

**RESOLUTION AUTHORIZING EXECUTION OF AN ALTERNATIVE DISPUTE
RESOLUTION AGREEMENT BY AND BETWEEN ROCKAWAY VALLEY
REGIONAL SEWERAGE AUTHORITY, THE CITY OF JERSEY CITY, AND JERSEY
CITY MUNICIPAL UTILITIES AUTHORITY REGARDING ROCKAWAY VALLEY
REGIONAL SEWERAGE AUTHORITY V. CITY OF JERSEY CITY AND JERSEY
CITY MUNICIPAL UTILITIES AUTHORITY, DOCKET NO. MRS-L-1861-22**

WHEREAS, the Rockaway Valley Regional Sewerage Authority ("RVRSA"), a public corporation organized under the Sewerage Authorities Law, N.J.S.A. 40:14A-1 et seq., the City of Jersey City ("JC"), a municipal corporation, and Jersey City Municipal Utilities Authority ("JCMUA"), a municipal utilities authority established by JC in accordance with N.J.S.A. 40:14B-1 et seq., (JC and JCMUA collectively, "JC/JCMUA"; and together with RVRSA, the "Parties"), are presently involved in ongoing litigation entitled *Rockaway Valley Regional Sewerage Authority v. City of Jersey City and Jersey City Municipal Utilities Authority*, Docket No. MRS-L-1861-22 (the "present litigation"); and

WHEREAS, in the related litigation entitled *City of Jersey City and Jersey City Municipal Utilities Authority v. Town of Dover et al.*, Docket No. MRS-L-1313-10 (the "Related Case"), the parties litigated, among other things, the enforceability and meaning of a 1984 Amendment to Stipulation of Settlement Dated July 30, 1971 between JC, RVRSA, and the municipal defendants (the "1984 Stipulation"); and

WHEREAS, the 1971 Stipulation of Settlement, as amended by the 1984 Stipulation, is the operative agreement among the parties setting forth JC/JCMUA's financial obligations to RVRSA with regard to the construction and operation of the RVRSA Treatment Plant and RVRSA Interceptor; and

WHEREAS, the Court in the Related Case issued a Judgment dated October 31, 2018 (the "2018 Judgment"), wherein the Court held, among other things, that JC/JCMUA are responsible for contributing their proportional share of costs for the operation, maintenance, repair and upkeep of the RVRSA Treatment Plant so long as the facility is in operation; and

WHEREAS, the 2018 Judgment includes definitions of the following terms with regard to the interpretation and application of the 1984 Stipulation: Repair, Operation, Maintenance and Upkeep ("OMRU"), and Enlargement, Expansion, Improvement or Upgrade ("EEIU") (collectively, the "Court's Definitions"); and

WHEREAS, the present litigation concerns RVRSA's demand for contribution from JC/JCMUA toward debt obligations associated with seven (7) construction projects undertaken by RVRSA and financed in part by New Jersey Infrastructure Fund ("I-Bank") loans, namely:

1. Contract No. 35 Rebid, Interceptor Sewer Rehabilitation Project 2009;
2. Contract No. 36, Preliminary Treatment Facilities Modifications;

3. Contract No. 37, Sludge Thickening Facilities Modifications;
4. Contract No. 38, Monroe Street and Harrison Avenue Pump Stations and Morris Avenue Gravity Main;
5. Contract No. 39, Jersey City Trunk Sewer Rehabilitation 2014;
6. Contract No. 40, Final Clarifier Repair Project; and
7. Contract No. 42, West Main Street Sewer Repair Project (collectively, the "RVRSA Projects"); and

WHEREAS, RVRSA has demanded payment from JC/JCMUA for JC/JCMUA's share of the debt obligations in connection with each of the RVRSA Projects, consistent with the 1971 and 1984 Stipulations and the 2018 Judgment, and JC/JCMUA contest RVRSA's demand for contribution on the basis that the RVRSA Projects, in whole or in part, do not constitute OMRU costs and instead constitute EEIU; and

WHEREAS, due to the technical complexity of the present litigation, RVRSA, JC, and JCMUA desire to enter into an Alternative Dispute Resolution Agreement (the "ADR Agreement"), substantially in the form attached hereto and made a part hereof, whereby a neutral, third-party wastewater engineering expert (the "Third-Party Engineer") will be engaged to apply the Court's Definitions to the RVRSA Projects; and

WHEREAS, the ADR Agreement provides that the costs and expenses of the ADR process, including the required compensation, travel, and other expenses of the Third-Party Engineer, and the cost of any proof produced at the direct request of the Third-Party Engineer, shall be borne equally by the Parties, while each Party shall be responsible for the expenses of its own witnesses; and

WHEREAS, the Parties have mutually proposed the ADR Agreement as a more efficient, cost-effective, and potentially streamlined process for addressing and determining the technical categorization and debt-service issues in dispute, which would otherwise require continued expensive litigation and trial proceedings; and

WHEREAS, the ADR Agreement provides that all discovery and any discovery-related motion practice in the present litigation shall conclude prior to initiation of the ADR proceeding; and

WHEREAS, the ADR Agreement provides for a bifurcated process before the Third-Party Engineer, including a liability proceeding to determine whether work, items, or components of each RVRSA Project fall within the Court's Definitions of OMRU or EEIU, and a cost proceeding to determine, among other things, applicable debt service, credits, flow rate, and JC/JCMUA's share of any OMRU debt service; and

WHEREAS, the ADR Agreement provides that the Court in the present litigation, Docket No. MRS-L-1861-22, shall retain jurisdiction during the pendency of the ADR process, and that any Decision and Award rendered by the Third-Party Engineer in the ADR shall be entered as an order in that action; and

WHEREAS, the ADR Agreement is without prejudice and subject to future court rulings in the present litigation and the Related Case, including any rulings impacting the enforceability of the 1971 Stipulation, the 1984 Stipulation, or the parties' respective positions in the present litigation; and

WHEREAS, the ADR Agreement further provides that initiation of the ADR proceeding and the Third-Party Engineer's determinations shall not constitute a waiver or modification of any party's position in any pending petition to the New Jersey Supreme Court arising from the Related Case, and that subsequent appellate decisions amending or altering the 2018 Judgment may require modification of the ADR Agreement, the Third-Party Engineer's duties, and/or the Third-Party Engineer's determinations or awards; and

WHEREAS, the ADR Agreement provides that it shall not be valid without the written consent of all current Municipal Participants under the Service Contract with RVRSA, namely the Town of Dover, Town of Boonton, Borough of Rockaway, Township of Rockaway, Township of Victory Gardens, Township of Boonton, Borough of Wharton, Township of Denville, and the Township of Randolph (collectively, the "Municipal Participants"), and further provides that the ADR Agreement is subject to the approval of RVRSA, JCMUA, JC, and the Municipal Participants (the Wharton Sewerage Authority and the Randolph Township Municipal Utilities Authority have been dissolved); and

WHEREAS, the proposed ADR Agreement is scheduled for consideration by RVRSA's Jersey City Committee at its May 5, 2026 meeting; and

WHEREAS, RVRSA has determined that entry into the ADR Agreement is in the best interests of the Authority because it establishes a structured process to resolve the technical categorization and debt-service issues presented by the RVRSA Projects while preserving RVRSA's rights and positions in the present litigation, the Related Case, and any related appellate proceedings.

NOW, THEREFORE, BE IT RESOLVED by the Rockaway Valley Regional Sewerage Authority as follows:

1. The RVRSA hereby authorizes the Executive Director, in consultation with Authority Counsel and the Authority's appropriate professionals, to execute the ADR Agreement by and between RVRSA, the City of Jersey City, and Jersey City Municipal Utilities Authority regarding resolution of *Rockaway Valley Regional Sewerage Authority v. City of Jersey City and Jersey City Municipal Utilities Authority*, Docket No. MRS-L-1861-22, in substantially the form marked Schedule A, attached hereto and made a part hereof, together with such minor or non-substantive revisions as may be approved by Authority Counsel.
2. The Authority authorizes payment of its share of ADR expenses in accordance with the ADR Agreement, subject to the availability and appropriation of funds.
3. The Executive Director, Authority Counsel, and the Authority's appropriate officers, employees, consultants, and professionals are hereby authorized to take all actions necessary

to implement the ADR Agreement, including, without limitation, coordinating with JC/JCMUA, providing notice to and obtaining the written consent of the Municipal Participants, and participating in the selection and engagement of the Third-Party Engineer.

4. This Resolution shall take effect immediately.

CERTIFICATION

I hereby certify that this Resolution was adopted at a meeting of the Rockaway Valley Regional Sewerage Authority on May 14, 2026.

On motion of Commissioner Hobbs

Second by Commissioner Howarth

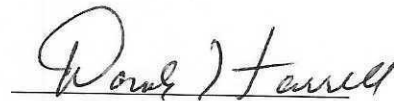
And a Roll Call Vote as Follows:

Yeas: (8) Andes, Farrell, Hobbs, Howarth, Isselin, Janone, Lavery, and Schorno.

Nays: (0) None

Abstain: (1) Zuppa

Absent: (1) Sheehy


Donald Farrell
Board Secretary