

BY-LAWS
OF THE
NEW JERSEY WATER SUPPLY AUTHORITY

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PREAMBLE

This body corporate and politic having been created by the "New Jersey Water Supply Authority Act", P.L. 1981, c. 293, (the "Act"), is named the New Jersey Water Supply Authority ("Authority"), and pursuant to Section 7 (c) of the Act, is authorized to make and alter such By-Laws for its operations, internal management, and for the conduct of its affairs and business. The By-Laws of the Authority are as follows:

I. THE AUTHORITY

Section 1. Offices. The principal office of the Authority shall be located in the Township of Clinton, County of Hunterdon, State of New Jersey. The Authority may have offices at such other places within the State of New Jersey as its business may require or make desirable as determined by the Authority.

Section 2. Seal. The Authority shall have a seal which shall bear the words "New Jersey Water Supply Authority - Established 1981" and shall be of such design as determined by the Authority.

II. AUTHORITY MEETINGS

Section 1. General Powers. The property, affairs and business of the Authority shall be managed by the Authority to the extent of powers and authority allocated to the Authority by the Act.

Section 2. Regular Meetings. Unless changed by the Authority, regular monthly meetings of the Authority shall be held at a time and place to be designated by the Authority. Adequate notice as defined under the Open Public Meeting Act ("OPMA"), P.L. 1975 c. 231, shall be given by the Secretary.

Section 3. December Meeting. The Authority shall at its regularly scheduled December meeting establish its meeting schedule for the following year and adopt the annual notice of meetings required by the OPMA.

Section 4. Annual Organization Meeting. At the regularly scheduled January meeting the Authority shall take the following actions:

- (a) elect a (i) Vice Chair; (ii) Treasurer; (iii) Secretary pursuant to Article III, Section 2 of these By-Laws; and
- (b) appoint committee chairs and membership.

Section 5. Rate and Budget Adoption. At or before the regularly scheduled June meeting, the Authority shall adopt a budget and rate schedule for the fiscal year beginning the ensuing July 1.

Section 6. Special Meetings. The Executive Director shall inform the full membership of the call of such special meeting sufficiently in advance and shall give adequate notice as defined under the OPMA.

Section 7. Emergency Meetings. Emergency meetings may be called by the Chair, at any time in accordance with the OPMA. The Executive Director shall inform the full membership of the call of such special meeting sufficiently in advance and shall give adequate notice as defined under the OPMA.

Section 8. Quorum. Four members shall constitute a quorum. If a quorum is not present at any meeting of the Authority, a majority of the Authority members present may agree to meet at another time and place. Notice of any such adjourned meeting shall be given in accordance with the requirements of the OPMA.

Section 9. Manner of Acting. On any question presented the number of members present shall be recorded by the Secretary. Actions may be taken and motions and resolutions adopted by the Authority upon the affirmative vote of at least four members; provided however, that no resolution or other action of the Authority providing for the issuance of bonds or the refunding of bonds shall be adopted or otherwise made effective by the Authority without the prior approval, in writing, of the Governor and of the State Treasurer or the Comptroller of the Treasury.

Section 10. Minutes of Meetings. The minutes of each meeting shall reflect the presence of each member in attendance. A true copy of the minutes of every meeting of the Authority

shall be prepared and forthwith delivered to the Governor by the Chair of the Authority. No action taken at such meetings by the Authority shall have effect until ten days, exclusive of Saturdays, Sundays and public holidays, after the copy of the minutes has been so delivered. If, in this ten-day period, the Governor returns the copy of the minutes with a veto of any action taken by the Authority at that meeting, the action shall be of no effect.

Section 11. Order of Business. The order of business at each meeting shall be reflected in the agenda, which shall contain the following items:

- a. Reading of the OPMA statement
- b. Roll call
- c. Approval of the minutes of the previous meeting
- d. Report of the Executive Director
- e. Communications
- f. Unfinished Business
- g. New Business
- h. Authority Committee reports
- i. Public Comment
- j. Adoption of Part I of the minutes
- k. Executive Session
- l. Adjournment

III. OFFICERS

Section 1. Number. The officers of the Authority shall be a Chair, Vice Chair, Secretary, Treasurer, and Executive Director. The Authority may also appoint such other officers as it shall deem necessary who shall hold their offices for such terms as shall be determined by the Authority and who shall exercise such powers and perform such duties as shall be determined from time to time by the Authority.

Section 2. Selection and Terms of Office. The Chair of the Authority shall be the Commissioner of the Department of Environmental Protection. The Vice Chair shall be elected annually from among the remaining members of the Authority. The Secretary and Treasurer shall be elected by the Authority, and need not be members thereof, and the same person may be elected to serve as both Secretary and Treasurer. The Executive Director shall not be a member of the Authority and shall serve at the pleasure of the Authority. The Executive Director shall hold office for such term or period of time and at such salary as the Authority shall determine. Vacancies in any office, other than in the office of the Chair, may be filled by the Authority as appropriate under this section.

The Commissioner of the Department of Environmental Protection may designate an officer or employee of that department to represent him/her at meetings of the Authority as Acting Chair, and the designee may lawfully vote and otherwise act on behalf of the Commissioner. The designation shall be in writing delivered to the Authority and shall continue in effect until revoked or amended by writing delivered to the Authority.

Section 3. Vacancies. Any vacancies occurring among the members of the Authority by reason of death, resignation, disqualifications, incapacity to serve, removal from office in accordance with law, or otherwise, shall be filled in the manner provided for by the Act. No vacancy in the membership of the Authority shall impair the rights of a quorum to exercise all the rights and perform all the duties of the Authority.

Section 4. Expenses. Each member of the Authority shall be reimbursed for actual expenses necessarily incurred in the performance of Authority duties, pursuant to policies established by the Authority.

Section 5. Bonds. Each member and the Treasurer of the Authority shall execute a bond to be conditioned upon the faithful performance of the duties of the member or Treasurer, as the case may be, in a form and amount as may be prescribed by the Comptroller of the Treasury. The bonds shall be filed in the Office of the Secretary of State. At all times thereafter the members and Treasurer of the Authority shall maintain these bonds in full force. The costs of the bonds shall be borne by the Authority.

IV. DUTIES OF THE OFFICERS

Section 1. Chair. The Chair shall preside at all meetings of the Authority and shall have general control over the business and affairs of the Authority, subject to the direction of the Authority.

Section 2. Vice Chair. The Vice Chair shall perform the duties of the Chair in the event that the Chair and Acting Chair are unable to perform such duties by reason of illness, disability, absence, or when requested to perform such duties by the Chair. The Vice Chair shall perform such other duties as may from time to time be assigned by the Chair of the Authority.

Section 3. Secretary. Together with the Executive Director the Secretary shall keep the official records of the Authority, minutes of the actions taken at the meetings of the Authority, and the seal of the Authority, shall certify, when required, copies of records, and shall, from time to time, perform such other duties as shall be assigned to him/her by the Authority. Together with the Executive Director, the Secretary shall prepare the annual report, for approval by the Authority, which report is to be submitted to the Legislation pursuant to the Act. The Secretary may adopt a facsimile signature to be utilized in the performance of assigned responsibilities.

Section 4. Treasurer. The Treasurer shall have custody of all funds of the Authority. He/she shall perform, in general, all the duties incidental to the office of Treasurer, and such other duties as may from time to time be assigned to him/her by the Authority. The actions of the Treasurer shall be consistent with the accounting policies adopted by the Authority. In the absence of the Treasurer, his/her functions may be performed by an official of the Authority designated by the Executive Director, subject to the designee's prior approval by the Authority. The Treasurer may adopt a facsimile signature to be utilized in the performance of assigned responsibilities.

Section 5. Executive Director. The Executive Director shall have all the power and authority delegated to him/her in accordance with these By-Laws, actions of the Authority, or otherwise pursuant to the provision of the Act. He/she shall, subject to the provisions of these By-Laws be generally in administrative charge of all activities of the Authority. The Executive Director shall, subject to the prior approval by the Chair of the Personnel Committee, designate an individual from the Authority staff to perform all duties of the Executive

Director in the event the Office of Executive Director is vacant or in the event the Executive Director is unable to perform such duties by reason of illness, disability, or absence. The designation shall be in writing delivered to the Authority members and shall continue in effect until revoked or amended by writing delivered to the Authority.

V. ADDITIONAL STAFF

The Authority shall name and appoint, from time to time, such additional officers, consultants and employees as it may require, and shall, by resolution or amendment of these By-Laws, designate their duties and under whose supervision or direction they shall serve.

VI. STANDING COMMITTEES

Section 1. Number. The Authority shall maintain the following Standing Committees:

- a. Audit Committee
- b. Insurance Committee
- c. Capital Project Committee
- d. Personnel
- e. Finance
- f. Public Participation

Section 2. Members. Each Standing Committee shall be chaired by an Authority member. Membership of each committee shall include two Authority members in addition to the committee Chair. Proposed Chairs and membership for each committee will be prepared by the Executive Director, after consultation with the Authority members and with the prior approval of the Chair of the Personnel Committee. Committee Chairs and members shall be designated at the Authority's January meeting each year.

VII. ADMINISTRATIVE POWERS

Unless otherwise directed by the Authority, and subject to the limitations, if any, of the budget adopted by the Authority, the Executive Director shall have the following administrative powers which shall be in addition to any other powers conferred upon him/her by any other provision of these By-Laws.

Section I. Delegation. The Executive Director may delegate, in whole or in part, any power, authority or discretion, conferred upon him/her, by any of the provisions of the By-Laws or by any resolution adopted by the Authority, to any other officer or member of the staff, provided however, that any resolution adopted by the Authority may preclude or otherwise limit any such delegation. The Executive Director shall maintain a permanent record of all such delegations of authority and power. No designee of the Executive Director may act for the Executive Director pursuant to any section of Article VII unless the Authority has granted prior approval for the designee to act under the applicable section.

Section 2. Personnel. In accordance with personnel policy which shall be submitted to the Personnel Committee Chair for his/her prior approval, the Executive Director may:

- (a) Create, determine and prescribe the duties of new and existing positions, and the qualifications for appointments made thereto;
- (b) make appointments to the Authority staff;
- (c) make promotions and demotions within the staff;
- (d) appoint a member of the Authority staff to act as Ethics Officer;
- (e) terminate appointments to the staff; and,
- (f) grant or authorize the granting of vacations, sick leave, other leaves of absence and take other necessary actions affecting personnel.

Section 3. Financial. Unless otherwise directed by the Authority the Executive Director may:

(a) authorize or arrange for printing and engraving of bonds, notes or other securities or obligations, the issuance whereof has been authorized by the Authority;

(b) authorize and arrange for the payment of the interest upon and principal of such bonds, notes, or other securities or obligations, in accordance with the resolutions authorizing their issuance, out of any revenues directly pledged therefor, out of any sinking funds or special reserve funds especially established in connection therewith and, in case there are not other monies available for the payment of such interest and principal, out of the General Reserve Fund if such funds has been pledged as security for such payments;

(c) authorize or arrange for the making of payments into such reserve funds during the year for which such payments are to be made out of revenues directly pledged for such purposes, to authorize or arrange for the making payments into such sinking funds during the year for which such payments are to be made out of any special reserve funds especially established in connection with the particular issue of such bonds, notes, securities or other obligations for which such payments are to be made, out of any other special reserve funds available for such purposes, out of any other Authority funds available for such purposes, and, in case all the preceding available sources are insufficient to make such payments, the out of the General Reserve Fund;

(d) whenever the resolutions of the Authority establishing the issue of bonds and the various resolutions of the Authority establishing the separate series of such bonds require the redemption of bonds for retirement for sinking fund purposes, to arrange for or authorize the call of such bonds for redemption, within the limitations of said bond resolution to select or arrange for the selection of the particular bonds to be redeemed, publish or arrange for the publication of notice of redemption, pay or arrange for the payment of such bonds upon the date set for their redemption and generally do all things necessary or incidental to the redemption and retirement of such bonds;

(e) to settle claims with the approval of the Attorney General by or against the Authority arising under or in connection with construction or maintenance contracts or

purchase orders, provided that the total amount of the settlement in connection with or under any one contract or purchase order does not exceed \$100,000.00;

(f) on behalf of the Authority, to enter into any agreement including, but not limited to, leases, permits and licenses, for the use or occupancy of any property owned or operated by the Authority and for the use or occupancy of property by the Authority or for the exercise of privileges thereat, where any such agreement (i) is unconditionally revocable without cause by the Authority upon thirty days notice or less, or (ii) requires payment to or by the Authority of a fixed monetary consideration either along or combined with a percentage or other variable additional rental or fee and such fixed consideration (exclusion of any separate obligation of the occupant or user to pay for utilities, insurance services or other such) does not exceed \$25,000 per annum in the case of real property, and under the terms of such agreement the Authority does not incur any fixed liability for initial improvements or alterations to the premises of fixed liability for termination which is in excess of \$10,000, or (iii) substitutes another for the contracting party to an existing agreement provided that the consideration does not exceed \$100,000 in case of personal property or \$25,000 in the case of real property, or, (iv) is a renewal, extension, amendment or modification of any existing agreement with terms and conditions at least as favorable to the Authority, or (v) provides for a rental or fee at a rate not less than the rate approved or established by the Authority;

(g) whenever a budget adopted by the Authority contains an item relating to the purchase or renewal by the Authority of any type of insurance, the Executive Director (unless otherwise directed by the Authority) shall have the power in his discretion to authorize or arrange for such purchase or renewal where the total premium for the term of the purchase or renewal is not in excess of \$100,000.

Section 4. Contracting Powers. With regard to the maintenance, repair or rehabilitation of any Authority facility or property, the making of capital improvements and additions thereto, the construction of any Authority sponsored project, the major repair or major rehabilitation or any Authority project the purchase of equipment, materials, supplies, and real or personal property, the furnishing of utility or other services, the expenditure of funds for operating expenses of the Authority, and the expenditure of funds for professional, technical or advisory services including but not limited to

services of consultants, engineers, architects, designers, artists, technicians, inspectors, appraisers and experts of any kind and others whether similar to or different from the foregoing, the Executive Director shall, subject to provisions of the Act, have the power, the exercise of which shall be discretionary and not mandatory:

(a) To authorize or arrange for expenditures pursuant to contracts or purchase orders, upon such terms and conditions as he/she may deem proper, which expenditures are competitively procured in accordance with applicable law, authorized in the budget or any appropriations act and are:

(1) Under the monetary threshold established by the Governor and the State Treasurer for advertised competitive bids in accordance with N.J.S.A. 52:34-7(b);

(2) Under \$100,000, if the Executive Director determines that an emergency exists which will seriously interrupt water supplies or create a serious risk to health or safety or cause the Authority or the State to lose a significant amount of money or significantly jeopardize the assets of the Authority and action needs to be taken in advance of the next Authority meeting; providing however, that when the cost falls between the monetary threshold established by the Governor and the Treasurer for advertised competitive bids and \$1,000,000, the Executive Director may act only with the approval the Capital Projects Committee.

(b) To execute the same on behalf of the Authority and to exercise any rights and to perform any obligations vested in or assumed by the Authority in any such contracts.

(c) To require a bond securing the performance of any such contract or purchase order executed by him/her whenever he/she deems it advisable under the circumstances.

(d) To authorize specific contract award or for any category of contract awards, provided that an award or category or awards be made, subject to applicable law, by the Division of Building and Construction, or the Division of Purchase and Property in the Department of Treasury.

(e) To authorize and execute change orders to contracts or purchase orders in an amount not to exceed \$25,000, after consulting with and receiving concurrence from the Chair, Capital Projects Committee. The Executive Director shall

provide a report of all such actions to the Authority at the next ensuing monthly business meeting.

(f) To authorize and execute change orders to contracts for professional services in an amount not to exceed \$25,000, after consulting with and receiving concurrence from the Chair, Capital Projects Committee. The Executive Director shall provide a report of all such actions to the Authority at the next ensuing monthly business meeting.

Section 5. Reporting. The Executive Director shall, from time to time, report to the Authority (1) all contracts, purchase orders and change orders entered into pursuant to Section 4 of this Article VII; and (2) all actions taken pursuant to Sections 1, 2, and 3 of this Article VII; and (3) appropriate financial information; but the failure of the Executive Director to report the same shall not affect the validity of any action taken by the Executive Director with respect thereto.

Section 6. Intervention before Legislative and Regulatory Bodies. To authorize intervention and participation on behalf of the Authority in proceedings before federal and state legislative and regulatory bodies or any other administrative tribunal of the United States or of the State of New Jersey or their subdivisions.

Section 7. Acceptance of Performance. To accept and approve performance by any contractor under any contract with the Authority.

Section 8. Legal Advice and Litigation. To request the Attorney General to provide advice and, subject to Authority approval, request the Attorney General to initiate, intervene or take any other action with regard to litigation on behalf of the Authority, provided however, where it is not practical to seek such approval, request the Attorney General to take such actions after consulting with the Chair or, in his/her absence, the Vice Chair.

Section 9. Final Certification. To make final certification for payment, in accordance with procedures he/she shall establish, of all duly authorized and authenticated items of expenditure for payment from any Authority funds from whatever source derived.

Section 10. Deeds of Conveyance. To sign all deeds of conveyance when authorized by the Authority.

Section 11. Transfer of Funds. Subject to the limitations of applicable law, to transfer funds among items of the budget, up to a maximum of \$10,000 into or out of any account.

Section 12. Transmittal of Minutes. To transmit to the Chair, on behalf of the Authority, the minutes of the meetings of the Authority for transmittal to the Governor.

Section 13. Hearings. To authorize and hold hearings which may be required under the Act or which he/she may otherwise deem appropriate.

Section 14. Scope of Administrative Powers. The powers herein vested in the Executive Director shall not be construed or deemed to affect the power of the Authority to act in any case, but when the Authority exercises a power in any such case, such action shall not be construed or deemed to affect the power of the Executive Director to act in similar cases in the future.

VIII. BUDGET

Whenever reference in these By-Laws is made to a budget it shall mean a budget approved or adopted by the Authority.

IX. DEPOSITS

All funds of the Authority, except petty cash, shall be deposited from time to time to the credit of the Authority in such banks, trust companies, or other depositories approved by the Authority, or such funds of the Authority may be invested from time to time as the Authority may direct and prescribe. The Authority is authorized to invest and deposit the funds of the Authority in any obligation and/or depositories which are consistent with the investment policies of the State of New Jersey Cash Management Fund as permitted under P.L. 1950, c. 270, and subsequent legislation. Consistent with such action, the Executive Director may establish, transfer, or discontinue petty cash, capital grant, payroll and any other special accounts as he/she deems necessary and convenient to the sound management of the Authority's financial affairs.

X. EMERGENCY ACTIONS

In accordance with the Water Supply Authority Act, the Authority shall be authorized to make and enter into agreements for repairs, furnishing of material, supplies or labor, or the hiring of vehicles, without the requirement to first publicly advertise for bids therefor when the safety or protection of its or other public property or the public convenience require, or the exigency of the Authority service will not admit such advertisement. In such case, the Authority shall by resolution, passed by the affirmative vote of a majority of its members, declares the exigency or emergency to exist, and set forth in the resolution the nature thereof and the approximate amount to be expended.

XI. WATER SUPPLY ADVISORY COUNCIL

The Authority shall consult with the Water Supply Advisory Council from time to time prior to final action on any project or undertaking, as appropriate under the Act.

XII. AMENDMENTS AND SUSPENSIONS

The provisions of these By-Laws may be amended or suspended, in whole or part, by a resolution duly adopted at any meeting.