

MEETING MINUTES

PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY

March 21, 2012

Minutes of the regular meeting of the **Pequannock River Basin Regional Sewerage Authority** held on March 21, 2012 in the Conference Room at the Butler Municipal Building, One Ace Road, Butler, New Jersey. Chairman Voorman called the meeting to order at approximately 7:30 p.m.

ROLL CALL

On roll call:

PRESENT : Chairman Voorman, Commissioners Howard Lampmann, and Verdonik

ABSENT : Commissioners Gall and Metcalfè

ALSO PRESENT : Andrew Brewer, Esq., Maraziti, Falcon & Healey; and Daniel D. Kelly, P.E., Kelly Engineering

OPEN PUBLIC MEETING STATEMENT

Chairman Voorman introduced the "Open Public Meeting Statement" indicating that adequate notice of the Authority's regular meeting had been publicized in accordance with law by posting notice on the bulletin board at the Butler Municipal Building by providing notice to the municipal clerks of Bloomingdale, Butler, Kinnelon, and Riverdale, and by providing notice to the official newspapers of the Authority.

ADOPTION OF MINUTES

1. Meeting Minutes: Regular Meeting – February 15, 2012

Vice Chairman Verdonik moved acceptance of the February 15, 2012 minutes.

Commissioner Howard seconded the motion which passed unanimously on the following roll call vote:

AYES : Chairman Voorman, Commissioners Howard, Lampmann, and Verdonik

NAYS : None

ABSENT Commissioners Gall and Metcalf

ABSTAIN : None

OPERATIONAL REPORT

1. System Operations

1.1 Flow Report

Referring to the Flow Report for the period ending February 29, 2012, Mr. Kelly explained that there continues to be an apparent imbalance between the readings of Meter P-1A and Meter P-2A. He said, based on historical data, that the flows attributed to Bloomingdale and Butler are not consistent with historical patterns particularly given the current extraordinarily low Bloomingdale flow readings. He noted that the difference between the meter P-1A and P-2A readings largely determines (along with the Bloomingdale Subflow) the total Butler flow whereas Bloomingdale's flow is determined by the difference between the upstream Meter P-2A and the downstream Meter P-4. Inasmuch as the Meter P-4 readings remain in close correlation to the corresponding readings of the adjacent TBSA Meter M-15, he said there is little reason to question the accuracy of Meter P-4 as related to Riverdale's flow which remains elevated.

Following considerable discussion Mr. Kelly advised that he has notified ADS to review the accuracy of both meters and to provide a detailed report on their findings. In response to Chairman Voorman's question, Mr. Kelly said that ADS has not provided that analysis as yet.

January 2012 & February 2012

Referring to the draft Flow Reports dated February 16, 2012 and March 20, 2012 for January and February 2012, respectively, Mr. Kelly said that the total annual flow for the year-to-date remains relatively high at 2.153 mgd.

The following reports were distributed to the Board for review:

January 2012

- Flow Report dated February 16, 2012 for the period ending January 31, 2012
- Daily Flow Summary for January 2012

- Daily Flow Hydrograph for January 2012
- Daily Flow Hydrograph Comparing Meters P-4 and TBSA Meter M-15 for January 2012

February 2012

- Flow Report dated March 16, 2012 for the period ending February 29, 2012
- Daily Flow Summary for February 2012
- Daily Flow Hydrograph for February 2012
- Daily Flow Hydrograph Comparing Meters P-4 and TBSA Meter M-15 for February 2012

Referring to the Meter P-4 versus the TBSA Meter M-15 comparison. Mr. Kelly advised that the correlation remains extremely close at 1.953 mgd and 1.963 mgd, respectively, a difference of only 0.5%.

2. TBSA Activities

2.1 Status Update

Chairman Voorman and Vice Chairman Verdonik reported on a number of matters at the Two Bridges Sewerage Authority as they affect Pequannock River Basin. Notably, they said that in addition to the ongoing repairs of the sludge incinerator that Two Bridges is investigating the possibility of temporarily or permanently decommissioning both sludge incineration units. Also under evaluation is the possibility of contracting with Wayne Township, which also has an incinerator, for sludge disposal at TBSA's plant. In addition, they advised that Parsippany-Troy Hills is in the process of developing what they believe is a private-public partnership with Synagro for construction and operation of a sludge treatment and disposal system scheduled to be operational in 2013 or possibly shortly thereafter. Consequently, they advised that is another option Two Bridges will consider.

2. TWA Application and Connection Permits

No change in status on this matter.

4. Boonton Avenue Interceptor Project

4.1. CCTV Inspection Report

Mr. Kelly reported on the results of the CCTV-inspection of the Boonton Avenue Interceptor performed by Oswald Enterprises. He said that on detailed review of the inspection logs the inspection revealed, as would be expected, a number of areas that are in need of repair and/or replacement. He noted, for example, broken pipe conditions and sheared pipe conditions, the latter being most prominent south of Route 23 where there are four sections of ACP (asbestos cement pipe) in addition to cracking and root intrusion in a number of sections.

Mr. Kelly distributed and explained a number of color photographs accompanying the CCTV inspection DVDs noting several unusual conditions within several sections

Mr. Kelly advised that the CCTV inspection logs and related videos will be made available to the engineers for use in their evaluation of the Boonton Avenue Interceptor condition.

4.2. Engineering Procurement RFP

No change in status on this matter.

5. Wastewater Management Plan

Commenting on Morris County's draft Wastewater Management Plan, Mr. Kelly said that, among other things, that the plan projects flows substantially higher than would reasonably be anticipated for the Authority's service area. Commenting on that Commissioner Lampmann said that the Morris County Planning Department has apparently included lands that cannot be developed in the future sewer service area which may account for the high flow projections. Mr. Kelly said that that is consistent with some of his findings on review of the County's sewer service area mapping which includes sewerage a number of areas that are already sewerage and connected to the PRBRSA system. Lastly, Mr. Kelly noted that the meeting that the County had originally scheduled with NJDEP, Two Bridges and PRBRSA has, for whatever reason, been cancelled.

6. Kiel Avenue Interceptor (Meter-P3)

Mr. Kelly advised that on cleaning the lines upstream of Meter P-3 located at the Route 23 Kiel Avenue intersection extending across Route 23 to the Meadtown

Shopping Center terminating at the right-of-way of Kinnelon Road. Butler's crew found a large rock along with extensive rags and other debris trapped immediately upstream. He said that the rock was successfully removed along with the debris. Due to the rock's location on the Meadtown side of Route 23, away from the Meter P-3 monitoring manhole he noted that would have had no effect on the flow readings recorded by Meter P-3.

Commenting further, Commissioner Lampmann said that Ed Becker reported to him that the rock was of such substantial size to the point that the crew was not able to remove it directly into the jet-vac truck but had to drag it to the manhole for removal there.

FINANCIAL REPORT

1. Treasurer's Report

1.1. Treasurer's Report (Period Ending February 29, 2012)

Treasurer Lampmann presented the Treasurer's Report for the period ending February 29, 2012. Vice Chairman Verdonik moved acceptance of the Treasurer's Report as presented. Treasurer Lampmann seconded the motion which passed unanimously in the following roll call vote:

AYES	:	Chairman Voorman, Commissioners Howard, Lampmann, and Verdonik
NAYS	:	None
ABSENT	:	Commissioners Gall and Metcalfe
ABSTAIN	:	None

2. 2002 Series M and 1996 Series L Bond Refunding

2.1. Wells Fargo Guaranteed Investment Contract

Reporting on his conference with bond counsel and investment banker earlier in the day, Mr. Kelly said that by all indications Wells Fargo will be reasonable in the type of documentation and legal opinions that it will

require in connection with the proposed refunding. He noted that that is critical due to the fact that Wells Fargo is under contract with the Authority through the Guaranteed Investment Contract which, following the refunding, is obligated to pay an estimated \$420,000 in guaranteed investment income to PRBRSA. Explaining further, Mr. Kelly said that under the current market conditions that income would be virtually zero and therefore the Authority would not be able to proceed with the proposed refunding if it placed at risk that guaranteed income stream. Accordingly, he said that bond counsel provided a legal opinion dated March 8th, as transmitted to the Board over his March 12th letter to Treasurer Lampmann, which concluded that Wells Fargo must accept the revised cash flows and deposits resulting from the refunding.

2.2. Refunding Structure

Mr. Kelly further reported that the net present value savings are currently projected at approximately \$280,000. Those savings can be taken out over the remaining 9-year life of the bonds or taken out primarily in the first year or possibly two, namely, FY 2013 and FY 2014. He recommended that the refunding be structured as to take the savings out upfront for application to fund the Authority's capital improvement program for the Boonton Avenue Interceptor.

Following discussion on that point the Board agreed that the refunding should be structured with upfront savings.

2.3. Local Finance Board Application

In order to authorize the preparation and filing of the Local Finance Board application for the proposed 2002 Series M and 1996 Series L Bond refunding, Treasurer Lampmann moved the following resolution (**Resolution No. R-12-3-1**):

WHEREAS, THE Pequannock River Basin Regional Sewerage Authority desires to make application to the Local Finance Board for its review and/or approval of a proposed **bond resolution authorizing the issuance of bonds to refund certain outstanding bonds of the Authority for purposes of realizing debt service savings.**

WHEREAS, the Pequannock River Basin Regional Sewerage Authority believes:

- (a) It is in the public interest to accomplish such purpose:

- (b) said purpose or improvements are for the health, wealth, convenience or betterment of the inhabitants of the local unit or units;
- (c) the amounts to be expended for said purpose or improvements are not unreasonable or exorbitant;
- (d) the proposal is an efficient and feasible means of providing services for the needs of the inhabitants of the local unit or units and will not create an undue financial burden to be placed upon the local unit or units;

NOW THEREFORE, BE IT RESOLVED by the Members or Commissioners of the Pequannock River Basin Regional Sewerage Authority as follows:

Section 1. The application to the Local Finance Board is hereby approved, and the Auditor, Attorney, Engineer, Bond Counsel and financial advisor, along with other representatives of the Authority, are hereby authorized to prepare such application and to represent the Authority in matters pertaining thereto.

Section 2. The Secretary of the Authority is hereby directed to prepare and file a copy of the proposed bond resolution with the Local Finance Board as part of such application.

Section 3. The Local Finance Board is hereby respectfully requested to consider such application and to record its findings, recommendations and/or approvals as provided by the applicable New Jersey Statute.

Commissioner Howard seconded the motion which passed unanimously upon the following roll call vote:

AYES	:	Chairman Voorman, Commissioners Howard, Lampmann, and Verdorik
NAYS	:	None
ABSENT	:	Commissioners Gall and Metcalfe
ABSTAIN	:	None

2.4. Financial Advisor Contract

As indicated by his March 21st letter, Mr. Kelly recommended approval of the financial advisor contract with the Municipal Capital Management as necessary for the proposed refunding. He explained that the financial advisor services may overlap to some extent with similar services on the preliminary official statement/official statement, primarily the compilation of financial data over the past several years for the three Participant municipalities. He said that the financial advisor, as part of its scope of work, will also compile similar data for the Authority to come current with continuing disclosure requirements going back at least 5 years. To the extent that the auditor's work compiles information that can be used in connection with the continuing disclosure, he noted that will reduce the effort required by the financial advisor.

Chairman Voorman inquired if the scope reduction is anticipated by Municipal Capital Management's proposal. Mr. Kelly indicated that the scope was not modified yet, since the contract is on a not-to-exceed, cost-reimbursable basis, that the fees will reflect the reduced effort if the information does not have to be compiled by MCM.

Following further discussion, Commissioner Lampmann moved the following resolution (**Resolution No. R-12-3-2**):

WHEREAS, the Pequannock River Basin Regional Sewerage Authority ("the Authority") is authorized by N.J.S.A. 40:14A-1 et seq. to retain such professional and technical advisors and experts as it may require; and

WHEREAS, there is a need to appoint a consultant to provide financial advisor services in connection with the proposed refunding of the Authority's 1996 Series L and 2002 Series M Bonds; and

WHEREAS, the Authority has reviewed the proposal of Stephanie Lewis of Municipal Capital Management, LLC dated March 12, 2012 for a sum not to exceed \$8,700.00 without further authorization; and

WHEREAS, the Authority has determined that it is in the best interest of the Authority to retain these services in connection with the forgoing bond refunding transaction; and

WHEREAS, funds are available for these services;

NOW, THEREFORE, BE IT RESOLVED by the Pequannock River Basin Regional Sewerage Authority in the State of New Jersey on this 21st day of March, 2012, as follows:

1. The Authority does hereby name and designate Stephanie Lewis of Municipal Capital Management, Princeton, New Jersey as Financial Advisor to provide financial advisor services as set forth in the Proposal of March 12, 2012, and subject to the requirements of the Local Public Contracts Law, the Chairman is authorized to execute an agreement therewith for the provision of such services. This contract is awarded for the provision of extraordinary, unspecifiable services pursuant to N.J.S.A. 40A:11-5(1)(a)(ii).
2. The Secretary is authorized and directed to cause a copy of this Resolution to be published in the official newspaper of the Authority concerning the appointment of the aforesaid consultant within ten (10) days of the date hereof. The aforesaid firm shall be paid from funds appropriated for these purposes in accordance with the duly adopted budget of the Authority, the General Bond Resolution of July 15, 1986 and all supplements thereto, and other implementing resolutions of the Authority. The agreement for services shall be on file and available for inspection by members of the public in accordance with law.
3. This Resolution shall take effect as provided by law.

Vice Chairman Verdonik seconded the motion which passed unanimously upon the following roll call vote:

AYES	:	Chairman Voorman, Commissioners Howard, Lampmann, and Verdonik
NAYS	:	None
ABSENT	:	Commissioners Gall and Metcalfe
ABSTAIN	:	None

UNFINISHED BUSINESS

1. Insurance Consultant Contract

As indicated by his March 21st letter to the Board, Mr. Kelly advised that Stanford Risk Management has proposed to undertake the insurance consultant services for the same fee as the prior year, namely, a fee not-to-exceed \$1400. He noted, on Commissioner Metcalfe's advice, that Stanford Risk Management has limited the scope of services primarily to review and analysis of the broker's proposal along with related review of the insurance contracts on issuance to assure that the

coverages are correct and, if not, to work with the broker to resolve any inconsistencies.

Following further discussion, Commissioner Howard moved approval of the following resolution (**Resolution No. R-12-3-3**):

WHEREAS, the Pequannock River Basin Regional Sewerage Authority ("Authority") desires to retain the services of an insurance consultant to provide services associated with insurance consultation and related services; and

WHEREAS, the Authority is authorized by N.J.S.A. 40A:11-5(1) (m) to award a contract for the provisions of insurance consultant services as an extraordinary unspecifiable service; and

WHEREAS, the Authority has reviewed the Certification of even date delivered in accordance with the regulations of the Division of Local Government Services;

WHEREAS, funds are available for these services;

NOW, THEREFORE, BE IT RESOLVED, by the Pequannock River Basin Regional Sewerage Authority in the State of New Jersey on this 21st day of March 2012as follows:

1. The Authority does hereby name and designate John Campanile of Stanford Risk Management Services, Inc. to provide insurance consultant services as required and subject to the requirements of the Local Public Contracts Law.
2. The Chairman is authorized to execute an agreement therewith for the provision of such service which agreement shall provide for compensation at the rate of \$175.00 an hour, not to exceed \$1,400.00 without further approval, including out of pocket expenses. This contract is awarded for the provision of extraordinary, unspecifiable services pursuant to N.J.S.A. 40A:11-5(1)(a)(ii) and pursuant to N.J.S.A. 40A:11-5(m).
3. The Secretary is authorized and directed to cause a copy of this Resolution to be published in the official newspaper of the Authority concerning the appointment of the aforesaid consultant within ten (10) days of the date hereof. The aforesaid firm shall be paid from funds appropriated for these purposes in accordance with the duly adopted budget of the Authority, and other implementing actions of the Authority. The agreement for services shall be on file and available for inspection by members of the public in accordance with law.
4. This Resolution shall take effect as provided by law.

Commissioner Lampmann seconded the motion which passed unanimously in the following roll call vote:

AYES	:	Chairman Voorman, Commissioners Howard, Lampmann, and Verdonik
NAYS	:	None
ABSENT	:	Commissioners Gall and Metcalfe
ABSTAIN	:	None

2. PRBRSA Website

Based on his recent meeting with Sharon Meade, Mr. Kelly explained that Up & Running had been working with an outside website designer who is evidently no longer available to work on the Pequannock River Basin website. That being the case, he said that he has been in contact with AEA to obtain a list of website designers that have developed other Authority websites and so will work directly with a designer to finalize the PRBRSA website. In that process he noted that he would draw upon Up & Running if there are any technical issues that need to be resolved in that process.

Commenting on that process, Commissioner Howard stated that Up & Running should not be involved at all, that the work should be completed exclusively through the new website designer. Mr. Kelly agreed that Up & Running's involvement would be minimal yet explained that there may be technical issues where the services of the computer consultant would prove helpful and therefore advised that he would limit Up & Running's involvement to that extent.

NEW BUSINESS

1. Shared Services Agreement (Qualified Purchase Agent)

Mr. Brewer explained that his office has prepared a resolution along with a draft of the Shared Services Agreement to utilize Butler's Qualified Purchasing Agent which will be forwarded to Butler for review and comment before it is considered for formal adoption by the Authority.

2. Records Management

Mr. Kelly reported on his and his staff's meeting with James Richardson of Digiscribe, a firm suggested by Commissioner Metcalfe. He said the meeting was

productive and referred to the status update explained by his letter transmitting the March 14th Digiscribe proposal.

3. LFB Financial Disclosure Statements

Mr. Kelly indicated that his office has received most of the LFB Financial Disclosure statements which are due to be filed with the state prior to April 30th. He said his office would issue copies of the filings from last year to any Commissioners who have not yet submitted the LFB form.

PAYMENT OF BILLS

1. Operating Budget

3.1 Operating Request for Payment No. 300 (March 2012)

Treasurer Lampmann presented the Bills as listed on Operating Request for Payment No. 300 for payment as follows:

**SUMMARY OF VOUCHERS FOR
 OPERATING EXPENSES**

Operating Request for Payment No. 300

The following bills have been reviewed and are recommended for approval for payment at the **March 21, 2012** meeting of the Authority from the Operating Account (Wells Fargo Bank Account 1425985).

	<u>PRBRSA</u>	<u>VOUCHER</u>	<u>VOUCHE</u>	<u>R</u>	<u>PAYMENT</u>	
	<u>ACCT. NO.</u>	<u>NO.</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>CHECK PAYABLE TO</u>	
1)	33.01	OP-12-3-1	09/10/10	\$ 2,376.00	Borough of Butler	
2)	24.05	OP-12-3-2	03/17/12	\$ 250.00	Borough of Butler	
3)	33.03	OP-12-3-3	03/04/12	\$ 32.90	Verizon	
4)	33.03	OP-12-3-4	02/28/12	\$ 32.90	Verizon	
5)	33.03	OP-12-3-5	02/23/13	\$ 29.20	Verizon	
6)	33.03	OP-12-3-6	02/04/12	\$ 32.90	Verizon	
7)	33.03	OP-12-3-7	3/1/2012	\$ 17.96	Butler Electric	
8)	33.03	OP-12-3-8	3/6/2012	\$ 3.25	JCP&L	

Meeting Minutes
 March 21, 2012 Regular Meeting

9)	24.04	OP-12-3-9	2/29/2012	\$ 259.80	Trukmann's Reprographics
10)	24.04	OP-12-3-10	2/29/2012	\$ 243.57	Chatham Print & Design
11)	33.25	OP-12-3-11	02/21/12	\$ 3,315.00	Borough of Butler
12)	22.01	OP-12-3-12	3/8/2012	\$ 3,689.70	Maraziti, Falcon & Healey
13)	22.03	OP-12-3-13	3/5/2012	\$ 10,400.00	Kelly Engineering
14)	32.02	OP-12-3-14	3/6/2012	\$ 5,306.02	Kelly Engineering
15)	24.07	OP-12-3-15	3/2/2012	\$ 174.95	Kelly Engineering
16)	32.02	OP-12-3-16	3/16/2012	\$ 3,860.49	Kelly Engineering
17)	22.02	OP-12-3-17	2/8/2012	\$ 14,000.00	Ferraioli, Wielkocz, Cerullo & Cuva
18)	22.02	OP-12-3-18	2/20/2012	\$ 1,442.50	Ferraioli, Wielkocz, Cerullo & Cuva
19)	33.16	OP-12-3-19	3/6/2012	\$ 2,811.70	ADS, LLC
20)	33.16	OP-12-3-20	3/6/2012	\$ 2,811.70	ADS, LLC
21)	33.24	OP-12-3-21	2/27/2012	\$ 4,170.60	Oswald Enterprises
22)	33.24	OP-12-3-22	2/27/2012	\$ 5,831.60	Oswald Enterprises
23)	22.05	OP-12-3-23	3/2/2012	\$ 189.00	Marathon Computer Sys
24)	22.05	OP-12-3-24	2/22/2012	\$ 300.00	Marathon Computer Sys
25)	33.03	OP-12-3-25	02/28/12	\$ <u>32.90</u>	Verizon

TOTAL: \$ 61,614.64

Vice Chairman Verdonik moved payment of the bills as presented on Operating Request for Payment No. 300. That motion was seconded by Commissioner Howard and was approved unanimously on the following roll call vote:

- AYES** : Chairman Voorman, Commissioners Howard, Lampmann and Verdonik
- NAYS** : None
- ABSENT** : Commissioners Gall and Metcalfe
- ABSTAIN** : None

OPEN MEETING FOR PUBLIC COMMENT

Meeting Minutes
March 21, 2012 Regular Meeting

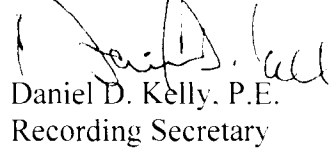
There being no members of the public present, Chairman Voorman dispensed with the public participation portion of the meeting.

ADJOURNMENT

Commissioner Howard moved for adjournment at approximately 8:50 pm. That motion was seconded by Commissioner Lampmann and approved unanimously on voice vote.

At approximately 8:50 pm, the meeting was adjourned.

Respectfully submitted,



Daniel D. Kelly, P.E.
Recording Secretary

Enclosure: Treasurer's Report for the period ending February 29, 2012