

Minutes of the Meeting of
New Jersey Water Supply Authority
of
August 6, 2007

A regular meeting of the New Jersey Water Supply Authority was convened on August 6, 2007 at 2:00 P.M. in the Conference Room of the New Jersey Water Supply Authority's Manasquan Water Supply System Administration Building located on Hospital Road, Wall, New Jersey.

As designated by New Jersey Department of Environmental Protection Commissioner and New Jersey Water Supply Authority Chair, Lisa P. Jackson, Michele Putnam, served as Acting Chair of the meeting and called the meeting to order.

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

Present: Michele Putnam, Acting Chair
Louis Mai
Susan Blew
Shing-Fu Hsueh - by telephone
Robert Iacullo
Absent Donald Correll
Steven J. Picco

Interested Parties Present:

Oleg Kostin, New Jersey American Water
Charles Engler, Friends of Spruce Run

Authority Staff Present:

Henry S. Patterson III, Executive Director
Joanna K. Stem, Executive Secretary
Beth Gates, Director Finance & Administration - by telephone
Edward Buss, Chief Engineer
Richard Famularo, Manager Manasquan Water Supply System
Helene P. Chudzik, Deputy Attorney General
Jim Carey, Governor's Authorities Unit
Michelle Loucopolos, Esq., Hawkins Delafield & Wood LLP

A quorum existed for the transaction of Authority business.

APPROVAL OF THE MINUTES

Acting Chair Putnam asked for the approval of the minutes of the June 4, 2007 meeting. Mr. Mai moved for the approval of the minutes and this motion was seconded by Mr. Iacullo. The minutes of the June 4, 2007 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson reported that Dan Van Abs left his position at the Authority on August 3, 2007 to become the Senior Director of Science and Planning for the Highlands Council. Mr. Patterson complimented Dan for all of his work at the Watershed Protection Unit. Mr. Patterson reported that the Authority received an insurance payment of \$1,750,000 from the Authority's Insurance Carrier to cover damage from the April 2005 flooding along Delaware River. Mr. Patterson reported to the Board that Mercadien P.C. finished their fieldwork at the Clinton Administration Building for the fiscal year 2007 audit. The Authority has again received the Certificate of Achievement for Excellence in Financial Reporting for the Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2006 for the fifteenth consecutive year from the Government Finance Officers Association.

COMMUNICATIONS/CORRESPONDENCE

Included in this section was a copy of the press release from the Highlands Council announcing the appointment of Dan Van Abs as their Senior Director of Science and Planning.

UNFINISHED BUSINESS

Mr. Famularo reported on the operations for the Manasquan Water Supply System. Mr. Famularo reported that elevation levels fluctuated during the reporting period from 86% to 92% of full capacity. Mr. Famularo stated that the Annual Dam Inspection was held in May. The dam inspection report was submitted to New Jersey Department of Environmental Protection (DEP) Dam Safety Section and the report stated that all structures at the Manasquan Reservoir are in a safe condition. Mr. Famularo also reported that engineering design services for the Intake Pump Station enclosure is underway, and Request for Proposal would be received by August 9th for the Alternative Renewable Energy Sources project for the entire Manasquan System.

Mr. Famularo reported on the Water Treatment Plant/Transmission System. All operations and delivery continued normally at the Water Treatment Plant during the reporting period. Mr. Famularo stated that DEP's annual Water Compliance &

Enforcement visit at the water treatment plant was held and no deficiencies were reported. The final NJDES Permit was received for the land application of the water treatment plant residuals with an issuance date of July 1, 2007 expiring on June 30, 2012. Mr. Famularo stated that all water customers are utilizing the optional water use plan for increased flow during the summer months. Mr. Famularo reviewed completed and current projects at the water treatment plant.

Acting Chair Putnam thanked Mr. Famularo for the tour provided to her today and complimented the entire Manasquan staff for their dedicated work.

Mr. Buss reported that all operations in the Raritan Basin System are normal and the combined Spruce Run and Round Valley Reservoirs storage is 97.6 percent. Mr. Buss reported on the Canal Spillway rehabilitation project near Bulls Island. He stated that the weather has cooperated and the levels in the Delaware River have been favorable allowing the contractor to place a cofferdam and continue construction. Mr. Buss reported that the Parkside Avenue Aqueduct rehabilitation project has also continued favorably including the application of shotcrete. Mr. Buss also reported on the No Name Dam 31 rehabilitation project. The contractor has removed all of the topsoil, and expects the block that will be placed over the entire dam to be delivered beginning next week.

Mr. Patterson stated that in addition to the Watershed Protection Unit Report provided in the agenda package the DEP has approved our request to extend the Raritan Highlands Wastewater Management Plan Project and they also will provide additional funds for this project.

NEW BUSINESS

Mr. Buss provided the background information on the Resolution to award a construction contract for the rehabilitation of the right embankment adjacent to Alexauken Creek Aqueduct at Station 310+50 of the Delaware and Raritan Canal, City of Lambertville, Hunterdon County. Mr. Buss stated that the embankment adjacent to the aqueduct sustained damage during the April 2005 flood event and needs to be reconstructed.

The damage estimate was included in a D & R Canal property insurance claim. Six bids were received in response to advertisements for bids placed in newspapers, on the Authority's website and on the New Jersey Business Opportunities web site. Mr. Mai moved the Resolution to award a construction contract for the rehabilitation of the right embankment adjacent to Alexauken Creek Aqueduct at Station 310+50 of the Delaware and Raritan Canal, City of Lambertville, Hunterdon County to Marvec Construction Corporation of Verona, NJ for a lump sum and unit cost price not to exceed \$104,000. Ms. Blew seconded this motion. All Authority members approved the resolution.

Mr. Buss provided the background information on the Resolution to amend Contract No. WSA C91009 with Hatch Mott MacDonald, for additional professional services related to remediation activities resulting from replacement of the vehicle fuel facility at the Administration Building. Mr. Buss stated that this contract was originally awarded in September 1990 and has been amended several times. Mr. Buss explained the need for the amendment, which would extend the contract for an additional five years. Ms. Blew moved the Resolution to amend Contract No. WSA C91009 with Hatch Mott MacDonald, for additional professional services related to remediation activities resulting from replacement of the vehicle fuel facility at the Administration Building for a cost not to exceed \$32,150 over a five (5) year period, bringing the total contract amount to \$388,509. Mr. Iacullo seconded this motion. All Authority members approved the resolution.

Ms. Gates provided the background information on the Resolution ratifying the collective bargaining agreement between the State of New Jersey and the International Federal of Professional and Technical Engineers and Communications Workers of America. Ms. Gates stated that both union agreements are substantially the same, and the economic provisions are outlined in the Memorandum in the agenda package. This resolution also extends the provisions of the contracts to certain non-unionized positions. Mr. Iacullo moved the Resolution ratifying the collective bargaining agreement between the State of New Jersey and the International Federal of Professional and Technical Engineers and Communications Workers of America. Mr. Mai seconded this motion. All Authority members approved the resolution.

Mr. Patterson stated that the next resolution concerns the Authority's financing for the land acquisition program. Mr. Patterson stated that Michelle Loucopoulos, Esq. from the firm of Hawkins Delafield & Wood, the Authority's Bond counsel was in attendance today. Mr. Patterson told the Board that the Authority has the pre-approval letters signed by the Governor and Treasurer that are needed for this financing

Ms. Gates provided the background information on the resolution for the 2007 Financing Program with the New Jersey Environmental Infrastructure Trust explaining the details the loan. Ms. Gates stated that the actual bond would be closer to \$2,300,000 to finance the three critical watershed projects for this funding cycle. Ms. Blew moved the Resolution authorizing the issuance of not exceeding \$3,500,000 Subordinate Bonds (Delaware and Raritan System - Series 2007) of the New Jersey Water Supply Authority and providing for their sale to the New Jersey Environmental Infrastructure Trust and the State of New

Jersey and authorizing the execution and delivery of certain agreements in connection therewith. Mr. Iacullo seconded this motion. All Authority members approved the resolution.

Ms. Gates provided the background information on the Resolution authorizing the Executive Director to negotiate and execute a contract with Hamilton Farm Golf Club for uninterruptible service from the Raritan River System. Ms. Gates stated that this is a contract for .138 mgd consumptive use for a period of ten years. Ms. Gates informed the Board that the public hearing was cancelled since there were no interested party responses and no objections received from any party. Mr. Mai moved the Resolution authorizing the Executive Director to negotiate and execute a contract with Hamilton Farm Golf Club for uninterruptible service from the Raritan River System. Ms. Blew seconded this motion. All Authority members approved the resolution.

Mr. Patterson recused himself from all negotiations on the next contract and left the meeting room.

Ms. Gates provided the background information on the Resolution authorizing the Chief Engineer to negotiate and execute a contract with the Springdale Golf Club for uninterruptible service from the Raritan Basin System. The Chief Engineer is authorized to negotiate and execute the contract with Springdale Golf Club. Ms. Gates stated that this is a contract for .098 mgd consumptive use for a period of ten years. Ms. Gates informed the Board that the public hearing was cancelled since there were no interested party responses and no objections received from any party. Mr. Mai moved the Resolution authorizing the Chief Engineer to negotiate and execute a contract with the Springdale Golf Club for uninterruptible service from the Raritan Basin System. Mr. Iacullo seconded this motion. All Authority members approved the 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 Committee - no report

PUBLIC COMMENT

Mr. Engler stated that he appreciated the favorable water levels in Spruce Run Reservoir. Mr. Engler discussed the milfoil that is growing in Spruce Run Reservoir and how to control and remove the milfoil.

EXECUTIVE SESSION

D.A.G. Chudzik read the statement to go into Executive Session. Mr. Mai moved the resolution to go into Executive Session, which Ms. Blew seconded. All Authority members approved the motion.

The Board returned to public session.

Ms. Blew moved the Resolution concerning the compensation of the Executive Director. Mr. Iacullo seconded this motion. All Authority members approved of the motion.

Mr. Mai moved to adjourn the meeting. Mr. Iacullo seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:30 P.M.

I hereby certify this to be a true and original copy of the August 6, 2007 New Jersey Water Supply Authority meeting minutes.

_/s/Joanna K. Stem
Joanna K. Stem
Executive Secretary