STATE OF NEW JERSEY
SECAUCUS HOUSING AUTHORITY
700 COUNTY AVENUE
SECAUCUS, NEW JERSEY
SPECIAL MEETING

August 28, 2019

This is a condensed transcription of the taped minutes as taken on Wednesday, August 28, 2019 at Kroll Heights 700 County Avenue, Secaucus, NJ.

Chairman Schlemm welcomed everyone and called the meeting to order at 6:00 P.M.

ROLL CALL

Present: Chairman Michael Schlemm
Treasurer Antonio Suarez
Commissioner Patricia Mondadori
Commissioner Carmen Rivera

Also Present: Executive Director Christopher Marra
Charles D'Amico, Esq. SHA Counsel
William Katchen, CPA, SHA Fee Accountant

Absent: Vice Chairman Michael Harper
Commissioner Richard Fairman

ED Marra waived the reading of the Open Public Meetings Act and the flag salute and went right to the order of business.

ED Marra opened the meeting by informing everyone that they had Resolution 2019-21 for their consideration tonight. In addition, all board members received a three page memorandum, with four attachments, summarizing how the Authority got to tonight's meeting and our level of risk concerning the Public Service Electric & Gas (PSE&G) Multifamily Program.

Chris then introduced Bill Katchen whom he wanted to have speak first, because Bill has a number of issues and concerns that he wants to raise about this project.

Bill Katchen: My biggest concern is that MaGrann and PSE&G have not been able to document from past experience the level of savings for this type of project. They stated that this would be the first under the program. They gave some level of comfort if that in the design phase the cost estimate came in substantially higher than what it would cost – they did not define substantially – they would leave it up to us whether we wanted to proceed or withdraw from the program at no cost. However, at this point, my biggest concern – there would be notices of requirements to Bogota Savings Bank and to HUD, but my biggest concern is meeting the savings projections that they provided. Without that you are spending another $700,000 on another electric project without generating savings to make the five year payback.

Bill stated that they were very open about the project. They want to work with us; they want to make the money available, plus a five year payback at 0% interest. So I do not know where you guys want to go on this as far as a level of comfort that you are going to attain that savings. Look your units are from the mid-70s, the baseboard (Bill Katchen was referring to the electric baseboard in each unit. However, he believed that the baseboard was from the 1970s which is not true, they have been replaced and upgraded over the years). So you are definitely going to attain some level of savings. The question is it satisfactory enough to meet the $850,000 – which is the cost of the project – not any other costs the Authority may have to take on, such as the cost to replace/upgrade the breaker boxes in each unit and the movement/relocation of the main power into the building.

Charles D'Amico asked if the meeting with PSE&G was in person and he wanted to know how many people participated from PSE&G. Bill Katchen told him it was a conference call and that only Rachael Fredericks the program administrator and Douglas Miller from MaGrann participated.

D'Amico asked if there was written confirmation from PSE&G that if the costs were substantially higher that the Authority would be off the hook.

Chris Marra responded by stating no, there was no written confirmation. She did say that if the Authority did not want to go forward she would probably figure out a way to get us off the hook for ½ the cost of the Investment Grade Audit that was authorized for MaGrann to conduct.

Patricia Mondadori asked about when we had to inform PSE&G of our decision and Chris Marra responded by stating he would be informing her right after this meeting. Chairman Schlemm stated that he read that no decision by Friday (last Friday in August) PSE&G would release the funds to another project.

Bill Katchen just to give you a bit of comparison – but not really a comparison - Highland Park Housing Authority converted to RAD, but they are doing LIHTC. Thy have 100-unit all electric building. But they have the thru wall units, but they are replacing those. The savings projected was $35,000, but the total cost was $325,000 vs $1.2. The problem is that is it apples and oranges. $900,000 more is a lot money

Michael Schlemm – the other thing that we are doing is safety with the replacement of the electrical boxes within that money as well.

Christopher Marra – So let me be clear about all these figures. In the first page of the memorandum the PSE&G project cost is $1,212,000. That does not include the replacement of 100 breaker boxes, it does not include the relocation of power – if necessary, that does not include when the project is over filling in the 90 holes, left when the air conditioner sleeve is removed.

Of that $1,212,000 they give us a 30% incentive that leaves us with $848,000. We are going on the breaker box project as somewhere between $90,000 and $150,000. I have a quote from Englewood, it was around $86,000. This figure is not included in the incentive and the Authority would have to fund it.

The relocation of the power she put down $25,000. Where does the main power come into the building? The power is on the north side of the building. Finally, Chris noted that at the end of the project the Authority will have to seal the building (waterproof) and include filling in the holes left buy the removal of the air conditioner sleeves.

Chris continued, I spoke to Bill and I told him that what I am not worried about is that we actually have the money -$848,000 for this project, we actually have $872,000 earning 1.8% interest. I have written to Mayor Gonnelli and Town Administrator Gary Jeffas asking if they could assist the Authority – through the Community Development Block Grant fund – with the break box project.

One of the facts my memorandum tried to show you was how much money the Authority has: We have $873,000. Then we have $820,000 in the Replacement Reserve Escrow Account, which is for the long term capital needs of the Authority. Then we have $313,000 between the Santander and TD Bank, as the "true" rainy day fund. This is where the monthly laundry money goes. We have never taken any of these funds in the eight years that I have been here. Finally, we have a little over $500,000 which is the HAP and Admin money sitting in Account #1 or the General Fund Account. We are barely using these funds right now. We are using the excess funds from Brick Housing and the $30,000 from Verizon for the antennas, etc.

Chris stated that if the Board does not want to proceed, there would be no acrimony between PSE&G and the Authority, they would move on and we would move on.

Chris continued, in my conversation with Bill Katchen today we talked about whether I was concerned about this project. Of course I am concerned and worried about this project – it is a lot of money. But my take is that if you are going to look at this project, you need to see the bigger picture. Rachael Fredericks has been the administrator of the project for ten years and is handling millions of BPU dollars every year she does not want to have a bad project and probably has some extra level of interest in seeing this project succeed. This would be a new "type" of equipment that they could introduce to new developments around the state.

I have talked to Daiken and other companies seeking examples of projects. It is hard to get an apples to apples sample project. I have obtained information on specific projects that are similar to ours, but they do not represent a "deep dive" into the savings generated by this equipment. They talk about this savings. Chris pointed out an example "The Rebirth of Maryland's largest Stone Mill 86,000 sq. ft. 56 1 and 2 bedroom units. Our building is 75,000 sq. ft. and 100 units and there is some discussion about what they save.

Chris then continued… As of today, since I have been here, we started 7.5 years ago with Johnson Controls, when we wanted to do the Energy Performance Contract. They stated after we hired them, they could not do it as it did not have a quick enough payback.

Then we brought in Rachael Fredericks about 2.5 years ago, when she did not have any funds. She suggested at the time we try the Pay for Performance Program, where the Authority would get reimbursed at the end – after it proved that it had obtained the savings.

Now we have the deal where we do not lay out any money, until the project has concluded and then we pay it back at 0% interest.

To this point, you are here long enough… it is also the least intrusive project, when we talked about the gas it is a project minimally core drill through people's floors. They were going to minimally core drill through the floors of the building

Michael Schlemm, they would have soffits run down the side of the building.

Chris Marra I can not give the Board three examples of this project being done and there was savings. It just does not exist.

Michael Schlemm then asked – Bill Katchen would you do it?

Bill Katchen all in it is going to end up costing all in about $15,000 per unit – that is a lot of money. I would have liked more time for us to look at other alternatives. If there are even other alternatives. It sounds like gas it out and solar can not work because it is not enough. What do you have left? I think these units (referring to the VRF systems) are the most efficient. I know people who have put them in their house and reduced their energy costs and they are quiet. There are a lot of pluses. I do not know what the long term maintenance is on these units. Which could reduce the savings, filter changes, service on the units, maintenance contract.

Chris Marra: They (MaGrann & PSE&G) are with you for the first year, but after that you have to work with the contractor for maintenance.

Bill Katchen: It is difficult to walk away from $300,000 and 0% interest for five years… and you are definitely going to save money, because the building is so old and the baseboards are old.

Chris Marra: To be clear over the years, the electric baseboard heating has been replaced over the life of the building. Bill Snyder had replaced them at some point in the late 90s and they are also replaced when they no longer work.

I am sure they have all been changed at least once over the life of the building.

Bill Katchen: So I guess my question is you had LAN Engineering do a report about installing gas in the building and the savings they projected was about $80,000 per year. It would need substantial core drilling. You would not have the issue with the exterior walls (the removal of the air conditioners using VRF). You would still have the air conditioners so that would reduce your savings. Long term is gas going to generate a better savings than electric. That project was going to be about one million. You still have to do the Federal Pacific boxes. So if you did go the gas route, you would have the cost of interest and you would need more, because you need about one million dollars.

I am not sold on electric I think it is more expensive than gas.

Michael Schlemm: But cheap gas translates into cheap electric, because electricity is generate through gas.

Bill Katchen: The electric rates are lower, but so it gas

Chris Marra: As part of the deal, you must have to go into a pool, the Authority can not just be purchasing electric form PSE&G directly. This is also how they calculate some amount of savings.

Chris continued: So, I think… if you go to this step and we sign this agreement and go to bid, the estimate for this project is $900,000 all in. And the bids come in over the estimate – say its $1.1 million. Although not defined in the telephone call what is "over the estimate" PSE&G still need to have a project that has a good payback. If it is $1.1 million or above they could walk away. Because even if there is $75,000 in savings the payback will be too long for the PSE&G program. They can not fund a project that exceeds a certain amount of time. They have this project as having a return in 10.6 years.

My answer to this question, what they (PSE&G) consider over is a project that has a 12,13,14,15 year return. They cannot spend their $350,000 on those types of projects. If the project comes in at $915,000, and the Authority does not want to do that, we would be responsible for the engineering costs expended up to that point. If you listen to break out to what those costs are: Total engineering is $161,981 which includes $91,000 for design and bid which we would be responsible for, then $30,000 for construction management, $20,000 for commissioning, $20,000 for post close out monitoring. This would put the Authority on the hook for about $100,000. It is very close to the Johnson Control deal, for those of us who were here during that time. We had negotiated with Johnson Controls that if the bids were too high we buy our way out of the project by paying Johnson Controls either $50,000 or $75,000 – I just can't remember the exact figure. They were not happy about that, but that was the deal.

So the Authority would be on the hook for about $118,000 (including the cost of the Investment Grade Audit), but I can't imagine that number (meaning the final bid figure) being too high, because if the bid amount is too high, PSE&G will walk away and if it is close and does not really impact the payback years, why would the Authority walk away.

Michael Schlemm: Let me ask this question. They said in the design phase if the cost estimate was too high… Mr. D'Amico do you think you could get something from them in writing?

Charles D'Amico: I was not able to participate in the telephone call. Well I could write a letter, but if Chris is going to e-mail her five minutes after the meeting ends, then I am kind of asking after the horse has left the barn.

Chris Marra: The true answer is you are taking Rachael Fredericks at her word. She was the one who stated that I probably could release us from paying for the Investment Grade Audit if we backed out.

Patricia Mondadori: She said "probably."

Chris Marra: Yes, she did, but she offered it. Bill Katchen and I never asked her if PSE&G would release us from that cost, she offered to do it. She brought it up, not us.

Michael Schlemm: They said they will walk away from the design…

Chris Marra If MaGrann designs this and they come up with a cost estimate and the numbers no longer make any sense…that is not our fault. We are not on the hook for that. We also talked about it if the bid comes in too high. The actual bid is too high. We asked her – have you ever had a project like that and her answer was yes they have had two or three were the bid was too high and the project does not happen.

Bill Katchen: She did say this project is on the verge of not being feasible under their program. At this cost, it appears to be marginally approvable under the program.

Michael Schlemm: This is why they will not go above the 30% or five years payback.

Chris Marra: So under the PSE&G program the highest a project can score is a 1, (which must be a 10) and this project scored an 8. Therefore, that is why we can not get the 6 year payback or get to a 35% subsidy. It is exactly what Bill Katchen said, this project is just about eligible. They are still willing to go forward with it to see if it can work.

Anthony Suarez: What I keep hearing is we have a problem, this building is very old we need a solution. This seems like the only option feasible. The others are remain status quo, change to gas. My point is that we are spending a lot of money granted. No one knows if this is going to work. With that in mind, the way I am thinking about. So maybe it not $75,000 and just 50% over 16 years. But we are still ahead as we take the $35,000 and we save that. Inflation will go up and we get rents, and the 0% interest. Why did we stimulate this project, but we backed ourselves into this project. We have to take a risk and no one wants to spend a $1,000,000.

Chris Marra: Do you want me to call Rachael Fredericks and get her involved in this discussion.

Bill Katchen: Can I ask one more program. This program is a continuous program. To satisfy ourselves that all the alternatives have been looked at –

MaGrann is an engineer and they are a company and they found this most effective and efficient.

Is it worth it for the Authority to hire a consultant and look at it to see if there are any other alternatives? I just want to make sure all have been looked at.

Chris Marra to kind of answer that question, in my eight years here we have kind of done that. We went through the Energy Performance Contract experience. Which was a process where the contractors oversold and under delivered what they could do.

Then LAN comes in and does their report about converting the building to gas. When I first was introduced to Rachael Fredericks, I sent her the LAN Report. This was about two years ago. They came in with MaGrann and they said I hear your gas project, but I think if my memory is correct, the gas project does not even qualify under their program – they only deal with electric. So they then presented the VRF system. They (PSE&G and MaGrann) spent some money and did a small audit and came back to us with similar savings to the LAN study. It was then Michael Schlemm who said to them, so you are saying we are going to save money with heating, what if we did cooling as well. Can you give us a report and the Authority it was more positive under 11 years and above 10 years. However, then PSE&G had no funds remaining for the Multi-Family program. So we went on to complete our other projects. It was only in February of this year when we had a building & grounds meeting that we brought this topic back up and the committee asked me to reach out to Rachael Fredericks again. She replied that she had funding.

So, yes, we have kind of done this first through the Energy Performance Contract with Johnson Controls and could not provide us with any significant savings, other than in changing out the lights and putting water controls in bathroom and kitchen. All the Energy Performance Contract companies were going to be that way. If they were investigating methods to save money, they did it. Then we got the LAN report and now we have two MaGrann reports.

My only fear here is that we are 3 years left into a 20 year loan. It's not the loan payment I am worried about it is the amount of money we have left for the next 17 years to make repairs and do maintenance in the buildings. We have about $1,000,000 for the next 17 years. The Authority basically runs the same way every years, there will not be a surge in employees or equipment purchases. My only issue is what is happening in year 12 of our 20 year loan. This is a large amount of money. The Elms is such bad shape on the outside. I had Malpere there yesterday to give us a proposal for both The Elms and RIT.

My only belief is they want to do a good project - they (PSE&G/MaGrann) want to see this succeed so they can use it in other projects both public and private. This device really made its way in Europe and Asia and in the last ten years is only starting to make inroads in the United States. I guess that is why Mitsubishis and Daikin are the leading manufacturers. There are not enough projects out there to then give us a sample for our project.

Bill Katchen: How did Dick Fairman feel about this? Did he send you an e-mail on this?

So the bottom line on this you are looking at an out of pocket investment of $850,000, plus $150,000 for the panels, but you have to do those anyway for safety, for forget that for a minute and the repair of the building at the end and the waterproofing.   Probably $200,000 when you get down to it.

So $75,000 a year if you attain that level worth it on an investment of $1.1 million. I do not know the answer to that. In the private sector would they spend $1.1– probably not, because of the cost of money to them would be around $50,000 to $60,000 a year, so the difference of $15,000 a year they would not do that. I am including the maintenance in there after year 1. This would lower the rate of return even more. While with the conversion to gas, your annual cost was the preventive maintenance on the boilers.

Chris Marra then gave everyone an overview of Richard Fairman's e-mail about this topic.

(The following wording in bold is from Commissioner Richard Fairman's e-mail)

Is this project our highest priority cap ex over $100,000 going forward?

Chris responded yes this project is our highest priority capital expense over $100,000 going forward. Chris noted that perhaps the change of boilers at Kroll Heights somewhere over the next 5 to 10 years could exceed that figure.

Before this project, is the cumulative cap ex spending under the RAD conversion/Bogata financing on budget or +/- to date, AND any other large changes to the remaining original budget? IOWs a source and uses to date and an unused S/U to remaining of original plan?

Chris responded that the rehabilitation budget which was for 4 projects, including the air handler at 600 County Avenue and the roof removal and replacement projects at 777 Fifth and 600 County, were at the end only slightly over budget, leaving the Authority with the $843,000 talked about in the memorandum.

Where does the $170m in annual debt service for PSE&G come from, i.e. cash from RAD finance?

The $170,000 in annual debt service would primarily come from the Authority's bank account entitled Rehab Account and Rehab MM Account, which have about $872,000.

What can SHA do to get a better advance rate above 30% and 5 years? There has to be tradable options to enhance this on both sides. IE, if the 848m is in our cash position now, what if we get a letter of credit via Bogota's correspondents (like Chase) to backstop our obligation to PSE&G and virtually derisk our loan to PSEG? This should be easy to do if we have the cash now and costs are marginal vs enhanced advance and/or payback tenor. Also a back end loaded amort would be a less attractive alternative but tradable.

Chris responded that we had spoken earlier in the meeting why it is 30% and 5 years. Finally we can not back end this payment to PSE&G

It is a little suspicious to me that we don't have product comps (VRFs) at this point from any of the parties involved. I deem this a red flag and we should negotiate accordingly. While I trust PSE&G from a regulated utility (?) and franchise basis, I don't get it. Perhaps I'm not fully understanding of it.

Chris again responded that we had just discussed why there were not enough comps on the VRF system

Refresh me who engages and pays MaGrann and what is DD on them?

PSE&G engages MaGrann and pays them.

If we only receive half the savings and spend $1.2mm, do we have a cash flow problem for SHA as a whole and when does it happen?

Chris answered that question – No, because we have the money to pay PSE&G for our portion of the project, plus it is a 0% interest.

Chris stated that was Dick Fairman's take.

There is no cash flow problem with PSE&G, as the money is there in the Rehab accounts, even if we only experience 50% savings.

Michael Schlemm then asked the Board members what their feelings were on this project.

Chris Marra asked Patricia Mondadori how long she has worked at PSE&G and she responded fifteen years. Chris then asked how long was she acquainted with Racheal Fredericks and Commissioners Mondadori responded about six years. She stated that Rachael was well respected and she "knows her stuff."

Bill Katchen – my biggest issue here and it goes to the ESCO type of deal – are they (PSE&G) providing to you the biggest and greatest alternative that might be available to us with some tweaking at half the price. I am just throwing that out there. Maybe when they come back with the design it will not be $1.2 million it might be $900,000. It just sounds like $15,000 to $12,000 per unit is a lot of money.

Antonio Suarez A regular unit (meaning a VRF) runs you $8,000 to $9,000 depending on the size of course. When you split it out $15,000 per it seems pretty in line from the little I know about it.

Bill Katchen There is unit in the bedroom and one in the living room. How is the bathroom heated or cooled.

Chris Marra responded that there is a heater in the ceiling that residents use when they come out of the shower. No baseboard in the bathroom at The Elms.

Chris Marra: I know that not everyone has this, but I want to go over the costs again. The total Energy Conservation Measure (ECMs) cost for the six items is $1,012,000. Of that $961,000 is for the VRF. So then they add $200,000 to that project: $40,000 for construction management and $161,000 for engineering costs. So when you are talking about the bid equipment, the number they are using is the $1,012,000 of which 90% is for these VRF units. There will be 175 VRF units 2 in the one bedrooms and one in the studio.

Bill Katchen asked if these figure were based on using prevailing wage rates and Chris responded yes, not only because it is the Authority, but because PSE&G is using BPU funds.

Antonio Suarez stated, well I feel comfortable because we do not have to bid for it. If they get ridiculous bids they can reject them

Chris Marra responded: No, they create the bid package. We publish it and the bids come back to the Authority. The Board has to vote on it, but like any other project MaGrann and PSE&G will be providing consultation as to whether or not the price are any good and if a contractor's bid is in compliance with NJ Public Contract Law.

The monthly payment is $14,261. The PSE&G share of the project cost is $360,000 and they are saying the first year measured savings will be $78,628. The payback will be 10.9 years that is why it is at the cusp.

Michael Schlemm: I agree with Tony, do we want to take the risk? That is really what it comes down to. I guess we are taking people at their word. If the design is too high we can back out. If bids come back we can back out of it. It's the best deal we have and we have been down different road on how what we do to improve The Elms from an energy point of view. I am wondering if we can leverage it, because it is their first project, to get the manufacturer to kind of lower their price to have a showcase place. Maybe there are some economies of scale to do that. I am leaning towards it because of the 0% and because we have the cash. There are no cash flow problems. The more difficult parts of the gas project are off the table.

Chris Marra stated that when the bathroom project was approved, he stated that he was still chasing money at the end of the project. The Authority had saved capital budgets for three years and had gotten a grant from the County, but still needed operating funds at the end to complete the project. At least with this project we have the money in place to fund the project, we just need assistance to offset the preliminary project costs and possibly costs at the end.

Michael Schlemm then stated that you can't count on them.

Chris Marra then stated while I know you can not count on the Town getting those funds, the Town asks for such a small amount and the Community Development program always has unprogrammed funds which HUD forces them to use or loose. So if we can catch it right, we may be able to secure some funds because our project is ready.

Michael Schlemm: Tony used the example that if we get 50% back in savings. I think MaGrann is better than that, maybe I am biased because I am an engineer. This guy Doug knows his number. I think it's more towards the 90% number. It's kind of their reputation and what they do. I think there will be significant savings there. I am leaning toward doing this project with the caveat that we watch this very closely. I am willing to risk a little bit to get it. I do respect all the points that Bill brought up.

Chris Marra: I also think, they (MaGrann) where through that building two years ago and they were pretty significantly through that building – this when they did not have the funds to do the project – except for the audit. If PSE&G had come back today and the engineering company had changed or even the personnel at MaGrann I would be more skeptical of having a successful project. But they brought Doug Miller back and he is also – MaGrann and his staff are not the sales people or business development people from Johnson Controls or Honeywell. They are the engineers.

Michael Schlemm – He knew the numbers. He knew what the buildings were spending and the difference in the drop of energy costs.

Chris Marra: This gives me more confidence in these people. It is the same players two years later.

Bill Katchen our out of pocket cost if we walk is what?

Chris Marra: It is $118,000 and I am taking that from two numbers. The $18,000 for the Investment Grade Audit. And in the Limited Notice to Proceed she breaks down the numbers for us on page 5. The estimated engineering which includes $91,114 for design and bid preparation. We are on the hook for that and $18,000 more.

There was some additional discussion about what the Authority might be responsible for under a variety of scenarios, for e.g., design & build estimate project over budget, bids come in over budget. What happens when a change order occurs? So, these discussions lead to some talk about drafting an e-mail to Rachael Fredericks on this matter. However, in the end the Authority can always walk away both after the design phase and after the bid phase. The only issue there would be how much money the Authority might have to pay PSE&G if they felt the numbers were ok.

Some further discussion also took place about the actual units and how they were hooked to machines outside that controlled cooling and heating. Each unit would also have a new digital thermostat.

Michael Schlemm called for a motion on Resolution 2019-21

Commissioner Antonio Suarez made the motion and Commissioner Patricia Mondadori seconded the motion.

Resolution #2019-21

RESOLUTION AUTHORIZING THE
SECAUCUS HOUSING AUTHORITY
TO ENTER INTO THE LIMITED NOTICE TO PROCEED WITH
PUBLIC SERVICE ELECTRIC and GAS (PSE&G) TO
PARTICIPATE IN THE RESIDENTIAL MULTIFAMILY HOUSING
PROGRAM

WHEREAS, The Secaucus Housing Authority,[herein after the SHA] a public body created and organized pursuant to and in accordance with the provisions of the Laws of the State of New Jersey owns, maintains, manages, and is responsible for the property located at 777 Fifth Street, Secaucus, New Jersey, hereinafter referred to as “The Elms”, and;

Whereas “The Elms” is a Residential Multifamily Housing development, and;

WHEREAS, The SHA has determined that the air-conditioning and heating units existing throughout the residential units of “The Elms” are antiquated and inefficient, and;

WHEREAS, The SHA has applied to Public Service Electric and Gas (herein after PSE&G) to participate in its New Jersey Board of Public Utilities (NJBPU) approved “Energy Efficiency 2017 Initiative” which offers Residential Multifamily Housing developments a program that finances energy efficiency investment opportunities to systems such as lighting, HVAC, building envelope, motors and others that are appropriate and cost effective that meet the program requirements,(herein after “The Program”), and;

WHEREAS, the SHA passed a resolution at its March 2019 meeting to enter into a Master Agreement Contract with PSE&G for its Residential Multifamily Housing Program, and:

WHEREAS, after said agreement was executed, PSE&G authorized MaGrann Associates to conduct an Investment Grade Audit on 777 Fifth Street; which they concluded and submitted to the Authority on July 18, 2019, and:

WHEREAS, MaGrann Associates was able to identify six Energy Conservation Measures (ECMs), including the replacement of the air conditioners and electric baseboards in all 100 units with a Variable Refrigerant Drive (VRF) that if implemented with the other ECMs would save the SHA $75,000 annually on its utility cost for 777 Fifth Street, and;

Whereas, the costs of the audit mentioned in the paragraphs above will be waived by PSE&G if the SHA proceeds to the next phase of “The program”, which is the execution of a “Limited Notice to Proceed Letter”, in which the SHA agrees to proceed with “the engineering phase of the program,” and;

Whereas the Master Customer Agreement, states the SHA is responsible to repay PSE&G one hundred percent (100%) of all costs associated with the Engineering Phase of the program and those costs will become immediately due and payable to PSE&G, should the SHA elect not to proceed with participation in the Program, “after [that] phase of the program has begun or has been completed…”, and;

Whereas, it has been deemed to be in the best interest of the SHA and the residents of "The Elms," to participate in the first two phases of the "The Program" and permit PSE&G to conduct the audit and then permit the Director and the Board of the SHA to review the terms of the audit and make a determination as to whether the SHA should proceed to the Engineering Phase of the program;

NOW THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE TOWN OF SECAUCUS:

That the Executive Director of the SHA is hereby authorized to execute and enter into the Limited Notice to Proceed and accept the terms stated therein on behalf of the SHA, and;

That the Executive Director of the SHA is hereby authorized to expend any costs demanded by PSE&G consistent with this resolution and the Master Customer Agreement for "the audit", and/or the "Engineering Phase" of the program, and;

That the Executive Director shall seek advice and consent from The Board of Commissioners of the SHA after the Engineering Phase of the Program has been completed to determine if the SHA should continue to proceed with "The Program".

ROLL CALL VOTE

Chairperson Schlemm then called the role and it was voted unanimously by Commissioners Schlemm, Suarez, Mondadori and River.

ADJOURNMENT

Commissioner Suarez made a motion to adjourn, which was seconded by Commissioner River and the meeting ended at 8:06 p.m.

Submitted by Christopher Marra