

**SOUTH MONMOUTH REGIONAL SEWERAGE AUTHORITY  
MINUTES - CAUCUS MEETING – JANUARY 8, 2015**

**CALL TO ORDER:**

The Caucus Meeting of the South Monmouth Regional Sewerage Authority was called to order at 7:00 p.m. on Thursday, January 8, 2015.

**Announcement:**

This meeting was called in accordance with the provisions of the Open Public Meetings Act in that an announcement of the same was mailed to the Asbury Park Press, the Coast Star; and to the Clerks of our member municipalities on February 20, 2014. The minutes of this meeting will be available after Board approval at a subsequent meeting.

**Roll Call:**

**Present:**

Commissioners Burne, Cory, Farrell, Lynch, Mattia, McLean, Nicol and Thompson.

Messrs. Bonello, Bujak, and Ruppel.

**ATTORNEY’S REPORT:**

Mr. Bonello reported the Authority was brought into a Clammer’s Class Action Suit along with several other ocean dischargers. The Clammers are seeking compensation for the claimed damages to their clam beds as a result of Super Storm Sandy. Last month the Class Action Suit was forwarded the Joint Insurance Fund (JIF), who then forwarded to the JIF Environmental Carrier who has filed an answer on the Authority’s behalf. He stated he does not see the Authority’s having any more exposure to this class action suit at this time.

Mr. Bonello also worked with Mr. Ruppel regarding items related to the Pitney Avenue Pumping Station Project which will be covered in the following Executive Director’s Report.

**EXECUTIVE DIRECTOR’S REPORT:**

**SYSTEM STATUS**

**Lake Como Pumping Station**

Mr. Ruppel reported that construction at the Lake Como Pumping Station continues to be on schedule. Currently, the main element of construction is the electrical service. While working with JCP&L to install the electrical service disconnect and meter fan, it has become apparent that due to the National Electrical Code requirements, this equipment needs to be installed on the left side of the building and considering their size the only place they will fit is where the Spruce Trees were to be planted for decorative purposes. Mr. Ruppel’s recommendation is to plant the Spruce Trees elsewhere on the property and build a lattice type structure to hide the electrical service disconnect switch and meter fan, as this equipment will face Parkway.

### **Pitney Avenue Pumping Station**

Mr. Ruppel reported that currently there is minimal construction being completed at the Pitney Avenue Pump Station. The station's temporary service is scheduled to be installed shortly and once completed all electrical components can be removed from the building into a temporary trailer that is on site. The next step will be to remove the pumps while awaiting the critical components that are being fabricated for the mobile enclosure. Commissioner Mattia asked if the Authority had received the final design for the trailer. Mr. Ruppel stated he was unsure and would check to whether they have been received.

### **Co-Generation System:**

Mr. Ruppel reported that the maintenance and improvements scheduled to the Co-Generation System have been completed and as a result, the system is currently operational.

### **Belmar Pumping Station:**

The Executive Director was previously authorized and directed to engage the services of T&M Associates to perform design services for the Modification to the Belmar Pumping Station. Mr. Ruppel stated that during the course of these design services, staff informed T&M Associates that they wished to modify the design scope of services by merging the procurement of the mobile equipment enclosure with the pump station upgrade project. In response, T&M Associates submitted a detailed explanation of the desired additional services and costs in their proposal dated December 30, 2014 to which these will be included in Change Order No. 1 to the existing Contract. A resolution has been placed on the Regular Meeting Agenda for Board consideration and approval for Change Order No. 1 merging the mobile enclosure procurement with the pump station upgrade project.

## **ADMINISTRATION**

### **2015 Proposed Income, Appropriation & Capital Budgets:**

Mr. Ruppel reported to the Board of Commissioners that a resolution has been placed on the Regular Meeting Agenda to adopt the 2015 Income, Appropriation and Capital Budgets for their consideration and approval. He stated that the budgets are consistent with the 2015 Income, Appropriation and Capital Budgets proposed in October 2014, concurred, and approved by the Division of Local Government Services.

### **U.S. Securities and Exchange Commission:**

Mr. Ruppel reminded the Board of Commissioners that several months ago, the Division of Enforcement of the U.S. Securities and Exchange Commission had initiated a Municipal Continuing Disclosure Cooperation (MCDC) Initiative. All Governmental Entities were directed to conduct a continuing disclosure review of its prior borrowings, and self-report and correct any deficiencies. He stated that the Authority had engaged NW Financial, a third-party disclosure-dissemination firm, to complete the Authority's required review, and it is his recommendation to engage NW Financial or a similar firm to complete the Authority's required review annually in the future.

He stated that the SMRSA bond covenants require that a bond reserve fund be established to meet the financial debt payment obligations for the upcoming year. It has been the Authority's practice to examine this reserve annually in November. If reserve funds are in excess of its payment obligations, these funds are typically transferred to the Authority's General Fund Account. With the new U.S. Securities and Exchange Commission disclosure initiatives in place, the Authority is now required to complete an annual review and certify that all Authority assets are sufficiently funded in either the Renewal & Replacement fund or any other funds of the Authority. This must be certified by the Authority's Consulting or Chief Engineer. Mr. Ruppel stated that a decision was made to delay the transfer of any excess funds until staff is able to discuss with Bond Counsel for an appropriate recommendation.

The U.S. Securities and Exchange Commission also require an Authority to report arbitrage if it exists. Arbitrage occurs when an authority earns interest on unexpended borrowed funds in excess of the borrowing rate. Mr. Ruppel stated that the Authority has been in this situation in the past confirming that the Authority has been successful in managing and maximizing its capital. This five-year period occurs in 2015, however, arbitrage has not existed since it has borrowed at an interest rate of at or below 4% and current investment returns are approximately 1%. Staff will solicit bids from qualified arbitrage firms and keep the Board informed of progress.

#### **New Jersey Pollution and Discharge System Permit:**

The Authority has received its pre-draft report from the NJDEP regarding its new NJPDES Permit, namely the permit that holds all requirements of discharge and operation of a treatment plant. Included in the draft is the potential requirement for the Authority to test for enzymes that are currently not performed. Although still in pre-draft form, the purpose of disclosing such information is to notice the Commissioners that if the new requirements are made a permanent part of the NJPDES Permit, the Authority will be required to upgrade its treatment and lab operations, potentially spending between \$750,000 and \$1,000,000 to complete. A series of discussions and meetings will occur with the NJDEP prior to final issuance by the NJDEP. Mr. Ruppel committed to keeping the Board involved of developments.

#### **New Jersey Environmental Infrastructure Trust:**

Mr. Ruppel stated that the Authority is once again receiving recognition for its forward-looking thinking. In its 2014 Annual Report which will be distributed to its shareholders, the NJEIT has selected the SMRSA for its 2014 Case Study highlighting its Lake Como and Pitney Avenue Projects and how the Authority partnered with NJEIT for its borrowing.

#### **2015 Nominating Committee:**

Mr. Ruppel informed the Board of Commissioners that it is time to appoint a Nominating Committee to nominate its 2015 Authority Officers. Historically this committee has consisted of Commissioners that will not be Officers in 2015. Considering this, it is his recommendation to appoint Commissioners Cory, Lynch and McLean to the Nominating Committee with Commissioner McLean as Chair. Commissioner Burne made the motion to appoint Commissioners Cory, Lynch and McLean to the Nominating Committee and Commissioner Mattia seconded the motion. All Commissioners voted aye.

**Permanent Appointment and Promotion for Operator Position:**

Mr. Ruppel reported that he has consulted with the SMRSA's Department Managers regarding the need to fill an Operator's position vacancy. In accordance with the current collective bargaining agreement, this position vacancy has been duly advertised; and after considering all potential and interested candidates, it is his recommendation that Mr. Walter Philbrook currently a Journeyman/Maintenance Worker be promoted to the position of Operator. Mr. Philbrook has been training for this position and has been filling this position on a temporary basis as needed for the last two years. A resolution has been placed on the Regular Meeting Agenda to approve the permanent placement and promotion of Mr. Walter Philbrook as Operator effective January 12, 2015, for Board of Commissioners consideration and approval.

**BUSINESS:**

- Approve the 2015 Proposed Income, Capital, and Appropriation Budgets.
- Approve Change Order No. 1 for Merging the Enclosure Procurement Project with the Pump Station Upgrade Project in the Existing Contract with T&M Associates for the Modifications to the Belmar Pumping Station.
- Approves the permanent appointment and promotion of Mr. Walter Philbrook to Operator effective January 12, 2015.

**PUBLIC PORTION:**

It was moved by Commissioner Burne and seconded by Commissioner Mattia to open the public portion of the meeting. On voice vote, all Commissioners voted aye. Commissioner Burne made the motion to close the public portion and re-open the Caucus Meeting. Commissioner Mattia seconded the motion. On voice vote, all Commissioners voted aye.

**ADJORNMENT:**

Commissioner Burne made the motion to adjourn the Caucus Meeting. Commissioner Mattia seconded the motion. On voice vote, all Commissioners voted aye.