

December 19, 2011

SPECIAL MEETING OF THE MUSCONETCONG SEWERAGE AUTHORITY

Chairman Rattner called the meeting to order at 6:00 PM. Following salute to colors, announcement was made that adequate notice of this meeting had been provided for as defined by the "Open Public Meetings Act".

MEMBERS PRESENT: Donald Bates, James Benson, David Hoyt, John Kieser, Patrick Kunkel, Melanie Michetti, Michael Pucilowski, Steven Rattner, Joseph Schwab, Edward Schwartz, John Sylvester.

MEMBERS ABSENT: Daren Phil.

OTHERS PRESENT: Larry Kron, Esq., James Schilling.

Chairman Rattner opened and closed the meeting to the public.

Commissioner Sylvester enters the meeting at 6:05 PM.

Chairman Rattner explained that the Authority switched from J C P & L to NJSMUAESA in 2003 to save money and asked Mr. Schilling to inform the MSA of his research and conclusion as to how the Authority could do better with a private contractor and also the risks involved. The NJSMUAESA contract that supplies the primary energy for the treatment plant expires May 31, 2012. Mr. Schilling has attended several meetings of the NJSMUAESA wherein the bid packet was reformed. The receipt and opening of bids is scheduled for December 22, 2011. Mr. Kron recalled that in the past, the bids were accepted and the MSA would designate a person to review the bids and then a decision made to participate. This is contrary to their bylaws which stipulate that the Authority is to receive 30 days notice with the right to opt out. Chairman Rattner inquired if there were discussions at the meetings regarding the changing of their bylaws and Mr. Schilling said that there was a lot of email discussion about wording/language as the bid package was put together and not about changing the bylaws. Mr. Kron explained that the Authority has 3 options: (1) vote to participate and authorize someone to accept the bid if in fact the group accepts the bid (2) the MSA can indicate they are not going to participate (3) withdraw from NJSMUAESA when the contract expires.

Mr. Schilling explained that the NJSMUAESA has set trigger prices dated Nov. 29, 2011 for the upcoming cycle and Gabel Assoc (energy broker) will receive a set fee. Mr. Kron inquired if anyone in the NJSMUAESA requested to negotiate Gabel's fee. Mr. Schilling responded that only the Authority's usage data and the language of the bid were discussed. Mr. Schilling suggested there is a better way for the Authority to save money and would like to have Reliable Power Alternatives Corp make a presentation to the MSA. Mr. Schilling has received a fixed rate commitment at .0623 from RPAC. Chairman Rattner explained that it was in the Authority's best interest to go with a fixed rate 2 years ago because energy prices were unstable. Mr. Kron questioned what rates are projected for the bids coming in on Dec. 22. Mr. Schilling responded .095 & .091 are the trigger prices. Mr. Schilling recommends that the MSA not move forward with NJSMUAESA and move all accounts to RPAC. The private company has a lower fee and provides services (looking at usage and forecasting demands and future usages, checking bills and energy audits). Commissioner Schwab inquired if RPAC provides an option to lock in at a price. The Authority would rather know the fixed price so that it can be budgeted and planned for. Mr. Schilling stated that the MSA would have decision making capabilities to control and manage the utility costs based on the Authority's comfort level. Chairman Rattner asked if RPAC will come to the plant and read the meters and Mr. Schilling responded that this is done on line. Chairman Rattner noted that private companies will need to be licensed by the State of NJ. Commissioner Schwab has a concern with J C P & L as a default provider for the Authority and questioned those rates. Commissioner Michetti questioned if there have been any instances when the Authority was not billed the correct rate. Mr. Schilling is not aware of any billing errors. Mr. Kron stated that the Authority should get a lower rate by going out to bid with the consortium and that in order for NJSMUAESA to get a good price they need to tell the bidder that there is a set quantity. Mr. Schilling thinks that RPAC has more accounts than the NJSMUAESA and will get better rates. Commissioner Schwartz questioned if RPAC will be providing a bid to NJSMUAESA. RPAC is a management company who is getting energy from a provider and could possibly bid on the consortium. The bid number should be less than the trigger price. Mr. Schilling stated that according to the 2010 & 2011 spreadsheet from RPAC, the Authority overpaid electric by 28%. Chairman Rattner stated that the Authority decided that they did not want to play the market and preferred to plan their budget and that the MSA does not know what the charge would have been. Commissioner Schwartz asked if RPAC would sign a contract now to guarantee the .0623 rate in May. Mr. Schilling said that the rate with block and index could be much lower with RPAC and result in a 30% reduction. Chairman Rattner noted that block and index sounds like a variable rate (based on the market) and would like to see a contract from RPAC. Mr. Kron asked if any of the participating members of NJSMUAESA had questions about the fixed and variable rates. Mr. Schilling said that questions came in as emails about the language of the bid spec and that a decision as to whether or not the Authority would participate in the bid was required by Dec. 15th. The Authority has to bid this service under the local contract law. Question was raised if RPAC is a

government energy aggregator under the law. Mr. Schilling noted that RPAC is a management company in the private sector. Clarification was made that the bylaws that were forwarded to Mr. Kron from Mr. Schilling for review, were from the Sustainable Energy Joint Meeting and not from NJSMUAESA. Commissioner Michetti has concern about making a decision on such short notice and noted the long time between receiving/awarding bids and the beginning of the contract in May. Commissioner Michetti requested that a copy of the NJSMUAESA bylaws be forwarded to the Authority. Chairman Rattner noted that NJSMUAESA is asking for 4 separate bids: fixed for 1 year; fixed for 2 years; variable for 1 year; variable for 2 years. The Authority would like to know why the bids are being received in December when the last time bids were received in March. The MSA would also like to know why there was short notice to make a decision to participate in the bid. The MSA concerns will be incorporated in a letter for Mr. Schilling to deliver to the NJSMUAESA at their next meeting.

Res. No. 11-41 Authorizing James Schilling to Accept and Authorize a Contract to be Signed for Electric Supply Service was moved by Mr. Kieser, seconded by Mrs. Michetti. Roll call vote:

Mr. Bates	Yes	Mr. Pucilowski	Yes
Mr. Benson	Yes	Mr. Rattner	Yes
Mr. Hoyt	Yes	Mr. Schwab	No
Mr. Kieser	Yes	Mr. Schwartz	Yes
Mr. Kunkel	Yes	Mr. Sylvester	Yes
Mrs. Michetti	Yes		

RESOLUTION NO. 11-41

**Resolution of the Musconetcong Sewerage Authority
Authorizing James Schilling to Accept and Authorize
a Contract to be Signed for Electric Supply Service
for the Musconetcong Sewerage Authority as a
Result of Competitive Bidding Pursuant to Local
Public Contracts Law, N.J.S.A. 40A:11, et seq.**

WHEREAS, effective August 1, 2003, the Electric Discount and Energy Competition Act (P.L. 1999, c23) will allow the Musconetcong Sewerage Authority to arrange for the purchase of electricity service on a retail basis; and

WHEREAS, the MSA is a Member of the New Jersey Sewage and Municipal Utilities Electrical Supply Aggregation (NJSMUAESA) a voluntary and informal association of public sewage and environmental authorities formed for the purpose of a joint purchasing consortium for electrical supply service; and

WHEREAS, NJSMUAESA will be receiving bids for aggregated electric power supply on a full requirement service basis for participating members on December 22, 2011; and

WHEREAS, NJSMUAESA will report to the MSA the lowest responsible bid to provide the electrical service requirement; and

WHEREAS, it is necessary for MSA to be bound by the issued Notice of Award pertaining to the bid ground, and to designate an individual to accept and authorize a contract to be signed which will make said commitment on behalf of the MSA.

NOW, THEREFORE, BE IT RESOLVED, by the Commissioners of the Musconetcong Sewerage Authority that it hereby agrees to be bound by the issued Notice of Award by the NJSMUAESA on December 22, 2011, and hereby authorizes James Schilling to accept the Notice of Award and to bind MSA to enter into a formal contract.

Mr. Kron recommends that the Reorganization Meeting take place early in February because the Commissioner's terms expire January 31st. Motion offered by Mrs. Michetti, seconded by Mr. Benson that the Reorganization Meeting of the MSA scheduled for February 23, 2012 is cancelled and that the Reorganization Meeting will take place on February 8, 2012 at 7:30 PM. Motion passed by the unanimous roll call vote of members present.

Motion was offered by Mr. Bates, seconded by Mr. Hoyt to adjourn and by the affirmative vote of members present, Chairman Rattner adjourned the meeting at 7:15 PM.

Respectfully Submitted:

Martha Soccio
Admin Asst