

**SOUTH MONMOUTH REGIONAL SEWERAGE AUTHORITY
MINUTES - CAUCUS MEETING – SEPTEMBER 8, 2011**

CALL TO ORDER: The Caucus Meeting of the South Monmouth Regional Sewerage Authority was called to order at 7:00 p.m. on Thursday, September 8, 2011.

Moment of Silence and Salute: Led by Chairman Cory

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 11, 2011. The minutes of this meeting will be available after Board approval at a subsequent meeting.

Roll Call:

Present: Commissioners Blasi, Burne, Cory, Farrell, Lynch, Mattia, Nicol and Schmeling.

Messrs Bonello, Bujak and Ruppel.

ATTORNEY'S REPORT: Mr. Bonello reported that he had worked with Mr. Ruppel this month with regards to the emergency actions taken during this month's storm event and has reviewed many of the resolutions concerning the same.

EXECUTIVE DIRECTOR'S REPORT:

Mr. Ruppel's Executive Director Report included a review of the following Authority business related items:

SMRSA Infrastructure Update Following Hurricane Irene:

Mr. Ruppel updated the Commissioners by giving a brief overview of the status of the SMRSA collection systems and plant as follows:

- All collection systems are currently operational with the exception of the Pennsylvania Avenue Station where there is pumping equipment still in the process of being repaired. The station currently has one permanent pump operational and an outside bypass, which will remain in place until the SMRSA receives the repaired pumps and motors.
- All surcharges at the collection systems have receded to their normal level of flow.
- Although operational, Lake Como's generator will remain 4 feet above ground level until a more permanent bypass configuration can be determined. A meeting with the Borough of Lake Como will be scheduled within the next few weeks to discuss bypass alternatives.
- Glimmer Glass Pump Station is in need of a commercial grade generator. The procurement of this generator has been authorized and is currently being ordered.

Treatment Plant Secondary Access Road:

During Hurricane Irene's storm event high winds knocked down a tree which in turn hit an overhead electric cable bringing down live wires across the entrance gate to the plant resulting in no commercial power or egress from the Plant. Even with repeated calls to JCP&L, it took the utility company eight hours to cut off electricity to the damaged wires, which impeded the staff from entering or exiting the plant. As a result of this occurrence, the Authority has engaged one of its pre-qualified engineering firms, Alaimo Group, to reestablish an existing secondary access road on the plant's property. SMRSA staff has been maintaining this access road for years so only minor improvements may be necessary. Alaimo will handle the preliminary designs, surveys, permits, and project management of the construction of the access road.

FEMA Assistance:

Concurrent with the assessment of post-storm damage and the restoration of normal operations for both the collection systems and the plant, staff has been working with insurance agent, Chuck Casagrande and members of the JIF to determine what damages sustained by SMRSA during the storm will be covered through the JIF. Since most of the collection systems are located in a flood plane it is unlikely the damage sustained will be covered under SMRSA's insurance. However, staff has also been working with FEMA to gather the data necessary to submit damages sustained by the Authority for their consideration and possible reimbursement from the State.

Ratification of Emergency Actions:

During the month of August 2011, Gov. Chris Christie issued Executive Order Number 73 declaring a statewide State of Emergency in anticipation of Hurricane Irene. On August 26, 2011, the SMRSA held an Emergency Meeting of the Board of Commissioners in which Resolution #59-11 was approved declaring a local state of emergency to exist in anticipation of Hurricane Irene. On August 29, 2011, the SMRSA held a Special Meeting of the Board of Commissioners in which Resolution #60-11 was approved authorizing the payment of certain unanticipated and unforeseen emergency expenses as a direct result of Hurricane Irene. On September 7, 2011, the Executive Director, Mr. Ruppel submitted to Chairman Cory in memo format an accounting of actions taken that would have under ordinary circumstances required Board approval but were approved during said emergency at his direction. A resolution has been placed on the Regular Meeting Agenda ratifying and approving all actions taken by the Executive Director during the storm event as well as post storm; and that the local state of emergency as declared in Resolutions # 59-11 and # 60-11 no longer exist.

Extraneous Flow Billing Methodology:

Mr. Ruppel reviewed with the Board of Commissioners the SMRSA collection systems' extraneous flow conditions and bypass pumping operations as a result of Hurricane Irene. An extensive discussion followed to determine a fair billing methodology to be utilized in the 2012 Municipal Rate Schedule for each community. It was determined that no decision could be made until the Authority receives confirmation of the damages covered by FEMA and each municipality is contacted, if applicable, for their input regarding the SMRSA's billing for their extraneous flows during and after the storm event.

Refinance of the 2011 Series Sewer Revenue Bonds:

In August 2011, the Board of Commissioners approved Resolution #58-11 authorizing the SMRSA to engage the Authority's professionals, bond counsel, auditor, and staff to examine the possibility of refunding the 2003 Series Sewer Revenue Bonds. During the Caucus Meeting, Mr. Ruppel reported to the Board of Commissioners that after a thorough examination of the viability of refinancing the 2003 Series Sewer Revenue Bonds with the Authority's staff, bond counsel and auditor, it is his recommendation that the SMRSA move forward with Refunding the 2003 Series Bonds. A supplemental resolution authorizing the Issuance of Sewer Revenue Refunding Bonds, Series 2011 has been placed on the Regular Meeting Agenda for Board approval.

In addition to the supplemental resolution mentioned above, a separate resolution authorizing the Authority to make application to the Local Finance Board, if applicable, has been placed on the Regular Meeting Agenda for Board approval.

Implementation of two Section 125 Cafeteria Plans:

Mr. Ruppel informed the Board of Commissioners that effective June 28, 2011, Governor Chris Christie signed Chapter 78, P.L. 2011 into law requiring all local unit employers to provide their employees two Section 125 plan benefits; a Premium Option Plan (POP) and a Flexible Spending Account (FSA). Section 125 of the Internal Revenue Service Code contains a provision whereby employers can provide their employees plans for certain insurance premiums, unreimbursed medical expenses, and child or dependant care assistance to be furnished with pre-tax income. In order for the Authority to comply with state laws, a resolution has been placed on the Regular Meeting Agenda to adopt the implementation of these plans for the benefit of the Authority's employees.

In addition to the above, as part of Chapter 78, P.L. 2011 being signed into law, employers will be required to withhold State mandated health benefit contributions from each employee as applicable. These health benefit contributions are based upon a four-year graduated scale percentage of the employer's health benefit premium cost for that given employee.

SMRSA employees are currently contributing 1.5% of their annual salary to the State for their health care benefits. The new statue requires the employee to immediately contribute the greater of 1.5% of the employee's annual salary or a state mandated percentage of the healthcare premium based on the plan selected and the employee's annual salary.

SMRSA's Union employees are exempt from the new statue until their contract expires in 2013. Until 2013, Union employees will continue to contribute 1.5% of their annual salary for their health benefits. However, the commissioners, administrative managers and staff will be required to adhere to the new state mandated four-year graduated scale health care contribution effective immediately. Coinciding with the increased cost for health benefits is a 1.0% increase in employee's pension contribution with an additional increase of one-seventh of one percent for the next seven years until the employee's pension contribution caps at 7.5%.

Control Building Fascia Replacement Project:

Birdsall Engineering, the project engineering firm previously awarded the contract to replace the fascia on the SMRSA Control Building has completed the bid specifications with the bid opening scheduled for October 5, 2011. It is SMRSA's intention to be in the position to award this contract at the next scheduled Board of Commissioners Meeting.

Local Government Energy Audit:

Mr. Ruppel reminded the Board of Commissioners of Resolution #38-10 whereas the Executive Director was authorized to apply and participate in the New Jersey Local Government Energy Audit Program. He reported that the SMRSA had received authorization from the State to solicit Request For Proposals for the SMRSA's Facility Energy Audit. Request For Proposals were prepared and sent to all New Jersey Department of Treasury prequalified audit firms. He reported that the solicitation for the Facility Energy Audit has been completed. The SMRSA received two formal responses, one from Camp Dresser and McKee (CDM), and the other from Concord Engineering. Each of the proposals have undergone a comprehensive review and ranking based upon, but not limited to, cost, experience, technical staff background and wastewater treatment plant expertise. The Authority understands that it cannot enter into an agreement with the best-ranked respondent until a formal written approval from the New Jersey Board of Public Utilities is received. However, based upon CDM's extensive experience with wastewater facilities, specifically the SMRSA facility itself, it is his recommendation that CDM be awarded this contract. A resolution has been placed on the Regular Meeting Agenda naming Camp Dresser & McKee as the most qualified respondent to perform the SMRSA's Facility Energy Audit for Board consideration.

AEA Annual Meeting:

Mr. Ruppel reminded the Board of Commissioners of the AEA Annual Meeting scheduled for November 15 and 16, 2011. He encouraged each Commissioner to consider attending this year's meeting and asked them to contact Mr. Bujak with their decision so that reservations could be arranged by the Authority.

BUSINESS:

- Resolution ratifying the emergency actions taken by the Executive Director and ending the local state of emergency
- Resolution authorizing the Issuance of 2011 Series Sewer Revenue Bonds
- Resolution authorizing two Section 125 Cafeteria Plans for the public sector
- Resolution naming CDM as the most qualified respondent to perform the SMRSA Facility Energy Audit

PUBLIC PORTION:

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

portion of the meeting. On voice vote, all Commissioners voted aye.

ADJORNMENT:

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