

**MINUTES OF THE BOARD MEETING
THE SOMERSET RARITAN VALLEY SEWERAGE AUTHORITY
JULY 25, 2022**

Minute 1 - Opening of Meeting

The Board Meeting of the Somerset Raritan Valley Sewerage Authority was called to order at 7:00 P.M. by Chairman Michael Impellizeri.

Minute 2 - Open Public Meetings Announcement

The Open Public Meeting Announcement was read by the Executive Director, Ronald S. Anastasio.

Minute 3 - Roll Call

Robert Albano	Present	Philip Petrone	Present
Louis Esposito, Jr	Present	Reinhard Pratt	Present (Teams)
Joseph Lifrieri	Present	Gail Quabeck	Present (Teams)
Edward Machala	Present	Randy Smith	<i>Absent **</i>
Richard Mathews	Present	Peter Stires	Present
Michael Pappas	<i>Absent*</i>	Michael Impellizeri	Present

*Mr. Pappas joined the meeting via Teams at 7:03 p.m.

**Mr. Smith joined the meeting via Teams at 7:01 p.m.

Authority Staff

Ronald Anastasio, P.E., Executive Director	Present (via Teams)
Sherwin Ulep, P.E., Facility Engineer	Present (via Teams)
Anthony Tambasco, Plant Superintendent	Present
Michael Ingenito, Chief Plant Operator	Absent
Dennis Smith, Supervisor Liquid Division	Present
Ellie Hoffman, P.E., Regulatory Compliance Engineer	Present (Teams)
Linda Hering, Human Resources Manager	Present
Peter Wozniak, Chief Financial Officer	Present (Teams)
Christian Santiago, Staff Engineer	Present (Teams)

Professional Staff

Thomas Schoettle, P.E., CDM Smith	Present
Brad Carney, Esq., Maraziti Falcon, LLP	Present (Teams)

Minute 4 – Pledge of Allegiance

All in attendance saluted the flag.

Minute 5 – Approval of Minutes:

1. Board Meeting Open Session Minutes – June 27, 2022

With the Motion of Mr. Albano, Second of Mr. Mathews, the Minutes of the June 27, 2022 Meeting (Open Session) were approved by the following roll call vote:

Roll Call Vote:

Robert Albano	Yes	Philip Petrone	Abstain
Louis Esposito, Jr	Abstain	Reinhard Pratt	Yes
Joseph Lifrieri	Yes	Gail Quabeck	Yes
Edward Machala	Yes	Randy Smith	Yes
Richard Mathews	Yes	Peter Stires	Abstain
Michael Pappas	Absent	Michael Impellizeri	Yes

2. Board Meeting Closed Session Minutes – June 27, 2022

With the Motion of Mr. Lifrieri, Second of Mr. Mathews, the Minutes of the June 27, 2022 Meeting (Closed Session), were approved by the following roll call vote:

Roll Call Vote:

Robert Albano	Yes	Philip Petrone	Abstain
Louis Esposito, Jr	Abstain	Reinhard Pratt	Yes
Joseph Lifrieri	Yes	Gail Quabeck	Yes
Edward Machala	Yes	Randy Smith	Yes
Richard Mathews	Yes	Peter Stires	Abstain
Michael Pappas	Absent	Michael Impellizeri	Yes

Minute 6 – Public Hearing – NONE

Minute 7 – Public Participation: No public present.

Minute 8 – Consent Agenda: Resolutions for Consideration and Possible Formal Action

Mr. Anastasio indicated that we had to make a change to Resolution No. 22-0725-4 this afternoon and he will read into the record what those changes are.

In the title after the words “Project Work Items”, we added the words “and Accepting the Work”. We also added a recital clause, another WHEREAS clause that reads:

“WHEREAS, as per the letter from CDM Smith, dated July 25, 2022, indicating that the work is completed and recommends that the Authority accept the work, and”. Then the last recital is the financial language from our CFO.

The other change, we added a paragraph to the Resolution, now the first paragraph reads:

“NOW, THEREFORE BE IT RESOLVED by the Somerset Raritan Valley Sewerage Authority hereby accepts all work performed for the Contract C-17-1 by PKF Mark III and authorizes the release of the remaining retainage in the amount of \$200,157.49, upon receipt of the Maintenance Bond, and”.

The rest of the “Be It Further Resolved” paragraphs are the same. Those are all the changes to #4 we have tonight.

Mr. Pappas requested that Resolution No. 22-0725-4 be pulled from the Consent Agenda and be voted on separately. Brad Carney indicated that if the Commissioner wants a Resolution removed from the Consent Agenda, it can happen.

Mr. Impellizeri then stated that we will break the Consent Agenda out into two parts. Resolutions #1, 2, and 3 will be one vote, and #4 will be done by itself.

1. **Res. No. 22-0725-1** – Resolution Authorizing the Issuance of an Initial Non-Domestic Wastewater Discharge Permit to PTC Therapeutics, Inc.
2. **Res. No. 22-0725-2** – Resolution Granting Permanent Status to Christian Santiago as the Authority’s Staff Engineer
3. **Res. No. 22-0725-3** – Resolution Accepting the Recommendations of the Planning and Finance Committees to Proceed with the 1958 Main Interceptor Pipe Rehabilitation Project and the Plantwide Mechanical Rehabilitation Project and to Obtain Proposals for Engineering Services

Mr. Impellizeri asked there were any further comments or questions with regard to the resolutions. Hearing none, and upon the Motion of Mr. Machala, Second of Mr. Stires, the above Resolutions were approved by the following roll call vote:

Roll Call Vote:

Robert Albano	Yes	Philip Petrone	Yes
Louis Esposito, Jr	Yes	Reinhard Pratt	Yes
Joseph Lifrieri	Yes	Gail Quabeck	Yes
Edward Machala	Yes	Randy Smith	Yes
Richard Mathews	Yes	Peter Stires	Yes
Michael Pappas	Yes	Michael Impellizeri	Yes

4. **Res. No. 22-0725-4** – Resolution Authorizing Change Order No. 7 for Various Project Work Items - Contract C-17-1 – Storm Control Treatment Facility Construction Project

Mr. Impellizeri stated that for Res. No. 22-0725-4, as amended and upon a Motion of Mr. Stires, Second of Mr. Mathews, the above Resolution was approved by the following roll call vote:

A discussion then ensued wherein Mr. Pappas stated that he will be opposing this Resolution primarily because of the third WHEREAS, the outstanding delay claim. From what he understands, because it is in the Resolution that it has not been resolved and we are giving up leverage, I will vote no. Ms. Quabeck stated that it really is not leverage because we owe them the money. Mr. Albano asked Mr. Pappas what leverage do you think this gives us? Mr. Carney then stated that he thinks this would be more appropriate for an Executive Session item since we are talking about a contract negotiation or Change Order, if you really want to get into the substance like we are doing. He would recommend a Closed Session. Ms. Quabeck then stated that since we have a Motion and a Second, we should just call the Roll. Mr. Carney stated that we can do that as well.

Roll Call

Robert Albano	No	Philip Petrone	Yes
Louis Esposito, Jr	Yes	Reinhard Pratt	Yes
Joseph Lifrieri	No	Gail Quabeck	Yes
Edward Machala	Yes	Randy Smith	Yes
Richard Mathews	Yes	Peter Stires	Yes
Michael Pappas	No	Michael Impellizeri	Yes

Minute 9 – Board Committees

Minute 10 – Chairman – Mr. Impellizeri has nothing to report.

Minute 11 - Reports

A. Executive Director's Report

A. Executive Director's Report

1. Update on PKF Mark III Construction Delay Claim

The update is that there is no update. We are still waiting to hear back from them. We received some information from them, but it is not relating to the negotiations as much as clarifying some amounts regarding some extra work items. We are hoping to be able to report to you in August.

2. Update on Inquiry of a Connection to the SRVSA Facilities of the Proposed Fox Hollow Affordable Housing Residential Development in Readington Township, Hunterdon County

In the report section, you'll see a letter that we wrote back to the engineer for the developer of this project. They made a submittal on May 13, 2022 with a number of items, and we reviewed the submittal and still had some outstanding items and questions. We sent that letter back and are waiting to hear back. It was just emailed not long ago, so there's no further update on this item.

Mr. Lifrieri commented that in the letter about Fox Hollow, he understands that Branchburg is getting \$2,000,000 in land to allow this to go through. A discussion then ensued. Mr. Anastasio states that according to the documents we received, yes, that is their arrangement in the MOU between the developer and the township. Did we know about this prior to this letter? Yes, we heard talk that they were getting land but we hadn't seen this MOU before so we didn't get the specifics but that was our understanding. We did know that they were getting some land. Mr. Lifrieri added that, with this deal, Branchburg is getting land that is worth money and an outside developer is getting to send their sewage to us, and we have to reduce what is available to our members in order to approve a sweetheart deal for Branchburg? Mr. Anastasio stated that if you look at that letter, there are a number of items that they have to provide to us before we can formally consider this. One of the items, which is a biggie, is Bridgewater has to consent to accepting this flow into the North Branch trunk. The way the 1966 or 1967 North Branch Trunk Agreement reads is that flow outside the limits of Branchburg Township has to be approved by both Bridgewater Township and the SRVSA. One of the conditions for us to be able to consider it, is that Bridgewater has to already say yes to it so that is on the lists of things the developer needs to obtain from Bridgewater Township. We are not up to that point yet, and we don't know if it can be considered because that is a requirement. Right now, we are asking for missing information. When we get more we will report back and I'm sure we will have discussions about this in the future. That is a hurdle that they have to get over and until then, that is really a threshold issue for us. Mr. Lifrieri asked what is to stop Warren, if they wanted to, to bring in an outside town's sewage flow and do the same thing? Mr. Anastasio responded that, in the 1971 Warren Township/Bridgewater Township/SRVSA Agreement, that agreement spells out exactly what can be serviced in Warren Township, which includes a northerly portion of Green Brook Township, but the agreements spell out what can come in. The agreements lay out the rules of

the road, and for this project, it is outside the bounds of Branchburg Township, and it was not connected at the time they signed the agreement, so approval is subject to both Bridgewater and the SRVSA. We are downstream, so until Bridgewater approves, we would not formally consider it. We couldn't review and put up for formal consideration, the Treatment Works Approval because they haven't met all the steps yet. There is plenty of other information as well. Will Bridgewater have the legal power to stop them if they just vote no? That is not for us to say. We are just waiting for more information. That is beyond the scope of tonight's discussion, let's just wait and see what we get and cross that bridge when we get to that. Mr. Pratt stated that he was not familiar with the land deal you are describing and if that is a miss on his part, he apologizes. Is there information on that in this month's book? Mr. Anastasio responded that it is in the letter in the Reports section, and for brevity purposes, he did not include all the information that was submitted on the 13th, but I am happy to do that if anyone has any questions. We can share the MOU and distribute it. Ms. Quabeck stated that Mr. Anastasio's letter back to them actually spells out all of the things that we are still looking for, that we need before we can even think about considering it. They have to supply all that information first and it points out that Bridgewater would have to agree.

Mr. Anastasio said there is nothing for us to do but he wanted to give the Board an update on the status of this inquiry.

3. Report on the Dissolution of the Warren Township Sewerage Authority

Mr. Anastasio stated that the Warren Township Sewerage Authority has been dissolved and Warren Township has stepped into their shoes. We discussed this with both our General Counsel and our Bond Counsel as to the implications of this. Warren Township is simply stepping into the shoes of Warren Township Sewerage Authority, and they have already gone in front of the Local Finance Board and have been heard. We haven't seen the Resolution of Approval yet, as they (the Local Finance Board) don't put them on their website. When we get that, it will be official and just ties this all up. I included the letter that was written to me from the Warren Township Business Administrator just putting us on notice. Mr. Lifrieri asked if they have to have some kind of wording in there about accepting the debt as well? Because the Authority was a separate entity from the town, correct? Mr. Anastasio responded yes, there are four resolutions as part of their act of doing this and what we want to do when the resolution from the Local Finance Board, which is part of the DCA down at the State government, we want to get our hands on all of the backup information. Joe Maraziti, Bob Beinfield and I talked about this. Mr. Carney was away when we had that call. We chatted about this and what Joe said is we will get the backup information and will put it into our "bible" of Service Agreements, and it will just be another chapter in the series of Service Agreements that affect the Authority. It is like another footnote. Simply put, Warren Township steps into the role of Warren Township Sewerage Authority so now they are the member. A commissioner asked is there any type of legal efforts that Warren has to do with the outgoing Warren Sewerage Authority and going to accept the debt? I don't know what their obligations are within Warren Township Sewerage Authority, but they do not affect us. When we get the Resolution from the Local Finance Board, it's final and then Bob and Joe plan to have the Board pass a Resolution acknowledging this, and in that Resolution we will have all these recitals that we receive this resolution and that resolution and the Local Finance Board that kind of ties this all up in a knot that they know they are assuming

the obligations of the Warren Township Sewerage Authority. I just wanted to put it on the agenda so I can mention it to the Board since we got this letter. I knew it was coming for a couple of months but now it is almost done and actually should be done. We just need to see the resolution from the LFB. It is just a footnote in our history. Ms. Quabeck also stated that it says right in the letter that Warren Township will assume all contractual obligations of the Authority. Once we get all the information, we will put a Resolution together to memorialize it on our end.

4. Update on the Sale of the Somerville System (and response letter to Somerville)

There have been newspaper articles about this and there has been talk around town. The apparent buyer is New Jersey American Water and there have been newspaper articles which indicate that the town will be getting, which I believe will be \$7M. There is a rate schedule for the first 5 years and what the rate increases will be. There is nothing for us to do but when we discussed this previously in closed session, and we issued our letter which was a result of our discussion which were the concerns of the SRVSA, we got a letter back from Somerville Borough. Some of you felt that that letter needed to be answered. Those letters are in the Reports section of your book, behind the Warren Township letter. You will see our letter to the Borough and behind it, will be the letter got from the Borough. Bottomline, the Borough said good luck with everything but we're not going to be paying more money if your borrowing costs go up. We sent a letter back saying we can't accept that.

Mr. Pappas indicated that a couple of months ago, our bond counsel was to issue some sort of an opinion about some of the concerns that we discussed. The minutes from the meeting last month, it was referenced that this letter has not been provided to the Commissioners. Ms. Quabeck stated that he was waiting for a letter from the State. Mr. Anastasio said there are two things: we sent a letter from the Board with our concerns, to Somerville. I did not include that in tonight's book because I included it last time, but I can distribute it to the Board again as a reminder. On the other point that Gail was making, our Bond Counsel reached out to the Bond Counsel for the State to discuss basically, how are we going to do this if Somerville goes private. The State has not gotten back to us yet on that. What they've typically done was wait for the Referendum to see if it goes through before they put any real work into this. It is not clear how they are going to handle this with 10% or 11% of our customer based by flow becoming now owned by a private entity. As Bond Counsel Beinfield talked about, there are ways that the New Jersey I-Bank can do that. There is an allocation of monies that don't have certain tax limitations on them which are basically the repayments from previous loans, as the fresh Federal money does, which cannot be for a private use. That is what we don't have and are waiting for. I can out to the Board, the letter we sent to Somerville back in late May which has our original concerns.

Mr. Pappas stated from his perspective, there is another issue here. I think our Bond Counsel or some legal advisor for the Commissioners, and I may be the only Commissioner, needs to give us their opinion about whether the actions of the Borough of Somerville could put the Authority's financing with the I-Bank in jeopardy in any manner that would necessitate our repayments. Because if our legal counsel, who should be able to give us their opinion without getting the I-Bank's commentary, then the Commissioners may then, appropriately, need to consider action that would protect the Authority in advance of the Referendum. Mr. Anastasio

stated that he can talk to them about that, formalizing what his opinion was which is what he gave us in Closed Session. Mr. Pappas said that was very nebulous because he doesn't know so I'm asking, and I'll make a Motion, that we ask the Bond Counsel to give us a written opinion about this matter.

There was a Motion of Mr. Pappas, Second of Mr. Albano, for Bond Counsel to render his opinion to the Board regarding the impact of Sale of Somerville's System, prior to the Referendum.

Roll Call for Motion:

Robert Albano	Yes	Philip Petrone	Yes
Louis Esposito, Jr	Yes	Reinhard Pratt	Yes
Joseph Lifrieri	Yes	Gail Quabeck	Yes
Edward Machala	Yes	Randy Smith	Yes
Richard Mathews	Yes	Peter Stires	Yes
Michael Pappas	Yes	Michael Impellizeri	Yes

5. Update on the Purchase of Electricity (Basic Generation Service)

We normally go out to bid for this to the market. As everyone knows, obviously with the geopolitical events, the energy market has been all over the place. We got prices back on April 7th that were above the trigger prices that we received from our energy agent. The lowest one was a little above the trigger price. We held back and didn't award. Since May 20th, we've been buying the Base Generation Service through PSE&G. Typically, and we've been tracking this many years now and Peter has been keeping tabs on this, how we do under the contract versus paying PSE&G on our electric bill. A lot of times, but not always, it costs us a little more over a two-year contract than if we just bought through PSE&G. That is not always certain. Sometimes, especially when unpredicted events happen, we save money by being on the contract. Obviously, it's a hindsight 20/20 thing. Being in the contract hasn't cost us much more money in some cycles but it has saved us a fair amount of money in other cycles, and it provides budget certainty. Right now, we are with PSE&G, and we left open a four-month window to refresh the prices for the purchase of this commodity. We are going to open bids and receive prices tomorrow and we'll see how things look. A month ago, when the group decided to dip our toes in the water again and get prices, the spot market was more than \$2 per million BPU's cheaper than it is today. It spiked up recently and there are geopolitical tensions; Russia and Germany want natural gas and there is a lot of stuff in the news. This makes the market bounce around like a ping pong ball. The forward-looking curves of the market show that next April, natural gas should be a lot lower and what I mean by that is right now, it is \$8 and the curves we saw a month ago had it at \$4. We were looking to possibly award an eight-month contract versus twelve month and even get prices on a twenty-four-month contract. We are taking the temperature tomorrow. Hopefully, we can award but if not we may have to ride out the market

for a while. We may go back out and bid the contract starting next May and that may give us a different result. Hopefully, we get a favorable result, favorable enough to award but we'll keep you posted. We just wanted to make you aware since we hadn't talked about electricity in a while.

I have nothing else to add unless anyone has any questions.

B. Engineer/Consultants – Mr. Schoettle stated that he had nothing else to add.

C. Attorney – Maraziti Falcon, LLP – Mr. Carney indicated he had nothing further to add.

D. Department Reports:

1. Operations
2. Regulatory Compliance
3. Laboratory
4. Maintenance/Electrical

Mr. Albano had a question for Christian or Sherwin. In your report, you talk about scanning drawings. Do we have our drawings archived someplace in a protected location so that nothing can happen to them? Mr. Ulep stated that we do have hard copies of drawings since 1980's located in our Print Room. It's been a while since we looked back and scanned most of the drawings, so this is another activity that Christian is doing. He is looking at most of the other shop drawings and plans and putting them in PDF format, so we have an electronic copy. Mr. Albano asked are we keeping anything offsite in the event of a catastrophe? Currently no, but the PDFs are updated every time and also backed up on our network.

Mr. Albano then had a question for Peter. In your report, I noticed that we redeemed about \$16 million of our investments. Where did it go? Peter stated that a little under \$6M went to the State of New Jersey Cash Management Fund. They run an investment pool for local governments at a better rate. We are in transition. For the past few months, banks were a better deal than treasuries and the State Cash Management Fund, so we were managing our interest earnings with the banks but now the tables have turned. Short term treasuries are paying much better rates than the banks. The banks are awash in money with a lot of local governments receiving federal stimulus dollars. The banks aren't quite as competitive, so the treasury market has been really looking good. We just bought our second treasury note for \$2M at about 3.05%. Some of the securities are coming in over 3% which is remarkable considering we were just at zero. So, to answer your question, about \$6M went to the State of New Jersey Cash Management Fund which improved interest earnings. We also moved about \$10M to the Bank of New York Mellon which has like a Treasury bill money market type fund for us so we can utilize the treasuries and we are also laddering out some 2-year Treasury Notes, so we are hoping to build that ladder out and have Treasury Notes maturing every 3 months for about 2 years out. Right now, the 2 year is yielding more than a 10 year. It is kind of an inverted yield curve, which is remarkable. We are really taking advantage of that for the Authority's benefit, and we will exceed budget estimates on interest earnings. Things are looking good. The Cash

Management Fund invests in securities at least A-rated, and it's never had a loss. Ms. Quabeck asked what the State's rate is now, and it is over 1%, on June 30th it was .88% but I believe right now it is 1.2 or 1.3. It is better than what we are doing on savings but we're working on improving the savings with the banks too. Things are moving fast but we are trying to scrape as much interest earnings as we can.

Mr. Anastasio stated that Peter does a great job maximizing out the interest rate. These little differences don't seem much, but they do add up. There are tens of thousands of dollars difference in income. He does a great job of staying on top of that. The treasuries are a new thing for us in our history, Peter and I, and our first treasury was over or around 2.5. Peter said it was 2.5 and the last one was over 3. When you talk about \$2M, it is a substantial amount of money. It makes a difference.

E. Facility Engineer Reports:

1. Facility Engineers Monthly Report
2. Capacity Allocation
3. Capacity Assurance
4. Monthly Flow Report

Minute 12 – Communications – Standard monthly communication submittals to the State are in the Board book.

Minute 13 - Res. No. 22-0725-5 – Payroll

Upon Motion of Mr. Machala, Second of Mr. Albano, the above Resolution was approved by the following roll call vote:

Roll Call Vote:

Robert Albano	Yes	Philip Petrone	Yes
Louis Esposito, Jr	Yes	Reinhard Pratt	Yes
Joseph Lifrieri	Yes	Gail Quabeck	Yes
Edward Machala	Yes	Randy Smith	Yes
Richard Mathews	Yes	Peter Stires	Yes
Michael Pappas	Yes	Michael Impellizeri	Yes

Minute 14 - Res. No. 22-0725-6 – Bills

Upon Motion of Mr. Albano, Second of Mr. Esposito, the above Resolution was approved by the following roll call vote:

Roll Call Vote:

Robert Albano	Yes	Philip Petrone	Yes
Louis Esposito, Jr	Yes	Reinhard Pratt	Yes
Joseph Lifrieri	Yes	Gail Quabeck	Yes
Edward Machala	Yes	Randy Smith	Yes
Richard Mathews	Yes	Peter Stires	Yes
Michael Pappas	Yes	Michael Impellizeri	Yes

Minute 15 - Adjournment

Upon Motion of Mr. Albano, Second of Mr. Lifrieri, the meeting was adjourned at 7:38 p.m.

Roll Call Vote:

Robert Albano	Yes	Philip Petrone	Yes
Louis Esposito, Jr	Yes	Reinhard Pratt	Yes
Joseph Lifrieri	Yes	Gail Quabeck	Yes
Edward Machala	Yes	Randy Smith	Yes
Richard Mathews	Yes	Peter Stires	Yes
Michael Pappas	Yes	Michael Impellizeri	Yes

**NEXT REGULAR BOARD MEETING WILL BE HELD ON
AUGUST 22, 2022**