

THE SOUTHEAST MORRIS COUNTY MUNICIPAL UTILITIES AUTHORITY

MEETING MINUTES

JANUARY 19, 2017

The Regular Meeting of The Southeast Morris County Municipal Utilities Authority (the "Authority") was held on Thursday, January 19, 2017, at 7:00 PM prevailing time in the Board Room at the offices of the Authority at 19 Saddle Road, Cedar Knolls, New Jersey.

The Chairman called the meeting to order at 7:00 PM and read the attached statement of Public Notice (Sunshine Law) and caused same to be entered into the minutes of the meeting.

ROLL CALL

PRESENT: Chairman Iannaccone; Members Baldassari, Conradi, Johnson, Kissil, Rotando and Schimpf*

ABSENT: Member Dougherty

* Member Schimpf participated in the meeting via telephone and acknowledged that he could hear the Chairman and other participants.

MOTION APPROVING MINUTES OF DECEMBER 15, 2016

Copies of the minutes of the meeting held on December 15, 2016, were distributed to the members prior to the meeting for review and comment. Member Rotando moved that the minutes be adopted. Member Conradi seconded the motion which was duly adopted by the following vote:

YEAS: Chairman Iannaccone; Members Baldassari, Conradi, Johnson, Kissil and Rotando

NOES: None

ABSTAINS: Member Schimpf

RESOLUTION APPROVING CLOSED SESSION MINUTES OF DECEMBER 15, 2016

Copies of the closed session minutes of the meeting held on December 15, 2016, were distributed to the members prior to the meeting for review and comment. Member Rotando offered the following resolution:

RESOLUTION NO. 01-17

RESOLUTION APPROVING CLOSED SESSION MINUTES OF DECEMBER 15, 2016

"COPY ANNEXED"

Member Conradi seconded the motion which was duly adopted by the following vote:

YEAS: Chairman Iannaccone; Members Baldassari, Conradi, Johnson, Kissil and Rotando

NOES: None

ABSTAINS: Member Schimpf

COMMUNICATIONS

1. Information on American Water Works Association's 2017 Annual Conference and Exposition

RESOLUTION – APPROVAL OF JANUARY 2017 LIST OF BILLS

Copies of the bill list for January 2017 were distributed to the members prior to the meeting for comment and approval. Mr. Maggio stated that Check Number 38986 would be held for further review. Member Johnson moved to approve the list of bills and offered the following resolution:

RESOLUTION NO. 02-17

RESOLUTION AUTHORIZING PAYMENT OF LIST OF BILLS FOR JANUARY 2017

"COPY ANNEXED"

Member Conradi seconded the motion which was duly adopted by the following vote:

YEAS: Chairman Iannaccone; Members Baldassari, Conradi, Johnson, Kissil, Rotando and Schimpf

NOES: None

OTHER BUSINESS

- A. Resolution Awarding Contract for Excavation Spoils Removal

The Board reviewed a memorandum from the Superintendent dated January 13, 2017 outlining the bids received for the contract for excavation spoils removal. The Authority advertised and received bids on January 10, 2017. Twenty companies obtained bid specifications, where five of those submitted bids. The lowest bid was submitted by Global Development Contractors, L.L.C. ("Global Development") in the total amount of \$30,210. The Superintendent recommended that the contract be awarded to Global Development as the low responsive, qualified bidder. Mr. Weiss stated that the Treasurer certified that there are sufficient funds available in the 2017 Budget for the portion to be expended in 2017; and that the portion to be expended in 2018 will be available subject to approval of the 2018 Budget. Member Baldassari offered the following resolution:

RESOLUTION NO. 03-17

RESOLUTION AWARDING CONTRACT FOR EXCAVATION SPOILS REMOVALS

“COPY ANNEXED”

Member Johnson seconded the motion which was duly adopted by the following vote:

YEAS: Chairman Iannaccone; Members Baldassari, Conradi, Johnson, Kissil, Rotando and Schimpf

NOES: None

B. Resolution Authorizing Award of Additional Contracts Under the Morris County Cooperative Pricing Council

The Authority is a participant in a Cooperative Pricing Agreement with the Morris County Cooperative Pricing Council (“MCCPC”). The purchase of work, materials and supplies through Cooperative Pricing Councils, such as the MCCPC, is authorized without additional advertising by the participants under Section 11 (5) of the Local Public Contracts Law, N.J.S.A. 40A:11-11(5). The Board reviewed a memorandum from the Manager of Finance dated January 13, 2017 recommending certain contract awards under the Cooperative Pricing Agreement for the 2017 budget year. Mr. Weiss stated that the Treasurer has certified that there are sufficient funds available in the 2017 Budget for these contracts. Member Rotando offered the following resolution:

RESOLUTION NO. 04-17

RESOLUTION AUTHORIZING AWARD OF ADDITIONAL CONTRACTS UNDER THE MORRIS COUNTY COOPERATIVE PRICING COUNCIL

“COPY ANNEXED”

Member Baldassari seconded the motion which was duly adopted by the following vote:

YEAS: Chairman Iannaccone; Members Baldassari, Conradi, Johnson, Kissil, Rotando and Schimpf

NOES: None

C. Resolution Authorizing the Transfer of Funds between 2016 Budget Appropriations

The Board reviewed a memorandum from the Manager of Finance dated January 13, 2017, where he advised that there exists certain funds in the 2016 budget line items which will be remaining at year end and that there are certain budget line items in the 2016 budget that require additional funding prior to the year end. Per suggestion by the Authority’s Auditors that it authorize and obtain Board approval for budget transfers among its internal appropriation line items to cover actual expenditures, the Manager of Finance requested that such balances, totaling \$179,500, be

transferred from the various budget line items with balances to those requiring additional funds to balance. Member Rotando offered the following resolution:

RESOLUTION NO. 05-17

RESOLUTION AUTHORIZING THE TRANSFER OF FUNDS BETWEEN 2016 BUDGET APPROPRIATIONS

“COPY ANNEXED”

Member Baldassari seconded the motion which was duly adopted by the following vote:

YEAS: Chairman Iannaccone; Members Baldassari, Conradi, Johnson, Kissil, Rotando and Schimpf

NOES: None

D. Resolution Authorizing the Transfer of Funds between 2017 Budget Appropriations

The Board reviewed a memorandum from the Manager of Finance dated January 13, 2017, where he advised that a new budget account be established for temporary staff. Per suggestion by the Authority’s Auditors that he authorize and obtain Board approval for budget transfers among its internal appropriation line items to cover actual expenditures, the Manager of Finance requested that such balances, totaling \$15,000, be transferred from the various budget line items with balances to those requiring additional funds to balance. Member Rotando offered the following resolution:

RESOLUTION NO. 06-17

RESOLUTION AUTHORIZING THE TRANSFER OF FUNDS BETWEEN 2017 BUDGET APPROPRIATIONS

“COPY ANNEXED”

Member Baldassari seconded the motion which was duly adopted by the following vote:

YEAS: Chairman Iannaccone; Members Baldassari, Conradi, Johnson, Kissil, Rotando and Schimpf

NOES: None

E. DISCUSSION – Reorganization Meeting Agenda

Mr. Weiss went through the draft agenda for the Annual Reorganization Meeting of the Authority scheduled for February 1, 2017. Mr. Weiss added that a reception at H2Ocean Restaurant would immediately follow the meeting.

SUCH OTHER MATTERS TO LEGALLY COME BEFORE THE BOARD

1. Member Kissil inquired on the status of the Union negotiations. Ms. Cummings responded that the fact finding hearing was scheduled for March 9, 2017.

2. Mr. Weiss updated the Board on the One Call will be argued before the Appellate Division next Thursday, January 26, 2017. He added that he will attend the hearing.

REPORTS

Copies of the following reports were distributed to the Members for review and comment and a discussion ensued as to each item:

- A. Executive Director/Chief Engineer – December 2016
- B. Superintendent – December 2016
- C. Information Technology – December 2016
- D. Finance – December 2016

PUBLIC DISCUSSION

Chairman Iannaccone stated the next portion of the meeting was set aside for public discussion. No one from the public was present. The Chairman then closed the public portion of the meeting.

ADJOURNMENT

There being no further business, Member Baldassari moved that the meeting be adjourned. Member Johnson seconded the motion. The meeting adjourned at 7:41 PM.

THE SOUTHEAST MORRIS COUNTY
MUNICIPAL UTILITIES AUTHORITY



SIDNEY D. WEISS
Assistant Secretary

SUNSHINE LAW STATEMENT

Adequate notice of this meeting has been provided in accordance with the provisions of the “Open Public Meetings Act”, in the following manner:

1. By posting a copy of the Annual Notice of the Authority’s regular meetings (upon which this meeting is listed) on the Bulletin Board at the Authority’s offices at 19 Saddle Road, Cedar Knolls, New Jersey, and by delivering copies of such notice for posting at similar public places in the municipal buildings of the Town of Morristown, the Townships of Hanover and Morris and the Borough of Morris Plains on February 3, 2016.

2. By delivering to, for filing, copies of the Annual Notice with the Daily Record, the Newark Star Ledger, the Morris News Bee, the clerks of the Townships of Chatham, Harding, Mendham, Randolph and Parsippany-Troy Hills, the Borough of Florham Park and the County of Morris on February 3, 2016.



Southeast Morris County Municipal Utilities Authority

19 SADDLE ROAD • CEDAR KNOLLS, NEW JERSEY 07927 • TEL 973-326-6880 • FAX 973-326-9521

Resolution No. 01-17

RESOLUTION APPROVING CLOSED SESSION MINUTES

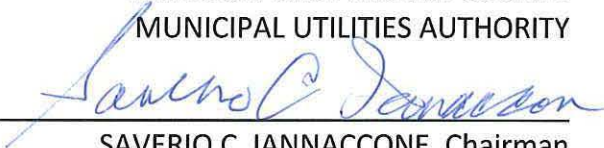
RESOLVED that the attached minutes of the Closed Session Meeting held on December 15, 2016, be and the same are hereby approved but withheld from public inspection and insertion in the regular Minute Book pending release for public disclosure pursuant to the provisions of the Open Public Meetings Act; and

BE IT FURTHER RESOLVED that the minutes be inserted in the Closed Session Minute Book of the Authority pending such disclosure.

ATTEST:



SIDNEY D. WEISS, Assistant Secretary

THE SOUTHEAST MORRIS COUNTY
MUNICIPAL UTILITIES AUTHORITY


SAVERIO C. IANNACCONI, Chairman

Dated: January 19, 2017

Board Members

Morristown:
Mary Dougherty
Donald Kissil

Morris Township:
Dennis Baldassari
Alan Johnson

Morris Plains:
William Conradi
Ralph R. Rotando

Hanover Township:
Saverio C. Iannaccone
Adolf Schimpf

Executive Director/Chief Engineer: Laura Cummings, P.E.

Superintendent: Paul A. Kozakiewicz

CERTIFICATION

I hereby certify the foregoing to be a true copy of the resolution adopted by The Southeast Morris County Municipal Utilities Authority on Thursday, January 19, 2017, at a meeting duly convened of said Authority.



SIDNEY D. WEISS, Assistant Secretary

Dated: January 19, 2017



Southeast Morris County Municipal Utilities Authority

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Resolution No. 02-17

RESOLUTION AUTHORIZING PAYMENT OF JANUARY 2017 LIST OF BILLS

BE IT RESOLVED that authorization is hereby granted to make payment of the following list of bills:

OPERATING FUND

Total Salary and Wages \$ 255,574.20


Total Operating Fund Checks and Wire Transfers \$ 785,555.84

GENERAL FUND/SPECIAL ACCOUNT \$ 62,601.76

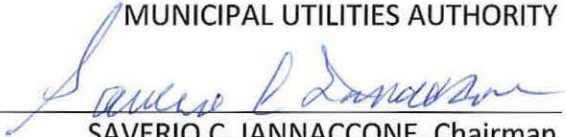
TOTAL OF DECEMBER 2016 LIST OF BILLS \$ 1,103,731.80

ATTEST:

THE SOUTHEAST MORRIS COUNTY
MUNICIPAL UTILITIES AUTHORITY



SIDNEY D. WEISS, Assistant Secretary



SAVERIO C. IANNAACONE, Chairman

Dated: January 19, 2017

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Mary Dougherty
Donald Kissil

Morris Township:
Dennis Baldassari
Alan Johnson

Morris Plains:
William Conradi
Ralph R. Rotando

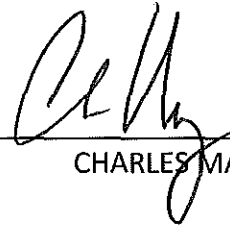
Hanover Township:
Saverio C. Iannaccone
Adolf Schimpf

Executive Director/Chief Engineer: Laura Cummings, P.E.

Superintendent: Paul A. Kozakiewicz

TREASURER'S CERTIFICATION

I hereby certify that there are sufficient funds available (\$1,103,731.80) for payment of the resolution entitled Resolution Authorizing Payment of January 2017 List of Bills in the Authority's 2017 Operating Budget.




CHARLES MAGGIO, Treasurer

Dated: January 19, 2017

CERTIFICATION

I hereby certify the foregoing to be a true copy of the resolution adopted by The Southeast Morris County Municipal Utilities Authority on Thursday, January 19, 2017, at a meeting duly convened of said Authority.


SIDNEY D. WEISS, Assistant Secretary

Dated: January 19, 2017



Southeast Morris County Municipal Utilities Authority

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Resolution No. 03-17

RESOLUTION AWARDING CONTRACT FOR EXCAVATION SPOILS REMOVAL

WHEREAS, the Authority has advertised and received bids for the project entitled Excavation Spoils Removal on January 10, 2017; and

WHEREAS, twenty companies obtained bid specifications where five of those submitted bids; and

WHEREAS, the lowest bid was submitted by Global Development Contractors, L.L.C. ("Global Development") in the total amount of \$30,210; and

WHEREAS, the Superintendent has recommended that the contract be awarded to Global Development as the low responsive, qualified bidder in the amount of \$30,210; and

WHEREAS, the Treasurer has certified that there are sufficient funds available in the 2017 Budget for the portion to be expended in 2017; and that the portion to be expended in 2018 will be available subject to approval of the 2018 Budget; and

NOW THEREFORE BE IT RESOLVED by The Southeast Morris County Municipal Utilities Authority as follows:

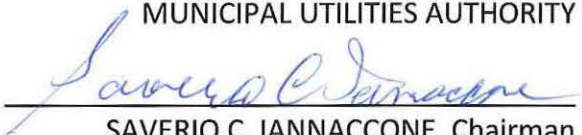
1. That the contract for Excavation Spoils Removal be awarded to Global Development Contractors, L.L.C., in accordance with its bid submitted on January 10, 2017, in the amount of \$30,210.
2. That the appropriate officers of the Authority be and they are hereby authorized and directed to execute a contract with regard to said project on behalf of the Authority in the manner provided by law.

ATTEST:

THE SOUTHEAST MORRIS COUNTY
MUNICIPAL UTILITIES AUTHORITY



SIDNEY D. WEISS, Assistant Secretary



SAVERIO C. IANNAACONE, Chairman

DATED: January 19, 2017

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Superintendent: Paul A. Kozakiewicz

TREASURER'S CERTIFICATION

I hereby certify funds for payment of a contract with Global Development Contractors, L.L.C. for excavation spoils removal as follows:

1. In 2017, funds are available in the amount of \$25,175; and
2. In 2018, funds will be available in the amount of \$5,035, subject to the approval of the 2018 Budget.

The total maximum amount of this contract will not exceed \$30,210. This item will be charged to Account No. 02-60-400-692 (TRANSMISSION AND DISTRIBUTION: Concrete Repairs, Pavement Restoration and Spoils Removal).



CHARLES MAGGIO, Treasurer

DATED: January 19, 2017

CERTIFICATION

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SIDNEY D. WEISS, Assistant Secretary

Dated: January 19, 2017



Southeast Morris County Municipal Utilities Authority

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Resolution No. 04-17

RESOLUTION AUTHORIZING AWARD OF ADDITIONAL CONTRACT UNDER COOPERATIVE PRICING AGREEMENT WITH THE MORRIS COUNTY COOPERATIVE PRICING COUNCIL

WHEREAS, the Authority is a participant in a Cooperative Pricing Agreement with the Morris County Cooperative Pricing Council ("MCCPC"); and

WHEREAS, the purchase of work, materials and supplies through Cooperative Pricing Councils, such as the MCCPC, is authorized without additional advertising by the participants under Section 11 (5) of the Local Public Contracts Law, N.J.S.A. 40A:11-11(5); and

WHEREAS, by Resolution 104-16 duly adopted on December 15, 2016, the Authority authorized the award of contracts for certain goods and services to certain authorized vendors approved by the MCCPC; and

WHEREAS, the additional vendors listed below have been awarded a contract by the MCCPC for and including the budget year 2017; and

WHEREAS, the Authority wishes to purchase the items listed below from such additional vendors approved by the MCCPC; and

WHEREAS, the contract costs for such purchases from the additional vendors are estimated not to exceed the amounts stated below; and

WHEREAS, the Treasurer of the Authority has certified the availability of funds for these contracts in the 2017 Budget;


NOW THEREFORE BE IT RESOLVED by The Southeast Morris County Municipal Utilities Authority that the vendors listed below be awarded the contracts set forth below for the budget year 2017:

CONTRACT	VENDOR	ITEMS	AMOUNT
#1	Finch Fuel Oil Company	Unleaded Gasoline	\$100,000
#12	Finch Fuel Oil Company	Diesel Fuel	\$ 25,000

ATTEST:


SIDNEY D. WEISS, Assistant Secretary

THE SOUTHEAST MORRIS COUNTY
MUNICIPAL UTILITIES AUTHORITY


SAVERIO C. IANNACCONI, Chairman

DATED: January 19, 2017

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SIDNEY D. WEISS, Assistant Secretary

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Southeast Morris County Municipal Utilities Authority

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Resolution No. 05-17

RESOLUTION AUTHORIZING THE TRANSFER OF FUNDS BETWEEN 2016 BUDGET APPROPRIATIONS

WHEREAS, the Authority's Manager of Finance/Treasurer has advised that there exists certain funds in the 2016 budget line items which will be remaining at year end; and

WHEREAS, there are certain budget line items in the 2016 budget that require additional funding prior to the year end; and

WHEREAS, the Manager of Finance/Treasurer has requested that such balances be transferred from the various budget line items with balances to those requiring additional fund to balance; and

WHEREAS, it appears that such transfers are in the best interest of the Authority and the Water System;

NOW THEREFORE, BE IT RESOLVED by The Southeast Morris County Municipal Utilities Authority that the following transfers within the 2016 Operating Budget totaling \$179,500 are hereby approved:

Budget Transfers for 2016 Budget

<u>Budget Line Item</u>	<u>Title</u>	<u>Amount</u>
Transfer To:		
02-30-400-502	FINAN: Overtime	2,500.00
02-60-400-502	TRANS & DISTRIBUTION: Overtime	85,000.00
02-75-400-502	WATER QUALITY: Overtime	2,500.00
02-70-400-502	TREAT: Overtime	2,000.00
02-50-400-621	OPER: Water Purchased	8,500.00
02-50-400-620	OPER: Meals	2,000.00
02-40-400-607	STAT: Medical Insurance-Retirees	5,000.00
02-60-400-635	TRANS: Traffic Control	5,000.00
02-50-400-501	OPER: Salary & Wages	67,000.00
Total		<u>\$179,500.00</u>

Board Members

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Transfer From:		
02-30-400-501	FINAN: Salary & Wages	2,500.00
02-60-400-501	TRANS & DISTRIBUTION: Salary & Wages	85,000.00
02-75-400-502	WATER QUALITY: Contract Analytical & Sampling	2,500.00
02-70-400-501	TREAT: Salary & Wages	2,000.00
02-50-400-501	OPER: Salary & Wages	10,500.00
02-20-400-608	STATUT: Medical Insurance – Active	5,000.00
02-40-550-501	HEALTH, SAFETY, & SECURITY- Salary & Wages	67,000.00
02-70-400-632	TREATMENT: Maintenance & Services	5,000.00
	Total	<u>\$179,500.00</u>

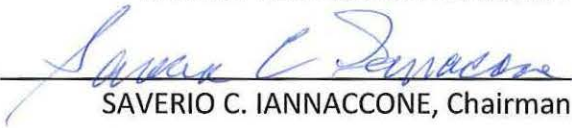
AND BE IT FURTHER RESOLVED that the Manager of Finance/Treasurer be and is hereby authorized and directed to take whatever actions are necessary or convenient to effectuate the provisions of this Resolution and the transfers hereby approved.

ATTEST:

THE SOUTHEAST MORRIS COUNTY
MUNICIPAL UTILITIES AUTHORITY



SIDNEY D. WEISS, Assistant Secretary




SAVERIO C. IANNACCONI, Chairman

DATED: January 19, 2017

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SIDNEY D. WEISS, Assistant Secretary

Dated: January 19, 2017



Southeast Morris County Municipal Utilities Authority

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Resolution No. 06-17

RESOLUTION AUTHORIZING THE TRANSFER OF FUNDS BETWEEN 2017 BUDGET APPROPRIATIONS

WHEREAS, the Authority's Manager of Finance/Treasurer has advised that a new budget account was needed to cover expenses incurred by temporary staff; and

WHEREAS, the Manager of Finance/Treasurer has requested that such balances be transferred from a previously established budget line item with a balance to fund the new budget line item; and

WHEREAS, it appears that such transfer is in the best interest of the Authority and the Water System;

NOW THEREFORE, BE IT RESOLVED by The Southeast Morris County Municipal Utilities Authority that the following transfer within the 2017 Operating Budget totaling \$15,000 is hereby approved:

Budget Transfers for 2017 Budget


<u>Budget Line Item</u>	<u>Title</u>	<u>Amount</u>
Transfer To:		
02-30-400-800	FINAN: Temporary Staff	15,000.00
		Total <u>15,000.00</u>
Transfer From:		
02-30-400-501	FINAN: Salary & Wages	15,000.00
		Total <u>15,000.00</u>

AND BE IT FURTHER RESOLVED that the Manager of Finance/Treasurer be and is hereby authorized and directed to take whatever actions are necessary or convenient to effectuate the provisions of this Resolution and the transfers hereby approved.

ATTEST:



SIDNEY D. WEISS, Assistant Secretary

THE SOUTHEAST MORRIS COUNTY
MUNICIPAL UTILITIES AUTHORITY


SAVERIO C. IANNACCONI, Chairman

DATED: January 19, 2017

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Superintendent: Paul A. Kozakiewicz

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SIDNEY D. WEISS, Assistant Secretary

Dated: January 19, 2017

PROFESSIONAL SERVICE CONTRACT

This Agreement made as of this 1 day of January, 2017,
by and between THE SOUTHEAST MORRIS COUNTY MUNICIPAL UTILITIES AUTHORITY, a body
corporate and politic of the State of New Jersey have its principal office at 19 Saddle Road, Cedar
Knolls, New Jersey 07927 (the "Authority") and NISIVOCCIA, 200 Valley Road, Suite 300, Mt.
Arlington, New Jersey 07856 (the "Consultant");

WITNESSETH

RECITALS

Whereas, Authority is a municipal utilities authority organized and existing pursuant to the
Municipal and County Utilities Authority Law, N.J.S.A. 48:14B-1 et. seq. (the "Act");

Whereas, the Authority has a need for professional services in connection with auditing and
accounting services for Fiscal Year 2016; and

Whereas, Consultant had submitted a proposal to perform such work dated December 1,
2016, a copy of which is annexed hereto as Exhibit "A" (the "Proposal"); and

Whereas, the Authority approved the Proposal by resolution duly adopted on December
15, 2016;

NOW, THEREFORE, in consideration of the foregoing premises and the terms, covenants
and conditions set forth in this Agreement, and for other good and valuable consideration, the
parties agree as follows:

1. SERVICES.

Consultant will perform the service more particularly described in the Proposal.

2. CONSIDERATION; PAYMENT.

Authority will compensate Consultant for such services by payment of the total
maximum amount of \$33,600, payable upon completion of the work or as
otherwise agreed upon by the parties.

3. INDEPENDENT CONSULTANT.

In the performance of services under this Agreement, it is mutually understood and agreed that Consultant is and at all times shall be an independent Consultant and not an employee, joint venturer or agent of the Authority. The Authority shall have no right to direct the time, manner or method by which Consultant shall provide the services to be provided pursuant to this Agreement other than as expressly set forth in the Proposal. Consultant shall be responsible, as an independent Consultant, for making all payments, declarations and filings with local, state and federal governmental authorities with respect to the work to be performed and the compensation and fees to be paid pursuant to this Agreement.

4. INSURANCE.

Before commencing the work, and as a condition precedent for payment, the Contractor shall purchase and maintain insurance, in conformance with the provisions contained in this Contract. This insurance will provide a defense and indemnify The Southeast Morris County Municipal Utilities Authority (SMCMUA) against any such claim, damage, loss or expense that is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the work itself) including the loss of use, which arises out of the Contractor's operations under this Contract. This insurance shall apply regardless of whether the operations, actions, derelictions or failures to act from which the claim arises, are attributable to the Contractor, any of its consultants, officers, agents, subcontractors, employees, anyone directly or indirectly employed by any of them including anyone for whose acts of the aforementioned may be liable by operation of statute, government regulation, or applicable case law and SMCMUA, unless caused by the sole negligence of SMCMUA.

Proof of this insurance shall be provided to SMCMUA before the work commences as set forth below. In no event shall the failure to provide this proof, prior to the commencement of the work, be deemed a waiver by SMCMUA of the Contractor's insurance obligations set forth herein.

In the event that the insurance company(ies) issuing the policy(ies) required by this section deny coverage to SMCMUA, the Contractor will defend and indemnify SMCMUA at the Contractor's expense.

A. Minimum of Liability

The Contractor must obtain the required insurance with the carrier rated A-VII or better by A.M. Best. The Contractor shall maintain at least the limits of liability as set forth below:

1. Commercial General Liability Insurance

\$1,000,000 Each Occurrence (Bodily Injury and Property Damage)
\$2,000,000 General Aggregate
\$1,000,000 Personal and Advertising Injury

Contractual Liability that will respond to the Indemnification clause, shall be included in the policy. The General Aggregate shall apply separately to the work. As an alternative, the Contractor may provide Commercial General Liability Insurance with no General Aggregate.

2. Comprehensive Automobile Liability Insurance

\$1,000,000 Combined Single Limit Bodily Injury and Property Damage

Coverage must include all owned, non-owned and hired vehicles used by the Contractor.

3. Workers' Compensation and Employers' Liability Insurance

\$500,000 Each Accident
\$500,000 Each Employee for Injury by Disease
\$500,000 Aggregate for Injury by Disease

If the Contractor is a Sole Proprietor, Partnership or LLC, Insurance Policy and Certificate must indicate that the proprietor/partners/members are "included". This requirement does not apply if inclusion is not allowed by state law.

4. Umbrella

\$1,000,000 per Occurrence
\$1,000,000 Aggregate

Contractual Liability and the General Aggregate shall apply on the same basis as the primary insurance.

5. Professional Liability

\$2,000,000 per Claim
\$2,000,000 Aggregate

If this policy is written on a Claims Made basis, Contractor shall confirm that the limit is not impaired by any other claims and coverage shall be

maintained for two years after final payment.

6. Cyber Liability Insurance (Applicable depending on the nature of the work)

\$1,000,000 Each Claim

\$2,000,000 Aggregate

Contractor must confirm that the full limits are available and they have not been reduced by other claims. In the event the Cyber Liability coverage is written on a Claims-Made basis, Contractor warrants that the policy retroactive date precedes the date of this contract and either continuous coverage or an extended discovery period of 2 years will be maintained from the date this contract is completed.

B. Subcontractors

Contractor shall require all Subcontractors to comply with the insurance requirements included in this Contract.

C. Additional Insured Status and Certificate of Insurance

SMCMUA along with their respective appointed officers, agents and employees, shall be named as Additional Insureds on the Contractor's Commercial General Liability Policy which must be primary and noncontributory with respect to the Additional Insureds.

It is expressly understood by the parties to this Agreement that it is the intent of the parties that any insurance obtained by SMCMUA is deemed excess, non-contributory and not co-primary in relation to the coverage(s) procured by the Contractor, any of its consultants, officers, agents, subcontractors, employees or anyone directly or indirectly employed by any of them or by anyone for whose acts any of the aforementioned may be liable by operation of statute, government regulation or applicable case law.

A Waiver of Subrogation Clause shall be added to the General Liability, Automobile and Umbrella Liability policies in favor of SMCMUA, and this clause shall apply to SMCMUA's appointed officers, agents and employees. It should also apply to the Contractor's Workers' Compensation policy if allowed by state law.

Prior to commencement of work, Contractor, and any Subcontractor, shall submit a Certificate of Insurance in favor of SMCMUA and an Additional Insured Endorsement (in a form acceptable to SMCMUA) to SMCMUA and their Engineer as required hereunder.

D. No Limitation on Liability

In any and all claims against the Additional Insureds by any employee of the Contractor, anyone directly or indirectly employed by the Contractor or anyone for whose acts the Contractor may be liable, including Subcontractors, the indemnification obligation shall not be limited by any limitation on the amount or type of damage, compensation or benefits payable by or for the Contractor or Subcontractors under workers' compensation acts, disability benefit acts or other employee benefit acts.

E. Failure to Obtain/Maintain, Cancellation and Renewal

The Contractor shall maintain in effect all insurance coverages required under this Agreement at the Contractor's sole expense. In the event the Contractor fails to obtain or maintain any insurance coverage required under this Agreement, SMCMUA may, at its sole discretion, purchase such coverage as desired for SMCMUA's benefit and charge the expense to the Contractor, or, in the alternative, terminate this Agreement. In the event the coverage is cancelled or non-renewed, the Insurance Company will provide 30 days advance notice of the cancellation or non-renewal to the SMCMUA.

5. WARRANTIES/INDEMNIFICATION.

- (a) Consultant shall perform the services to be furnished by it hereunder with the degree of skill and care that is required by customarily accepted good and sound professional practices and procedures at the time the work is performed to ensure that all work is correct and appropriate for the purpose intended.
- (b) Consultant shall indemnify and hold harmless the Authority from and against all claims and actions, and all expenses (including but not limited to reasonable attorneys' fees and court costs) incidental to such claims or actions, based upon or arising out of damages or injuries to persons or property caused or contributed to by Consultant or anyone acting under its direction or control or in its behalf in the course of its performance under this Agreement, provided the Consultant's aforesaid indemnity and hold harmless agreement shall not be applicable to any liability to the extent caused or contributed to by the Authority.

6. CONFIDENTIALITY.

Consultant shall not disclose any trade secrets or confidential proprietary information obtained in the performance of the work or projects authorized by this Agreement, except such information: (i) which has been published and becomes

part of the public domain other than by acts or omissions of Consultant or its agents or employees; (ii) which has been lawfully furnished or made known to Consultant by third parties (other than those acting directly or indirectly for or on behalf of the Authority); (iii) which was in Consultant's possession prior to the date of this Agreement and was not acquired by Consultant directly or indirectly from the Authority or any one acting directly or indirectly from the Authority; (iv) which is required by any subpoena or other legal process not protected by privilege; or (v) the disclosure of which has been consented to by the Authority and any other party to which the information relates.

7. MISCELLANEOUS PROVISIONS:

- (a) Entire Agreement. This Agreement sets forth the entire agreement and understanding of the parties and shall not be modified in any manner except by an instrument in writing executed by the parties. This Agreement supersedes all prior agreements between the parties pertaining to the subject matter.
- (b) Waivers. The failure of either party to insist upon strict adherence to any term, covenant or condition of this Agreement on any occasion shall not be considered a waiver or relinquishment of any right of such party or parties to insist upon strict performance of that term, covenant or condition, or any other term, covenant or condition, of this Agreement at any time thereafter.
- (c) Notices. Notices required or permitted to be given under this Agreement shall be in writing and shall be sent by certified mail, return receipt requested, by hand delivery or by a nationally recognized overnight delivery service. All notices shall be sent to the addresses of the parties first above written, or to such other address as the parties may from time to time designate in writing, and shall be deemed given when sent.
- (d) Binding Effect; Assignment. This Agreement shall be binding upon the parties and their respective heirs, executors, administrators, successors or assigns.
- (e) Severability. If any provision of this Agreement shall be declared invalid or illegal for any reason whatsoever, then notwithstanding such invalidity or illegality, the remaining terms and provisions of this Agreement shall remain in full force and effect in the same manner as if the invalid or illegal provision had not been contained herein.
- (f) Governing Law. This Agreement shall be interpreted in accordance with, and the rights of the parties hereto shall be determined by, the laws of the State of New Jersey.

- (g) Compliance with laws, etc. During the term of this Agreement, Consultant will comply with all applicable federal, state and local laws, regulations, ordinances, orders and requirements.
- (h) Professional Service Contract. This is a professional service contract awarded without competitive bidding pursuant to the provisions of the New Jersey Local Public Contracts Law, N.J.S.A. 40A:11-1 et seq.; and in further compliance with the New Jersey Pay to Play Law, N.J.S.A. 19:44A-20.5, which Consultant has agreed to comply with during the term of this Agreement.

The parties have executed this Agreement as of the date set forth above.

OWNER:

CONSULTANT:

THE SOUTHEAST MORRIS COUNTY
MUNICIPAL UTILITIES AUTHORITY

NISIVOCCIA, L.L.P.

By



By



Saverio C. Iannaccone
Chairman

Kathryn Mantell, Partner

Print Name and Title

(Corporate Seal)

(Corporate Seal)

Attest



Attest



Sidney D. Weiss
Assistant Secretary

John DiVite, Admin. Specialist

Print Name and Title

December 1, 2016

The Honorable Chairman and Members of the Authority Board
Southeast Morris County Municipal Utilities Authority
19 Saddle Road
Cedar Knolls, NJ 07927

We are pleased to confirm our understanding of the services we are to provide Southeast Morris County Municipal Utilities Authority (the "Authority") for the year ended December 31, 2016. We will audit the financial statements – *regulatory basis* - of the various funds of the Authority, including the related notes to the financial statements, as of and for the years ended December 31, 2016 and 2015.

We have also been engaged to report on supplementary information that accompanies the Authority's *regulatory basis* financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the *regulatory basis* financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the various funds financial statements or to the various funds financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and we will provide an opinion on it in relation to the *regulatory basis* financial statements as a whole:

- 1) Schedules of expenditures of federal and state awards.
- 2) Supplementary Data Schedules

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements – *regulatory basis* - are fairly presented, in all material respects, in conformity with accounting practices prescribed or permitted by the Department of Community Affairs, Division of Local Government Services, State of New Jersey (the "Division") and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the *regulatory basis* financial statements as a whole. The objective also includes reporting on —

- Internal control over financial reporting and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the *regulatory basis* financial statements in accordance with *Government Auditing Standards*.
- Internal control related to major programs and an opinion (or disclaimer of opinion) on compliance with federal and state statutes, regulations and the terms and conditions of federal and state awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996, Title 2 U.S. Code of Federal Regulations (CFR)

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and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid.*

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that the purpose of the report is solely to (1) describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance.

The OMB Circular A-133 and NJ OMB 15-08 report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and NJ OMB 15-08. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of OMB Circular A-133 and NJ OMB 15-08 and , and will include tests of accounting records, a determination of major program(s) in accordance with OMB Circular A-133 and NJ OMB 15-08, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our single audit. Our reports will be addressed to the Honorable Mayor and Members of the Authority Board. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the *regulatory basis* financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with you in advance. If circumstances occur related to the condition of your records, the availability of sufficient, appropriate audit evidence, or the existence of a significant risk of material misstatement of the *regulatory basis* financial statements caused by error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the audit or forming an opinion on the *regulatory basis* financial statements, we retain the right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawing from the engagement.

Management Responsibilities

Management is responsible for the *regulatory basis* financial statements, schedules of expenditures of federal and state awards, and all accompanying information as well as all representations contained therein. Management is also responsible for identifying all federal and state awards received and understanding and complying with the compliance requirements, and for preparation of the schedules of expenditures of federal and state awards (including notes and noncash assistance) in accordance with the requirements of OMB Circular A-133. In addition, we will assist with preparation of your *regulatory basis* financial statements, schedules of expenditures of federal and state awards, and related notes. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. You agree to assume all management responsibilities relating to the *regulatory basis* financial statements, schedules of expenditures of federal and state awards, and related notes and any other nonaudit services we provide. You will be required to acknowledge in the

written representation letter our assistance with preparation of the *regulatory basis* financial statements and schedules of expenditures of federal and state awards and related notes and that you have reviewed and approved the *regulatory basis* financial statements, schedules of expenditures of federal and state awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them. We understand that you have designated the Manager of Finance to be responsible and accountable for overseeing our services.

Management is responsible for (1) establishing and maintaining effective internal controls, including internal controls over compliance, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring the management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles/practices; for the preparation and fair presentation of the *regulatory basis* financial statements in conformity with accounting practices prescribed or permitted by the Department of Community Affairs, Division of Local Government Services, State of New Jersey (the "Division"); and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

You are responsible for including all informative disclosures that are appropriate for the *regulatory basis* financial statements prepared in conformity with accounting practices prescribed or permitted by the Division. Those disclosures will include (1) a description of the accounting policies of the Authority which conform to the accounting practices applicable to municipalities which have been prescribed or permitted by the Division, including a summary of significant accounting policies, and how this basis of accounting differs from GAAP; (2) informative disclosures similar to those required by GAAP; and (3) additional disclosures beyond those specifically required that may be necessary for the *regulatory basis* financial statements to achieve fair presentation.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the *regulatory basis* financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Your responsibilities include adjusting the *regulatory basis* financial statements to correct material misstatements and confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the *regulatory basis* financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud

could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, contracts, agreements, and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provision of laws, regulations, contracts, and grant agreements, or abuse that we report. Additionally, as required by OMB Circular A-133 and NJ OMB 15-08, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings should be available for our review on January 1, 2017.

You are responsible for preparation of the schedule of expenditures of state and federal awards in conformity with OMB Circular A-133 and NJ OMB 15-08. You agree to include our report on the schedule of expenditures of state and federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedules of expenditures of federal and state awards that includes our report thereon OR make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of state and federal awards is issued with our report thereon OR make the audited financial statements readily available to intended users of the schedules of expenditures of federal and state awards no later than the date the schedules of expenditures of federal and state awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedules of expenditures of federal and state awards in accordance with OMB Circular A-133 and NJ OMB 15-08; (2) you believe the schedules of expenditures of federal and state awards, including its form and content, are fairly presented in accordance with OMB Circular A-133 and NJ OMB 15-08; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedules of expenditures of federal and state awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with accounting practices prescribed or permitted by the Division. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited *regulatory basis* financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited *regulatory basis* financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with accounting practices prescribed or permitted by the Division; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with accounting practices prescribed or permitted by the Division; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying for us previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to using the auditors' report, you understand that you must obtain our prior written consent to reproduce or use our report in bond offering official statements or other documents. With regard to the electronic dissemination of audited *regulatory basis* financial statements, including *regulatory basis* financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the *regulatory basis* financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the *regulatory basis* financial statements. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the *regulatory basis* financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the *regulatory basis* financial statements or major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding

sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the *regulatory basis* financial statements; schedules of expenditures of federal and state awards; federal and state award programs; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control, sufficient to assess the risks of material misstatement of the *regulatory basis* financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the *regulatory basis* financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the *regulatory basis* financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal and state award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, OMB Circular A-133 and NJ OMB 15-08.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the *regulatory basis* financial statements are free of material misstatement, we will perform tests of the Authority's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

OMB Circular A-133 and NJOMB 15-08 require that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with applicable laws and regulations and the provisions of contracts and grant agreements applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Circular A-133 Compliance Supplement* and the *State Aid/Grant Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Authority's major programs. The purpose of these procedures will be to express an opinion on the Authority's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133 and NJ OMB 15-08.

Engagement Administration, Fees, and Other

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, our services will continue to be governed by the terms of this engagement letter.

We are not financial advisors under the SEC's definition related to debt issuances and we will not be performing those services.

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form, if applicable, that summarizes our audit findings. It is management's responsibility to submit the reporting package (including *regulatory basis* financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditors' reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report for you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audits.

We will provide copies of our reports to the Authority and the Division; however, management is responsible for distribution of the reports and the *regulatory basis* financial statements to any other required parties. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Nisivoccia LLP and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a Cognizant or Oversight Agency for Audit or its designee, a federal or state agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Nisivoccia LLP personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the a Cognizant Agency, Oversight Agency for Audit, or Pass-through Entity. If we are aware that a federal or state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to issue our reports no later than April 30, 2016. Kathryn L. Mantell is the engagement partner and is responsible for supervising the engagement and signing the reports. Our firm assigns an engagement partner and engagement supervisor who will provide continuity of service and have extensive historical knowledge of each of our clients. In addition to the engagement team, our firm has a public entity partner who has been designated as our public entity quality control partner and oversees the overall planning and performance of all of our public entity audits. She leads the entire public entity division staff, from partner to interns, through the various stages and areas of the performance of our audits to ensure that our staff are very well-trained to perform a top quality audit. Additionally, all of our public entity audits, require a consulting partner review and a quality control partner review to ensure that two other partners' perspectives are derived for each and every audit we perform. Furthermore, our engagement team goes through a natural progression or transition approximately every one to three years. As a result, we feel we can provide you with the utmost independence and objectivity.

Our fee for these services including out-of pocket costs (such as report reproduction, word processing, postage, travel, copies, telephone, etc.) and implementation of GASB 68, Reporting Pension Liabilities, will be \$33,600 for the year ended December 31, 2016. Our fees also includes normal correspondence, phone calls and questions. We encourage continuous communication with our client's financial administration throughout the year in order to be kept apprised of any potential problem situations and to hopefully attempt to minimize or correct them on a timely basis. We believe this open communication enhances our ability to perform a quality audit and minimize year-end audit findings.

Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 120 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. The above fees are based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss the circumstances with you and arrive at a new fee estimate, if necessary.

Our firm is committed to providing our clients with personal services. Although we have the resources and capabilities of a larger firm, we choose to operate like a small firm. Our staff is diversified in experience and is closely supervised by the engagement partner (both onsite and offsite) in the performance of their duties. We are confident that we have the resources available to best serve your needs. The performance of the audit will be scheduled in advance with the Manager of Finance based upon the Authority's projection of their readiness for audit. We will schedule interim procedure prior to the final audit fieldwork which would include planning the audit, reading minutes, testing internal controls and other procedures. We anticipate that the balance of the audit will take approximately one week to perform. We expect that the entire staff assigned to your audit, staff accountants and the in-charge accountant, will be on site for a majority of the time. The engagement partner will be in contact both on and off site during the engagement.

We will conduct an exit conference with the Executive Director and Manager of Finance prior to delivery of the draft audit which will occur approximately three weeks after our last day of field work for review by the

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Authority Board Finance Committee. We will meet with the Finance Committee to discuss the audit and any findings and/or recommendations and meet with the Authority Board, if desired. Additionally, we will work together with your staff in order to deliver the draft audit no later than April 7, 2017, meet and discuss the draft, audit with the Finance Committee during the week of April 10 or April 17, 2017 and present the audit to the full Authority Board at a public meeting on April 20, 2017, if desired. We feel that we will have no internal constraints in meeting the specified deadlines and will assist your staff in meeting them as well (by streamlining our requests for information and performing the audit in an extremely organized fashion.

Our fees for additional services you may request would be billed at our standard hourly rates (which vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit) which are as follows:

Partner/Principal	\$150-\$175
Manager/Supervisor	\$135-\$145
Senior (In-Charge) Accountants	\$115-\$130
Staff Accountants	\$95-\$110

Nisivoccia LLP will not act as dissemination agent for the Authority in connection with the Authority's obligations, if any, to provide secondary market disclosure. Our work to prepare secondary market disclosure documents shall consist of and be limited to (1) distribution of the Authority's audited *regulatory basis* financial statements to the Authority or its designated dissemination agent in an electronic format that complies with the requirements of the Municipal Securities Rulemaking Board's Electronic Municipal Market Access Data Port, and (2) preparation of certain operating data, customarily consisting of the financial information, readily available in the *regulatory basis* financial statements of the Authority, contained in Appendix A to an Official Statement, and distribution of that data to the Authority or its designated dissemination agent in an electronic format that complies with the requirements of the Municipal Securities Rulemaking Board's Electronic Municipal Market Access Data Port. The Authority, or its designated dissemination agent, shall remain responsible for filing required secondary market disclosure information and "material event" notices in accordance with any prior undertakings, and Nisivoccia LLP shall not have any responsibility nor liability for the failure of the Authority, or its designated dissemination agent, to comply with the Authority's secondary market disclosure undertakings.

With regard to the electronic dissemination of audited *regulatory basis* financial statements, including *regulatory basis* financial statements published electronically on your website and on the **Municipal Securities Rulemaking Board's Electronic Municipal Market Access Data Port**, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

MSRB Municipal Advisor Rule:

On September 18, 2013, the Securities and Exchange Commission (the "SEC") adopted a rule requiring that "municipal advisors" register with the Securities and Exchange Commission. A "municipal advisor" is someone that "provides advice to or on behalf of a municipal entity with respect to municipal financial products or the issuance of municipal securities, including advice with respect to the structure, timing, terms, and other similar matters concerning such financial products or issues[.]" Nisivoccia LLP is not a registered

The Honorable Chairman and Members of
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Municipal Advisor and is not subject to the fiduciary duty established in Section 15B(c)(1) of the Exchange Act with respect to the municipal financial product or issuance of municipal securities. Accordingly, pursuant to the new Municipal Advisor rule and absent the available exception to the rule discussed below, Nisivoccia LLP cannot provide the Authority with advice or recommendations regarding the issuance of municipal securities.

Under the Municipal Advisor rule, the Authority may continue to receive advice from its auditor, bond counsel and other professionals, provided both the Authority and the professional satisfy the "Issuer Has Hired an Independent Municipal Advisor Exemption". First, as municipal issuer, the Authority needs to have (i) engaged an independent registered municipal advisor and (ii) made such engagement known in writing to the person seeking to rely on the exemption and/or post this declaration on the Authority web site. Second, the person relying on this exemption, such as us, your bond counsel and others, must:

1. obtain a written representation from the Southeast Morris County Municipal Utilities Authority that it is represented by, and will rely on the advice of, an independent registered municipal advisor. The written representation from the Authority may be a declaration posted on the Authority's web site as long as the posting states that the representation is intended to establish the independent municipal advisor exemption pursuant to the Municipal Advisor rule;
2. provide written disclosure to the Southeast Morris County Municipal Utilities Authority and its independent registered municipal advisor that, by obtaining such representation from the Authority, the firm is not a municipal advisor and is not subject to the fiduciary duty established in Section 15B(c)(1) of the Exchange Act with respect to the municipal financial product or issuance of municipal securities; and
3. provide the written disclosure described above at a time and in a manner reasonably designed to allow the Southeast Morris County Municipal Utilities Authority to assess the material incentives and conflicts of interest that such person may have in connection with the municipal advisory activities.

If the Southeast Morris County Municipal Utilities Authority has engaged the services of a registered Municipal Advisor, we encourage you to notify us in accordance with paragraph 1 above. We have already provided to you in this letter the disclosure contained in paragraph 2 above, which we trust is being provided to you in the time and manner set forth in paragraph 3 above. If the Authority has not engaged the services of a registered Municipal Advisor, or has, but has not satisfied the requirements of the "Issuer Has Hired an Independent Municipal Advisor Exemption", then any services performed by us in connection with the issuance of municipal securities shall be performed pursuant to the Statements on Standards for Attestation Engagements and related Attestation Interpretations as issued by the American Institute of Certified Public Accountants, then currently in effect.

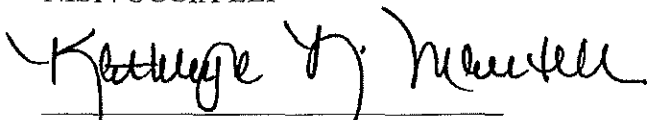
We appreciate the opportunity to be of service to Southeast Morris County Municipal Utilities Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

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Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2014 peer review report is included with this letter.

Very truly yours,

NISIVOCCIA LLP



Kathryn L. Mantell, Partner

RESPONSE:

This letter correctly sets forth the understanding of the Southeast Morris County Municipal Utilities Authority.

By: _____

Title: _____

Date: _____

PROFESSIONAL SERVICE CONTRACT FOR LEGAL SERVICES

This Agreement made as of the 1st day of January, 2017 by and between THE SOUTHEAST MORRIS COUNTY MUNICIPAL UTILITIES AUTHORITY, a body corporate and politic of the State of New Jersey have its principal office at 19 Saddle Road, Cedar Knolls, New Jersey 07927 (the "Authority") and SIDNEY D. WEISS, Esq. residing at 84 Washington Avenue, Morristown, New Jersey 07960 ("Attorney").

WITNESSETH

RECITALS

- A. Authority is a municipal utilities authority organized and existing pursuant to the Municipal and County Utilities Authority Law, N.J.S.A. 48:14B-1 et. seq. (The "Act");
- B. Attorney is an attorney at law of the State of New Jersey who has served as attorney and legal adviser to the Authority since its inception in 1977; and
- C. Authority wishes to retain the services of Attorney as its General Counsel on the terms and conditions hereinafter set forth and Attorney is willing to accept such position on such terms and conditions.

NOW, THEREFORE, in consideration of the foregoing premises and the terms, covenants and conditions set forth in this Agreement, and for other good and valuable consideration, the parties agree as follows:

1. Position; Title. Attorney is hereby retained as General Counsel for and during the term of this Agreement and any extensions of this Agreement.

2. Services. As General Counsel, Attorney shall provide such legal services as may reasonably be requested by the Executive Director and/or the Members of the Authority. Such services shall consist of attendance at all regular meetings, executive sessions and committee meetings of the Members; preparing and reviewing resolutions; reviewing minutes, reports and correspondence submitted at meetings. In addition, Attorney shall provide other legal services involving interpretation of the Act and other laws and regulations affecting the operation and business of the Authority; labor matters; construction contracts; capital improvement projects; rate

revisions and annual connection fee adjustments; acquisition of easements and rights of way; real property transactions; contractor and customer disputes; oversee litigation, financing and other matters referred to outside counsel; assist in strategic planning for the Authority; and provide general legal advice and services incidental to the above ("Basic Scope of Service").

3. Compensation; Expenses.

(a) For the foregoing services, Authority shall pay to Attorney a base annual fee of \$128,580.00 (Basic Fee") payable in equal monthly installments on or before the last day of each month during the term of this Agreement; or in such other installments as the parties may agree upon.

(b) In addition to the Basic Fee, Attorney shall receive an allowance of \$100.00 per month towards the expense of operating and insuring a motor vehicle on Authority business.

(c) The Authority shall further reimburse Attorney for other reasonable expenses incurred by Attorney on behalf of the Authority subject to submission by Attorney of reasonable substantiation and documentation of such expenses.

4. Availability.

(a) Attorney shall hold himself available to render the services described above for approximately 80 to 100 hours per month (the "Basic Time Parameters") on days and times reasonably acceptable to the Executive Director and/or the Members. Attorney shall also hold himself available for periods in excess of the Basic Time Parameters and/or for extra-ordinary services beyond the Basic Scope of Services described in Section 2 subject to payment of additional compensation to be agreed upon by and mutually acceptable to the Authority and Attorney. Nothing herein shall require the Authority to retain the services of Attorney beyond the Basic Scope of Services or Basic Time Parameters referred to above.

(b) Attorney shall devote such time and attention and give his best efforts as may be reasonably required to perform the services of General Counsel as set forth in this Agreement; provided, however, that Attorney shall be excused from providing such services during periods of temporary incapacity and reasonable vacation periods without thereby in any way affecting the compensation to be paid hereunder.

(c) Attorney shall be entitled to engage in other activities and represent other clients provided such activities or representation does not conflict or unreasonably interfere with the performance of the services to be provided and time and availability to be expended under this Agreement.

5. Facilities.

(a) The Authority will provide, at Authority expense, a reasonably suitable office to Attorney at its Headquarters Facility at 19 Saddle Road, Cedar Knolls, New Jersey (the "Primary

Office"). Attorney shall provide the services to be performed under this Agreement primarily at the Primary Office but may also provide such services at his home or other locations as he may reasonably determine to be appropriate. Attorney shall advise the Executive Director, or her designee, whenever services are to be performed outside the Primary Office.

(b) The Authority will also provide, at no expense to Attorney, non-exclusive part time secretarial assistance for use by Attorney on Authority business; and where deemed necessary or appropriate by Attorney and the Executive Director, outside temporary secretarial or clerical assistance to perform the services required by this Agreement.

6. Term: Termination. The term of this Agreement shall be for a period of one year commencing January 1, 2017 and terminating December 31, 2017. Either party shall have the right to terminate this Agreement at the end of the initial term or at any time thereafter upon not less than sixty (60) days written notice of any such termination by the terminating party. This Agreement may also be terminated by the Authority for "cause". For purposes of this section "cause" shall mean (i) death or permanent disability; (ii) loss or suspension of Attorney's license to practice law; (iii) fraud, theft, embezzlement or misappropriation of Authority or customer funds; (iv) conviction of a crime of moral turpitude or (v) habitual failure to perform the services required by this Agreement after due notice and an opportunity to cure.

7. Independent Contractor. In the performance of his services under this Agreement it is mutually understood and agreed that Attorney is and at all times shall be an independent contractor and not an employee of the Authority. The Authority shall have no right to direct the time, manner or method by which Attorney shall provide the services to be provided pursuant to this Agreement other than as expressly set forth herein. Attorney shall be responsible, as an independent contractor, for making all payments, declarations and filings with local, state and federal taxing and other governmental authorities with respect to the compensation and fees to be paid pursuant to this Agreement.

8. MISCELLANEOUS PROVISIONS:

(a) Entire Agreement. This Agreement sets forth the entire agreement and understanding of the parties and shall not be modified in any manner except by an instrument in writing executed by the parties. This Agreement supersedes all prior agreements between the parties pertaining to the subject matter.

(b) Waivers. The failure of either party to insist upon strict adherence to any term, covenant or condition of this Agreement on any occasion shall not be considered a waiver or relinquishment of any right of such party or parties to insist upon strict performance of that term, covenant or condition, or any other term, covenant or condition, of this Agreement at any time thereafter.

(c) Headings. The caption headings in this Agreement are solely for convenience or reference and shall not affect its interpretation.

(d) Notices. Notices required or permitted to be given under this Agreement shall be in writing and shall be sent by certified mail, return receipt requested, by hand delivery or by a nationally recognized overnight delivery service. All notices shall be sent to the addresses of the parties first above written, or to such other address as the parties may from time to time designate in writing, and shall be deemed given when sent.

(e) Binding Effect; Assignment. This Agreement shall be binding upon the parties and their respective heirs, executors, administrators, successors or assigns. However, it is understood and agreed that this Agreement is for the personal services of Attorney and that neither party shall assign this Agreement without the express prior written consent of the other party except that Attorney shall be permitted to assign this Agreement to a professional service corporation, law firm or other entity of which he is a principal owner or shareholder and for which he shall be primarily responsible for performing the services to be provided hereunder.

(f) Severability. If any provision of this Agreement shall be declared invalid or illegal for any reason whatsoever, then notwithstanding such invalidity or illegality, the remaining terms and provisions of this Agreement shall remain in full force and effect in the same manner as if the invalid or illegal provision had not been contained herein.

(g) Governing Law. This Agreement shall be interpreted in accordance with, and the rights of the parties hereto shall be determined by, the laws of the State of New Jersey.


(h) Professional Service Contract. This is a professional service contract awarded without competitive bidding pursuant to the provisions of the New Jersey Local Public Contracts Law, N.J.S.A. 40A:11-1 et seq.

SEE ADDENDUM ANNEXED HERETO AND MADE A PART HEREOF.


The parties have executed this Agreement as of the 1st day of January, 2017.

ATTEST:

THE SOUTHEAST MORRIS COUNTY
MUNICIPAL UTILITIES AUTHORITY




William J. Conradi, Secretary



Saverio C. Iannaccone, Chair

WITNESS:





SIDNEY D. WEISS, ESQ., Attorney

PROFESSIONAL SERVICE CONTRACT

This Agreement made as of this 1st day of January, 2017, by and between THE SOUTHEAST MORRIS COUNTY MUNICIPAL UTILITIES AUTHORITY, a body corporate and politic of the State of New Jersey have its principal office at 19 Saddle Road, Cedar Knolls, New Jersey 07927 (the "Authority" or "SMCMUA") and MOTT MACDONALD, 111 Wood Avenue South, Iselin, NJ 08830-4112 (the "Engineer");

WITNESSETH

RECITALS

Whereas, Authority is a municipal utilities authority organized and existing pursuant to the Municipal and County Utilities Authority Law, N.J.S.A. 48:14B-1 et. seq. (the "Act");

Whereas, the Authority has a need for non-exclusive professional consulting engineering services to assist it in fulfilling its statutory and contractual obligations; and

Whereas, Engineer had submitted a proposal to perform such work dated December 1, 2016, for the providing of such services at an estimated maximum amount of \$15,000, a copy of which is annexed hereto as Exhibit "A" (the "Proposal"); and

Whereas, the Authority approved the Proposal by resolution duly adopted on December 15, 2016;

NOW, THEREFORE, in consideration of the foregoing premises and the terms, covenants and conditions set forth in this Agreement, and for other good and valuable consideration, the parties agree as follows:

1. SERVICES.

Engineer will perform the service more particularly described in the Proposal.

2. CONSIDERATION; PAYMENT.

Authority will compensate Engineer for such services as outlined in the Proposal.

3. INDEPENDENT CONTRACTOR.

In the performance of services under this Agreement, it is mutually understood and agreed that Engineer is and at all times shall be an independent contractor and not an employee, joint venturer or agent of the Authority. The Authority shall have no right to direct the time, manner or method by which Engineer shall provide the services to be provided pursuant to this Agreement other than as expressly set forth in the Proposal. Engineer shall be responsible, as an independent contractor, for making all payments, declarations and filings with local, state and federal governmental authorities with respect to the work to be performed and the compensation and fees to be paid pursuant to this Agreement.

4. INSURANCE.

Before commencing the work, and as a condition precedent for payment, the Engineer shall purchase and maintain insurance, in conformance with the provisions contained in this Agreement. This insurance will provide a defense and indemnify SMCMUA against any such claim, damage, loss or expense that is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than the work itself) including the loss of use, which arises out of the Engineer's operations under this Agreement. This insurance shall apply regardless of whether the operations, actions, derelictions or failures to act from which the claim arises, are attributable to the Engineer, any of its consultants, officers, agents, subcontractors, employees, anyone directly or indirectly employed by any of them including anyone for whose acts of the aforementioned may be liable by operation of statute, government regulation, or applicable case law and SMCMUA, unless caused by the sole negligence of SMCMUA.

Proof of this insurance shall be provided to SMCMUA before the work commences as set forth below. In no event shall the failure to provide this proof, prior to the commencement of the work, be deemed a waiver by SMCMUA of the Engineer's insurance obligations set forth herein.

In the event that the insurance company(ies) issuing the policy(ies) required by this section deny coverage to SMCMUA, the Engineer will defend and indemnify SMCMUA at the Engineer's expense.

A. Minimum of Liability

The Engineer must obtain the required insurance with the carrier rated A-VII or better by A.M. Best. The Engineer shall maintain at least the limits of liability as set forth below:

1. Commercial General Liability Insurance

\$1,000,000 Each Occurrence (Bodily Injury and Property Damage)
\$2,000,000 General Aggregate
\$2,000,000 Product/Completed Operations Aggregate
\$1,000,000 Personal and Advertising Injury

Contractual Liability that will respond to the Indemnification clause, shall be included in the policy.

2. Comprehensive Automobile Liability Insurance

\$1,000,000 Combined Single Limit Bodily Injury and Property Damage

Coverage must include all owned, non-owned and hired vehicles used by the Engineer.

3. Workers' Compensation and Employers' Liability Insurance

\$500,000 Each Accident
\$500,000 Each Employee for Injury by Disease
\$500,000 Aggregate for Injury by Disease

If the Engineer is a Sole Proprietor, Partnership or LLC, Insurance Policy and Certificate must indicate that the proprietor/partners/members are "included". This requirement does not apply if inclusion is not allowed by state law.

4. Umbrella

\$1,000,000 per Occurrence
\$1,000,000 Aggregate

Contractual Liability and the General Aggregate shall apply on the same basis as the primary insurance.

5. Professional Liability

\$2,000,000 per Claim
\$2,000,000 Aggregate

If this policy is written on a Claims Made basis, Engineer shall confirm that the limit is not impaired by any other claims and coverage shall be maintained for two years after final payment.

B. Subcontractors

Engineer shall require all Subcontractors to comply with the insurance requirements included in this Agreement.

C. Additional Insured Status and Certificate of Insurance

SMCMUA along with their respective appointed officers, agents and employees, shall be named as Additional Insureds on the Engineer's Commercial General Liability Policy which must be primary and noncontributory with respect to the Additional Insureds.

It is expressly understood by the parties to this Agreement that it is the intent of the parties that any insurance obtained by SMCMUA is deemed excess, non-contributory and not co-primary in relation to the coverage(s) procured by the Engineer, any of its consultants, officers, agents, subcontractors, employees or anyone directly or indirectly employed by any of them or by anyone for whose acts any of the aforementioned may be liable by operation of statute, government regulation or applicable case law.

A Waiver of Subrogation Clause shall be added to the General Liability, Automobile and Umbrella Liability policies in favor of SMCMUA, and this clause shall apply to SMCMUA's appointed officers, agents and employees. It should also apply to the Engineer's Workers' Compensation policy if allowed by state law.

Prior to commencement of work, Engineer, and any subcontractor, shall submit a Certificate of Insurance in favor of SMCMUA and an Additional Insured Endorsement (in a form acceptable to SMCMUA) to SMCMUA and their Engineer as required hereunder.

D. No Limitation on Liability

In any and all claims against the Additional Insureds by any employee of the Engineer, anyone directly or indirectly employed by the Engineer or anyone for whose acts the Engineer may be liable, including subcontractors, the indemnification obligation shall not be limited by any limitation on the amount or type of damage, compensation or benefits payable by or for the Engineer or subcontractors under workers' compensation acts, disability benefit acts or other employee benefit acts.

E. Failure to Obtain/Maintain, Cancellation and Renewal

The Engineer shall maintain in effect all insurance coverages required under this Agreement at the Engineer's sole expense. In the event the Engineer fails to obtain or maintain any insurance coverage required under this Agreement,

SMCMUA may, at its sole discretion, purchase such coverage as desired for SMCMUA's benefit and charge the expense to the Engineer, or, in the alternative, terminate this Agreement. In the event the coverage is cancelled or non-renewed, the Insurance Company will provide 30 days advance notice of the cancellation or non-renewal.

5. WARRANTIES/INDEMNIFICATION.

- (a) Engineer shall perform the services to be furnished by it hereunder with the degree of skill and care that is required by customarily accepted good and sound professional practices and procedures at the time the work is performed to ensure that all work is correct and appropriate for the purpose intended.
- (b) Engineer shall indemnify and hold harmless the Authority from and against all claims and actions, and all expenses incidental to such claims or actions, based upon or arising out of damages or injuries to persons or property caused or contributed to by Engineer or anyone acting under its direction or control or in its behalf in the course of its performance under this Agreement, provided the Engineer's aforesaid indemnity and hold harmless agreement shall not be applicable to any liability to the extent caused or contributed to by the Authority.
- (c) Anything herein to the contrary notwithstanding, the liability of Engineer for professional services provided pursuant to this agreement shall be limited to the greater of (a) the amount of payments received by Engineer for professional services provided under this Agreement or (b) the amount of professional liability insurance carried by Engineer during the term of this Agreement, which Engineer agrees shall be maintained at an amount of not less than \$2,000,000 per occurrence.

6. CONFIDENTIALITY.

Engineer shall not disclose any trade secrets or confidential proprietary information obtained in the performance of the work or projects authorized by this Agreement, except such information: (i) which has been published and becomes part of the public domain other than by acts or omissions of Engineer or its agents or employees; (ii) which has been lawfully furnished or made known to Engineer by third parties (other than those acting directly or indirectly for or on behalf of the Authority); (iii) which was in Engineer's possession prior to the date of this Agreement and was not acquired by Engineer directly or indirectly from the Authority or any one acting directly or indirectly from the Authority; (iv) which is required by any subpoena or other legal process not protected by privilege; or (v) the disclosure of which has been consented to by the Authority and any other party to which the information relates.

7. MISCELLANEOUS PROVISIONS:

- (a) Entire Agreement. This Agreement sets forth the entire agreement and understanding of the parties and shall not be modified in any manner except by an instrument in writing executed by the parties. This Agreement supersedes all prior agreements between the parties pertaining to the subject matter.
- (b) Waivers. The failure of either party to insist upon strict adherence to any term, covenant or condition of this Agreement on any occasion shall not be considered a waiver or relinquishment of any right of such party or parties to insist upon strict performance of that term, covenant or condition, or any other term, covenant or condition, of this Agreement at any time thereafter.
- (c) Notices. Notices required or permitted to be given under this Agreement shall be in writing and shall be sent by certified mail, return receipt requested, by hand delivery or by a nationally recognized overnight delivery service. All notices shall be sent to the addresses of the parties first above written, or to such other address as the parties may from time to time designate in writing, and shall be deemed given when sent.
- (d) Binding Effect; Assignment. This Agreement shall be binding upon the parties and their respective heirs, executors, administrators, successors or assigns.
- (e) Severability. If any provision of this Agreement shall be declared invalid or illegal for any reason whatsoever, then notwithstanding such invalidity or illegality, the remaining terms and provisions of this Agreement shall remain in full force and effect in the same manner as if the invalid or illegal provision had not been contained herein.
- (f) Governing Law. This Agreement shall be interpreted in accordance with, and the rights of the parties hereto shall be determined by, the laws of the State of New Jersey.
- (g) Compliance with laws, etc.. During the term of this Agreement, Engineer will comply with all applicable federal, state and local laws, regulations, ordinances, orders and requirements.

- (h) Professional Service Contract. This is a professional service contract awarded without competitive bidding pursuant to the provisions of the New Jersey Local Public Contracts Law, N.J.S.A. 40A:11-1 et seq.; and in further compliance with the New Jersey Pay to Play Law, N.J.S.A. 19:44A-20.5, which Engineer has agreed to comply with during the term of this Agreement.


The parties have executed this Agreement as of the date set forth above.

OWNER:


THE SOUTHEAST MORRIS COUNTY
MUNICIPAL UTILITIES AUTHORITY

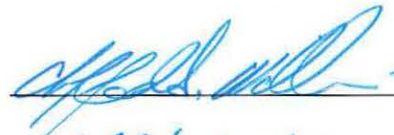
ENGINEER:

MOTT MACDONALD

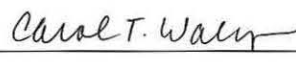
By 
Saverio C. Iannaccone, Chairman
Print Name and Title

(Corporate Seal)

Attest 
Sidney D. Weiss, Asst. Secretary
Print Name and Title

By 
Clifford S. Wilkinson, EVP
Print Name and Title

(Corporate Seal)

Attest 
Carol T. Walczyk, Vice President
Print Name and Title



Ms. Laura Cummings, PE
Executive Director/Chief Engineer
Southeast Morris County Municipal Utilities Authority
19 Saddle Road
Cedar Knolls, NJ 07927

Your Reference
Consulting Engineering
Services for 2017

Our Reference
380023

111 Wood Avenue South
Iselin NJ 08830-4112
United States of America

T +1 (800) 832 3272
F +1 (973) 376 1072
www.mottmac.com/americas

Proposal for Consulting Engineering Services for 2017

December 1, 2016

Dear Ms. Cummings:

In accordance with your request for proposal, we are pleased to submit the following proposal to provide General Engineering Services to the Authority in 2017.

As Consulting Engineers to the Authority since 1977, Mott MacDonald has performed general engineering consultation as well as detailed design and construction management tasks for the Authority. Mott MacDonald has developed a comprehensive and detailed understanding of the Authority's water system and operations and has been able to provide the Authority with a recommended improvement program, which has been undertaken in stages to reach its current level of service.

As consultants over the years, Mott MacDonald has also worked closely with the Authority's management and operating staff, which has resulted in an effective management partnership. As General Consultant, we would continue to work closely with the Executive Director and operations staff to provide technical advice on operational, engineering, and construction related issues. As General Consultant, Mott MacDonald would provide a level of assurance to the Authority that the facilities are being operated and upgraded in a cost-effective manner.

As consultants, the firm can provide more than ample resources to adequately meet any short-term surges in the Authority's workload. The multi-disciplinary nature of the firm, and our close proximity to the Authority, assures that when problems arise requiring expertise in a certain area, generally, that expertise can be found within the firm and delivered in an efficient and timely manner.

The depth of resources and wealth of expertise of Mott MacDonald can be of great benefit to the Authority, not only with respect to specific assigned tasks, but also as a resource for the individuals who will serve as General Consulting Engineer. Staff that has provided Consulting Engineering Services in the past would continue to provide these services in 2017. James J. Poirier, PE, Executive Vice President will serve as Mott MacDonald Principal-in-Charge. Carol Walczyk, PE, Vice President will serve as the designated Engineering Representative to the Authority and the primary point of contact for day-to-day general engineering assistance.

Mott MacDonald offers the Authority the following benefits:

- An experienced and capable individual to serve as Principal-in-Charge (James J. Poirier, PE). Mr. Poirier is extremely familiar with the Authority's facilities, having worked on a wide range of Authority projects since 1979.
- An experienced and capable project management team who have worked together for more than 25 years and successfully completed numerous projects for the Authority. In addition to the principals named herein, we also have an extensive group of support staff that would be available to meet any needs the Authority may have. Mr. Earl Schneider, PE, as Head of Mott MacDonald's Asset Management Group, has worked closely with the Authority in developing its WaterCAD hydraulic model and GIS database. Mr. Schneider has also been responsible for the detailed design and construction of a wide range of projects for the Authority over the past 25 years. Ms. Walczyk has worked on a number of projects for the Authority, including the current Picatinny Booster Station Generator project, the rehabilitation of Picatinny Water Tank No. 2, and the 2014 and 2015 Annual Inspections. Mr. Poirier, Mr. Schneider and Ms. Walczyk all have the authority to assign additional personnel to the various tasks and services requested by the Authority.
- A proven track record representing New Jersey municipal utilities and water authorities. Mott MacDonald currently serves as the named Authority Engineer for many New Jersey utility authorities.
- Mott MacDonald also provides water utility engineering services to many large investor owned utilities including American Water Works Service Company, New Jersey American Water, Aqua NJ, Suez, and Middlesex Water Company, to name a few.
- Mott MacDonald has specialized water treatment and transmission facilities design capacities and significant experience in the design of a wide range of rehabilitation techniques for process components and large diameter transmission mains.
- Experience in dealing with regulatory agencies such as the New Jersey Department of Environmental Protection; Army Corps of Engineers; FEMA; USEPA; etc.
- Financial management capabilities, including experience working with Authority budgets and rate schedules, experience in dealing with bond counsel, and capabilities in obtaining financial assistance with agencies such as the New Jersey Drinking Water State Revolving Fund Program.
- Size of firm and depth of resources to provide full service capabilities if needed in areas such as underground storage tank management, wetlands evaluation, instrumentation and control services, and other environmental services.
- Location of key project personnel in our Iselin, New Jersey head-quarters, and local Morris Township office and with numerous staff who live in the Authority's service area ensuring rapid response to the needs of the Authority.
- Mott MacDonald is also extremely familiar with the operations of many larger water purveyors throughout the State, and in particular in northern New Jersey. We have extensive "hands-on" design experience with the supply and transmission systems of the Morris County MUA, Passaic Valley Water Commission; New Jersey American Water and many of the municipal purveyors interconnected with the Authority's distribution system. This experience will

continue to add significant value in assisting the Authority in understanding and managing any integration scenarios amongst major water purveyors in the region.

As General Consultant, Mott MacDonald would provide the following services:

- Task 1 – Attend Board Meetings or Standing Committee Meetings as requested

As General Consultant, we would attend the Authority's monthly meetings when requested by the Executive Director/Chief Engineer, or regularly at the option of the Authority. We would be available to answer questions the Authority may have at these meetings. We would also be available at that time to provide general consulting services to the Executive Director/Chief Engineer and Board on various water related topics.

For Standing Committee meetings, we would be available to answer technical questions raised by the management and operations staff concerning the operations and maintenance of the facilities. Following the meeting, we would be available to review operational problems that may have occurred since the previous meeting. We would also be available to provide advice or assistance to the Authority on capital improvements and routine repairs to the facilities that may be requested or recommended by various operations staff. These services may include additional technical experts to address AutoCAD, GIS, SCADA electrical, structural or other civil and environmental issues that may arise.

- Task 2 – Provide Specific Engineering Consulting Services

Since technical issues will arise from time to time, Mott MacDonald will be available to undertake specific engineering assignments as requested and directed by the Executive Director/Chief Engineer or other authorized representative of the Authority. These services may include a wide range of engineering tasks or projects to assist the Authority in implementing capital improvements; assistance with the development of Contract Documents for Authority projects or improvement programs, and assistance with construction and maintenance projects deemed necessary by the Executive Director/Chief Engineer. Assignments under this Task would be undertaken on a "Task Order" basis. Based upon information to be provided by the Authority, Mott MacDonald will prepare a written scope of work and budget and implementation schedule and submit same for review and approval by the Authority. A written "Task Order" will be prepared for execution by the Executive Director/Chief Engineer authorizing the assignment. All work under this task would be completed within the not-to-exceed budget amount, unless written approval is obtained from the Authority to amend said amount.

Mott MacDonald will provide General Engineering Consulting Services including: attend monthly Board Meetings and/or Standing Committee as requested by the Executive Director/Chief Engineer, and providing consulting services to Authority staff on various technical issues which arise during the month (Task 1); and provide "specific" technical consulting services (Task 2).

Tasks 1 and 2 services would be billed on a reimbursable basis based upon actual hours applied and our prevailing rate schedule. For budget amounts not-to-exceed \$5,000 and \$10,000, respectively, as outlined in the RFP. These services would



also be provided on a Task Order basis or project estimate basis, when requested by the Authority. We have included herewith Mott MacDonald's 2017 Rate Schedule for your reference. Eligible expenses associated with these tasks would be billed at actual cost.

With respect to other engineering services as may be required and authorized by the Authority, Mott MacDonald would provide such services on a reimbursable basis in accordance with the enclosed rate schedule, or on a Task Order/competitive cost proposal basis, when requested by the Authority.

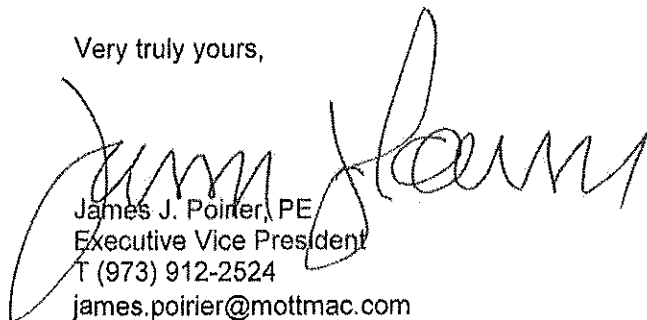
We further agree that the provisions of the Master Agreement for Consulting Engineering Services between the Authority and Mott MacDonald's predecessor, Elson T. Killam Associates, Inc., dated October 25, 1977 (the "1977 Agreement"), shall, to the extent not inconsistent with the provisions of this proposal, be incorporated herein by reference; and that this proposal with the incorporation of such provisions shall supersede the said 1977 Agreement and be the operative agreement between Mott MacDonald and the Authority from the date of its acceptance by the Authority.

Please be advised that Mott MacDonald accepts the Mandatory Affirmative Action Language outlined in P.L. 1975, C. 127 (N.J.A.C. 17:27). Attached hereto is a copy of Mott MacDonald's Certificate of Employee Information Report issued by the State Treasurer.

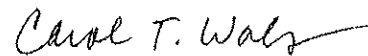
We have also included herewith completed Business Entity Disclosure Certification forms; Business Registration Certificate; New Jersey Employee Information Report and the requested Pay-to-Play forms.

We are prepared to undertake this work upon your authorization and look forward to our continued association with the Authority.

Very truly yours,



James J. Poirier, PE
Executive Vice President
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Carol T. Walczyk, PE, PMP
Vice President
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2017 Hourly Rate Table

Principals / Principal Project Managers / Principal Engineers	\$175.00 to \$247.00
Sr. Project Engineer / Sr. Project Architect / Sr. Project Manager /	
Sr. Project Geologist / Sr. Project Scientist.....	\$130.00 to \$205.00
Sr. Specialist V / Sr. Designer V	\$110.00 to \$171.00
Sr. Inspector IV/IV / Sr. Surveyor IV/IV	\$100.00 to \$170.00
Project Engineer / Engineer IV / Project Architect / Architect IV /	
Project Manager	\$115.00 to \$185.00
Project Geologist / Geologist IV / Project Scientist / Scientist IV.....	\$ 92.00 to \$163.00
Engineer II/III / Architect II/III.....	\$ 90.00 to \$159.00
Specialist III/IV / Designer III/IV.....	\$ 70.00 to \$148.00
Scientist II/III / Geologist II/III.....	\$ 70.00 to \$125.00
Engineer I / Architect I	\$ 72.00 to \$111.00
Scientist I / Geologist I.....	\$ 60.00 to \$ 85.00
Inspector III / Surveyor III / Specialist I/II	\$ 68.00 to \$110.00
Assistant Surveyor I/II / Assistant Inspector I/II	\$ 80.00 to \$ 85.00
Technicians	\$ 55.00 to \$ 88.00
Administration / Project Support	\$ 60.00 to \$115.00

* Hourly rates for special consultations and services in conjunction with litigation are available on request.

EXPENSES

Personal Auto / Company Auto	\$0.54 ¹ / mile
Company Vans / Company Pick-Up.....	\$0.65 / mile
Photocopies & Offset Reproduction	Variable
UPS / Federal Express /Postage /Messenger Service.....	Variable
Subcontractors (including Contract Laboratory)	Direct + 15%
Mobile Devices	Variable
Field Equipment.....	Variable
Travel / Lodging Per Diem.....	As Incurred

¹per IRS standard mileage rate (rate as of January 1, 2016 is shown – subject to change)

Invoices are payable within 30 days of invoice date.
 Delinquent bills are subject to finance charges of 1.5% per month.
 The client shall pay attorney fees, court costs, and related expenses incurred in the collection of delinquent accounts.