

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

A regular meeting of the New Jersey Water Supply Authority was convened on November 5, 2007 at 2:00 P.M. in the Conference Room of the New Jersey Water Supply Authority's Clinton 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 Meeting Act".

Executive Director Henry S. Patterson III took the roll call of the Authority members.

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

Interested Parties Present:
Oleg Kostin, New Jersey American Water
Dave Shope, Member of the Public
Ronald Williams, Middlesex Water Company & East Brunswick
Charles Engler, Friends of Spruce Run
William. Einthoven, Friends of Spruce Run

Authority Staff Present:
Henry S. Patterson III, Executive Director
Joanna K. Stem, Executive Secretary
Edward Buss, Chief Engineer
Beth Gates, Director Finance and Administration
Michael Citarelli, Chief Financial Officer
Helene P. Chudzik, Deputy Attorney General
Richard Famularo, Manager Manasquan Reservoir System
Bill Bogosian, Manager Raritan Basin System
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 October 1, 2007 meeting. Mr. Mai moved for the approval of the minutes as prepared. Mrs. Blew seconded this motion. All members approved of the motion.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson stated that the Policy "Prohibiting Discrimination in the Workplace" was included in the agenda package, and that all members of the Board acknowledged receipt of the policy.

COMMUNICATIONS/CORRESPONDENCE

There were no items of Communications/Correspondence

UNFINISHED BUSINESS

Mr. Famularo reported that all operations in the Manasquan Water Supply System and the Water Treatment Plant were normal and there were no interruptions of service to our customer communities. Mr. Famularo stated that the Manasquan Reservoir was 70.4% of capacity. Mr. Famularo updated the Board on the current projects at the Manasquan Reservoir and Manasquan Water Treatment Plant. Mr. Famularo advised that the Manasquan Water Treatment Plant would be taken off line on November 28th and 29th for an internal inspection of the pre-ozone chambers. The five customer communities have been notified and will be reminded of the planned shutdown.

Mr. Citarelli reviewed the 2008 Calendar Year Budget for the Water Treatment Plant/Transmission System. Mr. Citarelli stated that the Authority will be meeting in November with the Chair of the Monmouth County Improvement Authority (MCIA) and the five towns to review this budget.

Mr. Bogosian reported that all operations in the Raritan Basin System are continuing normally.

Mr. Patterson provided an updated status report on the Watershed Protection Program activities during the month stating that all activities were normal. Mr. Patterson informed the Board that staff is working with our partners on completing the Report for the EPA Targeted Watershed Grant.

NEW BUSINESS

Ms. Gates presented an overview to the proposed rates and the sale bases for both the Manasquan Reservoir System and Raritan Basin System that would be effective on July 1, 2008.

MANASQUAN WATER SUPPLY SYSTEM - Ms. Gates reviewed the proposed debt service assessments for the initial water user contracts and the proposed debt service assessment for the delayed water users. Ms. Gates informed the Board that the proposed total rate for the initial water users is proposed to increase by 4.50% and the proposed total rate for the delayed water users is proposed to decrease by .28%. There were no questions on the proposed rate changes and assessments for the Manasquan Water Supply System.

RARITAN BASIN SYSTEM - Ms. Gates also informed the Board that the proposed total rate for the Raritan Basin System is proposed to increase by 3.07% with a nominal total sales base increase to 182.292 MGD. Ms. Gates reviewed the proposed changes in the components of the rate for the Raritan Basin System. There were no questions on the proposed rate changes and assessments for the Raritan Basin System.

Mr. Mai moved the Resolution authorizing publication of proposed changes in the Authority's Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Manasquan Reservoir System and the Resolution authorizing publication of proposed changes in the Authority's Schedule of Rates, Charges and Debt Service Assessments for the Sale of Water from the Raritan Basin System. Mrs. Blew seconded the motion for both resolutions. All Authority members approved the resolutions.

Ms. Gates provided the background information on the Audited Financial Statements for the Fiscal Year Ending June 30, 2007. There were no questions on the Financial Statements.

Mrs. Blew gave the audit report from the September 21, 2007 Audit Committee Meeting, and recommended that the Board accept the audit for the year ended June 30, 2007.

Mr. Iacullo moved the Resolution accepting the audit prepared by Mercadien, P.C., Certified Public Accountants, for the Year ended June 30, 2007. Mrs. Blew seconded the resolution. All Authority members approved the resolution.

Executive Director Patterson discussed the Resolution for the 2008 Authority Meeting dates, times and locations. These meeting times and locations will be the same as in 2007. Acting Chair Sondermeyer moved the Resolution establishing the dates,

times and locations for the Authority meetings scheduled in 2008. Mrs. Blew seconded this resolution. All Authority members approved the resolution.

Mr. Famularo provided the background information on the Resolution authorizing the award of a contract for professional services required for evaluation and recommendation of alternative/renewable energy sources for the Manasquan Water Supply System Reservoir Pumping Station, the Intake Pump Station and the Water Treatment Plant. Mr. Famularo explained that the study would evaluate the cost benefits and recommend alternative energy sources for sustainable renewable power generation. Five proposals were received and reviewed. Following approval of the Chair, Capital Projects Committee the Authority invited the top three firms to submit fee proposals, and negotiated a fee with the firm having the top-ranked technical proposal. Mrs. Blew moved the Resolution authorizing the award of a contract for professional services required for evaluation and recommendation of alternative/renewable energy sources for the Manasquan Water Supply System Reservoir Pumping Station, the Intake Pump Station and the Water Treatment Plant, Wall Township, Monmouth County with Paulus, Sokolowski & Sartor, LLC of Warren, NJ for an amount not to exceed \$48,700. Mr. Mai seconded the resolution. All Authority members approved the resolution.

Ms. Gates provided the background information on the five Resolutions regarding land acquisitions. Ms. Gates gave the location of each property, the purchase price, and the certified market value and identified the partners, if any, for each property. Ms. Gates stated that the five Resolutions would authorize the purchase of the properties. The Board previously approved entering into contracts to purchase each of these properties. Acting Chair Sondermeyer moved the Resolution authorizing the purchase of Block 12, Lot 1, Lebanon Township and Block 39, Lot 4.03 Clinton Township, Hunterdon County, a 57 acre parcel; the Resolution authorizing the purchase of Block 54, Lots 24.01, 24.02, 43 and 51.03 Washington Township, Morris County and Block 44, Lot 18 Lebanon Township, Hunterdon County, a 45 acre parcel; the Resolution authorizing the purchase of Block 30, Lot 1 and Block 19, Lot 26, Delaware Township, Hunterdon County, a 183 acre parcel; the Resolution authorizing the purchase of Block 100, Lot 17 Mendham Township, Morris County and Block 5, Lot 1 of 6 in the Borough of Peapack-Gladstone, Somerset County, a 124.4 acre parcel and the Resolution authorizing the purchase of Block 22, Lot 20 Union Township, Hunterdon County, a 100 acre parcel. Mr. Mai seconded the five resolutions. All Authority members approved the resolutions.

COMMITTEE REPORTS

- (a) Personnel - no report
- (b) Finance - no report
- (c) Audit - 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 provided the Board with a newspaper article on milfoil and stated that he felt water levels at different times of the year was a factor in milfoil growth. Mr. Engler stated that he was going to do some research on water levels, time of year, and milfoil growth. Mr. Engler asked Acting Chair Sondermeyer if there were any milfoil experts at DEP. Mr. Patterson stated that he has discussed milfoil with Mr. Engler on several occasions.

Mr. Einthoven expressed interest in the details of the RFP for the alternative/renewable energy sources at the Manasquan Water System. Mr. Patterson stated that he could get a copy of the RFP, if he so desired.

Mr. Shope asked for an analysis of the source water protection component expenditures. Mr. Shope had several questions on the property acquisition process timeframe. Ms. Gates explained that the Ricker, Coccoziello and Thompson property transfers are current 2007 funding projects that entered into contracts between May and August 2007. These three properties can close after the EIT bonds are sold. The Mosel property was not ready for 2007 funding, and the Milligan Farm property has had numerous legal issues that are now getting resolved. Mr. Shope felt that it takes too long for these properties to close. Ms. Chudzik explained some of the closing requirements, including obtaining the required surveys and complying with statutes. Mr. Shope expressed his feelings about the process that must be followed for these transactions.

EXECUTIVE SESSION

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

RETURN TO PUBLIC SESSION

Acting Chair Sondermeyer moved the resolution that the meeting be placed back into public session. Mr. Mai seconded this motion. All Authority members approved the motion.

Mrs. Blew moved the Resolution authorizing execution of a contract to purchase a fee simple interest in a 244 acre critical watershed parcel in Lebanon Township, Hunterdon County. Mr. Mai seconded this motion. All Authority members approved of the motion.

Mr. Mai moved to adjourn the meeting. This motion was seconded by Mrs. Blew and was approved unanimously. The meeting was adjourned at 2:47P.M.

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

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