

## MEETING MINUTES

### PEQUANNOCK RIVER BASIN REGIONAL SEWERAGE AUTHORITY (ORGANIZATION MEETING)

February 16, 2011

Minutes of the organization meeting of the **Pequannock River Basin Regional Sewerage Authority** held on February 16, 2011 in the Conference Room at the Butler Municipal Building, One Ace Road, Butler, New Jersey. The meeting was called to order at approximately 8:00 p.m.

#### ROLL CALL

On roll call:

<b>PRESENT</b>	:	Chairman Voorman, Commissioners Gall, Howard, Lampmann, Metcalfe and Verdonik
<b>ABSENT</b>	:	None
<b>ALSO PRESENT</b>	:	Christopher H. Falcon, Esq., Maraziti, Falcon & Healey and Daniel D. Kelly, P.E., Kelly Engineering

#### OPEN PUBLIC MEETING STATEMENT

Chairman Voorman introduced the "Open Public Meeting Statement" indicating that adequate notice of the Authority's regular meeting had been publicized in accordance with the law by posting notice on the bulletin board at the Butler Municipal Building, providing notice to the municipal clerks of Bloomingdale, Butler, Kinnelon and Riverdale and by providing notice to the official newspapers of the Authority.

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**ORGANIZATION MEETING**

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**1. ELECTION OF OFFICERS**

Nominating Committee Chairman Gall, on behalf of the Nominating Committee including Commissioners Howard and Verdonik, presented the following slate of officers for consideration:

**Chairman:** Robert Voorman  
**Vice Chairman:** Raymond Verdonik  
**Secretary:** Edwin Howard  
**Treasurer:** E. J. Gall  
**Assistant Secretary:** E. J. Gall

Commissioner Metcalfe moved to close the slate of officers as presented. That motion was seconded by Commissioner Lampmann and passed upon the following roll call vote:

**AYES** : Commissioners Gall, Howard, Lampmann, Metcalfe, Verdonik and Voorman  
**NAYS** : None  
**ABSTAIN** : None  
**ABSENT** : None

Commissioner Lampmann moved to approve the slate of officers as presented. That motion was seconded by Commissioner Gall and passed upon the following roll call vote:

**AYES** : Commissioners Gall, Howard, Lampmann, Metcalfe, Verdonik and Voorman  
**NAYS** : None  
**ABSTAIN** : None  
**ABSENT** : None

Chairman Voorman thanked the Board and acknowledged their support throughout.

## 2. CONSENT AGENDA

Chairman Voorman recommended that the Authority consider approving the organization meeting resolutions by consent agenda, specifically, for Resolutions No. R-11-2-1 through Resolution No. R-11-2-11 as follows:

- |    |                         |                                     |
|----|-------------------------|-------------------------------------|
| 1. | Resolution No. R-11-2-1 | Open Public Meeting Act             |
| 2. | Resolution No. R-11-2-2 | Official Depository                 |
| 3. | Resolution No. R-11-2-3 | Appointment of Auditor              |
| 4. | Resolution No. R-11-2-4 | Appointment of General Counsel      |
| 5. | Resolution No. R-11-2-5 | Appointment of Bond Counsel         |
| 6. | Resolution No. R-11-2-6 | Appointment of Consulting Engineer  |
| 7. | Resolution No. R-11-2-7 | Trustee Incumbency Certificate      |
| 8. | Resolution No. R-11-2-8 | Designate Affirmative Action (PACO) |

### **Resolution No. R-11-2-1**

**WHEREAS**, The Open Public Meetings Act, Chapter 231 of the Laws of 1975, and more specifically, N.J.S.A. 10:4-8, requires all public bodies at least once a year and within seven (7) days of the Annual Organization Meeting of such body to arrange for the posting of a schedule of the regular meetings of the public body to be held during the succeeding year;

**NOW, THEREFORE, BE IT RESOLVED** by the Pequannock River Basin Regional Sewerage Authority as follows:

1. The schedule of regular meetings of the Authority hereinafter set forth is hereby adopted:

### **SCHEDULE**

Regular Meetings of the Pequannock River Basin Regional Sewerage Authority are held at the Borough of Butler Municipal Building, One Ace Road, Butler, New Jersey, commencing at 7:30 p.m. unless otherwise noted:

2011

March 16  
April 20  
May 18  
June 15  
July 20  
August 17  
September 21  
October 19  
December 7

2012

January 18  
February 15

2. The official newspapers of the Authority are:
  - A. Suburban Trends
  - B. North Jersey Herald and News
  
3. The Secretary is authorized to:
  - A. Post a copy of this Resolution on the bulletin board at the Authority's Office in the Butler Municipal Building.
  - B. Forward a copy of this Resolution to the Municipal Clerks of Butler, Bloomingdale and Kinnelon for posting in the public place in each community reserved for such notices.
  - C. Forward a copy of this Resolution to two newspapers, one of which shall be the official newspaper of the Authority.
  
4. This Resolution shall take effect as provided by law.

**Resolution No. R-11-2-2**

**WHEREAS**, the Pequannock River Basin Regional Sewerage Authority (hereinafter "Authority") proposes to designate official depositories for the funds of the Authority.

**NOW, THEREFORE, BE IT RESOLVED** by the Pequannock River Basin Regional Sewerage Authority in the Counties of Morris and Passaic in the State of New Jersey on this 16th day of February, 2011, as follows:

1. The following are designated as the official depositories of the Authority and are directed to honor all withdrawals made by check or withdrawal document signed by the Chairman or Vice Chairman and Treasurer or Secretary/Assistant Secretary of the Authority:

NEW JERSEY CASH MANAGEMENT FUND  
WELLS FARGO, N.A.  
US BANK, N.A.

2. The Authority hereby authorizes the execution and delivery of such authorization and forms as may be required by Wells Fargo, N.A. and US Bank, N.A., providing for deposits and payments as well as the filing of authenticated signatures of Authority officers and Consulting Engineer as official signatures.
  
3. This Resolution shall take effect as provided by law.

**Resolution No. R-11-2-3**

**WHEREAS**, the Pequannock River Basin Regional Sewerage Authority ("the Authority") is authorized by N.J.S.A. 40:14A-1 et seq. to retain such professional and technical advisors and experts as it may require; and

**WHEREAS**, there is a need to appoint professional consultants and advisors to provide services to the Authority during the year 2011 and until the next reorganization meeting of the Authority; and

**WHEREAS**, funds are available for these services;

**WHEREAS**, the foregoing services are "professional" services as in N.J.S.A. 40A:11-2(6) which are permitted to be contracted without public bidding as set forth in N.J.S.A 40A:11-5(1) (a) and as a "non-fair and open" contract pursuant to the provisions of N.J.S.A. 19:44A-20.5; and

**WHEREAS**, the Authority has determined that the value of the professional services will exceed \$17,500; and,

**WHEREAS**, the professional consultant named below has completed and submitted a Business Entity Disclosure Certification, which certifies that the firm has not made any reportable contributions to a political or candidate committee represented by an Authority member in the previous one year, and that the contract will prohibit the firm from making any reportable contribution through the term of the contract and a C.271 Political Contribution Disclosure Form; and

**WHEREAS**, the Business Disclosure Entity Certification, the C.271 Political Contribution Disclosure Form, and the Determination of Value has been placed on file with this resolution.

**NOW, THEREFORE, BE IT RESOLVED** by the Pequannock River Basin Regional Sewerage Authority in the State of New Jersey on this 16th day of February, 2011, as follows:

The Authority does hereby name and designate Ferraioli, Wielkotz, Cerullo & Cuva, P.A. of Pompton Lakes, New Jersey as Authority Auditor to provide auditing services as required, and subject to the requirements of the Local Public Contracts Law, the Chairman is authorized to execute an agreement therewith for the provision of such service. This contract is awarded for the provision of professional services pursuant to N.J.S.A. 40A:11-5.

The Secretary is authorized and directed to cause a copy of this Resolution to be published in the official newspaper of the Authority concerning the appointment of the aforesaid auditor within ten (10) days of the date hereof. The aforesaid firm shall be paid from funds appropriated for these purposes in accordance with the duly adopted budget of the Authority. the

General Bond Resolution of July 15, 1986 and all supplements thereto, and other implementing resolutions of the Authority. An Agreement for services shall be on file and available for inspection by members of the public in accordance with law.

This Resolution shall take effect as provided by law.

**Resolution No. R-11-2-4**

**WHEREAS**, the Pequannock River Basin Regional Sewerage Authority ("the Authority") is authorized by N.J.S.A. 40:14A-1 et seq. to retain such professional and technical advisors and experts as it may require; and

**WHEREAS**, there is a need to appoint professional consultants and advisors to provide services to the Authority during the year 2011 and until the next reorganization meeting of the Authority; and

**WHEREAS**, funds are available for these services;

**WHEREAS**, the foregoing services are "professional" services as in N.J.S.A. 40A:11-2(6) which are permitted to be contracted without public bidding as set forth in N.J.S.A 40A:11-5(1) (a) and as a "non-fair and open" contract pursuant to the provisions of N.J.S.A. 19:44A-20.5; and

**WHEREAS**, the Authority has determined that the value of the professional services will exceed \$17,500; and,

**WHEREAS**, the professional consultant named below has completed and submitted a Business Entity Disclosure Certification, which certifies that the firm has not made any reportable contributions to a political or candidate committee represented by an Authority member in the previous one year, and that the contract will prohibit the firm from making any reportable contribution through the term of the contract and a C.271 Political Contribution Disclosure Form; and

**WHEREAS**, the Business Disclosure Entity Certification, the C.271 Political Contribution Disclosure Form, and the Determination of Value has been placed on file with this resolution.

**NOW, THEREFORE, BE IT RESOLVED** by the Pequannock River Basin Regional Sewerage Authority in the State of New Jersey on this 16th day of February, 2011, as follows:

The Authority does hereby name and designate Maraziti, Falcon & Healey, L.L.P., Short Hills, New Jersey as General Counsel to provide legal services as required in accordance with their proposal for these services and subject to the requirements of the Local Public Contracts Law, the Chairman is authorized to execute an agreement therewith for the provision of such service. This contract is awarded for the provision of professional services pursuant to N.J.S.A. 40A:11-5.

The Secretary is authorized and directed to cause a copy of this Resolution to be published in the official newspaper of the Authority concerning the appointment of the aforesaid General Counsel within ten (10) days of the date hereof. The aforesaid firm shall be paid from funds appropriated for these purposes in accordance with the duly adopted budget of the Authority, the General Bond Resolution of July 15, 1986 and all supplements thereto, and other implementing resolutions of the Authority. The agreement for services shall be on file and available for inspection by members of the public in accordance with law.

This Resolution shall take effect as provided by law.

**Resolution No. R-11-2-5**

**WHEREAS**, the Pequannock River Basin Regional Sewerage Authority ("the Authority") is authorized by N.J.S.A. 40:14A-1 et seq. to retain such professional and technical advisors and experts as it may require; and

**WHEREAS**, there is a need to appoint professional consultants and advisors to provide services to the Authority during the year 2011 and until the next reorganization meeting of the Authority; and

**WHEREAS**, funds are available for these services;

**WHEREAS**, the foregoing services are "professional" services as in N.J.S.A. 40A:11-2(6) which are permitted to be contracted without public bidding as set forth in N.J.S.A. 40A:11-5(1) (a) and as a "non-fair and open" contract pursuant to the provisions of N.J.S.A. 19:44A-20.5; and

**WHEREAS**, the Authority has determined that the value of the professional services will exceed \$17,500; and,

**WHEREAS**, the professional consultant named below has completed and submitted a Business Entity Disclosure Certification, which certifies that the firm has not made any reportable contributions to a political or candidate committee represented by an Authority member in the previous one year, and that the contract will prohibit the firm from making any reportable contribution through the term of the contract and a C.271 Political Contribution Disclosure Form; and

**WHEREAS**, the Business Disclosure Entity Certification, the C.271 Political Contribution Disclosure form and the Determination of Value has been placed on file with this resolution.

**NOW, THEREFORE, BE IT RESOLVED** by the Pequannock River Basin Regional Sewerage Authority in the State of New Jersey on this 16th day of February, 2011, as follows:

The Authority does hereby name and designate Hawkins, Delafield and Wood, Esq., Newark, New Jersey as Bond Counsel to provide legal services as required, and subject to the

requirements of the Local Public Contracts Law, the Chairman is authorized to execute an agreement therewith for the provision of such service. This contract is awarded for the provision of professional services pursuant to N.J.S.A. 40A:11-5.

The Secretary is authorized and directed to cause a copy of this Resolution to be published in the official newspaper of the Authority concerning the appointment of the aforesaid counsel within ten (10) days of the date hereof. The aforesaid firm shall be paid from funds appropriated for these purposes in accordance with the duly adopted budget of the Authority, the General Bond Resolution of July 15, 1986 and all supplements thereto, and other implementing resolutions of the Authority. The agreement for services shall be on file and available for inspection by members of the public in accordance with law

This Resolution shall take effect as provided by law.

**Resolution No. R-11-2-6**

**WHEREAS**, the Pequannock River Basin Regional Sewerage Authority ("the Authority") is authorized by N.J.S.A. 40:14A-1 et seq. to retain such professional and technical advisors and experts as it may require; and

**WHEREAS**, there is a need to appoint professional consultants and advisors to provide services to the Authority during the year 2011 and until the next reorganization meeting of the Authority; and

**WHEREAS**, funds are available for these services;

**WHEREAS**, the foregoing services are "professional" services as in N.J.S.A. 40A:11-2(6) which are permitted to be contracted without public bidding as set forth in N.J.S.A. 40A:11-5(1) (a) and as a "non-fair and open" contract pursuant to the provisions of N.J.S.A. 19:44A-20.5; and

**WHEREAS**, the Authority has determined that the value of the professional services will exceed \$17,500; and,

**WHEREAS**, the professional consultant named below has completed and submitted a Business Entity Disclosure Certification, which certifies that the firm has not made any reportable contributions to a political or candidate committee represented by an Authority member in the previous one year, and that the contract will prohibit the firm from making any reportable contribution through the term of the contract and a C.271 Political Contribution Disclosure Form; and

**WHEREAS**, the Business Disclosure Entity Certification, the C.271 Political Contribution Disclosure Form, and the Determination of Value has been placed on file with this resolution.

**NOW, THEREFORE, BE IT RESOLVED** by the Pequannock River Basin Regional Sewerage Authority in the State of New Jersey on this 16th day of February, 2011, as follows:



The Authority does hereby name and designate Kelly Engineering, New Vernon, New Jersey as Consulting Engineer to provide engineering services as required in accordance with its proposal to the Authority for these services, and subject to the requirements of the Local Public Contracts Law, the Chairman is authorized to execute an agreement therewith for the provision of such service. This contract is awarded for the provision of professional services pursuant to N.J.S.A. 40A:11-5.

The Secretary is authorized and directed to cause a copy of this Resolution to be published in the official newspaper of the Authority concerning the appointment of the aforesaid consultant within ten (10) days of the date hereof. The aforesaid firm shall be paid from funds appropriated for these purposes in accordance with the duly adopted budget of the Authority, the General Bond Resolution of July 15, 1986 and all supplements thereto, and other implementing resolutions of the Authority. The agreement for services shall be on file and available for inspection by members of the public in accordance with law.

This Resolution shall take effect as provided by law.

**Resolution No. R-11-2-7**

**BE IT RESOLVED** by the Pequannock River Basin Regional Sewerage Authority in the Counties of Morris and Passaic and State of New Jersey on this 16th day of February, 2011, as follows:

1. This Resolution is enacted to authorize the Authority's Officers to sign the Incumbency Certificate requested by US Bank, N.A. or its successor bank as Trustee under the General Bond Resolution of July 15, 1986, and Resolutions supplemental thereto.
2. The Authority's Officers and Consulting Engineer are authorized to sign the Incumbency Certificate.
3. The Secretary shall deliver an Incumbency Certificate if required and a certified copy of this Resolution to the Trustee.
4. This Resolution shall take effect immediately.

**Resolution No. R-11-2-8**

**WHEREAS**, there exists a need for the designation of an official or employee to serve as a Public Agency Compliance Officer (P.A.C.O.) pursuant to N.J.A.C. 17:27 for Pequannock River Basin Regional Sewerage Authority; and

**WHEREAS**, the P.A.C.O. is the liaison official for matters concerning Affirmative Action as set forth in P.L. 1975, c.127 (N.J.A.C. 17:27); and

**WHEREAS**, the Authority desires to comply with the Affirmative Action requirements and wishes to maintain appropriate contracting procedures for the Pequannock River Basin Regional Sewerage Authority;

**NOW, THEREFORE, BE IT RESOLVED** by the Pequannock River Basin Regional Sewerage Authority in the Counties of Morris and Passaic in the State of New Jersey on this 16th day of February, 2011, as follows:

1. The Authority does hereby appoint the Consulting Engineer as the Public Agency Compliance Officer for the Pequannock River Basin Regional Sewerage Authority.

3. The P.A.C.O. shall act as the liaison between the Authority and the New Jersey Department of the Treasury, Affirmative Action Office and shall take appropriate actions to maintain compliance with the Agency's contracting procedures to comply with the Affirmative Action regulations cited at N.J.A.C. 17:27.

3. The Consulting Engineer is authorized and directed to complete the appropriate notification form designating the P.A.C.O. and to forward the same to the Department of the Treasury.

4. This Resolution shall take effect as provided by law.

Following discussion on the consent agenda, Commissioner Lampmann moved approval of the above resolutions. That motion was seconded by Commissioner Howard and passed unanimously on the following roll call vote:

<b>AYES</b>	:	Chairman Voorman, Commissioners Gall, Howard, Lampmann, Metcalfe and Verdonik
<b>NAYS</b>	:	None
<b>ABSTAIN</b>	:	None
<b>ABSENT</b>	:	None

**MEETING MINUTES**

1. **Regular Meeting Minutes – January 19, 2011**

Commissioner Lampmann moved approval of the minutes of the Authority's January 19, 2011 regular meeting. That motion was seconded by Commissioner Metcalfe and was approved on the following roll call vote:

<b>AYES</b>	:	Chairman Voorman, Commissioners Lampmann, Metcalfe and Verdonik
<b>NAYS</b>	:	None
<b>ABSTAIN</b>	:	Commissioners Gall and Howard
<b>ABSENT</b>	:	None

## **OPERATIONAL REPORT**

### 1. **System Operations**

#### 1.1 **Flow Report**

Referring to the Flow Report dated January 25, 2011 for the period ending December 31, 2010, Mr. Kelly advised that the system flows have increased by approximately 300,000 gpd from 1.434 mgd in November to 1.758 mgd in December.

The following reports were distributed to the Board for review:

- Flow Report for the period ending December 31, 2010
- Daily Flow Summary for December 2010
- Daily Flow Hydrograph for December 2010
- TBSA "Yearly Plant Operations Report" Table 4 for December 2010 and January 2010

Mr. Kelly also referred to the Two Bridges Sewerage Authority "Yearly Plant Operations Report" for December 2010 and January 2011. As indicated by his calculations on each report, in December the Authority's flows averaged 0.73 percent less than the amount billed. The corresponding figure for January 2011 is 1.01 percent less.

#### 1.2 **I/I Monitoring Program**

Referring to a summary of the final data tabulations compiled to date for the temporary flow monitoring program in Bloomingdale and in Butler, Mr. Kelly advised that the engineering report is currently being prepared based upon the flow data information now available.

### 2. **TBSA Activities**

#### 2.1 Status Update

The Board thanked and congratulated Vice Chairman Verdonik for his service having just completed a 3 year term of office as TBSA's Chairman. He and Chairman Voorman advised that TBSA's new Chairman is Art Schmidt of Pequannock Township.

Chairman Voorman and Vice Chairman Verdonik reported on a number of matters at the Two Bridges Sewerage Authority as they affect Pequannock River Basin.

As an update to the incinerator project they advised that a new contractor has been brought on board to finalize the control equipment installation such that all work is currently scheduled for completion by April.

## 2.2. TBSA Capital Improvement Program

Vice Chairman Verdonik advised that Pequannock Township has not as yet indicated its reserve capacity needs as related to the wastewater treatment plant upgrade and expansion project.

## 2.3 TBSA UV Project: Debt Service & 2% Cap Issues

Mr. Kelly indicated that the letters to the four municipalities will be issued advising them of TBSA's anticipated increased debt service charges scheduled to begin in FY 2012 due to the TBSA ultraviolet disinfection project and also advising as to the 2 percent cap issue.

### 3. **Report on PRBRSA Billing: Bloomingdale Subflow**

Mr. Kelly reviewed the February 2011 report "PRBRSA Annual Charge Billing for Bloomingdale Subflow". He explained that the report was prepared by assembling and analyzing the information currently known on the Authority's billing on the flows from Bloomingdale as connected to Butler's system. He said that report clarifies some of the issues that have been discussed over the last 8 or 9 months on the Authority's billing practices and to suggest changes to those practices going forward. He commented that, on acceptance by the Board, the report would be transmitted to both Bloomingdale and Butler inasmuch as the towns themselves must also agree on the billing procedures since, as indicated by the report, the Authority is not a signatory to the 1991 Agreement which is strictly between both towns.

One aspect of the report was questioned by Chairman Voorman, specifically, whether or not it should address the Debt Service Charge which he said is not directly addressed by the 1991 Agreement. Commissioner Lampmann challenged that point indicating that it is quite obvious that the intent of the 1991 Agreement was to have Butler be reimbursed for the full costs of providing service to Bloomingdale yet, as it currently stands, the Authority bills only for the flow component. He said that that means that Butler is being reimbursed for the operation, maintenance and administrative costs charged by the Authority but is not being reimbursed for the debt service. He stated that Bloomingdale receives the full benefit of the revenues collected from the various properties connected, namely, Camp Vacamas in West Milford and 17 residential properties along Macopin Road as well as Treetop Apartments in Waterfall Village. yet Butler is not being reimbursed for its cost of service.

Commissioner Lampmann expressed frustration on his efforts to resolve this with Bloomingdale indicating that, as Butler Borough Administrator, he has made several

attempts to bring this matter to Bloomingdale's attention without any response. In response to Commissioner Lampmann's question, Mr. Kelly said that he has also discussed the matter with Bloomingdale particularly in the context of providing the water meter records required under the 1991 Agreement. As also indicated in the report, he said some 5 or 6 years ago Bloomingdale stopped providing that information. As the report further indicates, over that time the Authority has estimated Bloomingdale's flow at 60,000 gallons per day for billing purposes. He noted, as does the report, that that practice should not be continued since it is the responsibility of both towns to agree upon a flow that the Authority would then include in its year-end Annual Charge billing calculations to effectively delete that amount of flow from Butler's contribution to the PRBRSA system adding it to Bloomingdale's.

Continuing on the water meter records, Mr. Lampmann said although Butler reads the meters and performs the billing function for Bloomingdale, at this point, he believes that it would be inappropriate for his office to issue the water meter records for billing purposes under the 1991 Agreement unless Bloomingdale accepts the figures as well.

There was extensive discussion on how to proceed. Commissioner Metcalfe, for example, questioned if it would be appropriate for the Authority to install a meter so that the flows would be properly measured. Commissioner Lampmann explained that Bloomingdale's flows (including the Camp Vacamas flows tied into Bloomingdale's system from West Milford) connect directly to Butler's trunk sewer so there is no reason for the Authority to install a meter at that location.

Commissioner Howard asked if it was Butler's intent to reach back to recover the prior year debt service or if it would look for an equitable adjustment on future billings. Commissioner Lampmann said that Butler would certainly work with Bloomingdale if reasonable accommodations could be worked out. If not, and the matter had to be litigated, he said Butler would certainly look to recover some 20 years of debt service charges not paid by Bloomingdale.

Chairman Voorman said he would like to see the towns reach an understanding on this matter as soon as possible and, to that end, suggested arranging a meeting to at least assure that Bloomingdale understands the issues and from that work to resolve them with Butler.

In order to proceed, Mr. Kelly asked the Board to accept the report and to authorize him to forward it along to both towns.

On discussing that, Commissioner Metcalfe moved that the report as presented be issued to both Bloomingdale and to Butler. Commissioner Gall recommended that the report should be issued directly to the Mayors and Councils of both towns with copies to the respective administrators.

On discussion, Chairman Voorman also suggested that Mr. Kelly's letter should highlight the issues relative to the Debt Service Charge and the need for the towns to provide PRBRSA with an agreed upon Bloomingdale Subflow figure annually.

Commissioner Howard seconded the motion which was approved on the following roll call vote:

<b>AYES</b>	:	Chairman Voorman, Commissioners Gall, Howard, Lampmann, Metcalfe and Verdonik
<b>NAYS</b>	:	None
<b>ABSTAIN</b>	:	None
<b>ABSENT</b>	:	None

4. TWA Application and Connection Permits

4.1 TWA Application:  
Bestepe BP Gas Station (Route 23/NPT)  
Borough of Riverdale

Referring to recent communications with the applicant's attorney for the BP gas station located at the intersection of Route 23 and the Newark Pompton Turnpike in Riverdale, Mr. Kelly advised that the owner would like to make connection to the Authority's interceptor sewer fronting the property. He noted that, to this point, no application has been filed yet the owner would like to connect the new proposed Mini Mart to the existing sewer line. He further explained that the existing gas station has a car wash facility onsite although indications are that the applicant does not propose to connect the car wash to the sanitary sewerage system.

## **FINANCIAL REPORT**

### **1. Treasurer's Report**

#### **1.1 Treasurer's Report for the period ending December 31, 2010**

Treasurer Gall presented the Treasurer's Report for the period ending December 31, 2010 dated January 27, 2011 and moved its acceptance. Commissioner Lampmann seconded the motion which passed unanimously on the following roll call vote:

<b>AYES</b>	:	Chairman Voorman, Commissioners Gall, Howard, Lampmann, Metcalfe and Verdonik
<b>NAYS</b>	:	None

**ABSTAIN** : None

**ABSENT** : None

**1.2 Treasurer's Report for the period ending January 31, 2011**

Treasurer Gall presented the Treasurer's Report for the period ending January 31, 2011 dated January 27, 2011. Commissioner Lampmann moved its acceptance. Commissioner Metcalfe seconded the motion which passed unanimously on the following roll call vote:

**AYES** : Chairman Voorman, Commissioners Gall, Howard, Lampmann, Metcalfe and Verdonik

**NAYS** : None

**ABSTAIN** : None

**ABSENT** : None

**2. Audit: FY 2010**

For the record, Mr. Kelly advised that the Authority's audit was distributed to the Board for their information prior to the meeting. In order to comply with the Local Finance Board requirements, Commissioner Lampmann moved approval of the following resolution (**Resolution No. R-11-2-9**):

**WHEREAS**, N.J.S.A. 40A:5A-15 requires the governing body of each local authority to cause annual audit of its accounts to be made; and

**WHEREAS**, the annual audit report for the fiscal year ended October 31, 2010 has been completed and filed with the Director of the Division of Local Government Services pursuant to N.J.S.A. 40A:5A-15; and

**WHEREAS**, N.J.S.A. 40A:5A-17 requires the governing body of each Authority to, within 45 days of receipt of the annual audit, certify by resolution to the Local Finance Board that each member thereof has personally reviewed the annual audit report, and specifically the sections of the audit report entitled "General Comments" and "Recommendations," and has evidenced same by group affidavit in the form prescribed by the Local Finance Board; and

**WHEREAS**, the members of the governing body have received the annual audit and have personally reviewed the annual audit, and have specifically reviewed the sections of the annual audit report entitled "General Comments" and "Recommendations" in accordance with N.J.S.A. 40A:5A-17;

**NOW, THEREFORE, BE IT RESOLVED**, that the governing body of the Pequannock River Basin Regional Sewerage Authority hereby certifies to the Local Finance Board of the State of New Jersey that each governing body member has personally reviewed the annual audit report for the fiscal year ended October 31, 2010, and specifically has reviewed the sections of the audit report entitled "General Comments" and "Recommendations," and has evidenced same by group affidavit in the form prescribed by the Local Finance Board.

**BE IT FURTHER RESOLVED** that the Secretary of the Authority is hereby directed to promptly submit to the Local Finance Board the aforesaid group affidavit, accompanied by a certified true copy of this resolution.

Treasurer Gall seconded the motion which passed unanimously on the following roll call vote:

<b>AYES</b>	:	Chairman Voorman, Commissioners Gall, Howard, Lampmann, Metcalfe and Verdonik
<b>NAYS</b>	:	None
<b>ABSTAIN</b>	:	None
<b>ABSENT</b>	:	None

3. **Arbitrage Rebate Reserve Fund**

Mr. Kelly requested the Board's approval of an additional \$5,000 contribution to the current Arbitrage Rebate Reserve Fund as related to the Authority's 2002 Series M Sewer Revenue Refunding Bonds. He explained that the fund is dedicated to reimburse the IRS for any positive arbitrage earnings in excess of the permitted yield on these bonds.

Following discussion, Commissioner Lampmann moved approval of the following resolution (**Resolution No. R-11-2-10**):

**WHEREAS**, On December 21, 2002 the Pequannock River Basin Regional Sewerage Authority (the "Authority") issued the 2002 Series M Sewer Revenue Refunding Bonds (the "2002 Series M Bonds") in the principal amount of \$10,400,000; and

**WHEREAS**, the 2002 Series M Bonds are subject to arbitrage rebate limitations in accordance with the rules and regulations of the Internal Revenue Service; and

**WHEREAS**, the Authority in 2002 entered into a Forward Delivery Form of Guaranteed Investment Contract with Wachovia Securities for investment of the proceeds



of the 2002 Series M Bonds and the proceeds of "Prior Bonds" refunded by the 2002 Series M Bonds; and

**WHEREAS**, the permitted yield on the 2002 Series M Bonds is 4.822%; and the Bond Service Fund are 5.86% (net) and 6.54%, respectively; and

**WHEREAS**, the report of Bond Counsel dated January 16, 2008 has determined that the 2002 Series M Bonds earned positive arbitrage profits in the amount of \$21,476.83 as accrued from December 2, 2002 through December 1, 2007; and

**WHEREAS**, IRS regulations require periodic rebate of said arbitrage profits; and

**WHEREAS**, the future accrued liability on the 2002 Series M Bonds resulting from positive arbitrage is estimated at approximately \$5,000 annually over the next 3 years through the 5 year period of calculation ending December 1, 2012; and

**WHEREAS**, on January 16, 2008, by Resolution No. R-08-1-1, the Authority established an "Arbitrage Reserve Fund (2002 Series M Bonds)" as a subaccount of the Revenue Fund with an initial contribution of \$5000.00 for said purpose; and

**WHEREAS**, the Authority desires to further fund the annual accrued liability on the 2002 Series M Bonds ;

**NOW THEREFORE, BE IT RESOLVED** by the Pequannock River Basin Regional Sewerage Authority in the counties of Morris and Passaic in the State of New Jersey on this 16<sup>th</sup> day of February 2011 as follows:

1. The Treasurer and Consulting Engineer are hereby authorized and directed to transfer \$5000.00 from the Revenue Fund into the Arbitrage Reserve Fund (2002 Series M Bonds) for Fiscal Year 2011 and for each year thereafter through the period of calculation ending as of December 1, 2012 which funds are to be used and applied to the accrued arbitrage rebate liability obligation due to the Internal Revenue Service, if any, as calculated for said five year period.
2. This Resolution shall take effect immediately.

Treasurer Gall seconded the motion which passed unanimously on the following roll call vote:

<b>AYES</b>	:	Chairman Voorman, Commissioners Gall, Howard, Lampmann, Metcalfe and Verdonik
<b>NAYS</b>	:	None
<b>ABSTAIN</b>	:	None
<b>ABSENT</b>	:	None

4. **Report on Compliance**

For the record, Mr. Kelly advised that the auditors issued the Accountant's Certificate (the "Report on Compliance") on January 26, 2011 and that that report had been distributed to the Board for their information.

5. **Second "Revised Annual Charge Certification"**

Again, for the record, Mr. Kelly advised that the second set of Revised Annual Charge Certifications were issued to the four municipalities on January 20, 2011 reflecting the FY 2011 budget amendment as adopted at the Authority's January 19, 2011 meeting.

6. **Financial Plan**

No change in status on this matter.

7. **TBSA Debt Service Long Term Receivable**

Referring to the tabulation titled "Long Term Receivable Amortization Schedule (TBSA Debt Service Credit)" dated February 1, 2011, Mr. Kelly explained the purpose of this schedule. He indicated that the Authority's former auditor, Sturke Associates, in June 1993, calculated amortization on the \$9,776,098.00 principal amount (known as the "Cost of the Interceptor"), specifically, the cost of the interceptor lines that the Authority built within TBSA's District and dedicated to Two Bridges in December 1987. He said that that amount is being amortized over the life of the bonds based on the schedule prepared by Sturke Associates through the annual TBSA debt service credits paid to PRBRSA. However the 1993 schedule is no longer valid inasmuch as both Authorities agreed to modify the final payment due on December 1, 2016 from the original \$613,923 to the agreed upon amount of \$256,588.

On discussion, Chairman Voorman asked if the ending principal balance as of FY 2010 is consistent with the amount shown on the Authority's financials. Mr. Kelly advised that it should be identical inasmuch as the Sturke schedule was being used by the Authority's auditors to amortize the TBSA debt service credit annually yet indicated that he would confirm that that is in fact the case.

Prior to acceptance of the modified schedule, Mr. Kelly advised that the auditor's office has been asked to review it to verify the appropriateness of the methodology and to perform a mathematical verification as well.

## UNFINISHED BUSINESS

### 1. PRBRSA Website

#### 1.1 Computer Consultant Agreement

Referring to a series of communications with Up & Running concerning the computer consultation agreement, Mr. Kelly advised that it essentially involves two tasks: one to maintain the Authority's electronic communications system and, the second, to maintain and periodically modify the Authority's website.

Following discussion Vice Chairman Verdonik moved approval of the following resolution (**Resolution No. R-11-2-11**):

#### **RESOLUTION AWARDING CONTRACT FOR PROVISION OF COMPUTER CONSULTATION SERVICES**

**WHEREAS**, the Pequannock River Basin Regional Sewerage Authority (the "Authority") requires computer consultation services to support its previously established electronic communications system (email) and website; and

**WHEREAS**, the computer consultant Up & Running, of Randolph, New Jersey, has agreed to provide such general computer consultation services on an as needed basis; and

**WHEREAS**, the consultation services are estimated at 2.5 hours per month for a total of 30 hours, and the consultant proposes to provide services at a not-to-exceed fee of \$2,250.00; and

**WHEREAS**, the consultant will submit periodic invoices not more frequently than monthly for work completed to be billed at \$75.00 per hour; and

**WHEREAS**, the Local Public Contracts Law, N.J.S.A. 40A:11-1 et seq. does not require public bidding in this situation because the contract is for the provision of extraordinary unspecifiable services; and

**WHEREAS**, the Local Public Contracts Law, N.J.S.A. 40A:11-1 et seq. does not require that the Authority solicit at least two competitive quotations, as the agreed-on amount does not exceed 15% of the bid threshold, or \$2,625.00.

**NOW, THEREFORE, BE IT RESOLVED** by the Pequannock River Basin Regional Sewerage Authority in the Counties of Morris and Passaic in the State of New Jersey on this 16th day of February, 2011 as follows:

1. The Chairman is authorized and directed to sign an agreement in a form approved by the Authority Attorney providing for general computer consultation services

on an as needed basis to support the previously established electronic communications system (email) and website in accordance with the proposal of Up & Running at a not-to-exceed fee of \$2,250.00, billed at an hourly rate of \$75/hour.

2. This Resolution shall take effect as provided by law.

Commissioner Lampmann seconded the motion which passed unanimously on the following roll call vote:

<b>AYES</b>	:	Chairman Voorman, Commissioners Gall, Howard, Lampmann, Metcalfe and Verdonik
<b>NAYS</b>	:	None
<b>ABSTAIN</b>	:	None
<b>ABSENT</b>	:	None

#### 1.2 Website

Referring to recent accounts in the media, Chairman Voorman suggested that the Authority should consider including minutes and perhaps other information on its website. Mr. Kelly advised that the new website design will certainly allow for inclusion of any information of that type as the Board may decide.

## 2. **Riverdale Account Receivable**

Mr. Kelly advised the Board that the \$420.00 bill issued to the Boroguh of Riverdale approximately 1 ½ years ago has not yet been paid. He said that Riverdale had, in the course of contesting the Authority's FY 2008 Annual Charges, requested a meeting with the Authority and the Authority's auditor and that the Authority consented to that only after Riverdale committed to paying the PRBRSA auditors' fee. Despite several attempts including Mr. Falcon's recent letter to collect the amount due, Riverdale has not paid the bill.

Commissioner Gall suggested that the Authority should include the overdue amount in the Authority's Annual Charge billing. On discussing ways and means to have Riverdale come current on this bill, Mr. Falcon referred to an approach used by other authorities. He explained that towns often condition appearances before public bodies, for example, applications before a local planning board, on the applicant's payment of all outstanding balances due to the municipality. Here, the approach would be to condition final Board action on a TWA or other application from applicants with projects located within one of the four towns served by PRBRSA on the town's payment of any amounts outstanding such as Annual Charge payments due.

The Board requested that Mr. Falcon prepare a resolution for consideration at the March regular meeting.

**3. Stanford Risk Management Contract**

Commissioner Metcalfe noted that the Stanford Risk Management contract was not on the agenda yet had questions on some of the recent correspondence related to the proposed form of agreement. First, he said he objected to the \$175 hourly rate as proposed indicating that, in his experience, it is extremely high for insurance consultants. He commented as well that he did not know the extent of John Campanile's qualifications as to warrant what he considers to be such a high level of compensation. On briefly discussing the scope of work, since Mr. Campanile did not propose to re-bid the insurance contracts this year, Mr. Kelly said that he rejected the original retainer/lump sum form of agreement that Stanford had proposed at \$2250. He noted as well that most of the 8 or 9 tasks listed in that proposal were, in his opinion, unnecessary given the nature of the Authority's business. That being the case, Mr. Kelly explained that the latest proposal is structured on a cost reimbursable basis for a total of 6 hours at \$175/hour amounting to a not-to-exceed fee budget of \$1050. Explaining further, Mr. Kelly indicated that the work would generally include review of the insurance policies on issuance along with any general consultation that may be required over the course of the year. Commissioner Metcalfe said that he had no issue with that type of work yet felt that others would be able to provide the same service at a lesser cost. On further discussion, Mr. Kelly indicated that he would check into the hourly rate and would also contact other authorities as to consultants that they retain for similar services.

As had been recommended by Commissioner Metcalfe, Mr. Kelly advised that he has and will continue to work through the Authority's broker to renew the policies noting also that the Authority normally has the policies reviewed on issuance inasmuch the broker recommends doing so. Commissioner Metcalfe concurred that such a review is appropriate.

Commissioner Metcalfe also took issue with the Stanford Risk Management proposal's out-of-pocket expenses for travel time, specifically, mileage and related charges. Mr. Kelly said he would review that further as well.

**NEW BUSINESS**

**1. Proposed Legislation**

Commenting on proposed legislation (S2427) which would allow mayors to veto the minutes of local authorities, Mr. Falcon said that the bill may not have been thoroughly thought through particularly as it may apply to regional authorities. He said the veto action must occur within a specified time and, if not, the authority's minutes would be automatically approved. However, if minutes are vetoed, the authority would

then be precluded from paying bills, entering into new contracts or taking other actions approved at that meeting. There was discussion on the potential pitfalls of such an approach including timing issues and how the legislation would be applied to regional authorities involving multiple municipalities.

**2. AEA Spring Conference**

Mr. Kelly asked if any of the Authority Members plan to attend the Spring Conference of the Association of Environmental Authorities that they let his office know in order to make the arrangements.

**3. Reproduction Expense**

Commissioner Howard said he had a question on two aspects of the out-of-pocket expenses for Kelly Engineering, namely, the \$0.15/copy reproduction charge and the charge of \$1.00 per fax. He commented that the cost per copy is high based on his experience.

Mr. Kelly explained that his office no longer charges for faxes. As to the cost per copy, he said that that charge is on the very low end of the scale for such charges which typically range from \$0.18 to \$0.25 per copy. He further explained that the Authority does not pay for a vast majority of the copies inasmuch as they are included within the lump sum amount billed monthly.

Commissioner Howard said he raised the issue knowing that it is not a major expense yet thought it appropriate to review the matter further.

**PAYMENT OF BILLS**

**1. OPERATING ACCOUNT**

**1.1 Operating Request for Payment No. 287 (February 2011)**

Treasurer Gall presented the bills as listed on Operating Request for Payment No. 287 as follows:

**Operating Request for Payment No. 287**

The following bills have been reviewed and are recommended for approval for payment at the **February 16, 2011** meeting of the Authority from the Operating Account (Wachovia Bank Account 1425985):

	<b><u>PRBRSA</u></b>	<b><u>VOUCHER</u></b>	<b><u>VOUCHER</u></b>	<b><u>PAYMENT</u></b>	
	<b><u>ACCT. NO.</u></b>	<b><u>NO.</u></b>	<b><u>DATE</u></b>	<b><u>AMOUNT</u></b>	<b><u>CHECK PAYABLE TO</u></b>
1)	33.01	OP-11-2-1	09/10/10	\$ 2,307.00	Borough of Butler
2)	24.05	OP-11-2-2	03/17/10	\$ 250.00	Borough of Butler

3)	33.03	OP-11-2-3	01/19/11	\$	33.42	Verizon
4)	33.03	OP-11-2-4	1/28/11	\$	32.79	Verizon
5)	33.03	OP-11-2-5	01/28/11	\$	32.79	Verizon
6)	33.03	OP-11-2-6	01/23/11	\$	29.05	Verizon
7)	33.03	OP-11-2-7	1/21/2011	\$	3.25	JCP&L
8)	22.05	OP-11-2-8	1/31/2011	\$	95.00	Pete Serrao
9)	24.04	OP-11-2-9	1/24/2011	\$	678.60	The Tab Group
10)	32.02	OP-11-2-10	1/20/2011	\$	14,000.00	Ferraioli, Wielkotz, Cerullo & Cuva
11)	22.01	OP-11-2-11	2/4/2011	\$	1,634.00	Maraziti, Falcon & Healey
12)	22.03	OP-11-2-12	2/8/11	\$	10,400.00	Kelly Engineering
13)	32.02	OP-11-2-13	2/9/2011	\$	4,695.82	Kelly Engineering
14)	24.07	OP-11-2-14	2/3/2011	\$	174.95	Kelly Engineering
15)	33.16	OP-11-2-15	1/28/2011	\$	2,703.54	ADS. LLC
16)	33.16	OP-11-2-16	1/28/2011	\$	2,703.54	ADS. LLC
17)	24.07	OP-11-2-17	2/10/2011	\$	150.47	Chatham Print
18)	33.03	OP-11-2-18	2/8/2011	\$	17.96	Butler Electric
				<b>TOTAL:</b>	<b><u>\$ 39,942.18</u></b>	

Commissioner Metcalfe moved approval of the bills as presented. Vice Chairman Verdonik seconded the motion which passed on the following roll call vote:

**AYES** : Chairman Voorman, Commissioners Gall, Howard, Lampmann Metcalfe and Verdonik

**NAYS** : None

**ABSENT** : None

#### **OPEN MEETING FOR PUBLIC COMMENTS**

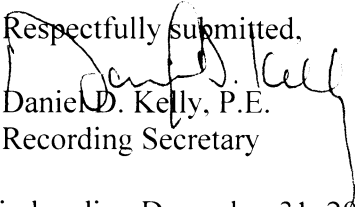
Their being no members of the public present, Chairman Voorman dispensed with the public participation portion of the meeting.

## ADJOURNMENT

Their being no further business, Commissioner Howard moved adjournment at approximately 9:00 p.m. That motion was seconded by Commissioner Lampmann which passed unanimously on voice vote.

At approximately 9:00 p.m., the meeting was adjourned.

Respectfully submitted,

  
Daniel D. Kelly, P.E.  
Recording Secretary

Enclosures: Treasurer's Report for the period ending December 31, 2010  
Treasurer's Report for the period ending January 31, 2011

DDK/bsh (001)

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