our financial position as we start down the road to some unprecedented capital improvements to our system.

Mr. Sutton also stated that one thing that came out of the audit is some housekeeping with regard to banking. This relates to item #2 of his report. We are going to consolidate some of the bank accounts. Some accounts are still sitting idle from old projects long completed.

Mr. Connors arrived at this time.

Mr. Sutton advised that during the audit, the Auditor brought out the Authority spent \$14,500.00 in banking fees, which is ludicrous. That is a great deal of money given to the bank for handling our money. It is just ridiculous. They are charging fees for everything.

Mr. Sutton advised the Board that about a month ago, our employees went to Sun National Bank, which is where the Authority's payroll account is held, and attempted to cash their pay checks. If the employee did not have an account with Sun Bank, they were going to be charged a \$5.00 fee to cash their pay check. Our payroll account is in Sun National Bank with a substantial balance in it, which is why it is so ridiculous.

Mr. Sutton stated that he knows other banks also charge fees. He is not just singling out Sun National Bank. It is quite prevalent at other banks too. We are looking at other banks to reduce or eliminate the service fees. He repeated that over \$14,000.00 in fees went to the bank this year.

Mr. Robins stated that he had the same problem, but he went to the manager and spoke to her. She put a notice on record that if any of his employees go there to cash their pay check, they can cash them without paying the service fee.

Mr. Sutton advised that we already tried that, and they wouldn't help us. They looked at everything and wouldn't budge. It is time to look around. We located a couple of banks that work with governmental entities. We found a bank in Hammonton, Capital Bank, that submitted a proposal to the Authority. He met with the gentleman from the bank last week. Ms. Mezzina and Ms. Kleinow sat in on the meeting. Mr. Whelan is a former Freeholder from Cumberland County. He is well known in the banking industry. He has been in the government banking sector for many years. He committed to no service fees being charged to the Authority if we maintain a balance of a million dollars, which we could do when we restructure some things.

Mr. Sutton advised the Board that he will provide more information at the December meeting. There are some things we have to work out. We will have to find a courier service. We will have a Tuesday and Thursday courier pick up to make the deposits.

Mr. Crea stated that Ocean First has quite a bit of money in it. Mr. Sutton advised that we just received that money from the cellular lease agreement sale.

Mr. Sutton stated that when we go to the banks with an opportunity, and they don't want to do anything until after you are going to pull your money out, you then have to look elsewhere.

Mr. Koptic stated that he agrees. You don't need banks like that. There are several banks that are paying up to 4% interest as long as you have \$5,000.00 in your account. It is 4% for the first year, and after that, it is 2%.

Mr. Sutton stated that we will get a rate of return while the money is there. It is a very well run bank. They are FDIC insured, and they meet all the compliance issues.

Mr. Sutton stated that he feels we will have a good working relationship. They have other government entities banking with them as well. We felt very comfortable with them.

Mr. Kobryn asked about the distance of the bank as far as bringing our deposits to it.

Mr. Sutton advised that it is about 30 miles to Hammonton.

Mr. Crea asked where our employees will cash their paychecks and was advised by Mr. Sutton that we are going to direct deposit. We will re-arrange our pay week a little bit, which is not an issue. There is no extra fee for direct deposit. There are no fees for ATM use if you have an account with them. They can provide the services we need and will not impose fees for them.

Mr. Koptic stated that he has worked in several different towns, and he would talk to different governing bodies to see who they banked with because he wanted to see who would give the best interest.

Mr. Sutton advised that Capital Bank only has 400 shareholders so they are a closely held bank.

Mr. Sutton stated that he is done with the local banking relationship because they are not willing to offer us anything.

Mr. Sutton thanked Mr. Logan for bringing it up.

Mr. Logan advised that Capital Bank must provide the Authority with a copy of their GUDPA notice.

Mr. Sutton advised that we already spoke to Mr. Whelan about it, and he is going to provide it. We are moving our operational accounts, payroll account, and some others. We are not doing anything with the Trust bank accounts or the developer escrow bank account.

Mr. Sutton stated that we are making a great financial decision doing this.

Mr. Kobryn advised that the Township mandated direct deposit, and there was some resistance, but when they stopped issuing checks, they had to do it.

Mr. Sutton advised that the Division of Local Government Services is mandating direct deposit.

3 – Mr. Sutton stated that we signed documents to receive funding for the complete replacement of Pump Station #3 on Radio Road. This is a hazard mitigation grant. These are beautiful programs. The cost is very little. The project estimate is over \$400,000.00, but the Authority's part is only \$33,000.00. You have to lay out the money in advance, but it gets reimbursed. This pump station is very old and needs to be reconstructed. It will be on the agenda very soon to move forward.

4 – Mr. Sutton advised that we closed and received payment for the cellular lease agreement sale. Mr. Koptic was able to execute the documents while in Florida with the use of a mobile notary.

Mr. Sutton advised the Board that the money was wired into our account on October 20, 2015. The net amount was a little over 1.9 million dollars. At closing they withheld anticipated lease rental payments that we would receive during the time it would take transactions to clear and notifications to switch over tenant/landlord payments that take time. Some of the withholding was incorrect, however, and we are working on correcting it. Part of that settlement money is probably going into the new bank.

5 – Mr. Sutton stated that we utilized the new phone system on Friday as a reminder to pay the outstanding water and sewer charges to avoid tax sale. What was nice was that we were able to focus in on the people that hadn't paid yet. There were 1,700 outstanding accounts that hadn't paid. We sorted through the system and made phone calls to those people only. That was successful. It was done at the end of the work day at 4:30.

Mr. Sutton stated that the last time we made 6,900 calls, and it was during the work day, which generated a lot of phone calls back to the Authority. This time it was at the end of the work day.

6 – Mr. Sutton advised the Board that per JIF by-laws, we are required to appoint a risk management consultant every year. Conner Strong has been the consultant for many years, and they do a fine job for the Authority. He recommends appointing them again. That is on the agenda tonight.

A motion was made by Mrs. DePergola, seconded by Mr. Miller to approve Resolution #2015-73 authorizing acceptance and execution of the risk management consultant's agreement with Conner Strong & Buckelew Co., Inc. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

7 – Mr. Sutton stated that he was selected to make a presentation at the Sensus Meter Conference this year. There was a guest appearance by our Superintendent, Michael DiFrancia. They planned it ahead of time. He asked for a volunteer, and only one person raised their hand, Mr. DiFrancia. They did a customer service/irate customer scenario. They had fun doing it.

8 – Mr. Sutton advised that there is a need for an executive session to discuss a matter of personnel. He doesn't anticipate action in executive session; however, when we return to open, he anticipates some action.

9 – Mr. Sutton stated that each year the Chairman sends a letter to the Township Committee requesting re-appointment of Commissioners whose terms expire in January. This year, Chairman Koptic and Marie Skelly have terms expiring January 31, 2016. This year he recommends the Vice Chair send the letter since the Chairman is one of the Commissioners affected. The Board agreed.

Mr. Sutton advised as a point of information, we will welcome our newly elected Township Committee Members to come visit us at the Authority and show them around our facilities. It is worthwhile for them to see what we do and get a better understanding of the Authority.

10 – Mr. Sutton stated that the final item is performance and maintenance guarantees. There are no bonds due to expire within the next 90 days. The maintenance bond for the Well #8 & #9 project expires at the end of this month. That is all he has for his report.

A motion was made by Mr. Miller, seconded by Mr. Crea to approve the Executive Director's Report. All in favor.

SUPERINTENDENT'S REPORT

1 – Mr. DiFrancia advised the Board that we are providing water to Tuckerton Borough. We met with the Tuckerton officials on November 4, 2015 regarding this. This morning we put the directional drill on line and started providing water to them. It went very smoothly. Their standpipe is offline, and LEHMUA is providing adequate flow and pressure. He is in contact with their Superintendent, Mayor, and their Administrator. This will probably be a month long project while they work on their tower, and it will probably happen again in the spring when they finish the work on the tower. We are monitoring it very closely. Our main concern is the health, safety, and welfare of the customers as well as firefighting. The fire department has him on speed dial so that he can look at our wells. Anywhere pressure is needed, he can transfer the water from high and low pressure. He believes everything will go well.

Mr. Sutton stated that everything Mr. DiFrancia said sounds easy and simple, but it is not. The officials in Tuckerton are thrilled they have someone like Mr. DiFrancia who is so confident and knowledgeable and able to do everything that he does. Mr. DiFrancia needs to be commended for that. He knows Tuckerton Borough appreciates it. They would have a serious problem without our ability to service them.

Mr. Crea stated that he thought there was a problem in the beginning and was advised by Mr. Sutton that there really was no problem.

Mr. Sutton further advised that we will be billing them for the water service. We have an agreement that has been in effect for a number of years. Tuckerton will pay their fair share for the water.

Mr. Sutton stated that there is a lot of work and team work performing the work, interconnections, and hydrant. Mr. DiFrancia and our personnel were working out in the rain to get it all set up.

Mr. Sutton thanked Mr. DiFrancia.

Mr. DiFrancia stated that it went well, and he feels confident with it.

2 – Mr. DiFrancia stated that he wanted to bring this item to the Board because we do a lot of samples. Some are quarterly, and some are in a three year cycle. For lead and copper samples, you have to do 30 samples in the three year cycle and have to do it at a certain tier because of the date the house was built. Because of the regulations, you have to do the sample at the same house every three years. However, since Super Storm Sandy, some of the houses have been destroyed or replaced.

Mr. DiFrancia advised that if a home was replaced, they are now in a different tier and can't be used so it was very difficult this cycle, but we passed. The system is in compliance as always. He wanted to thank everyone who participated through this round.

3 – Mr. DiFrancia advised the Board that he, Mr. Dittenhofer, and Mr. Sutton are working diligently with our vendors in reviewing the plans for the Well #12 Water Treatment Plant. Authorization to bid was granted in April 2015.

4 – Mr. DiFrancia stated that we are also reviewing plans for the Well #10 Treatment Plant filter media. The existing media has been in place since 2002. Authorization to bid was granted at our October 2015 meeting. We are working on the plans so that we can go out to bid and have the media changed out as soon as possible.

5 – Mr. DiFrancia advised the Board that we have painted the fire hydrants in Mystic Shores and Sunrise Bay.

6 – Mr. DiFrancia also advised that the sewer mains were jetted in Sunrise Bay as maintenance for the development.

7 – Mr. DiFrancia stated that the work order management report is attached to his report. There were 9 water leaks fixed, and 45 meter repairs. The most important thing to focus on is the disconnection of service and the activations of service. When customers disconnect, that is revenue not coming into the Authority because we are not billing them. There were only 4 disconnects this past month, but we had 22 customers activated.

Mr. DiFrancia stated that when the customers come back on line, it is revenue coming back to the Authority, which helps maintain our system. That is all he has for the Superintendent's Report.

A motion was made by Mrs. DePergola, seconded by Mr. Miller to approve the Superintendent's Report as submitted. All in favor.

ENGINEER'S REPORT

Mr. Dittenhofer stated that the written report was forwarded to the Board for their review and approval. Most items were already addressed. Under the General heading of the report, he wanted to point out that the contracts are being processed for the Construction of Well #14. A pre-construction meeting will be scheduled shortly. With respect to the East Playhouse Drive Sanitary Sewer Main Replacement, the pipe was installed, and the trench base paved. The Township will pave in the Spring. That is all he has to comment on, but if there are any questions, he would answer them at this time. There were no questions.

A motion was made by Mr. Kobryn, seconded by Mr. Crea to approve the Engineer's Report as submitted. All in favor.

ATTORNEY'S REPORT

Mr. Connors advised that the only thing of note is the status of the sale and assignment of the cellular lease agreements as covered under the Executive Director's Report. All closing documents were executed, funds distributed, and the money is in the Authority's account.

A motion was made by Mrs. DePergola, seconded by Mr. Miller to approve the Attorney's Report. All in favor.

Mr. Koptic stated that there are a few resolutions to be acted on.

A motion was made by Mr. Miller, seconded by Mr. Kobryn to approve Resolution #2015-71 regarding fiscal year ending 6/30/15 audit report. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

A motion was made by Mrs. DePergola, seconded by Mr. Crea to approve Resolution #2015-72 regarding accepting and awarding contract for professional services with Dynamic Testing Service for CDL Random Alcohol and Drug Testing Program. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

A motion was made by Mrs. DePergola, seconded by Mr. Crea to approve Resolution #2015-74 authorizing customer refund(s) for returned water meter(s) and/or MTU(s). Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

Mr. Koptic asked whether there were any other matters to come before the Board. There were none.

A motion was made by Mr. Miller, seconded by Mrs. DePergola to file the correspondence. All in favor.

A motion was made by Mrs. DePergola, seconded by Mr. Crea to open this portion of the meeting to the public. All in favor.

There being no public in attendance, a motion was made by Mrs. DePergola, seconded by Mr. Crea to close the public portion of the meeting. All in favor.

A motion was made by Mrs. DePergola, seconded by Mr. Crea to enter executive session regarding a personnel matter and approving corresponding resolution. All in favor.

Mr. Dittenhofer, Mr. Logan, and Mr. DiFrancia excused themselves from the meeting.

After return from executive session, Mr. Connors read Resolution #2015-76 by title. Resolution #2015-76 of the Little Egg Harbor Municipal Utilities Authority, County of Ocean, State of New Jersey, authorizing the settlement of litigation in the matter of Nicole Kelley v. Little Egg Harbor Municipal Utilities Authority et al.

A motion was made by Mrs. DePergola, seconded by Mr. Crea to approve Resolution #2015-76 as read by Mr. Connors. Roll call vote, Earl Miller – yes, Eugene Kobryn – yes, Richard Crea – yes, Margaret DePergola – yes, Joseph Koptic – yes.

There being nothing further, a motion was made by Mr. Kobryn, seconded by Mrs. DePergola to adjourn the meeting. All in favor.

SECRETARY

APPROVED ON (Date)