

Minutes of the Meeting of
New Jersey Water Supply Authority
June 5, 2006

A regular meeting of the New Jersey Water Supply Authority was convened on June 5, 2006 at 2:00 P.M. in the Conference Room of the New Jersey Water Supply Authority's Canal Office located at 770 Bear Tavern Road, West Trenton, New Jersey.

As designated by Commissioner 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
Shing-Fu Hsueh
Steve Picco
Louis Mai
Robert Iacullo - by telephone
Absent: Susan Blew
Donald Correll

Interested Parties Present:
Ronald Williams, Middlesex Water Co. & East Brunswick Twp.
Charles Engler, Hunterdon Sailing Club
Ed Zindel, New Jersey Federation of Sportsmen's Clubs
Elaine Zindel

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
Frank Scangarella, Director Contracts, Risk Management & Legal Affairs
Richard Famularo, Manager Manasquan Water Supply System
Bill Bogosian, Manager Raritan Basin System
Daniel Van Abs, Director Watershed Protection
Helene P. Chudzik, Deputy Attorney General
Melissa Liebermann, Governor's Authorities Unit
Jennifer Carlson, Intern from the Governor's Office

A quorum existed for the transaction of Authority business.

APPROVAL OF THE MINUTES

Acting Chair Sondermeyer asked for the approval of the minutes of the May 1, 2006 meeting. Mr. Picco moved for the approval of the minutes and Dr. Hsueh seconded this motion. The Authority members approved this resolution unanimously.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Patterson stated that on May 9, 2006 the Authority along with Green Acres, State Agriculture Development Committee and Lebanon Township closed on the 163-acre property known as "Special Farms".

COMMUNICATIONS/CORRESPONDENCE

Mr. Patterson mentioned an article distributed to the Board from the AWRA Hydrology & Watershed Management Committee Web magazine describing the Authority's work on the EPA Targeted Watershed Grant. Mr. Patterson also mentioned the article from the Hunterdon County Democrat magazine insert featuring the Hunterdon Sailing Club and Spruce Run Reservoir.

Mr. Patterson introduced Jennifer Carlson, an intern working in Governor Corzine's Office.

UNFINISHED BUSINESS

Mr. Famularo reported to the Board on the operations at the Manasquan Water Supply System. Mr. Famularo stated that storage in the Manasquan Reservoir is at 95% of full capacity. Mr. Famularo also explained that the annual maintenance program is in progress. Mr. Famularo stated that a Coastal North Meeting was held on Friday June 2, 2006. This group includes all of the purveyors within the Coastal North Drought Watch Area.

Mr. Famularo reported to the Board on the Water Treatment Plant/ Transmission System. Mr. Famularo stated that all operations continued normally at the Water Treatment Plant with the exception of a one-hour event on May 17, 2006. One of the treatment plant's instrumentation devices within the plant's main control panel failed and shut down. The water treatment plant stopped delivering water to the customer communities for approximately one hour. Authority staff using spare parts made the necessary repairs and the water treatment plant was placed back into service. Mr. Famularo reviewed several projects taking place at the water treatment plant.

Mr. Patterson commended the water treatment plant staff for their dedicated and quick service in repairing the failed instrumentation panel at the water treatment plant.

Mr. Bogosian reported to the Board on the Authority's spring pumping program, which started on April 21, 2006 and continued through May 17, 2006. Approximately 2.2 billion gallons of water was pumped into Round Valley Reservoir bringing the reservoir to 95% of full capacity. Mr. Bogosian reported that all other operations of the Raritan Basin System have been normal during the past month.

Dr. Van Abs reported to the Board that the Watershed Protection Unit received verbal approval of the needed stream restoration permits for the Hoffman Park project. Dr. Van Abs stated that this project should start on July 5, 2006 and the construction should be completed within the summer time period allowed in the permit. Dr. Van Abs also reported that a grant proposal to the Natural Resources Conservation Service has been approved for funding. This grant will be for the identification of critical riparian areas in agricultural lands in the Raritan Basin where, if they were shifted back to the natural riparian corridors, could have a significant improvement for the water quality and ecosystems.

Mr. Citarelli provided background information on the Authority's budget process. Mr. Citarelli stated that the Fiscal Year 2007 budgets are presented for formal adoption. Mr. Citarelli explained that the Fiscal Year 2007 budgets were used to establish the rates, which were presented at the Authority's April meeting. Mr. Citarelli reviewed the revised budgets, rates, and fund balances for each System. Mr. Mai moved the resolutions approving the Authority's Manasquan Reservoir System Budget for Fiscal Year 2007 (July 1, 2006 - June 30, 2007), the Authority's Manasquan Water Treatment Plant/Transmission System Budget for Fiscal Year 2007 (July 1, 2006 - June 30, 2007), and the Authority's Delaware and Raritan Canal - Spruce Run/Round Valley Reservoirs System Budget for Fiscal Year 2007 (July 1, 2006 - June 30, 2007). Dr. Hsueh seconded this motion. All Authority members approved of the motion

NEW BUSINESS

Mr. Citarelli presented the Unaudited Comprehensive Annual Financial Report ending March 31, 2006. These reports were distributed to the trustees, the State and the Authority's auditors. Mr. Citarelli reported that the Authority's Auditors, Mercadien, P.C. would be at the Authority to start their auditing

process on June 8 & 9, 2006. In late July, the auditors will return to complete a full audit. There were no questions on the Financial Statements. Mr. Citarelli told the Board that the Authority received comments from the Government Finance Officers Association after filing the Authority Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2005. Mr. Citarelli will review these comments with the auditors.

Mr. Scangarella provided the background information on the resolution authorizing the execution of a water purchase contract with the Borough of Glen Gardner. Mr. Scangarella explained that the Borough of Glen Gardner applied for a water purchase contract providing consumptive supply in the amount of 8,000 gallons per day for twenty (20) years effective July 1, 2006. Mr. Iacullo moved the Resolution authorizing the execution of a contract with the Borough of Glen Gardner for uninterruptible supply from the Raritan Basin System. Mr. Mai seconded this motion, all Authority members approved of the motion.

Mr. Scangarella provided the background information on the resolution authorizing the execution of a lease agreement with Public Service Electric & Gas Co. to construct and maintain utility lines along and over the D & R Canal in South Bound Brook. This lease agreement with PSE&G would be for a term of twenty (20) years at an annual total lease payment of \$450.00. Mr. Picco moved the Resolution authorizing execution of a Delaware and Raritan Canal Transmission Complex utility lease agreement with Public Service Electric and Gas Co., Inc. Dr. Hsueh seconded this motion, all Authority members approved of the motion.

COMMITTEE REPORTS

(a) Personnel - no report

(b) Finance - no report

(c) Audit - Mr. Picco reported that the Audit Committee held a Pre-Audit Meeting today. Three members from Mercadien, P.C., Ms. Gates, Mr. Citarelli, Mr. Patterson and DAG Chudzik attended. Mr. Iacullo attended by telephone communication.

(d) Public Participation - no report

(e) Capital Projects - no report

(f) Insurance - no report

(g) Watershed Lands Acquisition - no report

PUBLIC COMMENT

Mr. Engler, Hunterdon Sailing Club, stated that he felt the article in the magazine inserted into the Hunterdon County Democrat would be good publicity for State Parks and for the Hunterdon Sailing Club. Mr. Engler also stated that The Friends of Spruce Run are also interested in fishing, camping, swimming and all other activities at the State Park.

Mr. Zindel, representing the State Federation of Sportsmen's Clubs, stated that it was recently brought to his attention that there is a 12-foot minimum boat length requirement on Spruce Run & Round Valley Reservoirs. Mr. Zindel spoke in detail on this subject. Mr. Zindel also provided several handouts regarding this matter. Acting Chair Sondermeyer stated that this matter would be researched.

Mrs. Zindel stated that she read the Safe Yield Modeling Report, that she had a few questions and asked if she could meet with someone from the Authority to discuss the report. Mr. Patterson stated that she should call his office to schedule an appointment.

Mr. Picco asked if the Rule regarding the boat length requirement could be on the Agenda for next month. Mr. Patterson stated that the next Authority meeting would be held on August 7, 2006 at the Manasquan Administration Building, and that this matter would be researched as soon as possible.

Mr. Picco moved to adjourn the meeting. Dr. Hsueh seconded the motion, which the members of the Authority approved unanimously. The meeting was adjourned at 2:36 P.M.

I hereby certify this to be a true and original copy of the June 5, 2006 New Jersey Water Supply Authority meeting minutes.

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