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RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY  
REGULAR MEETING MINUTES

SEPTEMBER 18, 2019

365 Old York Road, Flemington, New Jersey  
(908) 782-7453 Office (908) 782-7466 Fax

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1. **MEETING CALLED TO ORDER AT 5:00 PM**

The meeting of the Raritan Township Municipal Utilities Authority (RTMUA) was called to order stating that the meeting had been advertised in accordance with the Open Public Meetings Act setting forth the time with the RTMUA office as the place of said meeting. It was further stated that a copy of the Agenda was posted on the RTMUA office bulletin board.

2. **ATTENDANCE ROLL CALL:**

Mr. Grand	Here
Mr. Hazard	Here
Mr. Kendzulak, Jr.	Here
Mrs. Robitzski	Here (arrived at 5:29 pm)
Mr. Tully	Absent

Also present were Raymond Frank, RTMUA Chief Operator; Regina Nicaretta, RTMUA Executive Secretary; Dan Madden, PE, Johnson, Mirmiran & Thompson; C. Gregory Watts, Esquire, Watts, Tice & Skowronek.

3. **PLEDGE OF ALLEGIANCE**

4. **APPLICATIONS:**

None

Mr. Kendzulak, Jr. – Mr. Cragin, do you want to discuss the Audit?

Mr. Cragin – I have a couple of items to be discussed in Open Session and a couple of items for Closed Session. We're presenting the Audit for November 30, 2018, this is significantly passed the due date of March 30<sup>th</sup>. The delay was that the State needed to provide us with numbers related to a new accounting standard, that was implemented this year, GASB 75. GASB 68, was bringing a Pension liability onto the books of the Authority. GASB 75 is bringing a liability onto the books of the Authority for post-employment benefits, basically, retiree health insurance. You are in the State Health Benefits, so we needed the State to provide certain numbers so that we could include them in your financial statements. Those numbers ended up not being provided until late July so by the time we did our testing on that information, the Audit Report was issued on August 20<sup>th</sup>. The net effect of that liability that was brought onto the books for post-employment benefits resulted in a prior period adjustment of just over eight million dollars. The effect of that was it brought your net position or fund balance down by eight million dollars. At the end of November 30, 2018, the Authority was in an unrestricted net position deficit of just over eleven million dollars. It's a problem that all the Authorities and all the school districts face in New Jersey, and these statements were implemented throughout the United States. It wasn't required to be recorded previously and it wasn't something everyone was looking at but now the GASB in their attempt to be transparent is bringing all these liabilities onto the balance sheet so that they can be considered. As of November 30, 2018, you have a six point two-million-dollar liability, basically the actuaries are estimating as of November 30<sup>th</sup>, you will have to pay six million dollars in health benefits for retirees. The other big chunk of that is net pension. Net pension is that you'll have to pay five million dollars into the State so they can make pension payments to your retirees after they leave. For both of these numbers, you make your contributions as required. The pension is the big payment you make around every April 1<sup>st</sup> the State says you have to pay x amount of dollars and you make that payment every year. We don't anticipate any changes in that and the same thing with the health insurance. You get your health insurance bill every month and you make those payments. We don't foresee any changes to budgeting processes or any other impact because of that but these numbers represent an actuary estimate of how much it's going to cost the Authority to pay those.

Mr. Kendzulak, Jr. – It's not like we have to set up a kitty here of eleven million dollars to meet these obligations. It's every year that its coming due, we're on the hook for eleven million dollars but it's going to be spread out every year.

Mr. Cragin – Your cash requirements are to make sure you can make your April 1<sup>st</sup> payments every year.

Mr. Kendzulak, Jr. – It has been built into our budget and we're doing that now.



Mr. Cragin – The GASB 75 liability, that's built into your budget because you budget for health insurance for your current employees and your retirees.

Mr. Kendzulak, Jr. – It's not something that's going to come up and say "it's time to pay this eleven million dollars."

Mr. Cragin – Right.

Mr. Kendzulak, Jr. – So, what I'm hearing and correct me if I'm wrong; is that the path that we're going down now, is fine. It just highlights that we have a five-million-dollar pension obligation that's going to be paid out until everyone's last day and the same thing with the health benefits.

Mr. Cragin – There is no Authority that I'm aware of in New Jersey that has a separate account for post-employment benefits, for pension obligations or anything like that. You guys just need to continue to do what you've been doing and expect, depending on the investments in the Pension Fund, that the Pension payment April 1<sup>st</sup> is probably going to continue to increase and be something you'll need to continue to watch out for and given the state of health insurance in America, health insurance premiums will probably continue to increase and that will also be a factor in the budget. There was one Finding in the report. It's a repeat Finding, there were some issues following Local Public Contract Laws, in one instance, you're required to advertise for a bid and you went out for a bid for chemicals. You went through every step except for the formal advertisement. You reached out to all of the different vendors, you got the bids in, you opened the bids, you did everything you were supposed to but the formal action of advertising was missed. The other issue was the Contract for Special Projects Engineer was over extended. That one was carried forward from last year. The issue is, there are a couple of different years in play. You have the Authority Fiscal Year which goes from December to November, then you have your Reorganization meeting in February and you award the Contracts from there and your awarding the Contract from February to January. You have to monitor the award of that Contract and that was the part that got missed. The monitoring of the Budget to make sure the Budget wasn't over extended was done; it was the fact that when you award a contract for a specific amount, it has to be monitored. With the Authority changing their year-end, I think this is an issue that is kind of going to go away naturally. We went over it with the Account Manager, this is the thing you need to watch out for not only to make sure you're not over extending the Budget but you're also not over extending specific awards. The other thing I need to go over is the signature stamps. There is an issue with the signature stamps where the Account Manager has a lot of different stamps of the Board members signatures. It came up where she was unable to get Board members in to sign checks and she ran it by me to make sure it would be okay to use signature stamps. I was unaware that she had those signature stamps. My recommendation at that point was because the Account Manager is specifically responsible for issuing checks, reconciling bank



statements and stuff like that, there's a segregation of duties or an internal control that should be put in place. The signature stamps can be an important part because checks have to be done in a timely manner, but to keep those signature stamps in somebody else's possession and possibly keep a log so that if she uses that signature stamp, that person can witness how the signature stamp is being used, for what purpose and things of that nature. Just create a level of control. I have to use a professional level of skepticism. I don't think there is any issue at all with any employee here where you would have fraud or potential fraud but it is better to insulate it. It's for the good of the employee and the good of the Authority.

Mr. Kendzulak, Jr. – As far as the internal control, what would that be?

Ms. Nicaretta – I have a locked drawer I can keep them in.

Mr. Kendzulak, Jr. – Okay, so we keep them in the locked drawer and we keep a log for if they're ever needed. Hopefully we don't run into that situation again but you never know. It could have created a problem doing business if we didn't have them.

Mr. Cragin – Something like, it was used on this date, there were no Board members available to sign, it doesn't have to be very detailed. One other item; you guys did a resolution to move your current Budget year from twelve months to thirteen months. My recommendation would be to do a Budget Amendment because when the Budget was originally formed it was designed to cover twelve months' worth of expenditures and you may run into a situation where thirteen months of expenditures can't be absorbed by the Budget you currently have so in this instance I would expect an extra month of expenditures but you're also going to receive an extra month of revenue. My recommendation is to amend the Budget at some point, not tonight, but before year end, amend the Budget, revenues and expenses to reflect that additional month.

Mr. Kendzulak, Jr. – It would have to be done before November 30<sup>th</sup>. We should take the guessing out of it and just do it in October.

Mr. Cragin – I went over it with the Account Manager today and explained to her that money doesn't have to be distributed equally, add another month to each line, when you get to the end of the Budget, there may be some lines that you may be running a little short on, and there may be a couple of lines that don't need the help. I told her she can apply the money to wherever she needs to; you're going to incur additional salary expenditures, additional benefit expenditures, etc.

Mr. Kendzulak, Jr. – You have a draft resolution for that?

Mr. Cragin – I sent to her what it will look like and she is going to work on distributing the numbers and going forward with that.

Mr. Kendzulak, Jr. – Okay, so we'll have it for the October meeting. I'd like to get through the rest of the Regular Session if you don't mind Mr. Cragin because we should have another Commissioner arriving shortly. We'll just go through these resolutions quickly.

5. **RESOLUTIONS:**

Resolution #2019 - 65      Audit Report Review for Fiscal year Ending November 30, 2018

Mr. Grand made a motion to approve Resolution #2019 – 65, Mr. Hazard seconded the motion.

Roll call vote:	Mr. Grand	-	Yes
	Mr. Hazard	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Mrs. Robitzski	-	Absent
	Mr. Tully	-	Absent

Resolution #2019 - 66      Corrective Action Plan

Mr. Grand made a motion to approve Resolution #2019 – 66, Mr. Hazard seconded the motion.

Roll call vote:	Mr. Grand	-	Yes
	Mr. Hazard	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Mrs. Robitzski	-	Absent
	Mr. Tully	-	Absent

Resolution #2019 - 67      Award of Contract for Purchase of Dry Polymer  
(Bid Amount = \$1.88 / lb.; \$35,720.00 total bid)

Mr. Hazard made a motion to approve Resolution #2019 – 67, Mr. Grand seconded the motion.

Roll call vote:	Mr. Grand	-	Yes
	Mr. Hazard	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Mrs. Robitzski	-	Absent
	Mr. Tully	-	Absent

Resolution #2019 - 68      Award of Contract for Purchase of Inorganic Sulfur Dioxide  
(Bid Amount = \$0.68 / lb.; \$40,800.00 total bid)

Mr. Hazard made a motion to approve Resolution #2019 – 68, Mr. Grand seconded the motion.

Roll call vote:	Mr. Grand	-	Yes
	Mr. Hazard	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Mrs. Robitzski	-	Absent
	Mr. Tully	-	Absent

Resolution #2019 - 69      Award of Contract for Purchase of Sodium Hypochlorite  
(Bid Amount = \$0.963 / gal.; \$72,225.00 total bid)

Mr. Grand made a motion to approve Resolution #2019 – 69, Mr. Hazard seconded the motion.

Roll call vote:	Mr. Grand	-	Yes
	Mr. Hazard	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Mrs. Robitzski	-	Absent
	Mr. Tully	-	Absent

Resolution #2019 - 70      Approval of Proposal for Janitorial Services  
(Proposal = \$9,780.00 for year)

Mr. Grand made a motion to approve Resolution #2019 – 70, Mr. Hazard seconded the motion.

Roll call vote:	Mr. Grand	-	Yes
	Mr. Hazard	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Mrs. Robitzski	-	Absent
	Mr. Tully	-	Absent



Resolution #2019 - 71      Approval of Proposal for Mowing Services  
(Proposal = \$420.00 / cut)

Mr. Hazard made a motion to approve Resolution #2019 – 71, Mr. Grand seconded the motion.

Roll call vote:	Mr. Grand	-	Yes
	Mr. Hazard	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Mrs. Robitzski	-	Absent
	Mr. Tully	-	Absent

Resolution #2019 - 72      Release of Performance Bond and Authorization to  
Execute Development Agreement / Maintenance  
Guarantee Pulte Homes of NJ (Hunterdon @  
Creekside)

Mr. Hazard made a motion to approve Resolution #2019 – 72, Mr. Grand seconded the motion.

Roll call vote:	Mr. Grand	-	Yes
	Mr. Hazard	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Mrs. Robitzski	-	Absent
	Mr. Tully	-	Absent

Resolution #2019 - 73      Return of L & E

Mr. Grand made a motion to approve Resolution #2019 – 73, Mr. Hazard seconded the motion.

Roll call vote:	Mr. Grand	-	Yes
	Mr. Hazard	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Mrs. Robitzski	-	Absent
	Mr. Tully	-	Absent

Resolution #2019 - 74      Resolution of Raritan Township Municipal Utilities Authority to Call upon the New Jersey Legislature to Reject Senate Bill 3870 and Assembly Bill 5391

Mr. Hazard made a motion to approve Resolution #2019 – 74, Mr. Grand seconded the motion.

Roll call vote:	Mr. Grand	-	Yes
	Mr. Hazard	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Mrs. Robitzski	-	Absent
	Mr. Tully	-	Absent

6. **Approval of Minutes:**      Minutes of August 28, 2019

Mr. Grand made a motion to approve the minutes from the August 28, 2019 meeting. Mr. Hazard seconded the motion. All were in favor.

7. **Treasurer's Report / Payment of Bills:**

Mr. Kendzulak, Jr. - The bills totaled \$553,826.65; all appears to be in order. If you look at the last light green page, being conservative, we're through August, which would be ten months' through the year; roughly 83% of our budget. We've expended 69% of our budget and at this time last year we spent not quite 80% of the budget. I'm comfortable with where we are with the budget. As Mr. Cragin indicated, we're obviously going to have to increase this budget to carry us through the extra month to the end of the year.

Mr. Grand made a motion to approve the payment of bills. Mr. Hazard seconded the motion.

Roll call vote:	Mr. Grand	-	Yes
	Mr. Hazard	-	Yes
	Mr. Kendzulak, Jr.	-	Yes
	Mrs. Robitzski	-	Absent
	Mr. Tully	-	Absent

8. **Citizens' Privilege:**

None



9. **Adjourn into Closed Session by Motion, if Needed**

Mr. Kendzulak, Jr. – I'd like to go into Closed Session to discuss litigation about the outstanding bond payment with Flemington Borough and Personnel Matters. Some action may be taken at the conclusion of the Closed Session.

Mr. Hazard made a motion to adjourn into Closed Session for the above stated purpose and Mr. Grand seconded the motion. Closed Session was from 5:20 pm – 6:26 pm.

10. **Adjournment of Regular Meeting:**

Mr. Grand made a motion to adjourn the Regular Meeting. Mr. Hazard seconded the motion. All were in favor.

RARITAN TOWNSHIP MUNICIPAL UTILITIES AUTHORITY  
WORK SESSION MINUTES

SEPTEMBER 18, 2019

365 Old York Road, Flemington, New Jersey

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1. **The Work Session** of the Raritan Township Municipal Utilities Authority will be called to order upon the adjournment of the Regular Meeting.
2. **Correspondence:**  
  
None
3. **Unfinished Business:**  
  
None
4. **New Business:**  
  
None
5. **Professional Reports:**
  - a) Attorney - None
  - b) Engineer –

Mr. Madden – The clarifier project, they're working on the second clarifier, the first one is up and running and so far, everything is working great. They should be done with clarifier number two by the end of October beginning of November. Mr. Frank was talking about the Equalization Tank Rehabilitation Project. We have plans that I just gave him for his review. We've been monitoring flows, flows are dropping, we've seen a decrease in the past two months, the trend for September looks pretty good. The ground water is starting to taper off too so that's an indicator there that we'll have less issues with sump pumps and things like that. We're moving along with the GIS program, we're putting that in place, some of the work has been done and we should be wrapping that up in the next month or so. The last thing, I worked with Mr. Watts on a formal response to the Flemington Borough letter. If that's discussed I guess that will be in Closed Session.

Mr. Kendzulak, Jr. – Inflow and infiltration, where are we, the flows are down, are we out there aggressively smoke testing and looking and searching and finding anything?

Mr. Madden – I understand that the camera came back recently so they'll go back out and do some more TV work. Most of the smoke testing in the areas we wanted to do are done.

Mr. Kendzulak, Jr. – The camera is in the Budget for next year?

Mr. Frank – Yes, along with the flow meters.

**6. RTMUA REPORTS:**

a) ADMINISTRATIVE / OPERATIONS REPORT

1. Chief Operator / Director's Report

Mr. Frank – ACUA is shutting down again which means I have to close septage again which severely affects our revenues.

Mr. Kendzulak, Jr. – What's going on with them?

Mr. Frank – This one is the normal, scheduled shut down.

Mr. Madden – They had some issues with their incinerator previously. From what I understand, they're looking to rebuild it. They've been having a lot of problems with it.

Mr. Kendzulak, Jr. – It has had significant impacts on our revenue.

Mr. Frank – If it weren't for Stony Brook, we'd really be in bad shape.

a) Overtime Recap

b) Septage / Greywater Recap

2. Laboratory Summary

3. Maintenance Summary

4. Readington Flows

b) COMMISSIONERS' COMMENTS

None

**7. Discussion:**

a) Signature Stamps

Previously discussed.



b) Final Draft of Budget

Mr. Kendzulak, Jr. – We'll see the Budget on the next meeting Agenda.

Mr. Hazard - Maybe we can ask Mr. Cragin if we can review that, maybe a Budget meeting prior to him coming here maybe?

Mr. Kendzulak, Jr. – Yes, I guess we can. It'll be in our Packet that we get before the meeting but by all means if you want. I believe that the lion's share has been done and he should be able to get it to us quickly. Mr. Frank, can you ask him if he can get it to us a couple of weeks in advance?

Mr. Hazard – Yes, have it distributed early.

Mr. Kendzulak, Jr. – This way if we have questions, it can be addressed. Obviously, revenue is a big thing, meaning what is the rate increase going to be?

**8. Adjourn into Closed Session by Motion, if Needed**

Mr. Kendzulak, Jr. – We will be going into a short Closed Session to discuss Contractual Issues; we do not anticipate any official action will need to be taken once we come out of Closed Session.

Mr. Hazard made a motion to adjourn into Closed Session for the above stated purpose and Mr. Grand seconded the motion. Closed Session was from 6:36 pm – 6:49.

**9. Adjournment of Work Session:**

Mrs. Robitzski made a motion to adjourn the Work Session. Mr. Grand seconded the motion. All were in favor. The meeting ended at 6:50 pm.