

**MINUTES
HARDYSTON TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY
February 1, 2010**

The reorganizational meeting of the Hardyston Township Municipal Utilities Authority was held on Monday, February 1, 2010, at the Municipal Building located at 149 Wheatsworth Road. Members present were Mr. Kievit, Mr. Cicerale, Mr. Verrilli, Mr. Kula and Ms. Leatham. Also present were Marianne Smith, Mike Vreeland, Mark Hontz, Paul Cuva and Bob Schultz.

After salute to the flag, Mr. Kievit stated compliance with the Open Public Meetings Act.

Minutes: MOTION was made by Ms. Leatham and seconded by Mr. Kula to approve the minutes of the January 4, 2010, meeting. In favor: Kievit, Cicerale, Verrilli, Kula and Leatham.

REORGANIZATION:

MOTION was made by Verrilli and seconded by Leatham to elect the following officers and appointments listed A thru G in the Agenda of the February 1, 2010. In favor: Kievit, Cicerale, Verrilli, Kula and Leatham.

Ken Kievit as Chairman
Frank Cicerale as Vice Chairman
Santo Verrilli as Secretary
Stanley Kuva as Treasurer
Marianne Smith as Administrator
Gail Hensal as Recording Secretary and Accounting Clerk

APPOINT The New Jersey Herald and The New Jersey Sunday Herald as the official newspapers for publication.

A MOTION was made by Verrilli seconded by Kula to APPOINT Sussex Bank, and New Jersey Cash Management Fund as the official depositories for funds. In favor: Kievit, Cicerale, Verrilli and Kula. Abstain Leatham.

A MOTION was made by Mr. Verrilli and seconded by Mr. Leatham to appoint Mark Hontz as attorney, Mike Vreeland as engineer and Paul Cuva as accountant pursuant to the proposals submitted as per the attached resolutions. In favor: Kievit, Cicerale, Verrilli, Kula and Leatham.

The ADOPTION of meeting dates (1st Monday of each month with the exception of July 12th, September 13th and January 10th). Meeting time 7:00 p.m.

MOTION was made by Mr. Verrilli and seconded by Ms. Leatham to direct the Recording Secretary to advertise the public contract awards and meeting dates. In favor: Kievit, Cicerale, Verrilli, Kula and Leatham.

OLD BUSINESS:

Indian Field:

Payment status – Gail stated payment is past due by one quarter including interest calculated through January 31st for a total of \$49,009.03. Payment was due January 15th. We have still not received payment to replenish the sewer escrow account which presently has a balance of \$17.00. The water escrow account has a balance of \$1,954.

Marianne stated just in keeping with the thirty day standards at this meeting to set up and approve for revocation at the next meeting.

A MOTION was made by Verrilli seconded by Kula to place revocation of sewer allocation from HFH Corporation on the Agenda for the HTMUA regularly scheduled meeting of March 1, 2010 shall the developer's quarterly charges remain unpaid. In favor: Kievit, Cicerale, Verrilli, Kula and Leatham.

Corrosion Control – Mike stated a draft application was put together to implement the corrosion control recommendation. We will need a resolution for the Chairman to sign the application and an application fee in the amount of \$387.00, which is based on the construction cost formula.

We will be adding potassium hydroxide which is a base to raise the PH in the system which is done with two chemical feed pumps. We specified a prefabricated duplex system on the skid. The chemicals will be diluted in a dilution system because we are concerned about placing potassium hydroxide in the system which sometimes causes scale and build up. If we diluted the preassembled dilution system and we have any scaling then the water operator can take the 15 gallon dilution tank off line and clean it out instead of disassembling the water main. The chemical feed pumps will put the diluted solution in to the water main treatment building with a PH analyzer on it to check the PH levels on the entry level where it enters the Meadow Pond water main. It will also have an alarm on it so if the PH level goes out of range the operator will receive an alarm. The chemicals will be based upon a flow pace. This will be a permanent solution. In the application a couple of issues may come up. We did not propose an emergency shower station; there is an eye wash station. The state may require this as it is one of the safety features. The PH is one of the parameters which has to be analyzed by a certified laboratory and has a short holding time. We may be seeking a laboratory certification for the water treatment facility. We will first see how the state responds to the application.

A MOTION was made by Verrilli seconded by Cicerale for the Chairman of the HTMUA to sign the application for the modification for the existing treatment plant at Indian

Fields and issue payment as required for submission. In favor; Kievit, Cicerale, Verrilli, Kula and Leatham.

Phase II As-Built Plans – Mike stated nothing new at this time.

Phase III Conveyance – Mike stated nothing new at this time.

Phase IV Sewer Main Extension Permit – Mike stated nothing new at this time.

Phase V Sewer Service – Mike stated nothing new at this time.

Well Certification – Mike stated representatives from Stothoff met us on Monday regarding the inactive well report and they will be putting together a report and certification. Based on their initial observation they felt that it would not pose any problems.

Water Tank Inspections - Mike stated he spoke with Mumford-Bjorkman Assoc. regarding the dive inspections for the water towers. He will be receiving the results of their inspections in the next few days and will present it at next month's meeting.

Crystal Springs:

Payment Status: Gail stated they are current and paid to date. The escrow accounts have a current balance of \$578.47 for sewer and \$22.61 for water. A letter for replenishment has been mailed. We have received all the payments to date and on time from Crystal Springs for the SCMUA, By-Pass agreement. Three more payments remain.

Ardleigh & Shotmeyer Housing Sections – Mike stated the TWA permit associated with the Craig By-Pass contained a condition that it would expire in November. It was associated with constructing the Shotmeyer. Crystal Springs has requested the HTMUA for an extension of the permit. The DEP staff stated that since the construction did not start on the TWA but did on the Shotmeyer, the permit would have to be extended. They requested additional information and a resubmission and extension.

The water main extension for the Ardleigh is going to expire in the next couple of months. An e-mail was received from Dale Pierson requesting us to submit an application for request of an extension.

The flow direction was switched for the Vernon By-Pass project last week. Technically speaking they are not sending affluent back up to Vernon but they asked us to eliminate the discharge in the force main on Route 94. Ron closed the valve and opened up the other valve. We did lose some pump capacity, which was expected. Sanitation of the lines will need to occur before it comes back up.

Village Center South – Newton Hospital Wellness Center – Mike stated nothing new at this time.

Additional – Mike stated he received a call from Crystal Springs regarding the R&R calculations within the developer’s agreement quarterly charge. It was calculated in 2007 and is based on the number of vacant lots as a percentage of total lots. It has not been recalculated since 2007 as they have closed on the number of units and homes. Initially they thought it was going to be a big change, but it does not look that way.

High Ridge Properties:

Payment status – Gail stated they owe six full and one partial quarter plus interest for a total of \$135,115.87. A payment of \$2,107.75 was received today towards the developer’s quarterly charge. The escrow account presently has a balance of \$4,888.

TWA Application – Mark stated he received correspondence from counsel for High Ridge indicating that they were submitting to Sussex Borough and asked them to respond. Mark has not heard anything else from last month to this month because we needed to respond within the sixty day time period and this meeting was the last official date before the response date. As explained at the last meeting we don’t have the option under the administrative code of making any kind of conditional approval. We can either approve or say that everything is ok both technically and it complies with all our rules and regulations, which it does not. Or we say it does not and we disapprove of the application. There is no other option; we have to act one way or the other, unless the applicant withdraws the application. It is possible to refuse to act and the State will come back to us and expect an explanation as to why we did not act.

Patrick Dwyer, counsel for High Ridge Properties spoke. He stated that they believe the reason they are here today is largely the result of Sussex Borough’s attempt to more than double the charges to High Ridge over seven years ago. That dispute is currently in litigation. The last time we had a conference call with judge Bozonelis in January we stated the importance of the sewer service for this project and it was crucial as there is an attempt by the DEP to remove it.

The TWA application was sent to Sussex Borough in July. They have not acted upon it. The judge informed Sussex Borough that even though there is litigation they will need to act on it. Since that time we understand there have been new discussion with Guerin & Vreeland and the new engineers for Sussex Borough.

Mike stated he received a phone call from Sussex Borough prior to the escrow being sent. He spoke to the clerk and John Rischke, the new water and sewer engineer. Once escrow was received we could sit down and go through the findings and reports then hand it over to their water/sewer engineer for their review. We are still waiting for a response.

Patrick Dwyer stated it was his understanding that Sussex Borough was in the process of setting that meeting up. Also, for the boards knowledge as part of the litigation we sat down with Sussex Borough in November and worked out what we thought was the settlement agreement which was sent to Sussex Borough’s attorney on November 25th

and have not received comments back. Part of what Judge Bozonelis has done in the law suit is to ask High Ridge Properties to pay the \$10,000, not sure of the exact number, directly to Sussex Borough, not the HTMUA. This is what High Ridge has done and why there has been no funds passing through the HTMUA. If there is an arrears here it is on the 25,000 allocation, if correct. Gail stated it is not. The 25,000 allocation is the Beaver Run (Anton Pilz) allocation which is current in their financial obligations to the HTMUA.

Mr. Dwyer stated it is basically one issue here. We submitted the application back in July and have been trying to get results. There are looming deadlines that are going to void and nullify the Hardyston Planning board approval and the sewer allocation will be lost for this site. What we are asking is for the board to consider the issues which have gotten us here and approve the TWA application. All the technical and engineering issues have been taken care of, just the administrative or legal issues remain which only Sussex Borough can taken care of. The changes to the sewer service agreement between the SCMUA and HTMUA and SCMUA and Sussex Borough should have taken place back in 2002 when the allocation changed hands. It is not High Ridge's fault. Now High Ridge is being told that their TWA application is not going to be endorsed. The other two issues have to do with easement over SCMUA property and water agreement.

Mike stated there is presently no water service agreement in place between High Ridge and the HTMUA.

Patrick Dwyer stated time is running out. The April deadline for the TWA is coming closer. To the credit of the board, the engineering portion of the application has been worked out and reviewed. Even though the judge has directed Sussex Borough, they have not reviewed it yet. We are running out of time.

Discussion ensued regarding the sewer service area. Mike stated he had spoken to SCMUA which they indicated that they would formulate some kind of response. Mr. Dwyer stated the application was sent to all involved parties at the same time in July. They have only received a response from the HTMUA.

Mark stated High Ridge has set forth the dilemma which High Ridge finds itself in at this time. His request for endorsing the TWA application cannot be granted at this time as it does not comply with all our rules and regulations. For the reasons which have been explained it cannot be through the actions of third parties. Regardless of whose fault it is, we can not endorse the application, saying they are in compliance when they are not. What I would recommend is that we vote to not endorse the TWA application and we make it clear in the resolution that all the engineering issues have been satisfied but the administrative issues have not. But, we should also indicate that they are also not in compliance with their own developer's agreement with the HTMUA for the reason of non-payment which constrains us. This is due the payment dispute between Sussex Borough and High Ridge and the court order places them in non-compliance as well. I am not sure if the Judge has been made aware of the developer's agreement. Legally and truthfully we cannot say that it is in compliance when it is not. We can give our non

endorsement in terms that the DEP can understand, stating it is not an engineering issue but an administrative issue.

Discussion ensued between the boards, counsel for High Ridge and professionals.

A MOTION was made by Cicerale seconded by Verrilli to not endorse the TWA application from High Ridge Properties. Instead send the application to the DEP with the detailed explanation of compliance on the engineering standpoint but not the administrative portion. In favor, Kievit, Cicerale, Verrilli, Kula and Leatham.

A copy of the resolution will be forwarded to counsel for High Ridge Properties as soon as it is available.

Ridgefield Commons Emergency Interconnection:

Marianne stated a meeting was held with the receiverships.

Mike stated the operations and maintenance manual was reviewed. The letter of review is in the correspondence packet. The emergency interconnection worked properly when it delivered water from Indian Fields and the Wallkill Water Company. The pressure dropped and the automatic valve opened and the water went into that direction but when we tried to pump water back into our system there were issues with the controls. We had to bypass the pressure in order for the pump to operate. There were some other issues which were covered in the letter. He spoke with Wendell from Wallkill, he stated he received the letter and is working on correcting the problems. A copy of the letter was also sent to Toman Management because of the five party agreements. When this is all done and completed it is going to be the homeowner's association responsibility for the cost of maintaining the system.

For the record Mark Hontz and Candace Leatham recuse themselves from discussion.

North Church Technical Center:

Mike stated nothing new at this time.

Shotmeyer Brothers Site Plan:

Mike stated nothing new at this time.

New Business

Mr. Cicerale stated at last month's meeting Ron mentioned the meter for the tower was not working properly. Basically there are three different connections. The boxes are damaged. I don't believe it is Ron's responsibility to handle an electrician's responsibility.

and the well pumps. He doesn't feel it is an emergency with the radio transmitting but it does need to be addressed. Further discussion ensued regarding the issues and repairs which should be done.

PAYMENT OF BILLS:

A MOTION was made by Leatham and seconded by Kula to pay the bills as per the bill list. In favor: Kievit, Cicerale, Verrilli, Kula and Leatham.

CORRESPONDENCE:

A MOTION was made by Cicerale and seconded by Kula to approve the correspondence as presented. In favor: Kievit, Cicerale, Verrilli, Kula and Leatham.

OFFICER'S REPORTS:

Nothing at this time

AUGUST 31, 2009 AUDIT REPORT –

Gail stated the audit report was presented and accepted but a formal vote was not recorded. We just need to take formal action.

A MOTION was made by Leatham seconded by Kula to accept the audit report of August 31, 2009. In favor, Kievit, Cicerale, Verrilli, Kula and Leatham.

RULES AND REGULATIONS -

A MOTION was made by Leatham seconded by Kula to accept the Rules and Regulations as represented and reviewed in prior meetings. In favor: Kievit, Cicerale, Verrilli, Kula and Leatham.

INTERLOCAL CONTRACT – FRANKLIN BOROUGH – CFO

A MOTION was made by Leatham seconded by Kula to accept the Interlocal Contract between the HTMUA and Franklin Borough for CFO effective January 1, 2010 in the amount of \$13, 220.00. In favor, Kievit, Cicerale, Verrilli, Kula and Leatham.

RATE & BUDGET AMENDMENT

Marianne stated a letter was drafted, faxed, mailed and calls made to the homeowner's association regarding the rate changes and to invite them at the rate hearing. No response was received.

Paul stated the rate amendment was advertised twenty days prior to the rate amendment. The rate proposal is for the sewer portion to change from \$498 per annum to \$548 per

annum or \$137.00 per quarter. The reason for the increase is the rate increase received from the SCMUA in the amount of \$137,415.00 per year. The funding for this increase comes from the increase in sewer rates to our users or \$33,000, increase to the developer's fees in the amount of \$15,000, unrestricted retained earnings in the amount of \$44,415 and budget cuts in the amount of \$44, 895. We have not submitted a budget amendment yet and it should be prepared for approval at our next meeting.

The meeting was opened to the public in regards to the new rates.

There were no comments from the public.

The meeting was closed to the public.

A MOTION was made by Verrilli seconded by Kula to amend Section II, 2.2 and 2.2.1 of the general sewer rate charge of the Hardyston Township Municipal Utility Authority from \$498 per annum to \$548 per annum. In favor: Kievit, Cicerale, Verrilli, Kula and Leatham.

Mr. Kievit stated for the record that the board is not pleased with the rate increase received from SCMUA and the HTMUA was forced to raise our rates due to the increase from SCMUA.

PROFESSIONAL'S REPORTS:

Administrator – Marianne stated she spoke with the YMCA and they are interested in purchasing the additional allocation from Wallkill Water. Now that the sewer meter is installed it is confirmed that they are on the cusp of the total allocation allowance. They will be reaching out to Wallkill Water and Sewer regarding the purchase.

Operator – Nothing additional

Billing Clerk – nothing additional

CFO – not present

Accountant – nothing further

Engineer – A request was made for a resolution to permit Guerin and Vreeland to submit a permit extension on the Ardleigh section.

A MOTION was made by Kula seconded by Leatham for Guerin and Vreeland Engineering to submit a permit extension on the Ardleigh section of Crystal Springs. In favor: Kievit, Cicerale, Verrilli, Kula and Leatham.

We would like to create a formal procedure for RFP's and to have Mark review the procedure.

Attorney -- nothing additional

OPEN PUBLIC PORTION:

The meeting was opened to the public. There were no members of the public present. There being no further business, a motion to adjourn was made by Leatham, meeting adjourned.

Respectfully submitted,

Gail Hensal
Recording Secretary