

**MINUTES
HARDYSTON TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY
January 9, 2017**

The meeting of the Hardyston Township Municipal Utilities Authority was held on Monday November 7, 2016, 7:00 p.m., at the Municipal Building located at 149 Wheatsworth Road. Members present were: Mr. Cicerale, Mr. Kula, Mr. Marples (arrived 7:15), Mr. Kaminski, and Mr. O’Grady. Absent: Mr. Roof. Also present Ryan Scerbo, Paul Cuva, Mike Vreeland, Marianne Smith, and Bob Shultz.

After salute to the flag, Mr. Cicerale stated compliance with the Open Public Meetings Act.

Minutes: A MOTION was made by Kaminski, seconded by Kula, to approve the minutes of the November 7, 2016 meeting. In favor, Cicerale, Kula, and Kaminski. Abstain; O’Grady.

The meeting for December was cancelled.

OLD BUSINESS:

Indian Fields:

Phase II As-Built Plans-

Phase III Conveyance – Ryan stated that we are at a point where all the documents have been agreed upon by the parties involved. A checklist is being put together and a closing date is being worked on. The consultant for Beazer is no longer with them, thus we are working directly with Beazer again. Ryan requested authorization for finalization and conveyance.

A MOTION was made by O’Grady seconded by Kaminski to authorize the HTMUA attorney and engineer to arrange and complete the conveyance closing procedures for the water and sewer portion of Phase III of the Indian Fields Development. In favor: Cicerale, Kula, Marples, Kaminski, and O’Grady.

Bonds – Ryan has not heard anything, it is still being pursued by the town attorney.

Well #3- Mike stated nothing new to report. We are waiting for the contractor to have the opportunity to do the required work. The contractor we have used in the past for the annual well certification for Well #2 will be providing the service again for the same price, \$400.

Irrigation billing/metering- Gail stated during the meter reading of the irrigation meters in Indian Field and after coordinating the correct readings of the meters it was discovered that two locations showed negative readings. Bryan Burdalski from Rio Supply inspected the meters and with a mobile data collector was able to capture the history of usage and pinpoint the issue. Two locations had backflow of water equaling 800 gallons. The data collector was also able to capture the exact time and date, which helped us determine that the backflow occurred at the same time the irrigation contractor was preparing the lines for the winter season. This brings up

an issue which we may want to pursue, replacing the 79 homes in Indian Fields which have their own individual irrigation systems. Further discussion was held regarding the back flow situation, irrigation, and other issues. Ryan will be checking into the backflow issue and the NJDEP. Bob stated we will have more information at the next meeting as to our options and issues that could be potential problems in the near future.

Crystal Springs:

Shotmeyer Tract/ Bypass- Ryan stated a resolution was completed and provided to Crystal Springs as a result of last month's meeting. On March 1st Crystal Springs is to provide a status to the HTMUA on the project. As of today there has been no change in status in regards to building permits. Marianne stated a great deal of the property taxes were paid and there has been no change or update to financing.

High Ridge Properties:

Marianne stated a conference call is in the process of being scheduled.

Mountain Ridge (Ridgefield Commons) Emergency Interconnection –

Ryan stated he has reached out several times, including today, no response has been received.

North Church Technical Center:

Marianne stated a conference call was held last week. The Hess's were brought back into the conversation even if we can get them back into the same contract as before. The attorney for the property owners stated he only represents about half of the property owners. Hess's would most likely be looking for some type of release and the town would have to have an agreement before there is any investment. The township has directed Mike to put together an RFP for the upgrade, including the specifications and costs involved, which is being provided to the property owners. The town is trying to get this to code, without the cost or responsibility of the system.

New Business

Nothing new at this time.

PAYMENT OF BILLS:

A MOTION was made by Kula and seconded by O'Grady to pay the bills, for December 2016 as per the bill list. In favor: Cicerale, Kula, Marples, Marples, Kaminski, and O'Grady.

A MOTION was made by Kula and seconded by O'Grady to pay the bills, for January 2017 as per the bill list. In favor: Cicerale, Kula, Marples, Marples, Kaminski, and O'Grady.

CORRESPONDENCE:

A MOTION was made by Kula and seconded by O'GradyMarples to accept the correspondence as presented, for OctoberJanuary 2017. In favor: Cicerale, Kula, Marples, Kaminski, and O'Grady.

OFFICER'S REPORTS:

Nothing at this time.

METERING:

Mr. Kula stated, with regards to the metering, whenever we work on capital projects we get an inventory with a useful life. Mike stated we can provide the age and quantity. Mr. Kula stated we haven't really had a schedule with regards to replacement and inventory.

INTERLOCAL SERVICE AGREEMENT CONTRACT – CFO SERVICES (Sparta):

Marianne stated a meeting was held with Sparta. An arrangement was carved out to gradually reduce the contract. Gail is taking courses towards the CFO certification, which will take a couple of years along with mentoring. The intention is that the CFO would remain for the town level and he would provide the service of a QPA for the HTMUA. The contract is for a 3 year period.

A MOTION was made by Kula seconded by Kaminski authorizing the execution of an interlocal services agreement with the Township of Sparta for the services of a Chief Financial Officer for period of three years, commencing January 1, 2017. In favor: Cicerale, Kula, Marples, Marples, Kaminski, and O'Grady.

AUDIT PRESENTATION (2015-16):

Paul presented a snap shot of the last five years highlighting financial operations. This is on a GAAP basis. There is a negative net change in net assets which is attributable to depreciation and amortization of our organizational costs. Operationally and budgetary we are making a profit, but are we providing for replacement of our assets, yes and no. We are transferring money into our R&R fund but through our operational budget we haven't been doing that. Based on the chart the R&R undesignated money is being moved to designated money, which the chart depicts. We can no longer do that as we no longer have the funds in the undesignated R&R.

Paul presented the audit. Mr. Cicerale questioned the amount remaining in the R&R fund; \$ 2,627,000 which is up compared to last year. Discussion was held regarding the parts of the developments which have not been conveyed over to us and as it relates to the asset list.

Paul stated there were two comments made as a result of the audit; no properly maintained fixed asset schedule and two contracts which exceeded the quote threshold were awarded without quotations or documentation describing the emergency.

Ryan stated he reviewed and discussed with Gail the two contracts; Beaver Run and Crystal Springs generator. The resolution stated the necessity for the health safety and welfare of the system, what is not known is whether there were notes, quotes or documentation as it relates to the purchases. The rules and regulations were pulled and a memo drafted as a reference for further contracts, including emergency based on the operators presentation to Gail for processing of a voucher. Discussion was held regarding the purchase and reason for the two generators. A response is necessary to the two comments on the audit. Marianne stated if Ryan could initiate the response and then we will all confer. Paul will provide updated information to Ryan with regards to the drafted memo.

Ryan stated there was an additional item, Swedeland Development Corporation which is listed as a liability in the amount of \$7,400. This is a deposit made by an entity several years ago, which went into bankruptcy. The only thing that could be offered is it could be sent to the State as unclaimed property. It is not a simple process; it may cost a substantial amount to resolve the issue and could amount to more than what is listed on the books. As long we can find something that doesn't indicate that we do not owe the entity this money. Ryan will continue research on this issue.

PROFESSIONAL'S REPORTS:

Administrator – nothing further

Operator – Bob stated Ron and Mike have been discussing long term plans to dedicate personnel with regards to locations of shut off valves, mains, maintenance schedules, etc. This will allow us to react and plan ahead from an operational stand point. By doing this it will allow us to tie the whole operations together.

Billing Clerk – Next month is our reorganization meeting.

CFO –not present

Accountant – nothing further

Attorney – nothing further

Engineer – Mike stated we have reached out to the water tank company to begin proceeding with inspection of the Crystal Springs location.

OPEN PUBLIC PORTION:

The meeting was opened to the public.

As there were no members of the public present, the meeting was closed to the public.

There being no further business, A MOTION was made by O'Grady to adjourn, meeting adjourned.

Respectfully submitted,

Gail Hensal
Recording Secretary