

**INTER-MUNICIPAL COOPERATION AGREEMENT BETWEEN TOWNSHIP OF  
HILLSBOROUGH, BOROUGH OF MILLSTONE, VAN CLEEF FAMILY LIMITED  
PARTNERSHIP AND RIVERSIDE LLC**

**THIS AGREEMENT** is entered this 27 day of FEBRUARY, 2009, by and between the Township of Hillsborough (“Hillsborough” or “Township”) with an address at 379 South Branch Road, Hillsborough, New Jersey, the Borough of Millstone (“Millstone” or “Borough”) with an address at 1353 Main Street, Hillsborough, New Jersey, Van Cleef Family Limited Partnership and Riverside LLC (jointly “Van Cleef”) with an address at 339A Amwell Road, Hillsborough, New Jersey;

**WHEREAS**, Millstone has a need for sewer service to address issues of public health and safety, including sewer service for households with failing septic, to satisfy its affordable housing requirements, and to allow limited other development;

**WHEREAS**, Millstone cannot satisfy its sewer needs unless the entire municipality is included in a Wastewater Quality Management Plan (“WQMP”);

**WHEREAS**, Van Cleef seeks to construct an inclusionary development consisting of 92 age-restricted single-family units, two five-bedroom group homes, a two-unit affordable home and two single family market home (“Project”) on Lots 1, 2, 3A and 8 in Block 8 of the Borough of Millstone (“Van Cleef Properties”);

**WHEREAS**, the Van Cleef Properties are owned by two Van Cleef entities: Van Cleef Family Limited Partnership and Riverside LLC;

**WHEREAS**, County of Somerset and New Jersey Department of Environmental Protection (“DEP”) approval, including approval of a WQMP Amendment, is necessary before sewer service can be provided to Millstone or to any user in Millstone; and

**NOW, THEREFORE**, be it agreed by and between Hillsborough and Millstone (the "Parties") as follows:

1. Hillsborough agrees to cooperate in the inclusion of all of Millstone in a sewer service area and the provision of approximately 130,000 gallons per day average daily flow of sewer capacity ("g.p.d.") to Millstone subject to the conditions specified in this Agreement.

2. The sewer capacity is intended to be utilized by Millstone as follows: up to approximately 29,000 g.p.d. of capacity for the Van Cleef development and the balance of the approximately 130,000 g.p.d. of capacity for other purposes, including replacement of failing septic, as solely determined by Millstone.

3. Payment in the amount of \$500,000.00 shall be made by the Borough or Van Cleef as consideration for Hillsborough's cooperation in helping Millstone obtain all necessary governmental approvals for Millstone to seek entry into the Hillsborough Township Municipal Utilities Authority ("HTMUA") service area. The \$500,000.00 will be paid as follows:

- a. \$250,000.00 will be paid by Van Cleef to Millstone and then promptly paid by Millstone to Hillsborough at the time Van Cleef obtains (1) all approvals for the project including DEP (including but not limited to a WQMP and Treatment Works Application (TWA) approval), County of Somerset, D&R Canal Commission, Millstone, the Borough of Millstone Planning Board, and the Township of Hillsborough Planning Board and (2) all approvals necessary from the HTMUA and the Somerset Raritan Valley Regional Sewerage Authority ("SRVRS") to provide sewer service to Millstone and Van Cleef have been obtained.
- b. The balance of the payment shall be pro-rated over the number for which Van Cleef receives site plan approval and shall be payable at the time of the issuance of each unit's building permit. For example, if \$250,000.00 of the \$500,000.00 is outstanding and 100 units received site plan

approval and TWA approval, then the per-unit payment would be \$2,500.00.

- c. Provided that Millstone has obtained all necessary approvals to utilize the HTMUA system, and provided that Millstone desires to apply to the HTMUA to utilize the HTMUA system prior to Hillsborough's receipt of the \$500,000.00 payment from Van Cleef, Millstone shall make payment to Hillsborough of the unpaid balance of the \$500,000.00 provided in Paragraph 3 supra. Any such payment by Millstone shall not relieve Van Cleef of its obligation to make payment to Millstone in accordance with Paragraphs 3a and 3b.

4. Van Cleef agrees to diligently seek all approvals required in Paragraph 3a and to submit quarterly progress reports to Hillsborough and Millstone. All parties recognize that a prerequisite of Van Cleef's obligation to seek approvals is adoption of a WQMP amendment including Millstone, or at least the Van Cleef Property, in a sewer service area.

5. Hillsborough will cooperate with the parties to help make available from the HTMUA and SRVRSAs sufficient unreserved capacity to provide sewer capacity as provided in this Agreement.

6. Any user in Millstone including Van Cleef shall, in addition, make any required sewer connection fee payment to the Hillsborough Township HTMUA and/or the SVRSA. No user in the Borough of Millstone shall be responsible for any fair share payment for the sewer infrastructure that Van Cleef may dedicate to Hillsborough or the HTMUA.

7. Any Millstone user of the HTMUA sewer system shall pay a quarterly sewer service fee equal to that charged to Hillsborough users.

8. Millstone and Hillsborough agree to cooperate in obtaining any necessary county, state or other governmental approvals necessary to permit HTMUA and SRVRSAs to provide

sewer service to Millstone, including submitting any necessary applications, conducting any necessary studies and taking all action reasonably necessary to make such service feasible. Millstone represents that it has filed with Somerset County a proposed amendment to the Somerset County WQMP to permit extensions of the sewer service area to Van Cleef and for inclusion of all of Millstone in a sewer service area; Hillsborough will cooperate with and support this request of Millstone.

9. Hillsborough shall have no responsibility to construct, maintain or own sewer systems or any components of sewer systems in Millstone, provided that nothing shall preclude a separate agreement between Millstone and HTMUA concerning these subjects.

10. All sanitary sewage emanating from Millstone shall comply with and be subject to all regulations of the HTMUA, which regulations shall be the same as required of users of the Hillsborough system within the Township of Hillsborough.

11. Van Cleef shall be obligated to reimburse the Township of Hillsborough for its costs, if any, in reviewing Millstone's proposed Wastewater Quality Management Plan for consistency with this Agreement.

12. Any notice required by this Agreement shall be sent as follows:

TO: HILLSBOROUGH TOWNSHIP  
379 South Branch Road  
Hillsborough, New Jersey 08844  
ATTENTION: Clerk

With a copy to:  
Albert E. Cruz, Esq.

DiFrancesco, Bateman, Coley, Yospin, Kunzman, Davis & Lehrer  
15 Mountain Boulevard  
Warren, New Jersey 07059

BOROUGH OF MILLSTONE  
1353 Main Street  
Hillsborough, New Jersey 08844  
ATTENTION:

With a copy to:

Stephen M. Offen, Esq.  
Norris McLaughlin & Marcus, PA  
721 Route 202-206  
Bridgewater, New Jersey 08807

VAN CLEEF FAMILY LIMITED PARTNERSHIP AND RIVERSIDE LLC  
339A Amwell Road  
Hillsborough, New Jersey  
ATTENTION: Scott Van Cleaf

With a copy to:

Kenneth E. Meiser, Esq.  
Hill Wallack LLP  
202 Carnegie Center  
Princeton, New Jersey 08543

13. This Agreement shall inure to the benefit of the successors and assignees of the parties.

14. This Agreement shall be construed in accordance with and interpreted by the laws of the State of New Jersey.

15. This Agreement is voluntarily entered into by each party; each party represents that it has consulted with, and obtained the advice of, counsel before entering into this Agreement.

16. The provisions of this Agreement shall not be severable. Any decision voiding

any paragraph in this Agreement shall result in the entire Agreement being void unless all parties in writing waive this severability provision in a particular instance or cause.

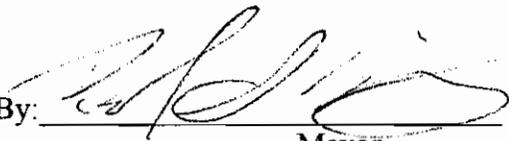
17. Millstone and Hillsborough have adopted Resolutions authorizing the undersigned to execute this Agreement on their behalf; Scott Van Cleef has been authorized to execute this Agreement on behalf of Van Cleef Family Limited Partnership and Riverside LLC.

**HILLSBOROUGH TOWNSHIP**

By: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_  
Witness

**BOROUGH OF MILLSTONE**

By:   
\_\_\_\_\_  
, Mayor

  
\_\_\_\_\_  
, Clerk

**VAN CLEEF LIMITED PARTNERSHIP AND RIVERSIDE LLC**

By:   
\_\_\_\_\_  
Title: .

  
\_\_\_\_\_  
Witness

