

Minutes of the Meeting of the
New Jersey Water Supply Authority
March 5, 2007

A regular meeting of the New Jersey Water Supply Authority was convened on March 5, 2007 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 Commissioner and New Jersey Water Supply Authority Chair, Lisa P. Jackson, Gary Sondermeyer, 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 Meetings Act". Executive Director Henry S. Patterson III took the roll call of the Authority members.

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

Interested Parties Present:
Oleg Kostin, Elizabethtown Water Company
Ronald Williams, Middlesex Water Company & East Brunswick Twp.
W. G. Einthoven, Friends of Spruce Run
Arthur Roswell, Friends of Spruce Run
David Shope, Self

Authority Staff Present:
Henry S. Patterson III, Executive Director
Joanna K. Stem, Executive Secretary
Edward Buss, Chief Engineer
Beth Gates, Director Finance & Administration
Michael R. Citarelli, Chief Financial Officer
Daniel Van Abs, Director Watershed Protection Unit
Bill Bogosian, Manager Raritan Basin System
Richard Famularo, Manager Manasquan Water Supply System
Paula Dees, Property Administrator

Helene P. Chudzik, Deputy Attorney General
Jim Carey, 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 January 8, 2007 meeting. Mrs. Blew moved for the approval of the minutes as prepared and this motion was seconded by Mr. Mai. The minutes of the January 8, 2007 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson opened his Report by informing the Board that the 2006 Annual Report of the New Jersey Water Supply Authority, which was produced and delivered as required by statute to the Governor and Legislature, was included with the Agenda package. The 2006 Annual Report is also available on the Authority's website.

UNFINISHED BUSINESS

Mr. Patterson asked Mr. Famularo to provide the report on the Manasquan Water Supply System and Water Treatment Plant. Mr. Famularo reported that the Manasquan Reservoir is 95% of full capacity. Mr. Famularo stated that they plan to fill the reservoir by pumping into the reservoir from the river starting this week. Mr. Famularo provided the details of the Dam Advisory Condition that was declared on February 9th. Mr. Famularo explained that water appeared at the surface on the dike embankment directly over the pipe that discharges water from Wetland 6 to the reservoir. After a video inspection of the pipeline it was determined that the leakage occurred because the discharge was blocked with ice and forced some water to the surface. Mr. Famularo further explained that the pipeline was charged with water and there were no further signs of leakage. Mr. Famularo updated the Board on the sediment removal project.

Mr. Bogosian updated the Board on the Raritan Basin System operations stating that all activities in the Raritan Basin System continued normally during the past month.

Dr. Van Abs stated that he and Mr. Patterson visited the Hoffman Park project on Friday March 2nd. They also visited a site in Glen Gardner upstream of the reservoir on the Spruce Run; this

project has a 20' steep slope. December 2006 storms damaged this slope and large amounts of materials were lost into the streams. Dr. Van Abs stated that the Authority would discuss this with the Borough of Glen Gardner and Hunterdon County Engineering.

NEW BUSINESS

Executive Director Patterson asked Mr. Citarelli to provide the background information on the Unaudited Financial Statements for the six months ending December 31, 2006. 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. There were no questions on the Unaudited Financial Statements for six months ending December 31, 2006.

Ms. Gates provided the background information on the resolution ratifying the actions of the Executive Director's placement of the Authority's March 1, 2007 - March 1, 2008 insurance program. Ms. Gates reviewed the insurance program's total premium and discussed the policies, coverages, deductibles, policy limits and policy premiums. Authority staff reviewed the entire insurance program with the Chair of the Insurance Committee. Dr. Hsueh moved the Resolution ratifying the Executive Director's placement of the Authority's March 1, 2007 to March 1, 2008 insurance program. Mr. Mai seconded the motion. All Authority members approved of this resolution.

Mr. Picco, Chair of the Audit Committee provided the background information on the resolution authorizing Mercadien, P.C. to conduct the Authority's annual financial audit for fiscal year 2007 noting that the Authority is in compliance with all relevant selection requirements. Mr. Picco stated that the Audit Committee met with Mercadien, P.C. Mr. Picco moved the Resolution authorizing Mercadien, P.C., Certified Public Accountants to conduct the Annual Financial Audit for the fiscal year ending June 30, 2007. Mrs. Blew seconded the motion. All Authority members approved of this resolution.

Mr. Famularo provided the background information on the Resolution authorizing a professional services contract for the evaluation and repairs of ozonation equipment at the Manasquan Water Treatment Plant. Mr. Famularo stated that seven proposals were received and reviewed. Following approval of the Chair, Capital Projects Committee the Authority invited the top three firms to submit fee proposals. Mr. Famularo stated that the Authority met with the Monmouth County Improvement Authority and reviewed the specifics of this project. Mr. Mai moved the

Resolution authorizing the award of a professional services contract for the evaluation and repairs of ozonation equipment at the Manasquan Water Treatment Plant to Camp Dresser and McKee, Inc. of Edison, New Jersey for a lump sum and reimbursable-cost-not-to-exceed amount of \$173,682.00. Mrs. Blew seconded the motion. All Authority members approved of this resolution.

Dr. Van Abs provided the background information on the need to modify the agreement with NJDEP for the Implementation of the Delaware and Raritan Canal Tributary Assessment and Nonpoint Source Management Project in Somerset County. Dr. Van Abs stated that NJDEP would provide \$1.8 million in funding from the SFY 2007 Corporate Business Tax appropriation and the SFY 2007 Section 319(h) Nonpoint Source Grant Program. This funding is in addition to the \$350,000 in the SFY06 Section 319 funding already approved for this project. Mr. Picco moved the Resolution authorizing the Executive Director to execute a modified agreement with the NJDEP regarding the project: Implementation of the Delaware & Raritan Canal Tributary Assessment & Nonpoint Source Management Project, Somerset County, New Jersey. Mr. Iacullo 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. Shope asked what is the purpose of the Delaware and Raritan Canal Tributary Assessment & Nonpoint Source Management Project and asked several questions about the Project. Mr. Shope also asked if the Manasquan Reservoir System has a safe yield and was the Authority reviewing the safe yield.

Mr. Einthoven asked if the rain was enough to fill the reservoir. Mr. Einthoven also stated that he tells people that one inch of rain equaled one foot increase in water levels in Spruce Run Reservoir and one inch of rain equaled one and one-half foot increase in water levels in Round Valley Reservoir. He asked if that was correct for our reservoirs.

MOVE TO EXECUTIVE SESSION

D.A.G. Chudzik read the statement to go into Executive Session. Mr. Mai moved the resolution to go into Executive Session. Mrs. Blew seconded this motion. The Authority members approved this motion unanimously.

RETURN TO PUBLIC SESSION

Mr. Mai moved the resolution that the meeting be placed back into Public Session. Mrs. Blew seconded this motion. The Authority members approved this motion unanimously.

Mrs. Blew moved the Resolution authorizing execution of a contract to purchase a fee simple interest in a 52± acre critical watershed parcel in Lebanon Township. Mr. Mai seconded the motion. All Authority members approved of this resolution.

Mr. Mai moved to adjourn the meeting. Mr. Picco seconded the motion. The Authority members approved this motion. The meeting was adjourned at 2:37 P.M.

I hereby certify this a true and original copy of the March 5, 2007 minutes of the New Jersey Water Supply Authority meeting minutes.

Joanna K. Stem