

**TOWNSHIP OF OCEAN SEWERAGE AUTHORITY  
REGULAR MEETING**

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A Work Meeting and Agenda Conference of the Township of Ocean Sewerage Authority for the month of March 2014, was held at the Authority Administration Building, 224 Roosevelt Avenue, Oakhurst, New Jersey on the above date at 6:30 p.m.

Present: Bernhardt, Stubbs, Theodora  
Absent: Galvin, Villapiano  
Others: Attorney John Bonello, Auditor David A, Kaplan, Engineer Timothy Shea,  
Executive Director Bill Schmeling, Superintendent Tom Meholic

Acting Chairman Bernhardt called the meeting to order.

All recited *The Pledge of Allegiance*.

Attorney Bonello swore in the new member of the Authority, Charles P. Theodora, Jr., who replaced Christopher Kelly on the board. All welcomed Mr. Theodora, who will serve a five-year term.

### WORK SESSION

Auditor's Report. Mr. Kaplan congratulated the Board and the Executive Director on attaining an unqualified opinion, which indicates the Authority, is doing well. He noted that 2013 was a good year for the Authority. He provided a review of the audit report and financial statements, noting that the Authority had sufficient assets to be able to finance some of the capital projects without needing to incur financing for them.

He noted that there were three deficiencies, which require remedial action. These items relate to the Interlocal Service Agreement with the Township of Ocean for billing, collection and deposit of funds for the Authority. He provided a description of these items. Director Schmeling advised members that he has reviewed these items with Stephen Gallagher, Director of Finance for the Township.

Mr. Jim Baye, a resident of the Township, asked about the gain in assets contained in the audit, and Mr. Kaplan provided a detailed explanation of accounting procedures. Mr. Kaplan also responded to additional questions by Mr. Baye and the Board.

Director's Report. Mr. Schmeling reported that he met with Stephen Gallagher, Director of Finance for the Township, to review the items that the audit and the required remediation.

Relative to the commercial accounts, the Director stated that since the explanatory letter went out, most commercial users understand that overall water usage is part of the basis for their annual charges. This matter was also discussed with Mr. Gallagher. Mr. Gallagher has asked NJ American Water to provide usage figures for some accounts. Mr. Schmeling advised that there are two resolutions on the agenda that relate to account adjustments for water usage on commercial accounts.

The Director advised that specifications for a new TV truck and pump station communications are out for bid and there have already been inquiries on these. Bids are due on April 9.

Mr. Stubbs asked about the status of the agreement with the Borough of Deal for sewage services. Mr. Schmeling advised that he received a letter from the Administrator of the Borough of Deal and he thinks that there will need to be another meeting with them to negotiate this matter.

With regard to the Edgemere siphon line, T& M is working with the contractor to close out this matter.

Attorney's Report. Mr. Bonello reported that has been working with Director Schmeling on many of the items in the Director's report.

Engineer's Report. Acting Chairman Bernhardt introduced the new engineer, Timothy Shea of T&M. Mr. Shea said that he looks forward to working with the Board. He advised that he met

with Mr. Schmeling to be brought up to date on TOSA projects and goals. He reported that that he is reviewing the Authority’s rules and regulations and minutes.

With regard to the South Edgemere project the engineer has sent the closeout documents to the contractor.

He advised that he and a team of engineers would be meeting with Tom Meholic and touring the plant. They will be working on the annual report and working toward making the report more of an asset management plan.

Plant Superintendent’s Report. Mr. Meholic provided the Operator’s Report for the month of February 2014.

BUSINESS SESSION

Mr. Schmeling provided a review of the Resolutions on the agenda.

He received a communication from a Lesser Parkway resident relative to sewer lines. Mr. Bonello advised that he is doing a search to see whether or not there is an easement. If there is no easement, he will prepare one.

Resolution

Mr. Stubbs offered a motion, seconded by Mr. Bernhardt and unanimously carried to approve the following minutes.

Regular Meeting	February 4, 2014
Closed Session Meeting	February 4, 2014

Note: Mr. Theodora abstained because he was not present at the February meeting.

Mr. Stubbs moved to not accept the Plant Operator’s Report for the month of February 2014 until the DO meter was ordered and other issues in the lab from the audit report were addressed; Mr. Bernhardt concurred.

Resolution

Mr. Bernhardt offered the following Resolution and moved its adoption. Mr. Stubbs seconded the motion.

**RESOLUTION 14 - 26  
CERTIFICATION OF THE ANNUAL AUDIT**

**WHEREAS**, N.J.S.A. 40A: 5-4 requires the governing body of every local unit to have made an annual audit of its books, accounts and financial transactions, and

**WHEREAS**, the Annual Report of Audit for the year 2013 has been filed by a Registered Municipal Accountant with the Executive Director pursuant to N.J.S.A. 40A: 5-6, and a copy has been received by each member of the Township of Ocean Sewerage Authority; and

**WHEREAS**, R.S. 52:27BB-34 authorizes the Local Finance Board of the State of New Jersey to prescribe reports pertaining to the local fiscal affairs; and

**WHEREAS**, the Local Finance Board has promulgated N.J.A.C. 5:30-6.5, a regulation requiring that the governing body of each governmental unit shall, by resolution, certify to the Local Finance Board of the State of New Jersey that all members have reviewed, as a minimum, the sections of the annual audit entitled “Comments and Recommendations”; and

**WHEREAS**, the members of the Township of Ocean Sewerage Authority have personally reviewed, at a minimum, the Annual Report of Audit, and specifically the sections of the Annual Audit entitled “Comments and Recommendations”, as evidenced by the group affidavit form attached hereto; and

**WHEREAS**, such resolution of certification shall be adopted no later than forty-five (45) days after the receipt of the annual audit, pursuant to N.J.A.C. 5:30-6.5.

**NOW, THEREFORE BE IT RESOLVED** that the Members of the Township of Ocean Sewerage Authority hereby states that they have complied with N.J.A.C. 5:30-6.5 and do hereby

submit a certified copy of this Resolution and the required affidavit to the Local Finance Board to show evidence of compliance.

Roll Call: Bernhardt, Stubbs, Theodora  
Yes Yes Yes

Resolution

Mr. Bernhardt offered the following Resolution and moved its adoption. Mr. Stubbs seconded the motion.

**14 - 22**

**AUTHORIZING AMENDMENT TO AND RESTATEMENT OF EMPLOYEE HANDBOOK WITH POLICIES AND PROCEDURES**

**WHEREAS**, the Authority’s Employee Handbook is modeled on the Municipal Excess Liability (the “MEL”) Joint Insurance Fund Model Personnel Policies and Procedures Manual (the “Manual”); and

**WHEREAS**, the Authority is required to review its Employee Handbook every two years; and

**WHEREAS**, the MEL has recommended certain changes to its Manual.

**NOW, THEREFORE, BE IT RESOLVED** that the Township of Ocean Sewerage Authority Employee Handbook is amended and restates in accordance with the attached draft, deletions shown in strikethroughs and additions shown as underlined.

Roll Call: Bernhardt, Stubbs, Theodora  
Yes Yes Yes

Resolution

Mr. Stubbs offered the following Resolution and moved its adoption. Mr. Bernhardt seconded the motion.

**RESOLUTION 14 - 27  
BILL LIST**

**BE IT RESOLVED** by the Township of Ocean Sewerage Authority, in the County of Monmouth, New Jersey (not less than three (3) members affirmatively concurring) as follows:

1. All bills or claims as reviewed and approved by the Executive Director and as set forth in this Resolution are hereby approved for payment.
2. The authorized signers of checks are hereby authorized and directed to sign checks in the payment of bills and claims, which are hereby approved.

The computer printout of the list of bills will be on file in the Purchasing Agent’s Office.

CURRENT FUND	\$ 304,822.58
REVIEW and INSPECTION	0.00
EIT and CONSTRUCTION	56,110.19
RENEW and REPLACEMENT	19,456.85
<b>TOTAL BILLS PAYABLE</b>	<b>\$ 380,389.62</b>

Roll Call: Bernhardt, Stubbs, Theodora  
Yes Yes Yes

Resolution

Mr. Bernhardt offered the following Resolution and moved its adoption. Mr. Theodora

**14 - 28**  
**ESTABLISHING ANNUAL BASE SALARIES FOR 2014**

**WHEREAS**, the Township of Ocean Sewerage Authority desires to establish base salaries for its employees for 2014.

**NOW, THEREFORE, BE IT RESOLVED**, this 4th day of March 2014 that the following annual base salaries are established for employees of the Township of Ocean Sewerage Authority, effective January 1, 2014:

<u>EMPLOYEE</u>	<u>BASE SALARY(1)</u>	<u>HEALTH &amp; DENTAL INS PREMIUMS(2)</u>	<u>HEALTH INS CONTRIB(3)</u>
William E. Schmeling	\$ 108,000.00	\$ 5,451.06*	None
Ruth Finn	\$ 4,174.00	None	None
Thomas Meholic	\$ 125,000.00	\$ 10,902.12	\$ 2,764.74
Frank Vacchiano	\$ 111,744.00	\$ 20,610.00	\$ 5,946.08
Glen Henry	\$ 82,998.00	\$ 27,172.92	\$ 5,280.11
Scott Stedman	\$ 82,917.00	\$ 17,465.04	\$ 3,781.69
Bruce Olsen	\$ 78,982.00	\$ 10,902.12	\$ 2,803.15
Sal Lagrotteria, Jr.	\$ 76,699.00	\$ 27,172.92	\$ 4,617.43
Josip Jurasic	\$ 51,992.00	\$ 10,902.12	\$ 1,698.88
Daniel Miller	\$ 49,202.00	\$ 5,451.06*	None
Richard Dorick	\$ 16,756.00	None	None
Thomas DiOrio	\$ 86,000.00	\$ 20,610.00	\$ 5,824.73
Kenneth Williamson	\$ 86,000.00	\$ 10,902.12	\$ 2,973.04
Vincent D'Esposito	\$ 45,320.00	\$ 10,902.12	\$ 1,116.41
Jennifer Crumley	\$ 33,000.00	\$ 17,465.04	\$ 926.13
Richard Roman	\$ 29,000.00	\$ 27,172.92	\$ 1,131.45
Board Chairman	\$ 2,250.00	None	None
Board Members	\$ 2,000.00	\$ 5,451.00	None

\*Waiver of health and dental insurance coverage

- (1) Salaries on January 1, 2014; step increases may occur during year
- (2) Based on premiums charged as of January 1, 2014
- (3) Based on premiums and salaries on January 1, 2014

**AND BE IT FURTHER RESOLVED** that such base salary amount shall be in addition to any other amounts due in accordance with the Authority's Employee Handbook;

**AND BE IT FURTHER RESOLVED** that Scott Stedman is named Plant Foreman at an annual stipend of \$2,000;

**AND BE IT FURTHER RESOLVED** that Ken Williamson is named Collection Foreman at an annual stipend of \$2,000.

Roll Call:      Bernhardt, Stubbs, Theodora  
                  Yes      Yes      Yes

Resolution

Mr. Bernhardt offered the following Resolution and moved its adoption. Mr. Stubbs seconded the motion.

**14 - 29**  
**AUTHORIZING ADJUSTMENT TO ACCOUNT NUMBER 18828-1**

**WHEREAS**, Kane Brewing Company operates at 1750 Bloomsbury Avenue, sewer account number 18828-1; and

**WHEREAS**, the 2013 water reading use for account number 18828-1 was 380,000 gallons; and

**WHEREAS**, Kane Brewing Company estimates that fifty percent (50%) of the water consumption results in finished product or is absorbed and retained in malted barley during the brewing process; and

**WHEREAS**, an article in the December 2012 WE&T magazine states that craft brews consume an average of 5 to 6 gallons of water for every gallon of beer produced; and

**WHEREAS**, Kane Brewing Company produced approximately 60,000 gallons of craft beer in 2013; and

**WHEREAS**, based on the available information, between 190,000 and 300,000 gallons of water going into the property did not enter the Authority’s collection system.

**NOW, THEREFORE, BE IT RESOLVED** that the Township of Ocean Sewerage Authority hereby authorizes that the water usage for account number 18828-1 be adjusted to 100,000 gallons for 2013 resulting in an excess usage charge of \$170.10

Roll Call:      Bernhardt, Stubbs, Theodora  
                  Yes        Yes        Yes

Resolution

Mr. Bernhardt offered the following Resolution and moved its adoption. Mr. Stubbs seconded the motion.

**14 – 30**

**AUTHORIZING PAYMENT TO WILLIAM E. SCHMELING PURSUANT TO INTERLOCAL AGREEMENT WITH TOWNSHIP OF OCEAN**

**WHEREAS**, the Authority entered into an Interlocal Agreement with the Township of Ocean for the Authority’s Executive Director to perform services for the Township; and

**WHEREAS**, the Executive Director performed 9.95 hours of service for the Township in 2013, of which 9.85 hours were performed outside the Executive Director’s normal working hours; and

**WHEREAS**, the Authority billed the Township \$582.08 for the Executive Director’s service in 2013.

**NOW, THEREFORE, BE IT RESOLVED** that the Township of Ocean Sewerage Authority hereby authorizes payment in the amount of \$350.00 to the Executive Director for work performed under the Interlocal Agreement in 2013.

Roll Call:      Bernhardt, Stubbs, Theodora  
                  Yes        Yes        Yes

Resolution

Mr. Bernhardt offered the following Resolution and moved its adoption. Mr. Theodora seconded the motion.

**14 - 31**

**AUTHORIZING GRANT OF PRELIMINARY, TENTATIVE AND FINAL APPROVAL FOR 1910 INVESTMENTS LLC - APPLICATION NUMBER 177**

**WHEREAS**, 1910 Investments LLC submitted applications for preliminary, tentative and final approval; and

**WHEREAS**, the Authority’s engineer has recommended the granting of preliminary, tentative and final approval for 1910 Investments LLC in its Engineer’s Report dated February 21,

**NOW, THEREFORE, BE IT RESOLVED** by the Township of Ocean Sewerage Authority that Preliminary, Tentative and Final Approvals are granted to 1910 Investments LLC in accordance with the Applications submitted, subject to the following conditions:

1. Filing of appropriate plan revisions and satisfaction of conditions set forth in engineer's report dated February 21, 2014;
2. Payment of outstanding review fees;
3. Payment of inspection review fees in the amount of \$1,000 prior to the commencement of construction;
4. Posting of a performance guarantee in the amount of \$8,656.74 (\$865.67 in cash and \$7,791.07 in surety bond or letter of credit);
5. Payment of \$250 to the Authority for review of the performance guarantee;
6. Payment of a connection fee then in place equal to 7.7 EDUs prior to connection of the improvements to the Authority's collection system; and
7. Compliance with the Authority's Rules and Regulations and such other requirements set forth by the Authority's engineer.

Roll Call:      Bernhardt, Stubbs, Theodora  
                  Yes        Yes        Yes

Resolution

Mr. Bernhardt offered the following Resolution and moved its adoption. Mr. Stubbs seconded the motion.

**14 – 32**

**AUTHORIZING ADJUSTMENT TO ACCOUNT NUMBER 18553-0**

**WHEREAS**, the property located at 1604 Highway 35 (account number 18553-0) (the "Property") averaged 72,000 gallons of water usage for the years 2008, 2009 and 2010; and

**WHEREAS**, a lawn sprinkler system was installed on the property in 2011; and

**WHEREAS**, the water usage for the years 2011, 2012 and 2013 increased to 116,000, 122,000 and 196,000 gallons respectively; and

**WHEREAS**, the water bills provided by the owner of the Property shows increased water usage during the months June through September; and

**WHEREAS**, the owner of the Property has requested an adjustment to the sewer bill for the lawn sprinkler water usage.

**NOW, THEREFORE, BE IT RESOLVED** that the Township of Ocean Sewerage Authority hereby authorizes that the water usage for account number 18553-0 be adjusted to 122,000 gallons for 2013 resulting in no excess usage charge; and

**BE IT FURTHER RESOLVED** that such adjustment shall only take place after a sub-meter is installed for the lawn sprinkler system within six (6) months of the date of this Resolution.

Roll Call:      Bernhardt, Stubbs, Theodora  
                  Yes        Yes        Yes

Resolution

Mr. Stubbs offered the following Resolution and moved its adoption. Mr. Bernhardt seconded the motion.

**RESOLUTION 14 - 33  
APPROVING CORRECTIVE ACTION PLAN FOR 2014**

**WHEREAS**, the 2013 Annual Report of Audit has been received by the Members of the Township of Ocean Sewerage Authority; and

**WHEREAS**, the Annual Report of Audit made recommendations which are more fully set forth; and

**WHEREAS**, it is the desire of the Township of Ocean Sewerage Authority to implement a Corrective Action Plan in response to the recommendations contained in the 2013 Annual Report of Audit.

**NOW, THEREFORE BE IT RESOLVED** by the Township of Ocean Sewerage Authority as follows:

1. That the following Corrective Action Plan be implemented in order to comply with the recommendations listed below in the 2013 Annual Report of Audit:

A. Finding 2013 - 1: It is recommended that all deposits be made within 48 hours as required by New Jersey State Statute.

Corrective Action: Deposits are handled through an Interlocal Agreement with the Township of Ocean, and the Executive Director has reviewed the Township’s responsibilities under the agreement with the Township Manager and Finance Director.

B. Finding 2013 - 2: It is recommended that the payroll bank reconciliations be provided to the Authority on a monthly basis as required by the inter-local service agreement.

Corrective Action: Payroll reconciliation is handled through an Interlocal Agreement with the Township of Ocean, and the Executive Director requested the information on a monthly basis from the Township. The Executive will review the Township’s responsibilities under the agreement with the Township Manager and Finance Director.

C. Finding 2013 - 3: It is recommended that the accounts receivable subsidiary ledger be reconciled monthly to the general ledger.

Corrective Action: Financial records are maintained through an Interlocal Agreement with the Township of Ocean, and the Executive Director requested the information on a monthly basis from the Township. The Executive will review the Township’s responsibilities under the agreement with the Township Manager and Finance Director.

2. That a certified copy of this Resolution shall be forwarded to the Division of Local Government Services and the Authority’s Auditor.

Roll Call:      Bernhardt, Stubbs, Theodora  
                  Yes        Yes     Yes

Resolution

Mr. Bernhardt offered the following Resolution and moved its adoption. Mr. Stubbs seconded the motion.

**RESOLUTION 14 - 34  
ESTABLISHING TD BANK, N.A. BANK ACCOUNTS**

**RESOLVED** that the TD Bank, N.A., at any one or more of its offices or branches, be and it hereby is designated as a Financial Institution of and depository for the funds of the Township of Ocean Sewerage Authority (the “Authority”), which may be withdrawn on checks, drafts, advices of debit, notes or other orders for the payment of monies (including electronic orders) bearing the signature of, or as otherwise authorized by, any one (1) of the officers, employees or agents of the Authority (the “Agents”), whose actual signatures are shown on the attached sheets; and

**BE IT FURTHER RESOLVED** the Agents are hereby authorized to open and maintain a deposit account or accounts of the Authority with TD Bank, N.A., subject to the terms and

conditions in the applicable Account agreements, as may be amended from time to time; and

**BE IT FURTHER RESOLVED** that TD Bank, N.A. is hereby directed to accept and pay without further inquiry any item or payment order drawn against any of the Authority’s accounts with TD Bank, N.A. bearing the signature of or as otherwise authorized by any such Agents even though drawn or endorsed to the order of any Agent signing or tendered by such Agent for cashing or in payment of the individual obligation of such Agent or for deposit to the Agent’s personal account, and TD Bank, N.A. shall not be required or be under any obligation to inquire as to the circumstances of the issue or use of any item signed, or payment order authorize, in accordance with the resolutions contained herein, or the application or disposition of such item or the proceeds of the item; and

**BE IT FURTHER RESOLVED** that any one of such Agents is authorized to endorse all checks, drafts, notes and other items payable to or owned by the Authority for deposit with TD Bank, N.A., or for collection or discount by TD Bank, N.A., and to accept drafts and other items payable at TD Bank, N.A.; and

**BE IT FURTHER RESOLVED** that the Agents are authorized and empowered to execute such other agreements, including but not limited to, special depository agreements and arrangements regarding the manner, conditions or purposes for which funds, checks or items of the Authority may be deposited, collected or withdrawn and to perform such other acts as they deem reasonably necessary to carry out the provisions of these Resolutions; and

**BE IT FURTHER RESOLVED** that the authority hereby conferred on the Agents shall be and remains in full force and effect until written notice of the revocation thereof shall have been delivered to and received by TD Bank, N.A. at the location where an account is maintained and TD Bank, N.A. has had a reasonable period of time to act upon such notice.

Roll Call:       Bernhardt, Stubbs, Theodora  
                  Yes        Yes     Yes

Resolution

Mr. Bernhardt offered the following Resolution and moved its adoption. Mr. Stubbs seconded the motion.

**RESOLUTION 14 - 35  
ESTABLISHING INVESTORS BANK BANK ACCOUNTS**

**RESOLVED** that the Investors Bank, at any one or more of its offices or branches, be and it hereby is designated as a Financial Institution of and depository for the funds of the Township of Ocean Sewerage Authority (the “Authority”), which may be withdrawn on checks, drafts, advices of debit, notes or other orders for the payment of monies (including electronic orders) bearing the signature of, or as otherwise authorized by, any one (1) of the officers, employees or agents of the Authority (the “Agents”), whose actual signatures are shown on the attached sheets; and

**BE IT FURTHER RESOLVED** the Agents are hereby authorized to open and maintain a deposit account or accounts of the Authority with Investors Bank, subject to the terms and conditions in the applicable Account agreements, as may be amended from time to time; and

**BE IT FURTHER RESOLVED** that Investors Bank is hereby directed to accept and pay without further inquiry any item or payment order drawn against any of the Authority’s accounts with Investors Bank bearing the signature of or as otherwise authorized by any such Agents even though drawn or endorsed to the order of any Agent signing or tendered by such Agent for cashing or in payment of the individual obligation of such Agent or for deposit to the Agent’s personal account, and Investors Bank shall not be required or be under any obligation to inquire as to the circumstances of the issue or use of any item signed, or payment order authorize, in accordance with the resolutions contained herein, or the application or disposition of such item or the proceeds of the item; and

**BE IT FURTHER RESOLVED** that any one of such Agents is authorized to endorse all checks, drafts, notes and other items payable to or owned by the Authority for deposit with Investors Bank, or for collection or discount by Investors Bank, and to accept drafts and other items payable at Investors Bank; and

**BE IT FURTHER RESOLVED** that the Agents are authorized and empowered to execute such other agreements, including but not limited to, special depository agreements and arrangements regarding the manner, conditions or purposes for which funds, checks or items of the Authority may be deposited, collected or withdrawn and to perform such other acts as they deem reasonably necessary to carry out the provisions of these Resolutions; and

**BE IT FURTHER RESOLVED** that the authority hereby conferred on the Agents shall be and remains in full force and effect until written notice of the revocation thereof shall have been delivered to and received by Investors Bank at the location where an account is maintained and Investors Bank has had a reasonable period of time to act upon such notice.

Roll Call:      Bernhardt, Stubbs, Theodora  
                  Yes        Yes     Yes

Resolution

Mr. Bernhardt offered the following Resolution and moved its adoption. Mr. Stubbs seconded the motion.

**14 - 36**

**DESIGNATING CERTIFYING AGENT FOR  
PUBLIC EMPLOYEE’S RETIREMENT SYSTEM**

**BE IT RESOLVED** that the Township of Ocean Sewerage Authority that in accordance with the requirements of the Public Employee’s Retirement System, Executive Director William E. Schmeling is hereby designated as Certifying Agent for PERS, and shall be responsible for processing and submitting all documents, as required, pertaining to the retirement system; and

**BE IT FURTHER RESOLVED** that the Authority’s Treasurer Ralph Stubbs be designated as the alternate Certifying Agent for PERS.

Roll Call: Bernhardt, Stubbs, Theodora  
                  Yes        Yes     Yes

There being no further business to come before the Authority, Mr. Bernhardt moved that the meeting be adjourned. Mr. Stubbs seconded the motion and all voted in favor of adjournment.

Respectfully Submitted,

RALPH STUBBS, Secretary