

WARREN TOWNSHIP SEWERAGE AUTHORITY

RESOLUTION NO. 11 - 53

RESOLUTION AUTHORIZING THE CHAIR TO EXECUTE THE FIRST AMENDMENT TO THE WASTEWATER TREATMENT SYSTEM OPERATION AND MAINTENANCE AGREEMENT BETWEEN WARREN TOWNSHIP SEWERAGE AUTHORITY AND APPLIED WATER MANAGEMENT, INC.

WHEREAS, pursuant to Resolution 08-115, the Authority entered into an Agreement for the Operations and Maintenance of the Authority's Wastewater Treatment System (the "Agreement"), dated April 14, 2009, with Applied Water Management, Inc. ("AWM"); and

WHEREAS, Section 4.8(A) of the Agreement provides that AWM is "responsible for undertaking, managing and completing all repairs, replacements, and non-Routine Maintenance of the Wastewater Treatment System," but that the costs of such work are payable by the Authority. The Agreement further provides that each Contract Year, the Authority will pay the RRNRM Advance towards such costs, which RRNRM Advance is paid in twelve monthly installments. To the extent that the costs of repairs, replacement, and non-routine maintenance exceed the RRNRM Advance for any Contract Year, such costs are payable out of the Authority's Operating Account. Thus, AWM is reimbursed in full for the costs associated with such repairs, replacement, and non-routine maintenance, with some portion of that reimbursement being accomplished through the RRNRM Advance mechanism; and

WHEREAS, when the Agreement was initially negotiated, the parties agreed upon the RRNRM Advance as a mechanism for both the Authority and AWM to manage cash flow, particularly as the parties fully anticipated that the actual costs of repairs, replacement, and non-routine maintenance would exceed the RRNRM Advance in any given Contract Year. However, with the benefit of nearly two years of practical experience, it appears that the RRNRM Advance mechanism has not resulted in the anticipated benefits; and

WHEREAS, the parties have agreed to execute the First Amendment to the Agreement, which First Amendment will have the effect of removing the RRNRM Advance provision from the Agreement, effective at the start of Contract Year 3, which begins on June 1, 2011. Effective June 1, 2011, the Authority will reimburse AWM directly out of its Operating Account for costs associated with repair, replacement, and non-routine maintenance. Thus, AWM will still be paid in full for all such costs.

NOW, THEREFORE, BE IT RESOLVED, by the Warren Township Sewerage Authority in the County of Somerset, State of New Jersey that the proposed First Amendment to the Agreement is hereby approved and the Authority Chairman is hereby

authorized to execute same on behalf of the Authority.

Moved by Mr. Truglio
Seconded by Mrs. Garafola

Roll Call Vote	Yes	No
Mr. Reeder	x _____	_____
Mr. Florey	_____	_____
Ms. Garafola	x _____	_____
Mr. Truglio	x _____	_____
Mr. Vetter (Alternate #1)	x _____	_____
Mr. Kaufman (Alternate #2)	x _____	_____

CERTIFICATION

I, Deborah Catapano, Secretary of the Warren Township Sewerage Authority in the County of Somerset, New Jersey, do hereby certify that the above resolution is a true and correct copy of a resolution adopted at a meeting of the Warren Township Sewerage Authority on April 20, 2011.


Deborah Catapano, Authority Secretary