

**BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH
ORDINANCE NO. 2026-10**

NOTICE OF PENDING ORDINANCE

**AUTHORIZING THE EXECUTION AND DELIVERY OF A
2026 AMENDED SEWER SERVICE AREA AGREEMENT
WITH THE SOUTH MONMOUTH REGIONAL
SEWERAGE AUTHORITY**

The ordinance, the summary terms of which are included herein, was introduced and passed upon first reading at a meeting of the governing body of the Borough of Spring Lake Heights, in the County of Monmouth, State of New Jersey, held on June 15, 2026. It will be further considered for final passage after public hearing thereon, at a meeting of said governing body to be held at the Municipal Court Room of the Spring Lake Heights Municipal Office, 555 Brighton Ave. Spring Lake Heights, New Jersey, on July 20, 2026, at 7:00 p.m., or as soon thereafter as said matter can be reached, at which time and place all persons who may be interested therein will be given an opportunity to be heard concerning the same.

A copy of this ordinance has been posted on the bulletin board upon which public notices are customarily posted in the Municipal Complex of the Borough during the week prior to and up to and including the date of such meeting; copies of the ordinance are available to the general public of the Borough who shall request such copies, at the office of the Municipal Clerk in said Spring Lake Heights Municipal Office, 555 Brighton Ave. Spring Lake Heights, New Jersey, in the County of Monmouth, New Jersey. The summary of the terms of such ordinance follows:

**TITLE: ORDINANCE OF THE BOROUGH OF SPRING LAKE HEIGHTS
AUTHORIZING THE EXECUTION AND DELIVERY OF A 2026 AMENDED SEWER
SERVICE AREA AGREEMENT WITH THE SOUTH MONMOUTH REGIONAL
SEWERAGE AUTHORITY.**

Purpose(s): To authorize the execution and delivery of an amended agreement between the Borough of Spring Lake Heights and the South Monmouth Regional Sewerage Authority.

Janine Gillis, Municipal Clerk
Spring Lake Heights
County of Monmouth, New Jersey

**BOROUGH OF SPRING LAKE HEIGHTS
COUNTY OF MONMOUTH**

Ordinance No. 2026-10

**ORDINANCE OF THE BOROUGH OF SPRING LAKE HEIGHTS
AUTHORIZING THE EXECUTION AND DELIVERY OF A 2026
AMENDED SEWER SERVICE AREA AGREEMENT WITH THE
SOUTH MONMOUTH REGIONAL SEWERAGE AUTHORITY**

WHEREAS, The South Monmouth Regional Sewerage Authority (the “Authority”) and the Borough of Spring Lake Heights, in the County of Monmouth, New Jersey (the “Borough/Town”) are parties to that certain Sewer Service Area Agreement dated as of April 2, 1974 (as amended and supplemented to the date hereof, the “Sewer Service Area Agreement”); and

WHEREAS, the Authority has submitted to the Borough/Town a form of a 2026 amended Sewer Service Area Agreement for its consideration and approval (the “Agreement”);

NOW THEREFORE, BE IT ORDAINED by the Mayor and Council of the Borough of Spring lake Heights, in the County of Monmouth, New Jersey, as follows:

Section 1. The Agreement, the form of which is on file in the office of the Municipal Clerk, is hereby approved.

Section 2. The Mayor is hereby authorized and directed to execute and deliver said Agreement. The Municipal Clerk or any Deputy Clerk is hereby authorized and directed to attest to such signature and to affix the official seal of the Borough to such Agreement. All officers of the Borough are hereby authorized and directed to do all things necessary, convenient or useful in connection with the execution and delivery of said Agreement.

Section 3. This ordinance shall take effect in accordance with law.

RECORD OF VOTE				
<u>NAME</u>	<u>AYE</u>	<u>NAY</u>	<u>ABSTAIN</u>	<u>ABSENT</u>

2026 AMENDED SEWER SERVICE AREA AGREEMENT

THIS AGREEMENT, made this _____ day of _____, 2026,
Between SOUTH MONMOUTH REGIONAL SEWERAGE AUTHORITY, Monmouth County, New Jersey, a public body, politic and corporate, organized and existing under the provisions of Chapter 138 of the Laws of New Jersey of 1946, the “Authority”), and the Borough of Spring Lake Heights, a municipal corporation of the State of New Jersey, (hereinafter referred to as “Member Municipality”).

WITNESSETH:

Recitals

1. The Authority was organized for the purposes of providing adequate sewerage treatment and disposal services for the municipalities of Belmar, Brielle, Manasquan, Sea Girt, Lake Como (formerly South Belmar), Spring Lake, Spring Lake Heights and Wall Township (collectively, the “Member Municipalities”), and thus to alleviate the serious public health and water pollution problems now existing as a result of the lack of such facilities.

2. The Authority has developed plans for the construction of a wastewater treatment plant which will discharge treated effluent into an ocean outfall line for ultimate disposal into the Atlantic Ocean, and integral trunk and interceptor sewers, force mains and pumping stations as described in the Project Report dated May 11, 1973 (“The Report”), and final plans for the Authority prepared by Birdsall Corporation, Consulting Engineers. The treatment, trunk and interceptor facilities, force mains and pumping stations incidental thereto are hereinafter referred to as the “Authority Facilities” and the financing, construction and operation thereof is hereinafter referred to as the “Project”.

3. Member Municipality and the Authority recognize the desirability and necessity of the Project and recognize the economic advantages to it of regional treatment of wastewater; accordingly, the parties desire to provide for and agree to the several terms and provisions herein contained.

Agreement

NOW THEREFORE, the parties hereto, the South Monmouth Regional Sewerage Authority (the Authority) and the Borough of Spring Lake Heights (Member Municipality), in consideration of the mutual covenants herein contained, hereby agree to and with each other, each intending to be legally bound, as follows:

PART I

TREATMENT OF SEWAGE AND OPERATION OF FACILITIES

SECTION 1.01: Authority to Construct and Operate Facilities

The Authority shall, to the extent that the same has not already been accomplished, cause the completion of plans and specifications for the Authority Facilities and thereafter proceed to construct such facilities in accordance with the plans and specifications and in compliance with the requirements of all governmental agencies having jurisdiction in the matter. Upon completion of such construction or at such earlier time in the course of construction as the progress thereof permits, the Authority shall connect the sewerage collection facilities or systems of the Member Municipality with Authority Facilities and receive sewage and wastes from Member Municipality's collection system for transportation to the Authority treatment plant for treatment and disposal, provided only that such sewage (i) has originated from within the geographical limits of the Member Municipality (ii) otherwise conforms with the rules and regulations from time to time promulgated by the Authority, in its sole discretion, concerning the type and quality of sewage and industrial wastes acceptable for treatment at Authority Facilities. During the term of this agreement, the Authority will continuously operate the Authority Facilities in good repair and will comply with all orders of any governmental agency having jurisdiction applicable to the operation, maintenance, repair, modification and/or expansion of such facilities.

SECTION 1.02: Connections to Trunk and Interceptors: Member Municipality Not To Use Other Treatment Facilities; Connections to Collection System

The Authority will, at its own cost and expense, connect the sewage collection system of the Member Municipality to the Authority's facilities. Each Member Municipality will require

that any sewer lines constructed within its geographical limits, whether such sewers are constructed by the Member Municipality or otherwise, be connected to the Authority's facilities, either as a result of connection to then existing collection system or by direct connection at places and in the manner approved by the Authority.

So long as this Agreement is in effect, each Member Municipality will not use, or permit others to use, any other treatment facilities for sewage collected in the Member Municipality and the Member Municipality will not otherwise compete or permit others to compete with Authority Facilities.

Member Municipality will enact and enforce a mandatory connection ordinance requiring owners of structures occupied or used by human beings to connect to its or the Authority's sewerage system in accordance with the terms of N.J.S.A. 26:3-31(d), together with its amendments and supplements. Member Municipality will further take all practical steps to prevent storm water from flowing into the Authority Facilities, will not permit any sanitary sewers hereafter constructed within the Member Municipality to be used as storm sewers and will require all building roof drainage systems to be disconnected from sanitary plumbing facilities draining into its or the Authority's sewer system.

In addition, Member Municipality will maintain its sewerage collection system in such a manner as to exclude excessive infiltration and storm water inflow into the system. If excessive infiltration and/or storm water inflow exists or occurs at some future date, the Member Municipality will effect such repairs or other measures so as to reduce the infiltration or inflow to normally allowable limits which are acceptable to those regulatory agencies having jurisdiction. The final analysis for determining the method of dealing with extraneous flows in Member Municipality's sewerage collection system must be based upon a cost-effective evaluation as required by the regulatory agencies.

In order to satisfy the requirements of the United States Environmental Protection Agency, the Authority and Member Municipality will pass an enforceable ordinance or resolution adopting an equitable cost recovery system for industrial wastes, and a regulation concerning sewer use, subject to United States Environmental Protection Agency approval.

SECTION 1.03: Construction of Collection Systems

Member Municipality will cause plans and specifications to be completed with respect to the installation of sewerage collection system, in whole or in part, within its geographical boundaries, in the event that Member Municipality does not have an existing sewerage collection system. Member Municipality will enact and enforce an ordinance for pretreatment acceptable to the Authority and will cause bids to be advertised and received for the construction of the aforesaid collection system, in the event that Member Municipality does not have an existing collection system coincidentally as nearly as may be practicable with the advertisement and receipt by the Authority of bids for the Authority Facilities. Upon receipt of bids for the construction of the collection system if required, as set forth above, by Member Municipality, Member Municipality shall forthwith proceed with the issuance and sale of bonds and/or providing for other financing, in an amount sufficient to pay the cost thereof and will schedule the sale of its bonds coincidentally as nearly as may be practicable with the sale of bonds by the Authority.

SECTION 1.04: Approval of Plans and Specifications for Collection Systems

Member Municipality and the Authority agree that, for the purpose of synchronizing the completion of the collection system if required as set forth above, and the Authority Facilities, the Authority engineers will act as coordinators. The portions of Member Municipality in which a collection system will be installed and in service at the estimated time of completion of the Authority Facilities are shown on Schedule A attached hereto and made part hereof. Member Municipality shall submit to the Authority documents prepared or approved by the Member Municipality's engineer and in form satisfactory to the Authority's engineers showing (i) locations at which Member Municipality proposes connection of its sewers to the Authority Facilities, (ii) size of pipe and the invert elevation thereof by means of which it proposes to make each such connection, (iii) the type and class of pipe which it proposes to use in each such connection, (iv) the present and future ultimate sewerage flows which it proposes to use in each connection, (v) the present and future ultimate sewerage flows which it proposes to discharge at each connection, (vi) the average peak, present and future, sewerage flows which it proposes to discharge at each connection, and (vii) for guidance of the Authority's engineers in the actual design of connections, an engineering drawing of each such connection incorporating the information called for above.

Within sixty days of written notice by the Authority, a written report covering the requirements of sub-paragraph (vi) of the first paragraph of Section 1.04 shall be delivered to the Authority.

The Authority may request modifications of the data submitted by Member Municipality. Final plan preparation of Member Municipality's connection to the Authority Facilities shall incorporate only the factors and matters herein which have been approved by the Authority.

SECTION 1.05: Measurement of Flows

After it has received from Member Municipality the data and information stipulated under Section 1.04 above and has finally approved the same with or without modifications, the Authority shall formulate and determine in detail the final plan for the measurement or other determination of flows such that, by procedures or direct or differential metering or other methods, the flow delivered to the Authority Facilities by Member Municipality will be determined. The General Arrangement of this plan, as initially formulated and proposed, is indicated on attached Schedule A for the purpose of review and comment by Member Municipality. The recommendations of Member Municipality for improvement of said plan shall be considered by the Authority and efforts shall be made to reconcile any differences.

SECTION 1.06: Acquisition of Existing Facilities; Abandoned Facilities

Member Municipality having within its geographical boundaries a private sewerage corporation, defined as one operating under the control of the Public Utilities Commissioners of the State of New Jersey, shall assume responsibility for the acquisition of facilities comprising the private sewerage system or the furnishing of sewage treatment services through the Authority's facilities, with respect to such private sewerage system. If any such private sewerage system is acquired by Member Municipality, it will at its sole expense discontinue the treatment of sewage with respect to such plant and cause the same to be abandoned and dismantled. In such event the Authority, at its sole cost and expense and under its supervision, will construct the necessary facilities to divert sewage from such plant and will connect such private sewerage system to the Authority Facilities in accordance with Section 1.02 hereof.

PART II

SERVICE AND PROVISIONS FOR PAYMENT THEREOF; SERVICE STANDARDS

SECTION 2.01: Municipality Payments for Sewage Treatment Services

Member Municipality shall pay to the Authority, for the latter's services in transporting, treating and disposing of sewage discharged from Member Municipality's sewerage collection system, an annual amount based upon rates to be charged by the Authority for the discharge and disposal of sewage through the Authority Facilities. Such rates shall be established by the Authority, in its sole discretion, in an amount at least sufficient so that all collections in the aggregate by the Authority in respect of Authority Facilities will provide for (i) operating (including maintenance) and administrative expenses of the Authority in respect of Authority Facilities, (ii) debt service requirements on all bonds and other obligations issued by the Authority to finance the Authority Facilities or other lawful purposes of the Authority or issued to refinance obligations previously issued for such purpose, and (iii) other payments required to be made by the Authority, for the purpose of creating or maintaining reserves or for other lawful purposes, under any trust agreement or loan agreement entered into by the Authority in connection with the issuance of such bonds or obligations. Upon retirement of such bonds or other obligations of the Authority, such charges shall be sufficient to provide only for such operating expenses including maintenance and administrative expenses. Subject to the adjustments permitted below, such rates shall be based upon the total annual volume of sewage from Member Municipalities discharged or disposed of through the Authority Facilities and shall be uniform throughout the Member Municipalities for the same type class and amount of use or service of the Authority Facilities.

Such rates shall be determined by multiplying the ratio of the annual metered volume of sewage to the point of connection to the Authority Facilities, to the total annual metered volume of sewage treated at the treatment plant, by the actual total annual cost in any fiscal year of maintenance, operation, debt service, replacement fund, reserve fund, and any and all matters provided in Section 2.01. All volumes of flow to be measured by the Authority.

The Authority may include in such rates provisions in its discretion, for surcharges giving weight to the characteristics of the sewage and other wastes discharged or disposed of through the Authority Facilities and any other special matter affecting the cost of treatment and disposal of such sewage and other wastes including, but not limited to, chlorine demand, biochemical oxygen

demand, and concentration of solids and chemical composition. The Authority has the right to charge as provided in this paragraph if municipalities do not meet the standards as provided in this Agreement.

If the nature of the sewage or industrial waste received from any industrial or commercial user imposes a burden on the Authority's facilities, because the sewage does not meet the standards as provided for in the within Agreement, the Authority may require pre-treatment of such sewage or waste, or may impose an additional or surcharge upon the user in accordance with the standards provided for in the within Agreement. The Authority shall adopt such standards in its Rules and Regulations, as set forth in Section 1.01; however, before adopting, modifying, revising, or supplementing, the Authority shall notify the municipalities before such adoption, modification revision or supplement, and provide an opportunity for any such Member Municipality to be heard.

In the event that the Authority determines, upon the request of a Member Municipality, to perform improvements to the sewerage collection system within the geographical boundaries of such Member Municipality, then the Authority shall increase the rates payable by said Member Municipality by an amount sufficient to pay the costs and debt service incurred by the Authority with respect to such improvements. Such improvements may include repairs or renovations to reduce infiltration and inflow into the Authority's facilities as well as improvements which otherwise increase the efficiency of the Authority's operations. So long as the MBIA Insurance Corporation, its successors and/or assigns, is an insurer of bonds of the Authority, all debt issued for improvements to a sewerage collection system within the geographical boundary of a Member Municipality shall be issued as Subordinated Bonds (as such term is defined in the resolution of the Authority adopted on April 14, 1994 entitled "Resolution Authorizing the Issuance of Sewer Revenue Bonds of the South Monmouth Regional Sewerage Authority").

In the event that the Member Municipality determines, upon the request of the Authority, to perform improvements to the Authority's sewerage collection or treatment facilities, then the Authority shall reimburse the Member Municipality for the mutually agreeable cost(s) incurred by the Member Municipality with respect to such improvements.

SECTION 2.01A: Municipality Payments for Connection of Properties to Authority Facilities.

In addition to establishing a rate based upon a metered volume of sewage, the Authority shall as part of its rate establish a connection fee for each connection of any property to the Authority's sewerage facilities. The connection fee shall represent a fair payment toward the cost of the Authority Facilities. The connection fee shall be calculated and established by the Authority in accordance with the provisions of N.J.S.A. 40:14A-8 (b) and any amendments thereto.

All revenues raised by connection fees as set forth herein shall be applied by the Authority against debt service requirements on all bonds and other obligations issued by the Authority to finance the Authority Facilities or issued to refinance obligations previously issued for such purpose and/or, subject to the provisions of any of the Authority's debt obligations, to defray the capital costs of developing/improving the system.

SECTION 2.02: Initial Charges; Changes

Prior to the commencement of construction of Authority Facilities, the Authority shall establish and impose its initial schedule of rates to produce the amounts required in Section 2.01 above. Thereafter, the Authority may, from time to time, upon sixty (60) days prior written notice to municipalities, establish revised schedules of rates which shall go into effect at the time stated in the notice.

SECTION 2.03: No Free Service

The Authority's service charges shall be calculated based upon sewage flow and Member Municipality shall not offer or provide free service to any user of its sewerage collection system.

SECTION 2.04: Municipality Cooperation with Authority

Member Municipality will cooperate with the Authority to assure that proper service charges and connection fees are paid to the Authority with respect to each user benefiting from the Authority Facilities and, to that end, agrees that (i) it will refuse to transport through its sewerage collection systems any sewage which emanates from users outside of the Member Municipality unless such users or the Member Municipality in which they are located are parties to an agreement with the Authority in respect of Authority sewerage services but nothing herein will prevent the

Authority from entering into Agreements with other Municipalities, (ii) the Member Municipality will take such steps as the Authority may recommend to prohibit excessive infiltration of Member Municipality's sewerage collection system and (iii) Member Municipality will permit the Authority's agents and representatives to inspect its sewerage collection system at all reasonable times.

SECTION 2.05: Member Municipality's Financial Responsibilities

Member Municipality is obligated to levy and impose sewer rents or charges (herein called "sewer rents") or make appropriations (hereinafter called "appropriations") for the use of its sewerage collection system in amounts sufficient to discharge its obligations to the Authority under Section 2.01 hereof and under this Section. The minimum level of Member Municipality's sewer rents (which may be different for different classes of users) or appropriations, shall be sufficient to produce total actual collections, or appropriations on an annual basis equal to 102% of the Member Municipality's obligations to the Authority under Section 2.01 until the required minimum in its Sewer Rent Reserve Account (as hereinafter provided for) has been accumulated (and during any period after a withdrawal therefrom until the same has been restored) and thereafter equal to 100% thereof. Member Municipality may impose higher charges or appropriations in its discretion.

Member Municipality will adopt, with the approval of the Authority, prior to the connection of Member Municipality's sewerage collection system to the Authority Facilities, and thereafter from time to time to revise to the extent necessary, a schedule of sewer rents or appropriations calculated to produce collections equal to 102% of Member Municipality's obligation under Section 2.01.

Member Municipality will adopt such necessary ordinances or resolutions as are necessary to impose such rents or appropriations upon users of Member Municipality's sewerage collection system. Member Municipality reserves the right to alter the rent charges set forth in any such initial or revised schedule by increasing or decreasing the rate applicable to any or all classes of users, provided only that the charges as so altered shall at all times be sufficient to comply with the covenants of Member Municipality contained in the immediately preceding paragraph of this Section.

Anything to the contrary notwithstanding, the Member Municipality shall adopt a user charge system which results in the distribution of the operation and maintenance costs of the Authority's facilities to each user (or user class) in approximate proportion to his contribution to the total operation and maintenance costs of the Authority's facilities. The Member Municipality must in the minimum comply with Section 35.935-13 USER CHARGES AND INDUSTRIAL COST RECOVERY of the FEDERAL REGISTER Vol. 38, No. 161 – August 21, 1973. The said Section 35.935-13 only applies to operation and maintenance charges, and does not apply to debt service charges of the Authority Facilities. It is understood and agreed between the parties hereto that the aforesaid regulation dealing with what Member Municipality charges its user is distinct and separate from the service charge to be paid by Member Municipality to the Authority under the terms of the within Agreement.

If Member Municipality's collections or appropriations are less than Member Municipality's payments provided for in Section 2.01, it shall forthwith make up the deficit out of its current revenues or any other funds legally available for the purpose and if the available funds are insufficient, shall make payment of the deficit out of the first funds becoming legally available thereafter and shall include the unpaid balance of the deficit in its budget for succeeding years until such deficit is paid in full.

If Member Municipality's collections or appropriations exceed the amount payable under Section 2.01, the excess will be deposited by the Authority to the credit of Member Municipality in a Sewer Rent Reserve Account and may and be invested in direct obligations of the United States of America or deposited in time accounts secured as provided by law, the income to be credited to Member Municipality's account. The Authority shall accumulate in the Sewer Rent Reserve Account a minimum balance equal to the next two quarterly payments to become due from Member Municipality (as estimated by the Authority). Member Municipality may elect to accumulate and maintain an additional amount not exceeding two such quarterly payments. The Sewer Rent Reserve shall be used to make up any deficiencies in quarterly payments due from Member Municipality. After the minimum balance (plus the additional balance if Member Municipality elects to accumulate the same as aforesaid) has been accumulated in the Reserve, the excess will be turned over by the Authority to Member Municipality.

In addition, a Member Municipality will adopt a connection fee and ordinances as are necessary to impose such connection fees upon users of Member Municipality's sewerage

collection system connected with the Authority Facilities. Member Municipality reserves the right to alter the connection fee by increasing or decreasing the connection fee applicable to any or all classes of users, provided only that the connection fee as so altered shall at all times be sufficient to pay the connection fee established by the Authority pursuant to Section 2.01A. The Authority was formed by, and is comprised of commissioners appointed by, each of the Member Municipalities. The Bonds are payable from the revenues of the Authority, which are derived mainly from the annual payments that each Member Municipality is required to make to the Authority pursuant to the separate Agreements heretofore entered into between the Authority and each of the Member Municipalities (the “Sewer Service Area Agreements”).

Pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), which pertains to certain rules applicable to “qualified small issuers” as defined therein, certain debt obligations of an authority may be includible in the calculation of the amount of debt issued by a Member Municipality, where the Member Municipality created and/or appoints members of such authority. In the case of an authority having more than one such creating/appointing Member Municipality, the amount of such authority’s debt issuance includible for each such Member Municipality may be a lesser allocated amount, provided such allocation is agreed to by each such Member Municipality prior to the issuance date. Similar rules apply to eligibility for the rebate exception available to certain small issuers under Section 148(f)(4)(D) of the Code.

Solely for the purposes of determining eligibility for “qualified small issuer” status under Section 265(b)(3) of the Code and eligibility for the small issuer rebate exception under Section 148(f)(4)(D) of the Code, the Member Municipalities hereby irrevocably agree that the issue price or face amount (as applicable) of the Bonds shall be allocated in the following manner, which allocation bears a reasonable relationship to the benefits received by each Member Municipality from the issuance of the Bonds:

Borough of Belmar	16.83%	Borough of Sea Girt	4.29%
Borough of Brielle	7.63%	Borough of Spring Lake	10.71%
Borough of Lake Como	7.68%	Borough of Spring Lake Heights	8.57%
Borough of Manasquan	15.71%	Township of Wall	28.58%

The foregoing allocation shall have no impact on the calculation of annual payments payable by the Member Municipalities under the Service Contracts.

SECTION 2.06: Calculation and Certification of Annual Payments

On or before the 15th of December of the preceding year, in any year in which the Authority shall calculate a rate or rates as herein above provided, the Authority shall calculate and certify to municipalities the amount of money which each shall be required to pay to the Authority during the ensuing year. As to each Member Municipality, such amount shall be calculated by the Authority by applying said rate or rates (including any applicable surcharges as provided herein) to the volume and characteristics of the sewerage delivered and discharged into the Authority Facilities by each Member Municipality, during the full year ending on the last day of September next preceding as shown in the records of the Authority or, if there is no record covering such delivery and discharge during full stated flow year, then to the volume of sewerage (if any) which the Authority then estimates will be delivered and discharged by each Member Municipality into the Authority Facilities during the first full year of operation of the Authority Facilities.

As set forth in Section 2.01 hereof, the Annual Payment for each Member Municipality shall also include any increases necessary to reflect the costs and debt service paid or owed by the Authority with respect to improvements to such Member Municipality's sewer collection system.

The Authority shall notify Member Municipality in writing of the date the Authority Facilities are ready to accept sewage from Member Municipality. Within sixty days of said notice Member Municipality, whether actually connected to the Authority Facilities or not, shall commence payments annually, to the Authority in the minimum amount as set forth below in the event Member Municipality has failed by that time to construct all of their collection systems as set forth in Schedule A, attached hereto.

The schedule set forth herein represents the estimated volume of sewage to be treated in the Authority Facilities for Member Municipality at the time its collection system is connected to the Authority Facilities as set forth in Schedule A, attached hereto. The minimum amount to be

paid annually by Member Municipality shall be calculated on the estimated volume set forth below in accordance with this Section:

192 Million Gallons per year

SECTION 2.07: Payments by Member Municipality

Member Municipality shall in each year make provisions for all payments to become due from it to the Authority hereunder and shall pay to the Authority for the services rendered or to be rendered to it in the disposal of sewage, in each year in equal quarterly payments as hereinafter states, the amount of money certified to it in or for such year by the Authority. Such quarterly payments shall be due on and be made on or before the 15th day of January, April, July, and October, of such year. If any part of any such installment shall remain unpaid for thirty days following its due date, Member Municipality shall be charged with and pay to the Authority interest on the amount unpaid from its due date until paid up to the rate of interest permitted under R.S. 40:14A-21, together with its amendments and supplements.

Connection fees shall be paid by the Member Municipality within thirty (30) days of a user in said Member Municipality connecting the Member Municipality's sewerage collection system which is connected to the Authority Facilities.

Connection fees shall be collected by the Member Municipality prior to the issuance of a Certificate of Occupancy by the Member Municipality for any Equivalent Domestic Service Unit ("EDSU") as defined in the Schedule of Connection Fees adopted by the Authority and/or for any other commercial or industrial use in the Member Municipality to which an EDSU equivalent shall be assigned.

In the event there is no sewer service available to the premises at the time a certificate of occupancy is issued, the connection fee shall not be paid, but paid at the time sewer service is made available to that premises.

Connection fees shall be collected by the Member Municipality as set forth above and shall be paid over to the Authority within thirty (30) days of receipt by the Member Municipality.

PART III

MISCELLANEOUS PROVISIONS

SECTION 3.01: Capital Additions

The Authority shall provide such additions, improvements, expansions, extensions, repairs, and replacements to or of the Authority Facilities as the Authority shall deem necessary or appropriate in order to provide the service required under this Agreement and under similar agreements with other municipalities, or as may be required by any governmental agency having jurisdiction in the matter, and such additions etc., shall thereupon be deemed Authority Facilities for all purposes of this Agreement.

SECTION 3.02: Engineers

The Authority shall employ an engineer or engineering firm, registered in New Jersey and qualified to pass upon water pollution control and sanitary sewerage engineering matters, who shall, in addition to performing such other functions as may be appropriate, periodically prepare report(s) setting forth (i) such information as may be required to permit each Member Municipality to carry out its obligations under this Agreement (ii) a determination of whether the Authority Facilities are being properly maintained, (iii) any additions, improvements, expansions, repairs or replacements which may be required in the ensuing year and (iv) a report as to the operations of the Authority for the preceding year and recommendations for the forthcoming year, which shall include comment on the adequacy of insurance policies and amounts of insurance to be carried and recommendations as to service charges.

SECTION 3.03: Independent Public Accountant; Annual Report

The Authority shall employ an independent public accountant who shall annually, as of December 31st of each year, make an audit of the Authority's records and accounts relating to the Authority Facilities and report thereon to the Authority and municipalities. Such report shall state the accountant's opinion as to whether the Authority is in compliance with the fiscal requirements of any trust agreement or loan agreement securing bonds or other obligations relating to the Authority Facilities and as to the sufficiency of the Authority's rates and charges then in force.

SECTION 3.04: Grants

Authority agrees to make application for both Federal and State grants-in-aid of construction which may be available and for which Authority may be eligible.

The parties hereto agree that they will cooperate with one another in efforts to obtain Federal and State grants-in-aid of construction of the regional facilities set forth herein.

SECTION 3.05: Conditioned Upon State and Federal Approval

This Agreement is conditioned upon approval by the State of New Jersey and the United States Government of the plans and specifications of Authority's facilities.

SECTION 3.06: Conditioned Upon All Municipalities Executing Agreements

This Agreement is conditioned upon all of the following municipalities lawfully executing an Agreement substantially similar to the within Agreement: Belmar, Brielle, Manasquan, Sea Girt, Lake Como (formerly South Belmar), Spring Lake, Spring Lake Heights and Wall Township.

SECTION 3.07: Conveyance by Member Municipality of Certain Premises and Facilities to the Authority

As part of the Authority's facilities, the Authority contemplates the ownership and operation of regional pumping stations. Certain member municipalities own treatment plants which the Authority contemplates converting to regional pumping stations. In other instances, member municipalities own real property upon which the Authority contemplates the erection of pumping stations. Schedule B attached hereto and made a part hereof, indicates whether a particular Member Municipality owns a municipal treatment plant to be converted into a pumping station and/or premises upon which a pumping station is to be erected.

Member municipalities shall convey to the Authority premises and any facilities located thereon, as set forth in Schedule B, by bargain and sale deed, covenant against grantor, free and clear of all liens and encumbrances, title in fee for said site. In the instance where a portion of the treatment plant to be converted to a regional pumping station or a portion of the site upon which there is to be erected a pumping station lies within the right of way of an existing street, as shown on Schedule B attached hereto, Member Municipality shall convey that portion without

consideration to the Authority, free and clear of all liens and encumbrances by bill of sale, together with deed of easement; all of the aforesaid as shown on Schedule B, attached hereto. Said easement shall provide the site for the conversion of that portion of the treatment plant facilities located within its boundaries to be converted to a regional pumping station; shall provide for the installation, maintenance, removal, repair, replacement, reconstruction, expansion of the same from time to time; shall provide for allowing the Authority to go upon said premises, in addition to the above, for the operation and maintenance of the regional pumping station, and the easement shall provide that the Authority may go upon said premises with its employees, agent, contractors, machines, equipment and vehicles for the purposes aforesaid. Upon the conversion of the said treatment plant to a regional pumping station, the Authority shall maintain and operate the same.

In the event that the South Monmouth Regional Sewerage Authority at some time in the future abandons the premises conveyed by title in fee or deed of easement by Member Municipality, then the premises shall revert back to Member Municipality, and the Authority agrees to reconvey said title in fee and/or deed of easement for said premises to Member Municipality.

SECTION 3.08: Duration of Contract

This Agreement shall become effective upon its execution by the Authority and all of the Member Municipalities as set forth in Section 3.06 and the term thereof shall extend until March 31, 2054 and thereafter until terminated by either party upon two years' notice to the other party; provided however, that in no event shall this Agreement be terminated prior to the payment in full of all obligations of the Authority including its bonds.

SECTION 3.09: Binding Upon Successors

This Agreement shall be binding upon the parties hereto and their successors in interest.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized officers, have caused the due execution hereof as of the day and year first above-written.

Attest:

**SOUTH MONMOUTH REGIONAL SEWERAGE
AUTHORITY**

Secretary, Kevin Lynch

by _____
Chairman, Thomas Shields

Attest:

Borough of Spring Lake Heights

by _____
Mayor, Christopher M Campion

SCHEDULE A

<u>Municipality</u>	<u>Portion of Municipality Served</u>	<u>Estimated Annual Volume of Sewer (Millions of Gallons)</u>
Borough of Belmar	All	377
Borough of Brielle	All	171
Borough of Lake Como	All	172
Borough of Manasquan	All	352
Borough of Sea Girt	All	96
Borough of Spring Lake	All	240
Borough of Spring Lake Heights	All	192
Township of Wall	Refer to Sewer Service Area Map	640