

Minutes of the Meeting of the  
New Jersey Water Supply Authority  
March 7, 2005

A regular meeting of the New Jersey Water Supply Authority was convened on March 7, 2005 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 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  
Susan Blew  
Donald Correll - by telephone  
Steven Picco  
Shing-Fu Hsueh - by telephone  
Louis Mai

Interested Parties Present:  
Oleg Kostin, Elizabethtown Water Company  
Ronald Williams, Middlesex Water Company  
Ann Parsekian, Friends of Spruce Run  
Charles Engler, Friends of Spruce Run  
W. Eithoven, Friends of Spruce Run  
David Shope, Self

Authority Staff Present:  
Henry S. Patterson III, Executive Director  
Edward Buss, Chief Engineer  
Joanna K. Stem, Executive Secretary  
Michael Citarelli, Chief Financial Officer  
Frank Scangarella, Business Manager  
Chris Sotiro, Contracts Manager  
Jennifer Cherry, Property Administrator  
Daniel Van Abs, Manager Watershed Protection Unit  
William Bogosian, Manager Raritan System  
Helene P. Chudzik, Deputy Attorney General

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 February 7, 2005 meeting. Mr. Mai and Mr. Picco moved for the approval of the minutes as prepared and this motion was seconded by Dr. Hsueh. The minutes of the February 7, 2005 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson opened his Report by informing the Board that Chief Engineer Buss will update the Board on the completed repairs at Station 122+00 on the D & R Canal.

COMMUNICATIONS/CORRESPONDENCE

There are no items of Communications/Correspondence.

UNFINISHED BUSINESS

Mr. Patterson asked Mr. Buss to provide the report on the Manasquan Water Supply System and Water Treatment Plant. Mr. Buss reported that the Manasquan Reservoir is 98% of full capacity and there was pumping from the Manasquan River into the reservoir during the month. Mr. Buss also stated that there have been no interruptions of service to our customers from the treatment plant. Mr. Buss stated that the final inspection for the clarifier filter upgrade would be held in April. Acting Chair Sondermeyer asked who would be performing the inspection. Mr. Buss informed the Board that DEP, Authority Staff and Authority's Engineers, Metcalf & Eddy, Inc. would complete the final facility inspection for the New Jersey Environmental Infrastructure Trust funding agreement. Mr. Buss updated the Board on the painting of the last two Granular Activated Carbon contactors at the Water Treatment Plant.

Mr. Buss stated that a concrete plug was inserted in the open bay at Station 122+00. The work was started on a Thursday and completed the following Monday before the levels in the Delaware River were elevated from a major rainstorm.

Mr. Bogosian also reported that all activities in the Raritan Basin System continued normally during the past month.

Dr. Van Abs reported to the Board that the Watershed Protection Unit's activities were mentioned in three different

publications. They were mentioned in a national EPA publication on the targeted watershed grants program with the Raritan Project receiving two pages of coverage. Also, in a publication from the Trust For Public Lands and the American Water Works Association, "The Source Protection Handbook" the Raritan Project is mentioned with a full page case study. The third publication is the City of Lambertville's Storm Water Management Plan that identifies the need and benefits of a Storm Water Mitigation Plan and working with the Authority in ways that the D & R Canal will benefit.

#### NEW BUSINESS

Executive Director Patterson asked Mr. Citarelli to provide the background information on the Unaudited Financial Statements for the quarter ending December 31, 2004. Mr. Citarelli provided the details of the statements. Mr. Citarelli also stated that the Authority's 2004 Annual Report was received from the printer and distributed. There were no questions on the Unaudited Financial Statements.

Mr. Picco, Chair of the Audit Committee provided the background information on the resolution for the selection of a Certified Public Accountant to provide the annual fiscal audit for the Authority for the fiscal year ending June 30, 2005. Mr. Picco explained the process used for selecting an Auditor was in accordance with the procedures outlined in Executive Order No. 122. Mr. Picco moved the Resolution authorizing Mercadien, P.C., Certified Public Accountants to conduct the Annual Fiscal Audit for the year ending June 30, 2005 for a fee not to exceed \$41,965. Mrs. Blew seconded the motion. Mr. Mai abstained from this vote. Mrs. Blew, Mr. Picco, Mr. Correll and Dr. Hsueh approved the resolution.

Mr. Citarelli provided the background information on the refinancing of the Manasquan Bonds and the selection of an underwriter. Mr. Citarelli explained the process used for the selection of the underwriter. Mr. Mai moved the Preliminary Resolution of the New Jersey Water Supply Authority with respect to the sale of Refunding Bonds by negotiated sale and authorizing the selection of the underwriter to Citigroup of New York, NY at a cost not to exceed \$6.253 per \$1,000 of the bonds sold. Mr. Picco seconded the motion. All Authority members approved the resolution.

Mr. Buss provided the background information on the resolution for recommended security fencing upgrades at the

Manasquan Reservoir. The upgrades include extending the chain link fencing in front of the gate and in front of the fencing on Southard Road, installation of an improved card reader access system and installation of aircraft cables across the improvements of the fence. The Authority's consultant, CH2M Hill, recommended these upgrades. Seven bids were received and opened for this project. Acting Chair Sondermeyer moved the Resolution authorizing the award of a construction contract for construction of an automated gate and chain-link and cable fencing structure for the Manasquan Reservoir in Howell Township, Monmouth County to National Fence Systems of Avenel, NJ in the amount of \$59,075.00. Mrs. Blew seconded the motion. All Authority members approved of the resolution.

Dr. Van Abs provided the background information and explained the River Friendly Program included in the Targeted Watersheds Grant from the United States EPA to protect surface water quality in the Raritan River Basin. This Program will develop the River Friendly Agricultural Program. This is a way for farmers to receive certification as being river friendly. This resolution authorizes the award of a professional services contract for the development and implementation of the Program. All the funding for this project will be coming from the Authority's EPA Grant. This is a two step program: developing what the farmers are expected to do and direct outreach by NRCS & NJ NRC&D to farms in the Spruce Run Reservoir watershed, which is the target area. Mr. Mai moved the Resolution authorizing the award of a contract for professional services, Development and Implementation of the River-Friendly Agriculture Program with the United States Department of Agriculture-Natural Resources Conservation Service for an amount not to exceed \$47,824 with the USDA-NRCS providing an \$8,000 in-kind match. Mr. Picco seconded the motion. All Authority members approved of the resolution.

Mr. Sotiro provided the background information on the resolution ratifying the actions of the Executive Director renewing the Authority's insurance coverage. Mr. Sotiro reviewed the 2005 insurance program total premium; there was a decrease in amount of the premium. Mr. Sotiro explained the policies and coverages; policy limits, policy premiums and the savings resulting from placing the property insurance with a new underwriter. Terrorism coverage was also added for the entire year. Authority staff and insurance consultant reviewed the entire insurance program with the Chair of the Insurance Committee. Mr. Picco moved the Resolution ratifying the Executive Director's placement of the Authority's March 1, 2005

to March 1, 2006 insurance program. Dr. Hsueh seconded the motion. All Authority members approved of this resolution.

Mr. Scangarella provided the background information on the purchase of a conservation easement on a 49 acre parcel in Lebanon Township, Hunterdon County. Mr. Scangarella stated that the Board previously authorized the execution of a contract for this purchase, which is a critical watershed parcel. Mr. Scangarella reviewed the purchase price and the partners for the purchase of this conservation easement. Mr. Mai and Mr. Picco moved the Resolution authorizing the purchase of a conservation easement on Block 65, Lots 19 and 19.02 Lebanon Township, Hunterdon County, New Jersey, a 49 acre parcel. Dr. Hsueh seconded the motion. All Authority members approved of this resolution.

Mr. Scangarella provided the background information on the purchase of a 163 acre critical watershed parcel in Lebanon Township. The Authority previously authorized the execution of a contract on this property. The purchase price of the parcel is \$2,010,000. Mr. Scangarella explained that Green Acres, SADC and the Township of Lebanon are contributing partners to the purchase price. After the Authority purchases the entire tract from the Seller, it will immediately be transferred to the DEP and SADC. Mrs. Blew moved the Resolution authorizing the purchase of Block 36, Lot 26, Block 57, Lot 43, and Block 57, Lot 32, a 163+ acre property in Lebanon Township. Dr. Hsueh 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. Patterson stated that Mr. Shope handed out a letter that was distributed to every Commissioner.

Mr. Shope asked what is the purchase price of Resolution H., Mr. Scangarella stated it is \$2,010,000. Mr. Shope stated what he felt the Authority should charge water customers for the Source Water Protection Fund component and the reasons why.

Mr. Engler stated that he read several newspaper articles regarding housing developments in the area of Spruce Run Reservoir. He also asked about the confluence project. Discussion was held on both items. Mr. Engler also read a list of questions from Ed Zindel who was not in attendance. Discussion was held on some of the Mr. Zindel's questions read by Mr. Engler.

Mr. Eithoven asked if the Authority considered generating power from the releases from the proposed confluence pipeline, Executive Director Patterson stated that it is one of the items being considered as part of this project.

Mr. Shope stated that he would like to see the entire amount charged for source water protection land acquisitions charged directly to the water customers.

#### MOVE TO EXECUTIVE SESSION

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

#### RETURN TO PUBLIC SESSION

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

Mr. Picco moved the Resolution authorizing the execution of contracts for the preservation of a 26+ acre property in Bethlehem Township, Hunterdon County; a 48+ acre property in Bethlehem Township, Hunterdon County; a 31+ acre property in Roxbury Township, Morris County; and a 157+ acre property in Montgomery Township, Somerset County. Mr. Mai seconded the motion. All Authority members approved of this resolution.

Mr. Mai moved to adjourn the meeting. Mr. Picco seconded and approved this motion unanimously. The meeting was adjourned at 3:02 P.M.

I hereby certify this a true and original copy of the March 7, 2005 minutes of the New Jersey Water Supply Authority meeting minutes.

          /s/Joanna K. Stem            
Joanna K. Stem