

MINUTES OF THE RESCHEDULED ANNUAL REORGANIZATION MEETING OF THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY HELD ON FEBRUARY 9 2011 AT THE AUTHORITY'S ADMINISTRATION BUILDING, LAFAYETTE, NEW JERSEY

1. CALL TO ORDER; ROLL CALL; PLEDGE OF ALLEGIANCE

The Chairman called the meeting to order at 3:20 p.m.

Present: Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer, and O'Halloran, Administrator Hatzelis, Consulting Engineer Bongiovanni, Chief Engineer Varro, Solid Waste Superintendent Sparnon, Wastewater Superintendent Nugent, Office Manager Kronski, Legal Counsels Prol and Giacobbe

Absent: Consulting Engineer Cerenzio

2. PUBLIC STATEMENT

The Chairman stated that the meeting has been duly advertised, and notice given thereof, as required by P.L. 1975, Chapter 231.

3. OPEN TO PUBLIC COMMENT

Chairman Petillo opened the meeting to public comment. There being no public present at this time, Chairman Petillo closed the meeting to public comment.

4. AGENDA APPROVAL

The Chairman requested a motion for approval of the Agenda, as well as any additions or deletions to it. Commissioner Zidek moved the approval of the Agenda, seconded by Commissioner O'Halloran. On voice vote, the motion carried.

5. OATH OF OFFICE

Attorney Prol administered the Oath of Office to both Commissioner Ronald Petillo and Commissioner John Sowden IV for their new 5-year re-appointed terms to the Board of the Sussex County Municipal Utilities Authority. Term for both Commissioners: February 2, 2011 – February 1, 2016

6. REORGANIZATION ACTIONS

Chairman Petillo passed the chair to Administrator John Hatzelis for the purpose of nominations and election of a Chairman and Vice Chairman to serve for the year from February 2, 2011 until the next Reorganization Meeting of February 1, 2012.

John Hatzelis asked for nominations for the office of Chairman of the Authority. Commissioner Dietz nominated Ronald Petillo for the office of Chairman of the Authority, seconded by Commissioner Cocula. John Hatzelis asked if there were any other nominations. There being none, Commissioner Zidek moved to close the nominations, seconded by Commissioner Dietz. John Hatzelis requested a roll call to elect Ronald Petillo as Chairman of the Authority. On roll call the vote was as follows: Ayes: (6) Commissioners Zidek, Sowden, Dietz, Cocula, Meyer and O'Halloran. Abstain: (1) Commissioner Petillo. The motion carried.

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John Hatzelis then asked for nominations for the office of Vice Chairman of the Authority. Chairman Petillo nominated John Sowden for the office of Vice Chairman of the Authority, seconded by Commissioner Zidek. John Hatzelis asked if there were any other nominations. There being none, Commissioner Zidek moved to close the nominations, seconded by Commissioner Dietz. John Hatzelis requested a roll call to elect John Sowden as Vice Chairman of the Authority. On roll call the vote was as follows: Ayes: (6) Commissioners Zidek, Petillo, Dietz, Cocula, Meyer and O'Halloran. Abstain: (1) Commissioner Sowden. The motion carried.

John Hatzelis returned the gavel to the new Chairman to preside over the remainder of the meeting.

Chairman Petillo requested a motion for adoption of a resolution appointing an Authority Secretary. Commissioner Zidek moved the following resolution appointing Commissioner Andrea Cocula as Secretary to the Authority for the period February 2, 2011 to February 1, 2012, seconded by Commissioner Dietz. On voice vote, Ayes: (6) Commissioners Zidek, Sowden, Petillo, Dietz, Meyer and O'Halloran. Abstain: (1) Commissioner Cocula. The motion carried.

#11-27 RESOLUTION RE: APPOINTMENT OF ANDREA COCULA AS AUTHORITY SECRETARY FEBRUARY 2, 2011 TO FEBRUARY 1, 2012

Chairman Petillo requested a motion for adoption of a proposed resolution establishing dates and times of the Authority meetings. This resolution provides meeting dates to be held on the 1st and 3rd Wednesdays of each month to begin at 3:00 p.m, except in the month of November the meetings will be held the 1st and 4th Wednesdays. Commissioner Meyer moved the adoption of the following resolution establishing dates and times of the regular Authority meetings, seconded by Commissioner Zidek. On voice vote. The motion carried.

#11-28 RESOLUTION RE: DATES AND TIME OF REGULAR AUTHORITY MEETINGS – FEBRUARY 2, 2011 TO FEBRUARY 1, 2012

Chairman Petillo requested a motion for adoption of a resolution appointing an Authority Treasurer and Assistant Treasurer. John Hatzelis advised that Ciro Neglia has been the Treasurer and Patricia Frey as Assistant Treasurer. Commissioner Zidek moved the adoption of the following resolution appointing Ciro Neglia as Authority Treasurer and Patricia Frey as Assistant Treasurer, seconded by Commissioner Cocula. On voice vote. The motion carried.

#11-29 RESOLUTION RE: APPOINTMENT OF AUTHORITY TREASURER AND ASSISTANT TREASURER – FEBRUARY 2, 2011 TO FEBRUARY 1, 2012

Chairman Petillo requested a motion for adoption of a resolution appointing Authority General Counsel. John Hatzelis advised the Board the Authority requested proposals for professional services and received one proposal for General Counsel from the current Authority Counsel, Cleary Giacobbe Alfieri & Jacobs, LLC. Commissioner Zidek moved the adoption of the following resolution appointing Matthew J. Giacobbe and Thomas H. Prol of the firm Cleary Giacobbe Alfieri & Jacobs, LLC as Authority General Legal Counsel for the period February 2, 2011 to February 1, 2012. Commissioner Cocula seconded the motion. On voice vote. The motion carried.

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#11-30 RESOLUTION RE: APPOINTMENT OF MATTHEW GIACOBBE AND THOMAS H. PROL OF CLEARY GIACOBBE ALFIERI & JACOBS AS AUTHORITY GENERAL LEGAL COUNSEL FEBRUARY 2, 2011 TO FEBRUARY 1, 2012

Chairman Petillo requested a motion for adoption of a resolution appointing Authority Special Counsel for matters related to solid waste and wastewater NJPDES Permit, as well as, Watershed Management. John Hatzelis advised the Board that the Authority requested proposals; one was received for Special Counsel from Hall and Associates who has been providing this service for a number of years. Commissioner Meyer moved the adoption of the following resolution appointing the firm of Hall and Associates as Authority Special Counsel for the period February 2, 2011 to February 1, 2012. Commissioner Cocula seconded the motion. On voice vote. The motion carried.

#11-31 RESOLUTION RE: APPOINTMENT OF JOHN HALL, ESQ. OF HALL AND ASSOCIATES AS SPECIAL COUNSEL FOR MATTERS RELATED TO SOLID WASTE FACILITIES AND WASTEWATER FACILITIES NJPDES PERMITS AND WATERSHED MANAGEMENT PROGRAM – FEBRUARY 2, 2011 TO FEBRUARY 1, 2012

Chairman Petillo requested a motion for adoption of a resolution appointing Authority Bond Counsel. John Hatzelis advised the Board that the Authority received one from Wilentz, Goldman and Spitzer which was the only one received and are currently the Authority's Bond Counsel. Commissioner Zidek moved the adoption of the following resolution appointing the firm of Wilentz, Goldman and Spitzer as Authority Bond Counsel for the period February 2, 2011 to February 1, 2012. Commissioner Meyer seconded the motion. On voice vote. The motion carried.

#11-32 RESOLUTION RE: APPOINTMENT OF WILENTZ, GOLDMAN AND SPITZER AS AUTHORITY BOND COUNSEL – FEBRUARY 2, 2011 TO FEBRUARY 1, 2012

Chairman Petillo requested a motion for adoption of a resolution appointing Authority Auditor. John Hatzelis advised the Board that the Authority received a proposal from Ferraioli, Wielkotz, Cerullo & Cuva, P.A. from Pompton Lakes, NJ. Commissioner Dietz moved the adoption of the following resolution appointing the firm of Ferraioli, Wielkotz, Cerullo & Cuva, P.A. as Authority Auditors for the period February 2, 2011 to February 1, 2012. Commissioner Zidek seconded the motion. On voice vote. The motion carried.

#11-33 RESOLUTION RE: APPOINTMENT OF FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A. AS AUDITORS TO THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY – FEBRUARY 2, 2011 TO FEBRUARY 1, 2012

Chairman Petillo requested a motion for adoption of a resolution designating the Authority's official newspapers which are the New Jersey Herald, New Jersey Sunday Herald and Daily Record. Commissioner Zidek moved the adoption of the following resolution designating the official newspapers for the Authority as the New Jersey Herald, the New Jersey Sunday Herald and the Daily Record for the period February 2, 2011 to February 1, 2012, seconded by Commissioner Meyer. On voice vote. The motion carried.

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**#11-34 RESOLUTION RE: DESIGNATION OF OFFICIAL AUTHORITY
NEWSPAPERS – FEBRUARY 3, 2010 TO FEBRUARY 2, 2011**

Chairman Petillo requested a motion for adoption of a resolution regarding banking and financial transactions. John Hatzelis indicated that this resolution designates the banks that the Authority utilizes for services for the various Authority accounts. Commissioner Zidek moved the adoption of the following resolution regarding banking and financial transactions for the period February 2, 2011 to February 1, 2012 seconded by Commissioner O'Halloran. On voice vote. The motion carried.

**#11-35 RESOLUTION RE: BANKING AND FINANCIAL
TRANSACTIONS FEBRUARY 2, 2011 TO FEBRUARY 1, 2012**

Chairman Petillo requested a motion for adoption of a resolution regarding appointment of a Certifying Officer for Payroll, Pension and DMV Records. John Hatzelis indicated that Patricia Frey normally handles these transactions and is therefore listed in the resolution as the Certifying Officer. Commissioner Meyer moved to appoint Patricia Frey as the Certifying Officer for Payroll, Pension, Deferred Compensation Plans and DMV records for the period February 2, 2011 to February 1, 2012, seconded by Commissioner Zidek. On voice vote the motion carried.

**#11-36 RESOLUTION RE: APPOINTMENT OF "CERTIFYING OFFICER"
FOR PAYROLL, PENSION, DEFERRED COMPENSATION PLANS
AND MOTOR VEHICLE TRANSACTIONS**

Chairman Petillo requested a motion for adoption of a resolution for approval of a Cash Management Plan. Commissioner Dietz made the adoption of the following resolution approving a Cash Management and Investment Policy for the Authority. John Hatzelis noted that the policy is in conformance with State Statutes and has been reviewed by our Auditor, seconded by Commissioner Meyer. On voice vote. The motion carried.

**#11-37 RESOLUTION RE: APPROVING SCMUA CASH MANAGEMENT
AND INVESTMENT POLICY**

Chairman Petillo requested a motion for adoption of a resolution authorizing issuance of Officer's Certificates related to Authority Bonds. Commissioner Dietz moved the adoption of the following resolution authorizing issuance of Officers Certificates related to Authority Bonds for the period February 2, 2011 to February 1, 2012, seconded by Commissioner Cocula. On voice vote. The motion carried.

**#11-38 RESOLUTION RE: AUTHORIZING ISSUANCE OF OFFICERS
CERTIFICATES RELATED TO AUTHORITY BONDS – FEBRUARY
2, 2011 TO FEBRUARY 1, 2012**

Chairman Petillo requested a motion for adoption of a resolution regarding the establishment of a Purchasing Board. Representatives from this Board attend bid openings of submitted proposals. Commissioner Zidek moved the adoption of the following resolution establishing a Purchasing Board for the Authority consisting of John Hatzelis, Karl Meyer, Ron Petillo, John Nugent, Thomas Varro, Jim Sparnon, Jack Kinney of the SCMUA and Steven Donati and Joe Bongiovanni of Cerenzio and Panaro, P.C. Commissioner Dietz seconded the motion. On voice vote. The motion carried.

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#11-39 RESOLUTION RE: ESTABLISHMENT OF A PURCHASING BOARD IN ACCORDANCE WITH N.J.S.A. 40A:11-9 FOR THE PERIOD FROM FEBRUARY 2, 2011 TO FEBRUARY 1, 2012

Chairman Petillo distributed copies of the existing Committee appointments and asked that they stay the same for 2011 with the exception of the Budget Committee, with the new Chairman as Commissioner O'Halloran.

7. APPROVAL OF CONSENT AGENDA

Chairman Petillo requested a motion for approval of the Consent Agenda. Commissioner Cocula moved the approval of the Consent Agenda, seconded by Commissioner O'Halloran. On voice vote, the motion carried.

7. MINUTES

Chairman Petillo requested a motion to approve the distribution of the January 19, 2011 Pending Action Summary Sheet, which was submitted via e-mail to the Freeholder Board on January 21, 2011. Commissioner Cocula moved to approve the January 19, 2011 Pending Action Summary Sheet, seconded by Commissioner Meyer. On voice vote, the motion carried.

Chairman Petillo requested a motion to adopt the minutes of the Closed and Regular Meetings of January 5, 2011. Commissioner Dietz moved the adoption of the Minutes of the Closed and Regular Meetings of January 5, 2011, seconded by Commissioner Cocula. On voice vote the motion carried.

Chairman Petillo indicated that the minutes of the Closed and Regular Meeting of January 19, 2011 were distributed for review and adoption at the next meeting.

8. BUSINESS

a. Closed Executive Session

At 3:35 p.m. Commissioner Zidek moved the adoption of the following resolution authorizing a Closed Executive Session, seconded by Commissioner Dietz. On voice vote, the motion passed.

#11-40 RESOLUTION RE: AUTHORIZING CLOSED EXECUTIVE SESSION

The Open Session was reconvened at 4:08 p.m. Chairman Petillo indicated that in Closed Executive Session items discussed as specifically set forth in the resolution included negotiations, litigation and personnel. When the need for confidentiality of these matters no longer exists they will be opened to the public.

b. Wastewater Program

Chief Engineer's Report

Chief Engineer Varro reported on the Upper Wallkill NJPDES Permit, and informed the Commissioners that NJDEP has finally agreed with the Authority's consultant regarding the contested phosphorus limits. This is a big victory for the Authority, the Draft NJPDES Permit will not contain

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new overly stringent phosphorus limits. These limits were found to have no benefit or impact on the Wallkill River. The Authority has saved millions of dollars in upgrades, operations, and chemical costs. Mr. Varro thanked the Commissioners for their perseverance to continue with the "argument" and have saved the ratepayers significant expenses by not having to bear these costs.

Mr. Varro also informed the Board that a nitrate limit will be in the Draft Permit issued by NJDEP. The new limit will be 20mg/l of nitrate, the Upper Wallkill Plant puts out a reading of approximately 25-28 mg/l. Mr. Varro has asked Special Counsel John Hall to put together an outline of key items and will address after Draft Permit received. Upper Wallkill Plant was not designed to eliminate nitrate, also these limits are applicable to a drinking water use classification. The Upper Wallkill Plant discharges into the Wallkill River, which is not used for public drinking.

Consulting Engineer's Report

Consulting Engineer Joseph Bongiovanni updated the Commissioners on the Paulinskill Water Reclamation Project. The 3rd and final Addendum was sent out to plan holders on February 4th, which included clarification of drawings and specification changes, pre-bid conference attendance and meeting minutes thereon. The bid date was changed from February 15th to February 18th, in order to give time for contractors to review latest Addendum.

c. Solid Waste Program

Superintendent's Report

Superintendent James Sparnon reported on operations and the need for landfill cover material, he asked for the Commissioners authorization to prepare bid specifications. The contract would be for 2-year period from 2011-2012, \$120,000 has been budgeted operating budget for cover material. Superintendent Sparnon and Administrator Hatzelis reported that the Authority may get more bids at lower costs if no performance bond is required and asked the Board for their consideration. Discussions regarding the need and liability of not having a performance bond continued with the Commissioners agreeing to bid with no performance bond necessary. Motion was made by Commissioner Zidek to prepare bid specification for landfill cover material for 2011 and 2012 with no performance bond required. Commissioner Cocula seconded. On voice vote the motion passed.

Chairman Petillo asked Mr. Sparnon for an update on the Compactor that is being repaired. Mr. Sparnon reported that the engine rebuild is ongoing should be reinstalled sometime next week. A New Transmission was put in as opposed to a rebuild at the same price.

Superintendent Sparnon reported on the Electronic Waste Events for 2011. Quotes were received and the low bid was from Sims Recycling, however an issue needs to be clarified before a price can be definite. Need to address NJDEP to see if a solid waste facility is included in new regulations concerning manufacturers and e-waste recycling. Jim will report back at the next meeting.

Superintendent Sparnon presented a resolution for Commissioners authorization for a 2-year contract renewal (2011 & 2012) with Highlands Workshop/Easter Seal Society. Highlands to provide personnel for performance of litter control, operations and maintenance of the Solid

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Waste Facilities. Commissioner Cocula moved the resolution, seconded by Commissioner Dietz. On roll call, the vote was as follows: Ayes (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran. The motion carried.

#11-41 RESOLUTION RE: AUTHORIZING THE AWARD AND EXECUTION OF A CONTRACT AGREEMENT BETWEEN THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY (SCMUA) AND HIGHLANDS WORKSHOP/EASTER SEAL SOCIETY (HIGHLANDS)

Chief Engineer's Report

Chief Engineer Varro reported on a recent problem with Energenic and the SCMUA blower for the Landfill Gas Flare. Perennial (vendor for Energenic) reprogrammed the control panel to integrate their new pressure system. This adjustment caused the inability of Authority personnel to properly use blower/vacuum operations. Perennial fixed the problem and flare is up and running as normal. Mr. Varro reported on other small issue on wells and pressure points through the landfill gas project. Ongoing resolution with Cornerstone and Energenics to fix problems.

Mr. Varro also reported on his discussions with Senator Oroho's office. He reached out to the Senator's office to try to expedite the hookup for the LFGTE facility. This is scheduled for late April/May, and the Authority is ready for hookup now. The Senator's Legislative contact reached out to JCP&L and were unable to make further progress, the end of April will be the earliest to get the interconnect between Energenics and JCP&L.

Chief Engineer Varro presented a resolution for carbon credit sales, new credits from July 2010 – December 2010 are marketable. In order to be marketed an Issuance Deed of Representation must be executed and sent to Blue Source. Commissioner Zidek moved the resolution, seconded by Commissioner Dietz. On roll call, the vote was as follows: Ayes (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran. The motion carried.

#11-42 RESOLUTION RE: AUTHORIZING THE EXECUTION OF AN ISSUANCE DEED OF REPRESENTATION RE: DEVELOPMENT, VERIFICATION, REGISTRATION AND MARKETING OF GREENHOUSE GAS EMISSION REDUCTION BENEFITS UNDER THE VOLUNTARY CARBON STANDARD ASSOCIATION

Mr. Varro reported on the February 8th SWAC meeting, which he attended. A sub-committee has been formed to research beyond the landfill 2017 options. Mr. Varro was asked to prepare transfer station costs, he responded by recommending that SWAC present a letter to SCMUA Commissioners requesting information needed. Commissioners would in turn authorize staff, professionals and consultants to put together some information for consideration. Discussions regarding whether a letter would be advisable to fully understand what SWAC is planning for beyond 2017. Commissioners agreed to require SWAC to send a letter advising what information they are looking for.

Also discussed at the SWAC meeting was the Grinnell Facility's pending administrative action in regard to the addition of leaf waste (Class C) to the Class B Permit. No action has been taken or presented to SWAC. NJDEP representative was present and was not sure if the Grinnell request would be a Solid Waste Management Plan Amendment or an

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Administrative Action, Mr. Varro will report back regarding this at a later date. The NJDEP representative also reported at the SWAC meeting regulations regarding flow control in relation to recyclable materials. Discussions continued regarding interpretation of flow control regulations and haulers taking recyclable materials out of county for recycling purposes, with the residuals being returned to the county of origin. Administrator Hatzelis stated that NJDEP has not established a formal regulation regarding this issue, and each County interprets them differently.

Administrator's Report

Mr. Hatzelis presented a resolution for authorization to approve Amendment #4 to an agreement between SCMUA and C&P for out of scope litigation services related to the Upper Walkkill Phase II Expansion/Upgrade Project as approved by the Construction Review Committee and is before the board for approval. Commissioner Zidek moved the resolution, seconded by Commissioner O'Halloran. On roll call, the vote was as follows: Ayes (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran. The motion carried.

#11-43 RESOLUTION RE: AMENDMENT NO. 4 TO AGREEMENT BETWEEN THE SUSSEX COUNTY MUNICIPAL UTILITIES AUTHORITY AND CERENZIO & PANARO, P.C., FOR CONSTRUCTION PHASE ENGINEERING SERVICES RELATED TO THE UPPER WALLKILL PHASE III EXPANSION/UPGRADE PROJECT – CONTRACT NOS. 601 A, B, C AND D

9. FINANCIAL TRANSACTIONS

a. Payment of Bills

FINANCIAL CONSENT AGENDA & SUPPLEMENT – Discussions regarding removing C&P P.O. #63028 for additional information before approval. Commissioner Zidek moved the adoption of the following resolution authorizing passage of the Financial Consent Agenda, as well as, the Supplemental Consent Agenda, seconded by Commissioner Meyer. On roll call, the vote was as follows: Ayes (7) Commissioners Zidek, Sowden, Petillo, Dietz, Cocula, Meyer and O'Halloran. The motion carried.

#11-44 RESOLUTION RE: AUTHORIZING PASSAGE OF FINANCIAL CONSENT AGENDA

10. Open To Public Comment

The Chairman opened the meeting to Public Comment. Commissioner Dietz introduced Steven Battagliano from AXA Equitable, which has a 457 deferred compensation plan for the Authority. Mr. Battagliano addressed the Board to introduce himself and to answer any questions regarding the plan. He reviewed 3 different plans regarding contributions, addressed the questions of the Commissioners, Professionals and Staff.

11. Commissioners' Comments/Requests

Commissioners congratulated Chairman Petillo and Vice Chairman Sowden on their reappointments. Discussed issuing a press release to highlight the millions of rate payer dollars saved by avoiding the phosphorus limits in Upper Walkkill effluent case.

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12. Adjourn

Commissioner Sowden moved to adjourn the meeting, seconded by Commissioner. On voice vote, the motion passed. The meeting was adjourned at 5:10 p.m.

Respectfully submitted,

Andrea Cocula, Secretary