

ATLANTIC COUNTY UTILITIES AUTHORITY
JULY 15, 2021 – 3:00 PM
6700 Delilah Road, Egg Harbor Township, NJ

PRESENT FOR THE AUTHORITY

Marvin Embry	Chair
Fred Akers	Member (zoom)
Andrew Berenato	Member (zoom)
Judy Ward	Member (zoom)
Laura Pfrommer	Member (zoom)
Richard Dovey	President
Brian Lefke	Senior Vice President of Solid Waste & Authority Secretary
Joseph Pantalone	Vice President Wastewater
Linda Bazemore	Vice President of Administration & Finance/CFO
Matthew DeNafo	Vice President of Centralized Maintenance & Asset Management
Thomas Ganard	Chief Engineer
Sharon Hunt	Director of Human Resources
Oren Thomas	Purchasing Manager
Brittany Oldehoff	System Analyst
Patricia Keeper	Assistant Board Secretary

ALSO PRESENT

Keith Davis, Esq.	Nehmad, Davis & Goldstein
Stephanie Farrell, Esq.	Nehmad, Davis & Goldstein
Daniel Solt, Esq.	Assistant County Counsel - zoom
Larry Watts	Lawrence Watts Consulting LLC (EHT)

Chairman Embry called the meeting to order at 3:00 p.m. and announced that the notice of the 2021-2022 Meeting Schedule was mailed to the Atlantic City Press, The Daily Journal, The Clerk of Atlantic County, and The Clerk of The Atlantic County Board of Commissioners on February 19, 2021 in compliance with the Open Public Meetings Act, NJSA 10:4-6, *et seq.* and it was posted on the bulletin board of the Atlantic County Utilities Authority in the administration building, and Notice of Live Streaming of this meeting was mailed to the Atlantic City Press, The Daily Journal, The Clerk of Atlantic County, and The Clerk of The Atlantic County Board of Commissioners on July 1, 2021 and both notices were posted on the bulletin board of the Atlantic County Utilities Authority in the administration building.

Flag Salute

Roll call was taken by Brian Lefke which reflected a quorum was present.

Chairman Embry	present
Fred Akers	present - zoom
Andrew Berenato	present - zoom
John Lyons	absent
Judy Ward	present - zoom
Laura Pfrommer	present - zoom

APPROVAL OF THE MINUTES OF THE JUNE 17, 2021 MEETING – voted on and approved by all members.

BOARD COMMITTEE REPORTS: None.

BOARD COMMENT: None

PUBLIC COMMENT: Larry Watts of Egg Harbor Township asked why the shared services agreement with the Cape May County MUA for the Provision of Solid Waste Services is being rescinded, and why we are rejecting the bids for Hauling of Solid Waste for Off-Site Disposal. Rick Dovey explained that in May it was determined that the cell expansion was ahead of schedule, and after taking a fresh look at landfill capacity, there is no longer a need for the ACUA to haul waste to Cape May MUA.

NEW BUSINESS: Presentation by Linda Bazemore on the ACUA's Debt Payoff Analysis (copy attached). Chairman Embry thanked Linda for her excellent presentation.

OLD BUSINESS: None.

ALL RESOLUTIONS APPROVED.

RESOLUTION COMMENTS:

Resolution 21-7-164: Authorizing the award of a contract to PKF-Mark III, Inc. in Bid No. 2021- WW-05 for Bridge Repairs – Phase 2 . Amount is \$109,000.00. Explanation: Awarded to lowest responsible bidder.

Mr. Berenato abstained from voting.

Resolution 21-7-167: Authorizing a contract amendment to emergency contract with Lafayette Utility Construction Co., Inc. for Wellington Avenue Forcemain Repairs. Amount of increase is \$49,411.85.

Explanation: For replacement of concrete sidewalk, curb and gutter removed during leak repair.

Tom Ganard explained that this is billed out up to date. Final paving is scheduled for the late fall and that will finalize the contract.

Resolution 21-7-180: Authorizing an Executive Session.

Explanation: Discussion on the impacts to the ACUA Wastewater Service Agreement as it Relates to the Sale of the Egg Harbor City Sewer System. No formal action was taken.

The meeting was adjourned at 3:40 p.m.

Respectfully submitted,



Brian G. Lefke
Board Secretary

ATLANTIC COUNTY UTILITIES AUTHORITY

DISCUSSION ON DEBT PAYOFF ANALYSIS



	Solid Waste Division Interest Income	Wastewater Division Interest Income	Total Budgeted Interest Income	Variance
2017 Budget	\$85,000	\$100,000	\$185,000	
2018 Budget	\$300,000	\$500,000	\$800,000	\$615,000
2019 Budget	\$550,000	\$800,000	\$1,350,000	\$550,000
2020 Budget	\$325,000	\$850,000	\$1,175,000	(\$175,000)
2021 Budget	\$80,000	\$400,000	\$480,000	(\$695,000)

IMPACT ON INVESTMENT INCOME DUE TO CHANGING MARKET CONDITIONS RESULTING FROM THE PANDEMIC

• SINCE MARCH 2020 FINANCIAL MARKETS GREATLY IMPACTED BY THE PANDEMIC

• ACLA'S INVESTMENTS PRIMARILY IN U.S. TREASURIES

• 1 YEAR US TREASURY RATES PLUMMETED:

2017 - 1.98%

2018 - 2.71%

2019 - 2.05%

2020 - EARLY 2020 1.48% LATE 2020 -.12%

2021 - .05%

DOES IT MAKE SENSE TO PAY OFF DEBT WITH AVAILABLE CASH

- With additional cash available, due to less attractive interest rates, ACUA strategy slightly adjusted for the use of funds
- ACUA opted to fund certain projects opposed to borrowing
 - Brigantine Force Main Project \$ 2,132,900
 - Solid Waste MSE Wall Project funded from reserves over \$15.0 million
- Current amount of WW outstanding debt amounts to approx. \$18.8 Million
- Financial Advisors Prepared Debt Payoff Analysis

**Atlantic County Utilities Authority
Outstanding Debt - New Jersey I-Bank Issuances
Remaining Borrowing Cost & Redemption Provisions**

Series	Outstanding Par	Remaining Borrowing Cost+	Redemption Provisions	Final Maturity
NJIB 2004A Bonds	\$1,104,151.84	1.652%	Non-Callable *(Refunded by 2020AR-1 Bonds)	2024
NJIB 2006A Bonds	\$704,991.01	2.053%	Non-Callable *(Refunded by 2020AR-1 Bonds)	2024
NJIB 2007A Bonds	\$1,115,555.68	1.697%	Non-Callable *(Refunded by 2015AR-1 Bonds)	2027
NJIB 2010A Bonds	\$2,048,437.50	2.465%	Call Date: Sept 2026 (Refunded by 2017AR-2 Bonds)	2029
NJIB 2010B Bonds	\$955,714.36	2.777%	Non-Callable *(Refunded by 2016AR-2 Bonds)	2030
NJIB 2012A Bonds	\$1,262,563.96	1.145%	Non-Callable *(Refunded by 2020CR-1 Bonds)	2030
NJIB 2017A-2 Bonds	\$1,321,717.32	.0908%	Call Date: September 1, 2027	2042
NJIB 2018A-1 Bonds	\$3,998,715.08	.0323%	Call Date: September 1, 2027	2039
NJIB 2018 DL Bonds	\$2,988,718.72	0%	Direct Loan - Call feature and final maturity unknown	
NJIB 2019A-1 Bonds	\$209,177.38	1.186%	Call Date: September 1, 2028	2040
NJIB 2019A-1 Bonds	\$3,156,905.95	.911%	Call Date: September 1, 2028	2040

Reflects blended remaining borrowing cost of combined Trust and Fund portions of the NJIB Loans. The Trust portion of NJIB Loan bears interest at stated coupon rates (less applicable saving credits) and the Fund Loan portions have zero percent interest. * Reflects the redemption provisions of the refunding bonds.

FINDINGS OF THE DEBT ANALYSIS

- Outstanding Bonds bear interest at very low rates
- Many past borrowings included a principal forgiveness portion of the debt
- Structure of the NJ IBank Financing reflects 75%/50% of the loan is interest free
- Many of the ACUA borrowings have already been financed at lower rates by the NJ IBank and the savings passed on to the ACUA
- A few relevant bond issues have call dates in the future – benefit will be lost because principal balances due will be significantly less
- It was determined that it is not financially prudent to payoff any outstanding NJIB Loans and it magnified the benefits of financing through the NJ IBank

TO: Brian G. Lefke, Secretary
Atlantic County Utilities Authority

FROM: Honorable Dennis Levinson, Atlantic County Executive

RE: Minutes of Meeting – July 15, 2021

I. The Minutes of the above referenced meeting were submitted pursuant to N.J.S.A. 40:41A-37 et seq. on July 16, 2021.

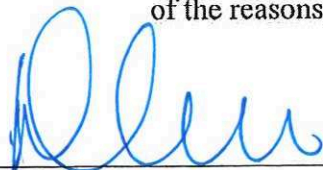
- (a) by the end of the fifth business day following the meeting.
- (b) as soon as practicable following the meeting where emergency action has been taken.
- (c) beyond the statutory period for submission.

II. I hereby return the Minutes of the above referenced meeting to the Authority and to the Board of Freeholders, on the date set forth above, which is

- (a) within ten days of delivery.
- (b) within twenty-four (24) hours of delivery where the action at the meeting was deemed by the Authority to be in response to an emergency situation.

III. The following action is taken on the Minutes:

- (a) Approved in all respects.
- (b) Vetoed in all respects. A written explanation of the reasons for the veto is attached.
- (c) Approved in part and vetoed in part.
The specific items which are vetoed and a written explanation of the reasons for the veto or vetoes is attached.



Dennis Levinson
Atlantic County Executive



James F. Ferguson, Esquire
Approved as to Form and Entry

Date:

cc: Sonya Harris, Clerk to the Atlantic County Board of County Commissioners

ATTACHMENTS: Minutes
 Veto Message