

Minutes of the Meeting of the
New Jersey Water Supply Authority
March 1, 2010

A regular meeting of the New Jersey Water Supply Authority was convened on March 1, 2010 at 2:00 P.M. in the Conference Room of the New Jersey Water Supply Authority's Administration Building located at 1851 Route 31, Clinton, New Jersey.

As designated by New Jersey Department of Environmental Protection Acting Commissioner and New Jersey Water Supply Authority Chair, Bob Martin, Gary Sondermeyer, served as Acting Chair of the meeting and called the meeting to order.

Sr. Deputy Attorney General Helene P. Chudzik read the statement required by the "Open Public Meetings Act". Executive Director Henry S. Patterson took the roll call of the Authority members.

Present: Gary Sondermeyer, Acting Chair
Susan Blew
Louis Mai
Steven Picco - by telephone
Shing-Fu Hsueh - by telephone
Absent: Robert Iacullo

Interested Parties Present:

Oleg Kostin, New Jersey American Water
Frank Falco, Middlesex Water Company & East Brunswick Twp.
Charles Engler, Friends of Spruce Run
David Shope, Self

Authority Staff Present:

Henry S. Patterson, Executive Director
Joanna K. Stem, Executive Secretary
Edward Buss, Chief Engineer
Michael R. Citarelli, Chief Financial Officer
Bill Bogosian, Manager Raritan Basin System
Richard Famularo, Manager, Manasquan Water Supply System
Kenneth Klipstein, Director Watershed Protection
Julie A. Hajdusek, Property Administrator
Helene P. Chudzik, Sr. Deputy Attorney General
Johanna Barba Jones, Governor's Authorities Unit

A quorum existed for the transaction of Authority business.

APPROVAL OF THE MINUTES

Acting Chair Sondermeyer opened the meeting by asking for the approval of the minutes of the December 7, 2009 meeting. Mr. Mai moved for the approval of the minutes as prepared and this motion was seconded by Ms. Blew. The minutes of the December 7, 2009 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson opened his Report by stating that Gov. Christie issued Executive Order 15 on February 23, 2010. Mr. Patterson explained that this Executive Order refers to Authorities and their practices of hiring Lobbyists, Employment Contracts, Financial Compensation upon separation or termination of employment and Travel Restrictions. Mr. Patterson indicated that the Authority is in compliance with this Executive Order. Mr. Patterson distributed the Executive Order to the Board. Mr. Patterson introduced the Authorities representative from the Governor's Authority's Unit, Ms. Johanna Jones. He also introduced Frank Falco, from Middlesex Water Co. Mr. Patterson stated that the Authority's 2009 Annual Report is available on the Authority's website and in printed form.

UNFINISHED BUSINESS

Mr. Famularo provided the report on the Manasquan Water Supply System. Mr. Famularo reported that the Manasquan Reservoir is 96% of full capacity. Mr. Famularo stated that the Intake Pump Station Project will be resubmitted to the New Jersey Environmental Infrastructure Trust (EIT) for financing. He stated that delivery of water to the customer communities continued without disruption. Mr. Famularo provided a brief summary on the status of the Instrumentation Project and the Ozone System Replacement Project. Mr. Mai asked Mr. Famularo to provide an explanation of the Optional Water Use Schedule. Mr. Famularo stated that the Optional Water Use Schedule is based on the raw water supply, which allows the customer to take more water in the summer and less during the winter. Mr. Famularo stated that the billing and the debt service payments are not changed and are billed in equal installments despite the variance in amounts of water taken.

Mr. Bogosian reviewed the winter/cold weather activities of the operations and maintenance staff at the Spruce Run Administration building and the operations and maintenance staff at the Delaware and Raritan Canal. Mr. Bogosian reviewed the procedures used to prevent icing in the river. Mr. Bogosian further stated that with the exception of the ice prevention activities, all activities in the Raritan Basin System continued normally during the past month.

Mr. Klipstein provided the report on the Watershed Protection Program. Mr. Klipstein presented the full Lockatong/Wickecheoke Creeks Watershed Restoration and Management Plan, which was approved by NJDEP as eligible for implementation funding. This plan was completed by staff in 2009 and supports the Watershed Protection Unit's resolution on the agenda today. Mr. Klipstein discussed a new invasive aquatic plant-water chestnut that has been identified in the D&R Canal and other waterways in New Jersey, and stated that he is working on a task force with Rutgers University to locate and eradicate the water chestnut.

NEW BUSINESS

Acting Chair Sondermeyer stated that at this annual organizational meeting the Authority elects a Vice Chair, Treasurer and Secretary, and the Committee structure and members are assigned. Acting Chair Sondermeyer requested that resolutions A, B, & C be consolidated and moved with one motion and that he would nominate the entire slate. There was no opposition to Acting Chair Sondermeyer requests.

Acting Chair Sondermeyer nominated Steven J. Picco for Vice Chair, Louis C. Mai for Treasurer and Shing-Fu Hsueh for Secretary. Mr. Mai moved that the nominations be closed. Mr. Sondermeyer moved the Resolution concerning the Vice Chair for the New Jersey Water Supply Authority, the Resolution concerning the Treasurer for the New Jersey Water Supply Authority and the Resolution concerning the Secretary for the New Jersey Water Supply Authority. Mr. Mai seconded the motion. All Authority members approved of the resolutions.

Mr. Sondermeyer stated there were no changes on the Committee assignments this year. The Committees and their memberships are: Capital Projects Committee, Mr. Mai, Chair with Mr. Picco and Mrs. Blew members; Personnel Committee, Mrs. Blew, Chair with Mr. Picco and Mr. Iacullo as members; Insurance Committee, Dr. Hsueh, Chair with Mr. Mai and Mrs. Blew as members; Audit Committee, Mr. Picco, Chair with Mr. Iacullo and Mrs. Blew as

members; Finance Committee, Mr. Mai as Chair with Mr. Iacullo and Dr. Hsueh as members; Watershed Lands Acquisition Committee, Mrs. Blew as Chair with Dr. Hsueh and Mr. Iacullo as members, and Public Participation Committee, Mr. Iacullo, Chair with Mrs. Blew and Mr. Mai as members. Mr. Sondermeyer moved the Resolution concerning the Appointments of Committee Members for 2010. Mr. Picco seconded the motion. All Authority members approved of this resolution. Mr. Sondermeyer thanked all Authority Commissioners, Board members and staff for their work and efforts.

Mr. Klipstein provided the background information on the Resolution authorizing the Executive Director to execute a Memorandum of Agreement or contract with the New Jersey Department of Environmental Protection concerning "Watershed-Wide Implementation Projects for Stormwater Remediation in the Lockatong and Wickecheoke Creek Watersheds". The Authority previously adopted Resolution No. 1632 on April 4, 2005 authorizing the execution of an agreement with the NJDEP regarding the development of a plan for restoring the water quality of the Lockatong and Wickecheoke Creeks. Mr. Klipstein stated that included in the resolution presented to the Board today are the top five high priority watershed based stormwater remediation projects for the Lockatong and Wickecheoke Creek watershed are included in this project/plan. This plan was developed to protect the water flow and quality of water that originates from these watersheds into the D & R Canal. Mr. Mai moved the Resolution authorizing the Executive Director to execute a Memorandum of Agreement or contract with the New Jersey Department of Environmental Protection concerning "Watershed-Wide Implementation Projects for Stormwater Remediation in the Lockatong and Wickecheoke Creek Watersheds" with a total budget of \$1,000,000, of which \$952,000 would be provided by NJDEP from the Federal Clean Water Act Section 319(h) grant funds and to execute any amendments thereto that do not increase the Authority's obligation. Mr. Picco seconded the motion. All Authority members approved of this resolution.

Mr. Patterson provided the background information on the Resolution authorizing submission of loan applications to the New Jersey Environmental Infrastructure Financing Program (NJEIFP) to finance certain New Jersey Water Supply Authority (Authority) critical watershed parcel acquisitions and the construction of an Intake Pump Station Building and applications to the Local Finance Board for approval of Authority participation in the NJEIFP. Mr. Patterson stated that the land program for the next cycle includes six (6) critical watershed projects, totaling approximately 1108+ acres. Mr. Patterson explained that the Authority's contribution to the acquisition cost of these parcels is currently estimated to

be approximately \$2,730,100. The value of the six (6) properties is approximately \$18,000,000. Mr. Patterson stated that the Authority would actively seek partnerships with local, county and State government entities for all of the properties to offset acquisition and property management costs. Regarding the Intake Pump Station Building, Mr. Patterson stated that the Authority will resubmit this project to the NJEIFP in an amount not to exceed \$4.5 million for the construction of a building structure over the intake pump station at the Manasquan Reservoir to protect the pumps and traveling water screens. This resolution would also authorize the Authority to submit the applications to the Local Finance Board. Mr. Mai moved the Resolution authorizing submission of loan applications to the New Jersey Environmental Infrastructure Financing Program (NJEIFP) to finance certain New Jersey Water Supply Authority (Authority) critical watershed parcel acquisitions and the construction of an Intake Pump Station Building and applications to the Local Finance Board for approval of Authority participation in the NJEIFP. Ms. Blew seconded the motion. All Authority members approved of this resolution.

Mr. Patterson provided the background information on the resolution ratifying the actions of the Executive Director's placement of the Authority's March 1, 2010 - February 28, 2011 Insurance Program. Mr. Patterson stated that the Authority adopted Resolution No. 1911 on October 5, 2009 authorizing the execution of a contract for with an insurance brokerage service for the 2010, 2011 and 2012 years. The Authority also adopted Resolution No. 1933 on December 7, 2009 authorizing the Authority to obtain quotations and to renew insurance coverage effective March 1, 2010. Mr. Patterson reviewed the insurance program's total premium and discussed the policies, coverages, deductibles, policy limits and policy premiums. Mr. Patterson reviewed the entire insurance program with the Chair of the Insurance Committee prior to the placement of the insurance. Dr. Hsueh moved the Resolution ratifying the Executive Director's placement of the Authority's March 1, 2010 to February 28, 2011 insurance program at a premium of \$1,253,650. Mr. Mai seconded the motion. All Authority members approved of this resolution.

Mr. Citarelli provided the background information on the Unaudited Financial Statements for the six months ending December 31, 2009. Mr. Citarelli provided the details of the statements and the analysis of the Authority's financial performance for the first six months of the fiscal year. This report must be published within 45 days of the end of the year. There were no questions on the Unaudited Financial Statements for six months ending December 31, 2009. Mr. Citarelli stated that the 2009 Annual Report has

been received and the required distribution has been made. Mr. Citarelli stated that the 2009 Annual Report is on the Authority's website. Mr. Mai asked if the Financial Statements and Annual Reports could be distributed electronically. Mr. Patterson stated that the Authority is prepared to submit these reports electronically, and Mr. Patterson further stated that there is proposed legislation to require electronic filing.

Ms. Hajdusek provided the background information on the Resolution authorizing the Executive Director to purchase a fee simple interest in Block 33, Lot 40 (partial), a 40+ acre critical watershed parcel in Bethlehem Township, Hunterdon County and the Resolution authorizing the Executive Director to purchase a fee simple interest in Block 20, Lot 4, a 16+ acre critical watershed parcel in Califon Borough, Hunterdon County. Ms. Hajdusek stated the Authority previously approved the execution of the contract to purchase the property located in Bethlehem Township by adoption of Resolution No. 1895 on April 6, 2009. The Authority also previously approved the execution of the contract to purchase the property located in Califon Borough by adoption of Resolution No. 1866 on November 3, 2008. Ms. Hajdusek also stated the Authority adopted Resolution No. 1928 on November 2, 2009 authorizing the issuance of bonds pursuant to the New Jersey Environmental Infrastructure Trust Financing Program which included the financing of these two parcels. Ms. Hajdusek explained to the Board the location of the properties on a map provided to the Board. Ms. Blew moved the Resolution authorizing the Executive Director to purchase a fee simple interest in Block 33, Lot 40 (partial), a 40+ acre critical watershed parcel in Bethlehem Township, Hunterdon County and the Resolution authorizing the Executive Director to purchase a fee simple interest in Block 20, Lot 4, a 16+ acre critical watershed parcel in Califon Borough, Hunterdon County. Dr. Hsueh seconded the motions. All Authority members approved of these resolutions.

Mr. Buss provided the background information on the Resolution to award a contract for construction of vegetative covers over slopes adjacent to the Parkside Avenue Aqueduct on the D&R Canal in the City of Trenton, Mercer County. Mr. Buss explained that advertisements for bids were published in three newspapers of general circulation and the advertisement was also posted on the Authority's and the State's website. Nine (9) bids were received and opened. Mr. Buss provided the details of the amounts of the bids received and the engineering estimate for this project. Mr. Mai moved the Resolution to award a contract for construction of vegetative covers over slopes adjacent to the Parkside Avenue Aqueduct on the D&R Canal in the City of Trenton, Mercer County

with TR Weniger, Inc. of Green Brook, NJ for a lump sum of \$38,718.00. Ms. Blew seconded the motion. All Authority members approved of this resolution.

Mr. Famularo provided the background information on the Resolution authorizing the award of a contract for the replacement of 40,000 pounds of granular activated carbon at the Manasquan Water Treatment Plant. Mr. Famularo stated that the Authority replaces on an annual basis 40,000 pounds of granular activated carbon housed in two of the six contactors at the Manasquan Water Treatment Plant. Mr. Famularo explained that advertisements for bids were published in three newspapers of general circulation and the advertisement was also posted on the Authority's and the State's websites. Five (5) bids were received and opened. Mr. Famularo provided the details of the amounts of the bids received and the amount budgeted for this project. Mr. Sondermeyer moved the Resolution authorizing the award of a contract for the replacement of 40,000 pounds of granular activated carbon at the Manasquan Water Treatment Plant with Calgon Carbon Corporation of Pittsburgh, PA for a lump sum of \$41,920.00. Mr. Mai seconded the motion. All Authority members approved of this resolution.

Mr. Buss provided the background information on the Resolution authorizing the award of a contract for professional engineering services required for the dredging of the Delaware and Raritan Canal from Kingston to Amwell Road, Franklin Township, Somerset County. Mr. Buss explained that this is a major project for the Authority, and that there is a need to retain the services of a professional engineering consultant for developing a dredging program for the Canal. Mr. Buss stated that twelve (12) technical proposals were received by the Authority and were evaluated by staff. With the approval of the Chair, Capital Projects Committee, the top three (3) rated firms were invited to submit fee proposals. Mr. Buss reviewed the major variances in the fee proposals of the top three rated firms and the anticipated impact of the variances. Mr. Sondermeyer asked about the disposition of the removed materials. Mr. Buss explained that disposal of the material depends on the characterization of the excavated material. The material removed from the Canal in the 1980's was characterized as ID-27 and was used at licensed landfills as daily and intermediate cover. The Authority received approval for beneficial reuse of the sediment currently stockpiled at the Route 202 stockpile site for general fill that cannot be used in residential situations. Disposal of the sediment to be removed from the Canal as part of this project will depend on the results of the proposed testing program. Mr. Buss explained that Urban Dredging's technical proposal noted that they have several sites for use of this

material if the testing program shows that the sediment is not contaminated. Mr. Mai asked if the form used to tabulate the scores by the individual reviewers could be revised to identify the reviewers by number instead of by name. The names need to be clearly identified in the files but not on the tally sheet. Mr. Mai moved the Resolution authorizing the award of a contract for professional engineering services required for the dredging of the Delaware and Raritan Canal from Kingston to Amwell Road, Franklin Township, Somerset County to Urban Dredging Consultants Joint Venture of Hawthorne, NY for a reimbursable-cost-not-to-exceed amount of \$1,299,400.00. Ms. Blew seconded the motion. All Authority members approved of this resolution.

COMMITTEE REPORTS

- (a) Personnel - no report
- (b) Finance - no report
- (c) Consumers - no report
- (d) Public Participation - no report
- (e) Capital Projects - no report
- (f) Insurance - no report
- (g) Watershed Lands Acquisition - no report

PUBLIC COMMENT

Mr. Engler commented on the beauty and condition of Spruce Run Reservoir and thanked the Authority for their efforts in maintaining water levels.

Mr. Shope asked the total number of acres of the properties referenced in Resolution F. Mr. Shope also submitted copies of his letter to the Authority with regard to our rate setting process.

EXECUTIVE SESSION

There was no need for an Executive Session.

Mr. Mai moved to adjourn the meeting. This motion was seconded by Ms. Blew and was approved unanimously. The meeting was adjourned at 3:02 P.M.

I hereby certify this to be a true and original copy of the
March 1, 2010 New Jersey Water Supply Authority meeting minutes.

Joanna K. Stem
Executive Secretary