

MEETING MINUTES

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

February 15, 2012

Minutes of the organization meeting of the **Pequannock River Basin Regional Sewerage Authority** held on February 15, 2012 in the Conference Room at the Butler Municipal Building, One Ace Road, Butler, New Jersey. The meeting was called to order at approximately 7:30 p.m.

ROLL CALL

On roll call:

PRESENT : Commissioners Gall, Howard. Lampmann, Metcalfe, Verdonik and Voorman

ABSENT : None

ALSO PRESENT : Christopher H. Falcon, Esq., Maraziti, Falcon & Healey and Daniel D. Kelly, P.E. Kelly Engineering

ORGANIZATION MEETING

The organization meeting was called to order by Mr. Falcon who led the proceedings pending the election of officers.

OPEN PUBLIC MEETING STATEMENT

Mr. Falcon 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.

1. ELECTION OF OFFICERS

Nominating Committee Chairman Metcalfe, 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:** James P. Lampmann
- Assistant Secretary:** James P. Lampmann

Commissioner Metcalfe moved to approve the slate of officers as presented. That motion was seconded by Commissioner Verdonik 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 gratefully acknowledged the Board’s support throughout the year. The Board Members expressed their appreciation to Mr. Voorman for his years of leadership as Chairman.

2. CONSENT AGENDA

Chairman Voorman recommended that the Authority consider approving the organization meeting resolutions by consent agenda, specifically, for Resolutions No. R-12-2-1 through Resolution No. R-12-2-8 as follows:

- 1. Resolution No. R-12-2-1 Open Public Meeting Act
- 2. Resolution No. R-12-2-2 Official Depository
- 3. Resolution No. R-12-2-3 Appointment of Auditor
- 4. Resolution No. R-12-2-4 Appointment of General Counsel
- 5. Resolution No. R-12-2-5 Appointment of Bond Counsel
- 6. Resolution No. R-12-2-6 Appointment of Consulting Engineer
- 7. Resolution No. R-12-2-7 Trustee Incumbency Certificate
- 8. Resolution No. R-12-2-8 Designate Affirmative Action (PACO)

RESOLUTION

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:

2012

March 21
April 18
May 16
June 20
July 18
August 15
September 19
October 17
December 5 (First Wednesday)

2013

January 16
February 20

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-12-2-2

RESOLUTION

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 15th day of February, 2012, 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.

Certified to be a true copy of a Resolution enacted at a duly convened public meeting of the Pequannock River Basin Regional Sewerage Authority held on February 15, 2012.

Resolution No. R-12-2-3

RESOLUTION

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 2012 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 15th day of February, 2012, as follows:

The Authority does hereby name and designate Ferraioli, Wielkocz, 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.

Certified to be a true copy of a Resolution enacted at a duly convened public meeting of the Pequannock River Basin Regional Sewerage Authority held on February 15, 2012.

RESOLUTION

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 2012 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 15th day of February, 2012, as follows:

The Authority does hereby name and designate Christopher J. Falcon, Esq. of 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-12-2-5

RESOLUTION

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 advisers to provide services to the Authority during the year 2012 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(c) 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 15th day of February, 2012, 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-12-2-6

RESOLUTION

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 2012 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 15th day of February, 2012, 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-12-2-7

RESOLUTION

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 15th day of February, 2012, 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-12-2-8

RESOLUTION

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 15th day of February, 2012, as follows:

1. The Authority does hereby appoint the Consulting Engineer, Daniel D. Kelly, P.E. of Kelly Engineering, as the Public Agency Compliance Officer for the Pequannock River Basin Regional Sewerage Authority.
2. 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.

Vice Chairman Verdonik 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

MEETING MINUTES

1. Regular Meeting Minutes – January 18, 2012

Commissioner Metcalfe moved approval of the minutes of the Authority's January 18, 2012 regular meeting. That motion was seconded by Commissioner Lampmann and was approved on the following roll call vote:

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

OPERATIONAL REPORT

1. System Operations

1.1 Flow Report

Mr. Kelly advised that the Flow Report will be prepared on receipt of the January 2012 flow data from ADS.

Referring to his analysis of the Two Bridges Meter M-15 data, Mr. Kelly advised that Pequannock River Basin's proportional share of the total TBSA flow for January 2012 was slightly less than that projected going into the year.

2. TBSA Activities

2.1 Status Update

Chairman Voorman indicated that Two Bridges received the Authority's commendation resolution and expressed appreciation for Pequannock River Basin's acknowledgement of their efforts.

Chairman Voorman and Vice Chairman Verdonik reported on a number of matters at Two Bridges as they affect the Authority. Notably, they indicated that NJDEP made a determination on nitrate levels that would likely trigger the need to install the more expensive treatment process technology, specifically, the membrane bioreactor (MBR) treatment process. Nonetheless, nitrate limits along with other NJPDES effluent discharge criteria are still being challenged by Two Bridges through the Administrative Law process.

Chairman Voorman and Vice Chairman Verdonik also indicated that there have been what they characterized as engineering issues with the ultraviolet disinfection system which have been resolved with Hatch Mott MacDonald. They also reported on the status of the SCADA system on the sludge incinerator upgrade and again noted the possibility that continued operation of the sludge incinerator may not prove to be economically viable in the long term if USEPA adopts air quality regulations as presently proposed.

3. TWA Application and Connection Permits

**3.1 Star Lake Camp/Salvation Army
Borough of Bloomingdale**

No change in status on this matter.

4. Boonton Avenue Interceptor

4.1 CCTV-Inspection

Mr. Kelly advised that the contractor, Oswald Enterprises, initiated the sewer line cleaning and CCTV-inspection work on Monday and was able to complete the work mid-day on Wednesday, February 15th. He said the contractor was able to inspect virtually all of the lines with one minor exception. He also advised of an incident which occurred at No. 37 Boonton Avenue, essentially a surge in the interior plumbing causing some minor damage although the incident appears to have been resolved.

4.2 Sewer Back-up

Prior to the CCTV-inspection work, Mr. Kelly reported on a sewer backup that occurred in the first reach of sewer downstream of Boonton Avenue within Valley Road immediately upstream of the bridge crossing. He advised that Butler's sewer crew found that the blockage was apparently caused by build up of grease in the line and was able to clean the line to remove the blockage. He noted that the incident was reported to NJDEP's Hotline and further indicated that reports on the incident are included in the meeting file folders.

4.3 Engineering Procurement

Mr. Kelly advised that his office is completing the Request for Proposals which will solicit a scope of services and pricing from the four engineering firms previously determined by the Selection Committee.

FINANCIAL REPORT

1. Treasurer's Report

1.1 Treasurer's Report for the period ending January 31, 2012

Treasurer Lampmann presented the Treasurer's Report for the period ending January 31, 2012. Vice Chairman Verdonik moved acceptance of the Treasurer's Report as presented. 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

1.2 Audit: FY 2011

For the record, Mr. Kelly advised that the final audit report was distributed to the Board and to Treasurer Gall prior to the meeting and that the report is also available to each Commissioner in the meeting file folders in bound form. He explained that the final report is substantively identical to that previously distributed to the Board noting as well that the auditors have issued a "clean opinion" again this year.

Chairman Voorman explained that the Local Finance Board resolution merely requires that the Board Members acknowledge that they have read the "General Comments" and "Recommendations" sections of the audit report.

Following further discussion, Vice Chairman Verdonik moved approval of the following Resolution (**Resolution No. R-12-2-9**):

Resolution No. R-12-2-9

RESOLUTION

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, 2011 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, 2011, 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 Lampmann 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. **Reserve Fund Transfer to General Fund**

As discussed at the January 18th Board Meeting and on advice of Bond Counsel, Mr. Kelly recommended that the Authority transfer discretionary reserve funds, technically, undesignated/unrestricted net assets, from the Revenue Fund into the General Fund.

In order to effect that transfer, Treasurer Lampmann moved approval of the following Resolution (**Resolution No. R-12-2-10**):

**RESOLUTION TO AUTHORIZE THE TRANSFER OF FUNDS
FROM THE REVENUE FUND TO THE GENERAL FUND**

WHEREAS, the Pequannock River Basin Regional Sewerage Authority (hereinafter, the "Authority") maintains certain funds within the Revenue Fund established in accordance with Section 502 of the General Bond Resolution of July 15, 1986; and

WHEREAS, the Authority has designated certain unrestricted net assets known generally as discretionary reserves for specific purposes which funds are currently held in said Revenue Fund which amounts may be modified periodically; and

WHEREAS, the Authority adopted Resolution No. R-12-1-7 confirming and approving reserves within the Revenue Fund as set forth therein; and

WHEREAS, the Authority adopted Resolution No. R-12-1-8 establishing a TBSA User Charge Reserve and allocating to the Participants and the Borough of Riverdale portions of the TBSA FY 2011 credit to subaccounts in the Reserve Fund as set forth therein; and

WHEREAS, the Authority, on advice from its Bond Counsel, has determined that it is in the interest of the Authority to transfer the funds enumerated in the aforesaid Resolution Nos. R-12-1-7 and R-12-1-8 to the General Fund which funds are in excess of the amounts required by Section 507 of the General Bond Resolution; and

WHEREAS, in accordance with Resolution Nos. R-12-1-7 and R-12-1-8, the Authority maintains the following discretionary reserves (designated/unrestricted net assets) within the Revenue Fund; and

	Balance @ 1/31/12
<u>Unrestricted Net Assets</u>	
<u>Designated</u>	
Operating Reserve (Discretionary)	\$ 550,245.00
Debt Service Reserve (110% Coverage)	\$ 211,000.00
Insurance Reserve	\$ 20,000.00
2002 Series M Arbitrage Reserve	\$ 15,000.00
Capital Reserve Fund	\$ 1,775,000.00
Bond Service Requirement (Series L)	\$ 30,000.00
TBSA User Charge Reserve	\$ 97,708.00
Total Unrestricted/Designated Net Assets:	<u>\$ 2,698,953.00</u>

WHEREAS, the Authority desires to transfer said monies from the Revenue Fund (Account No. 2576006500) into the General Fund (Account No. 2576006485) in accordance with the provisions of Section 507 of aforesaid General Bond Resolution.

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 15th day of February 2012 as follows:

1. The Consulting Engineer is hereby authorized and directed to notify the Authority's Trustee, US Bank, to transfer the amounts hereinabove set forth in the aggregate amount of \$2,698,953.00 from the Revenue Fund (Account No.2576006500) into the General Fund (Account No. 2576006485).
2. The Consulting Engineer is further authorized and directed to maintain the discretionary funds hereinabove set forth within the General Fund pending further instructions by the Authority unless there is a call by the Trustee to return a portion of said monies from the General Fund to the Revenue Fund in which case the Consulting Engineer is hereby authorized and directed to abide by such Trustee request.
3. The Consulting Engineer is directed to forward a copy of this resolution to the Authority's Trustee.
4. This resolution shall take effect immediately as provided by law.

Commissioner Gall 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

3. **Report on Compliance**

Mr. Kelly reported that the auditor's Report on Compliance for the calculation of the FY 2011 Annual Charges has been received. He indicated that, following his review, the report will be distributed to the Board.

4. **"Second Revised Annual Charge Certifications"**

For the record, Mr. Kelly advised that the Authority issued the "Second Revised Annual Charge Certifications" in accordance with Resolution No. R-12-1-5 on January 23, 2012 refunding to the municipalities a total of \$150,000 with a proportional distribution of those funds credited to each of the four municipalities as follows:

Borough of Bloomingdale	(\$ 51,180)
Borough of Butler	(\$ 67,440)
Borough of Kinnelon	(\$ 5,880)
Borough of Riverdale	(\$ 25,500)
TBSA Refund:	(\$150,000)

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

Also for the record, Mr. Kelly advised that his office issued the "Third Revised Annual Charge Certifications" to Bloomingdale and to Butler implementing the Bloomingdale Subflow Debt Service Charge redistribution in accordance with Resolution No. R-12-1-3.

7. **Financial Plan**

Mr. Kelly distributed final copies of the Financial Plan dated February 2012.

Referring to his February 14, 2012 letter, Mr. Kelly introduced the appended graph to explain the principle findings of the report, notably, that an extraordinarily wide range of the current budget, [actually that as of FY 2010] at \$5,500,000, depending upon the effects of inflation. He said that without the Two Bridges capital improvements the current \$5,500,000 budget, in theory at least, at zero percent escalation due to inflation would actually decrease to approximately \$3,100,000 over the next 20 years by FY 2030. Since that scenario is most unlikely, he further explained that, at a 2% increase for PRBRSA and a 2% increase for TBSA's variable costs, the \$5,500,000 would decrease to approximately \$4,600,000 by FY 2030. The most probable estimate, in his opinion, is the projection that the PRBRSA costs will escalate at approximately 2% per annum while the corresponding Two Bridges variable costs will escalate at approximately 5%. Were that to be the case he said the current \$5,500,000 budget would increase to in excess of \$7,100,000 over the 20 year planning period.

Continuing, Mr. Kelly said that the impacts of the Two Bridges capital improvement program have been analyzed under a wide variety of scenarios yet the most probable appears to be implementation of the membrane bioreactor treatment process known as the MBR process. He said if Two Bridges decides to or is mandated by NJDEP to move forward with the MBR upgrade and simultaneously expands the current plant capacity from 7.5 to 8.5 mgd, the resulting financial implications are such that the \$5,500,000 budget would increase to almost \$10,100,000 by FY 2030. That projection also includes the 2% PRBRSA and 5% TBSA cost escalation due to inflation. He noted as well that TBSA's cost projections are based on 2009 dollars and, therefore, on implementation, actual costs will likely be substantially higher.

On related points, Mr. Kelly advised that TBSA's charges presently account for approximately 60% of the total PRBRSA budget and are slated to increase to as much as 91% by the end of the 20 year planning period.

Following discussion, Mr. Kelly distributed copies of the final report to Chairman Voorman and Treasurer Lampmann indicating further that his office would transmit the report in electronic format to the entire Board as well.

8. 2002 Series M Bond and 1996 Series L Bond Refunding

In order to move forward with the proposed refunding of the 2002 Series M Bonds along with the smaller issue, namely, refunding the 1996 Series L Bonds, Mr. Kelly said that Bond Counsel will prepare a resolution authorizing the preparation and filing of the Local Finance Board application for the Board's consideration at the March or April meeting.

9. Qualified Purchasing Agent

Treasurer Lampmann suggested that the Authority may want to take advantage of the fact that the Borough of Butler's CFO, James Kozimor, is a State-Qualified Purchasing Agent (QPA) under DCA regulations. He explained that currently the Authority, without a Qualified Purchasing Agent, is limited to a bid threshold of \$17,500 whereas, with a QPA, that threshold is increased to \$36,000. He suggested that it may be possible for Pequannock River Basin to enter into a shared services agreement with the Borough of Butler at \$1.00 per year to take advantage of the higher bid threshold through Butler's QPA.

On discussion, the Board agreed that that would be desirable. Mr. Falcon said that he would prepare a draft of the shared services agreement between PRBRSA and Butler for the Board's consideration at the next meeting.

UNFINISHED BUSINESS

1. Computer Consultant Agreement

In order to approve the annual contract with the Authority's computer consultant, Up & Running, Commissioner Lampmann moved approval of the following resolution (**Resolution No. R-12-2-11**):

Resolution No. R-12-2-11

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 etseq. 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 etseq. 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 15th day of February, 2012 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.

Vice Chairman Verdonik 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. Insurance Consultation Contract

Commissioner Metcalfe inquired as to the status of the insurance consultation contract with Stanford Risk Management indicating that he understood that it was to have been on the Organization Meeting agenda. Agreeing, Mr. Kelly said that the Authority has received a proposal from Stanford Risk Management yet on review found that there are several areas that need to be resolved before the proposal and related contract can be presented for approval. He noted that the insurance contracts are not due for renewal until mid to late June and therefore there is time for the Board to consider the insurance consultant's contract at the March 21st meeting.

Commissioner Metcalfe noted that he will not be available for that meeting and requested advance copies of any information on the proposed consultant's contract which Mr. Kelly said he would distribute to all Board Members prior to the meeting.

NEW BUSINESS

1. AEA Spring Conference

Mr. Kelly advised that the Association of Environmental Authorities has moved its spring conference from the normal March period to April 24th and 25th at the Golden Nugget Hotel in Atlantic City. He encouraged any of the Commissioners who are able to attend to do so and asked if they do plan to attend to contact his office in order to make those arrangements.

2. Office Lease Renewal

Commissioner Lampmann advised that the Borough of Butler Mayor and Council approved renewal of the Authority's office lease under the same terms and conditions.

3. Record Keeping

Commissioner Metcalfe questioned the bill in the amount of \$92.68 for the Tab Group. Mr. Kelly explained that that relates to the Tab Group's archival services and, in this particular case, relates to the transfer of and addition to the Authority's archives in storage at Tab's facility in Andover of records, specifically, seven additional banker's boxes.

Commissioner Metcalfe questioned the practicality of continuing to retain records and pay for the storage. Discussion centered on a number of related matters including the length of time that a public agency must store records of various types; the related possibility of destroying older records; the concept, as suggested by Commissioner Metcalfe, of scanning all documents in rather than archiving them and variations of those themes.

Commissioner Lampmann said that the Borough of Butler recently requested a waiver from the Local Finance Board in order to destroy documents. Mr. Falcon commented that that would likely be necessary for Pequannock River Basin as well. In terms of the length of storage required, Chairman Voorman indicated that it is common, for example under IRS regulations, to require retaining financial documents for seven years. Mr. Kelly noted for public agencies there are requirements to retain certain records permanently, for example, contracts, paid vouchers and other documents of importance which, to his knowledge, must be retained on permanent record.

Discussion then centered on the possibility that the Authority would investigate scanning documents even if for no other purpose than to be able to retrieve them electronically. It was generally acknowledged that destruction of documents currently may not be possible or viable and that the cost of scanning, what Mr. Kelly estimated as approximately 150 bankers boxes of records currently in storage at Tab's facility, would likely prove to be prohibitively expensive. Mr. Kelly said that his office would check into the requirements for retainage of records, costs of scanning and related retrieval. Commissioner Metcalfe noted that the archival companies often have specialized software to facilitate access to all records stored electronically.

Commissioner Metcalfe provided information to Mr. Kelly of a company that his firm utilizes for document scanning and retrieval.

PAYMENT OF BILLS

1. OPERATING ACCOUNT

1.1 Operating Request for Payment No. 299 (February 2012)

Treasurer Lampmann presented the bills as listed on Operating Request for Payment No. 299 as follows:

Operating Request for Payment No. 299

The following bills have been reviewed and are recommended for approval for payment at the **February 15, 2012** meeting of the Authority from the Operating Account (Wells Fargo Bank Account 1425985):

	<u>PRBRSA</u>	<u>VOUCHER</u>	<u>VOUCHER</u>	<u>PAYMENT</u>	
	<u>ACCT. NO.</u>	<u>NO.</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>CHECK PAYABLE TO</u>
1)	33.01	OP-12-2-1	09/10/10	\$ 2,376.00	Borough of Butler
2)	24.05	OP-12-2-2	03/17/10	\$ 250.00	Borough of Butler
3)	33.03	OP-12-2-3	01/28/12	\$ 33.18	Verizon
4)	33.03	OP-12-2-4	1/28/12	\$ 33.18	Verizon
5)	33.03	OP-12-2-5	01/23/12	\$ 29.43	Verizon
6)	33.01	OP-12-2-6	02/08/12	\$ 183.00	Borough of Butler
7)	33.03	OP-12-2-7	2/3/2012	\$ 3.25	JCP&L
8)	22.05	OP-12-2-8	2/6/2012	\$ 95.00	Pete Serran
9)	24.04	OP-12-2-9	1/17/2012	\$ 92.68	The Tab Group
10)	33.03	OP-12-2-10	2/8/2011	\$ 17.96	Butler Electric
11)	22.01	OP-12-2-11	2/8/2012	\$ 6,272.77	Maraziti, Falcon & Healey
12)	22.03	OP-12-2-12	2/3/2012	\$ 10,400.00	Kelly Engineering
13)	32.02	OP-12-2-13	2/8/2012	\$ 6,111.65	Kelly Engineering
14)	24.07	OP-12-2-14	2/3/2012	\$ 174.95	Kelly Engineering
15)	33.16	OP-12-2-15	1/12/2012	\$ 2,703.54	ADS, LLC
16)	33.16	OP-12-2-16	1/12/2012	\$ <u>2,811.70</u>	ADS, LLC

TOTAL: \$ 31,588.29

Vice Chairman Verdonik moved approval of the bills as presented. Commissioner Gall 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

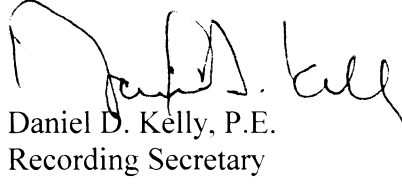
Their being no members of the public present, Chairman Voorman dispensed with the public participation portion of the meeting.

ADJOURNMENT

Their being no further business, Commissioner Metcalfe moved adjournment at approximately 8:35 p.m. That motion was seconded by Commissioner Howard which passed unanimously on voice vote.

At approximately 8:35 p.m., the meeting was adjourned.

Respectfully submitted,



Daniel D. Kelly, P.E.
Recording Secretary

Enclosures: Treasurer's Report for the period ending January 31, 2012

DDK/bsh (001)

c:\bus.doc\word\minutes\Minutes - February, 2012