

PLAINFIELD MUNICIPAL UTILITIES AUTHORITY

Special Meeting Minutes

November 17, 2009

Borgata Hotel, Atlantic City, New Jersey

Those in Attendance:

Commissioners

Carol Brokaw, Chairman
Harold Mitchell, Vice Chairman
Alex Toliver
Rev. Tracey Brown

Staff

Eric C. Watson
David Ervin
James Perry
Duane Young
Dollie Hamlin

Consultants

Leslie G. London, General
Counsel
McManimon & Scotland, L.L.C.
Jeffrey Bliss, Financial
Consultant, Lerch Vinci Higgins

The meeting was called to Order by Chairwoman Brokaw at approximately 9:15 a.m.

Eric Watson informed the Board that there are several matters that are negatively impacting the Authority's 2010 budget. Mr. Watson first identified the significant amount of the outstanding payments due to the Authority from the thirty Connolly properties that receive solid waste and sewerage services from the Authority. While the Authority is receiving some payment regarding the nine Connolly properties that are in bankruptcy on a going forward basis, the amount owed to the Authority that is part of the bankruptcy matter is almost \$400,000.00. Ms. London advised the Board that there is a Court issued Stay that presently prevents the Authority from taking action against Connolly for this arrearage. However, she advised that her office just filed an application on behalf of the Authority with the bankruptcy court to lift the Stay and allow the Authority to proceed with a lien sale to hopefully recoup all or some of the arrearage. Ms. London also reminded everyone that the Authority cannot stop service to the nine

properties that are in bankruptcy as a result of a Court Order, and in general, the Authority can not stop service to the other delinquent properties because of the Authority's statutory obligations to provide these services.

Mr. Watson also advised the Board of the impact on the City if the other utilities involved stop providing service, i.e. water, gas and electric. Chairwoman Brokaw mentioned that the City will be obligated to relocate the residents if the properties are ultimately deemed uninhabitable. The Board and Staff expressed concerns that the City does not appear to fully appreciate the severity of the Connolly situation and the impact it will have on the City and the taxpayers. Consequently, it was agreed that the Authority should discuss the situation and express its concerns with the City. The Board requested that Ms. London prepare a memo to them outlining the impacts involved on both the City and the Authority.

Mr. Watson also advised that there has been a significant increase in illegal dumping in the City. He questioned how aggressive the City is being with its enforcement efforts in this regard and identified efforts and support the Authority has provided to the City. He reminded everyone that the Authority has to collect and dispose of this waste. Commissioner Mitchell said he is well aware of the Ordinances that the City can and should be enforcing regarding illegal dumping because he was involved in writing them. He offered to meet with the appropriate City representatives to address this issue.

Mr. Watson also advised that the 2010 budget is being impacted by the significant increase in the costs for Workers Compensation. There has been an increase of 65%. Mr. Watson explained the initiatives staff will be taking to address this problem.

Mr. Watson said initiating furloughs and providing no staff increase for the past budget year resulted in tremendous savings. Mr. Young said he would provide the specific dollar savings involved.

Based on all of the above factors and the Staff's preliminary reviews, Mr. Watson advised that it appears that there will not be a need for an increase in the sewer rates for the 2010 budget. However, he said it appears

that a slight increase will probably be needed on the solid waste side. Mr. Bliss confirmed Mr. Watson's preliminary assessment of the budget situation but cautioned that until T&M completes its review and analysis, a final determination regarding the 2010 rates could not be made. It is anticipated that T&M will be completing its analysis and review sometime right after Thanksgiving. He further explained that other factors causing a potential increase on the solid waste side include the fact that disposal costs are higher and the debt service related to disposal is also higher.

Lastly, Mr. Watson reminded the Board members that the City still owes \$1 Million to the Authority. He said the City issued bonds to cover this payment, but the City never paid the Authority. He said the City's failure to pay the Authority the money it owes also has a significant impact on the rates. Payment of this outstanding debt, clearly would offset or significantly reduce the need for any increase.

Mr. Watson requested that Ms. London prepare a letter to the City requesting that the outstanding payment be made by a date certain.

The meeting ended at approximately 10:30 a.m.