

Minutes of the Meeting of
New Jersey Water Supply Authority
June 6, 2005

A regular meeting of the New Jersey Water Supply Authority was convened on June 6, 2005 at 2:10 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 Bradley M. Campbell, Gary Sondermeyer, Chief of Staff, 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
Donald Correll
Shing-Fu Hsueh
Steve Picco
Louis Mai
Absent: Susan Blew

Interested Parties Present:

Ronald Williams, Middlesex Water Company & East Brunswick Township
William G. Einthoven, Hunterdon Sailing Club
Barbara Bisgaier, Public Financial Management
Curt Harris, Esq., Gibbons, Del Deo, Dolan, Griffinger & Vecchione

Authority Staff Present:

Henry S. Patterson III, Executive Director
Joanna K. Stem, Executive Secretary
Edward Buss, Chief Engineer
Frank Scangarella, Business Manager
Richard Famularo, Manager Manasquan Water Supply System
Bill Bogosian, Manager Raritan Basin System
Michael Citarelli, Chief Financial Officer
Daniel Van Abs, Manager Watershed Protection
Helene P. Chudzik, Deputy Attorney General

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 2, 2005 meeting. Mr. Mai moved for the approval of the minutes and Mr. Correll seconded this motion. The Authority members approved this resolution unanimously.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Patterson stated that there would be a briefing on the Manasquan Loan Notes.

COMMUNICATIONS/CORRESPONDENCE

There were no items of Communications and Correspondence.

UNFINISHED BUSINESS

Executive Director Patterson asked Richard Famularo to provide the operations report for the Manasquan Water Supply System. Storage in the Manasquan Reservoir is at 100% of full capacity. Mr. Famularo explained that the emergency power source and back-up system project has been completed and the generator is now on-line. Mr. Famularo also stated that the additional fencing and survey items would be completed in accordance with the vulnerability assessment study.

Mr. Famularo reported on the Water Treatment Plant/Transmission System. All operations continue normally at the Water Treatment Plant. Mr. Famularo stated that there was a compliance inspection performed at the treatment plant on May 3, 2005 and an "acceptable" rating was issued. Mr. Famularo updated the Board on the status of the current construction projects at the water treatment plant.

Executive Director Patterson acknowledged that most of the necessary repair work along the D & R Canal was completed by Canal employees. Mr. Patterson complimented everyone's hard work and assistance. Staff from the Raritan and Manasquan Systems provided assistance during the repairs.

Bill Bogosian stated that the repair work on the D & R Canal is beginning to scale back. This will allow the normal summer work schedule at the Authority's Canal Office to take place. Mr. Bogosian reported that all other operations of the Raritan Basin System have been normal during the past month.

Executive Director Patterson stated that Authority staff would be doing clean-up work on the D & R Canal in the Stockton area. While in Stockton the Authority will offer assistance to Borough of Stockton with their clean up efforts.

Daniel Van Abs reported that the DEP Highlands' exemption certificate was received for the restoration project for a section of the Spruce Run at the Crystal Spring/Pelio property. The culvert that is currently on the property will be removed and a new culvert will be installed. DEP permits must be obtained for this project. The Authority participated in the first D & R Canal Conference held at the College of New Jersey campus. Dr. Van Abs also provided an update on the municipal assessment process. The Townships of Mendham and Lebanon have approved resolutions to be involved in this process.

Acting Chair Sondermeyer announced that Executive Director Patterson was appointed by Acting Governor Codey to the Delaware River Flood Mitigation Task Force, which is headed by Commissioner Campbell. The first meeting was held last week. Mr. Patterson provided some details from the first meeting. Acting Chair Sondermeyer stated that infrastructure improvements, early warning technology, mapping improvements, public information will also be discussed at future meetings.

Executive Director Patterson asked Michael Citarelli to provide background information on the Authority's budget process. Mr. Citarelli stated that the Fiscal Year 2006 budgets are presented for formal adoption. Mr. Citarelli explained that the Fiscal Year 2006 budgets were used to establish the rates which were presented at the Authority's April meeting. Mr. Citarelli reviewed the budgets, rates, and fund balances. Mr. Mai moved the resolutions approving the Authority's Manasquan Reservoir System Budget for Fiscal Year 2006 (July 1, 2005 - June 30, 2006), the Authority's Manasquan Water Treatment Plant/Transmission System Budget for Fiscal Year 2006 (July 1, 2005 - June 30, 2006), and the Authority's Delaware and Raritan Canal - Spruce Run/Round Valley Reservoirs System Budget for Fiscal Year 2006 (July 1, 2005 - June 30, 2006) which Dr. Hsueh seconded. The Authority members approved these resolutions unanimously.

NEW BUSINESS

Acting Chair Sondermeyer handed out informational brochures on the American Water Way Watch Program for Domestic Security, which is run by the Coast Guard. This is an awareness cooperative effort between the Coast Guard and the public.

Acting Chair Sondermeyer stated that he is in the process of trying to set up a meeting for a presentation from the Coast Guard for the Hunterdon Sailing Club.

Mr. Citarelli presented the Unaudited Comprehensive Annual Financial Report ending March 31, 2005. These reports were distributed to the trustees, the State and the Authority's auditors. Mr. Citarelli reported that the Authority's Auditors, The Mercadian Group would be at the Authority to start their auditing process next month. There were no questions on the Financial Statements. Mr. Citarelli told the Board that the Authority again has been awarded the Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2004 from the Government Finance Officers Association. This is the 11th consecutive year the Authority has been presented with this Award.

Executive Director Patterson asked Dr. Van Abs to provide the background information on the resolution for the Memorandum of Agreement between the Highlands Water Protection and Planning Council and the Authority. Dr. Van Abs explained that the Highlands Council asked the Authority to provide technical planning assistance to them. The Highlands Council will provide reimbursement for salary and fringe benefit costs plus direct costs for the assistance by the Authority staff for a fee not to exceed \$50,000. Mr. Picco moved the Resolution authorizing a Memorandum of Agreement between the Highlands Water Protection and Planning Council and the New Jersey Water Supply Authority. Mr. Correll seconded this motion, all Authority members approved of the motion.

Executive Director Patterson asked Dr. Van Abs to provide the background information on the resolution for the engineering services for a Non-point Source Identification Project for the Manasquan Watershed. Dr. Van Abs explained that the purpose of this project is to identify the areas of greatest loadings of non-point source pollutants. Mr. Correll moved the Resolution authorizing the award of a contract for professional engineering services: Manasquan Watershed Non-point Source Identification Project, RFP WSA R05030M to F. X. Browne, Inc. of Lansdale, PA for a price not to exceed \$173,000. Mr. Mai seconded this motion, all Authority members approved of the motion.

Executive Director Patterson asked Mr. Scangarella to provide the background information on the resolution for the contract with Morris County Municipal Utilities Authority. Mr. Scangarella explained that this is a contract for .079 mgd of water supply, for public community support purposes for a ten

(10) year period. The Public Hearing was waived on this matter. The Bureau of Water Allocation awarded an amended Permit to MCMIA for the increased amount. Dr. Hsueh moved the Resolution authorizing the execution of a contract with Morris County Municipal Utilities Authority for an uninterruptible supply from the Raritan Basin System. Mr. Correll seconded this motion, all Authority members approved of the motion.

Barbara Bisgaier, Public Financial Management the Authority's Financial Advisor, provided a detailed presentation on the Refinancing of the Manasquan Bond Loan Notes. Ms. Bisgaier provided the details for the plan of financing. She explained the expected interest rates, the bond ratings from Moody's and S&P and the Bond Insurance. Ms. Bisgaier also explained the State's government official bonds

Curt Harris, Esq., Gibbons, Del Deo, Dolan, Griffinger & Vecchione, the Authority's Bond Counsel, explained the details of the Manasquan Reservoir Water Supply System Bond Resolution and the First Supplemental Resolution to the Manasquan Reservoir Water Supply System Bond Resolution. Mr. Harris stated that the First Supplemental Resolution authorizes the structure of the refinancing in an amount not to exceed \$55,000,000. This resolution also authorizes the Executive Director to execute all the required documents for this transaction.

Executive Director Patterson informed the Board that the Authority has the pre-approval letters signed by the Acting Governor and Treasurer for the refinancing.

Acting Chair Sondermeyer, on behalf of Commissioner Campbell, thanked Ms. Bisgaier, Mr. Harris, Executive Director Patterson and his staff for their efforts in this matter. Mr. Mai moved the Manasquan Reservoir Water Supply System Bond Resolution and the First Supplemental Resolution to Manasquan Reservoir Water Supply System Bond Resolution. Mr. Correll seconded this motion, all Authority members approved of the motion.

Executive Director Patterson asked Mr. Scangarella to provide the background information on the resolution regarding the purchase of 208 acres in Chester Township, Morris County. Mr. Scangarella explained that the contact of sale for this transaction was approved previously by the Board. Mr. Scangarella explained the details of this transaction. It is noted that the maps provided to the Board indicated the amount of 203.86 acres for this transaction and the resolution states 208 acres. The resolution is to be amended for up to 208 acres for this transaction. Dr. Hsueh moved the Resolution authorizing the

purchase of Block 13, Lot 1, in Chester Township, Morris County, a parcel of up to 208 acres. Mr. Mai seconded this motion, all Authority members approved of the motion.

Executive Director Patterson asked Mr. Scangarella to provide the background information on the resolution for the purchase of a 52-acre parcel and a 56-acre parcel in Bethlehem Township, Hunterdon County. Mr. Scangarella explained that the contact of sale for these two transfers were approved previously by the Board. Mr. Scangarella explained the details of the transactions. Mr. Mai moved the Resolution authorizing the purchase of Block 33, Lot 19 in Bethlehem Township, Hunterdon County, a 52+ acre parcel, and Block 33, Lots 16, 17, & 47, a 56+ acre parcel in Bethlehem Township, Hunterdon County. Dr. Hsueh seconded this motion, all Authority members approved of the motion.

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

PUBLIC COMMENT

Mr. Einthoven, Hunterdon Sailing Club, thanked Acting Chair Sondermeyer for the informational pamphlets from the Coast Guard for the Water Watch organization. Acting Chair Sondermeyer asked Mr. Einthoven to inform the members of the sailing club that the Coast Guard offered to speak to their Club and he is working on setting up a presentation to the Club.

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. Mr. Picco seconded this motion, which the members of the Authority approved unanimously.

RETURN TO PUBLIC SESSION

Mr. Correll moved that the meeting be placed back into

public session. Dr. Hsueh seconded this motion, which the members of the Authority approved unanimously.

Mr. Picco moved the Resolution authorizing Resolution authorizing the execution of contracts for the preservation of a 71+ acre property in Union and Bethlehem Townships, Hunterdon County, a 43+ acre property in High Bridge Borough, Hunterdon County; and a 30+ acre property in Califon Borough and Lebanon Township, Hunterdon County. Mr. Mai seconded this motion, all Authority members approved of the motion.

Mr. Mai moved to adjourn the meeting. Dr. Hsueh seconded the motion, which the members of the Authority approved unanimously. The meeting was adjourned at 3:20 P.M.

I hereby certify this to be a true and original copy of the June 6, 2005 New Jersey Water Supply Authority meeting minutes.

 /s/ Joanna K. Stem
Joanna K. Stem