

Minutes of the Meeting of  
New Jersey Water Supply Authority  
of  
August 4, 2008

A regular meeting of the New Jersey Water Supply Authority was convened on August 4, 2008 at 2:00 P.M. in the Conference Room of the New Jersey Water Supply Authority's Manasquan Water Supply System Administration Building located on Hospital Road, Wall, New Jersey.

As designated by New Jersey Department of Environmental Protection Commissioner and New Jersey Water Supply Authority Chair, Lisa P. Jackson, Fred Sickels, served as Acting Chair of the meeting and called the meeting to order.

Deputy Attorney General Michael Schuit read the statement required by the "Open Public Meeting Act". Executive Director Henry S. Patterson took the roll call of the Authority members.

Present: Fred Sickels, Acting Chair  
Louis Mai  
Susan Blew  
Robert Iacullo  
By Phone: Steven J. Picco  
By Phone: Shing Fu-Hsueh  
Absent Donald Correll

Interested Parties Present:

Oleg Kostin, New Jersey American Water

Authority Staff Present:

Henry S. Patterson, Executive Director  
Joanna K. Stem, Executive Secretary  
Beth Gates, Director Finance & Administration  
Edward Buss, Chief Engineer  
Bill Bogosian, Manager Raritan System  
Kenneth Klipstein, Director Watershed Protection Program  
Richard Famularo, Manager Manasquan Water Supply System  
Michael Schuit, Deputy Attorney General  
Sonia Frontera, Governor's Authorities Unit  
Robert Beinfield, Esq., Hawkins Delafield & Wood LLP - by phone

A quorum existed for the transaction of Authority business.

#### **APPROVAL OF THE MINUTES**

Acting Chair Sickels asked for the approval of the minutes of the June 2, 2008 meeting. Mr. Iacullo moved for the approval of the minutes and this motion was seconded by Ms. Blew. The minutes of the June 2, 2008 meeting were approved by the Board.

#### **EXECUTIVE DIRECTOR'S REPORT**

Mr. Patterson discussed the letter distributed to the Board written by a farmer describing a positive experience with the River Friendly Certification Program. Mr. Patterson also distributed an article on the Neshanic Valley Golf Course, which is the second of the five Somerset County public golf courses to be certified River Friendly. Mr. Patterson also stated that releases are being made from both Spruce Run and Round Valley Reservoirs to maintain the minimum required flows downstream of the reservoirs and to meet customer demands. The level in Spruce Run Reservoir is near the "recreational release curve" of 8 feet below full capacity.

#### **COMMUNICATIONS/CORRESPONDENCE**

Included in this section are copies of newspaper articles relative to the press event for the Thompson property and the announcement of the Mosle property purchase by the Authority and other partners.

#### **UNFINISHED BUSINESS**

Mr. Famularo reported on the operations for the Manasquan Water Supply System. Mr. Famularo reported that the Manasquan Reservoir is 86.4% of full capacity. Mr. Famularo stated that releases are being made to sustain contractual commitments with a blend of reservoir water and river water.

Mr. Famularo reported on the Water Treatment Plant/Transmission System. Mr. Famularo stated that the Asset Management Plan of the Manasquan Water Treatment Plant and Transmission System is now complete and a final report has been received. A stakeholders meeting was held on July 3, 2008 with the Monmouth County Improvement Authority and the five customer communities where a presentation was given on the Asset Management Plan. Mr. Famularo reviewed the Ozone System Evaluation and Repairs Project, and the contract for the purchase of chemicals for next year, specifically the increased cost of the chemicals used at the Water Treatment Plant.

Mr. Bogosian reported that all operations in the Raritan Basin System are normal during the past month.

Mr. Klipstein stated that in addition to the Watershed Protection Unit Report provided in the agenda package he will present three resolutions to the Board for approval.

### **NEW BUSINESS**

Mr. Patterson stated that the first resolution concerns financing for the Authority's annual land acquisition program. Mr. Patterson stated that Robert Beinfield, Esq. from the firm of Hawkins Delafield & Wood, the Authority's Bond counsel was in attendance today by telephone.

Ms. Gates provided the background information on the Resolution for the 2008 Financing Program with the New Jersey Environmental Infrastructure Trust explaining the details of the loan. Ms. Gates stated that the resolution's title reflects the amount first determined in the spring to finance the several properties totaling close to \$3,000,000. Ms. Gates stated that several of the properties are not available at this time for the Authority to purchase. The actual bond would be closer to \$1,040,000, which will be used to satisfy the interim loan given to the Authority to purchase the Mosle property. Discussion was held on whether the properties had to be specifically identified in the Bonds. Mr. Mai moved the Resolution authorizing the issuance of not exceeding \$3,000,000 Subordinate Bonds (Delaware and Raritan System - Series 2008) of the New Jersey Water Supply Authority and providing for their sale to the New Jersey Environmental Infrastructure Trust and the State of New Jersey and authorizing the execution and delivery of certain agreements in connection therewith. Ms. Blew seconded this motion. All Authority members approved the resolution.

Mr. Patterson and Ms. Gates provided the background information on the Memorandum regarding the Proposed Authority Rules Re-Adoption. Mr. Patterson stated that no Board action was necessary today. Most of the proposed changes to the Rules are not substantive and include corrections to punctuation and grammar. Ms. Gates stated that the Authority also changes sections of its Rules annually to update the water rates that the Authority charged to its Water Customers.

Ms. Gates provided the background information on the four Resolutions regarding utility lease amendments with Public Service Electric and Gas Co., Inc. The first three resolutions authorize execution of utility leases amendments which only change one section each of three leases with PSE&G dealing with the calculation of the net Present Value of the Lease Payments over twenty years and issuing one invoice to satisfy the payment

obligation. The fourth resolution authorizes amendments which, in addition to the lease payment being made on a net present value basis, changes the location of the crossing which has been relocated approximately 30' laterally along the canal along with the calculation of the net Present Value. The Authority Board previously approved all four of these leases. Ms. Blew moved Resolution authorizing an amendment to the D&R Canal Transmission Complex utility lease with Public Service Electric and Gas Co., Inc., the Resolution authorizing an amendment to lease number PSEG14, a D&R Canal Transmission Complex utility lease with Public Service Electric and Gas Co., Inc. for an aerial crossing of electrical transmission and cable lines in South Bound Brook Borough, Somerset County, the Resolution authorizing an amendment to lease number PSEG15, a D&R Canal Transmission Complex utility lease with Public Service Electric and Gas Co., Inc. for a 12" gas transmission pipeline crossing in South Bound Brook Borough, Somerset County, the Resolution authorizing an amendment to lease number PSEG17, a D&R Canal Transmission Complex utility lease with Public Service Electric and Gas Co., Inc. for installation of a steel pole and an aerial crossing of electrical transmission lines in Franklin Township, Somerset County, and the Resolution authorizing execution of an amended D&R Canal Transmission Complex utility lease agreement with Public Service Electric and Gas Co., Inc., lease number PSEG16, for aerial electric transmission lines in Franklin Township, Somerset County. Dr. Hsueh and Mr. Iacullo both seconded the motion on the resolutions. All Authority members approved the four resolutions.

Ms. Gates provided the background information on the Resolution Authorizing the Executive Director to Take Certain Preliminary Actions Regarding the Current Refunding of New Jersey Water Supply Authority Series 1998 Refunding Revenue Bonds. Ms. Gates explained that six installments are left on the 1998 bonds. This resolution would allow the Authority to take the preliminary steps necessary to determine if refunding the bonds would provide a substantial savings to the Authority and its water customers. A future resolution would be presented to the Board for approval to proceed with the refunding. Mr. Iacullo moved the Resolution Authorizing the Executive Director to Take Certain Preliminary Actions Regarding the Current Refunding of New Jersey Water Supply Authority Series 1998 Refunding Revenue Bonds. Mr. Mai seconded this motion. All Authority members approved the resolution.

Mr. Buss provided the background information on the Resolution authorizing the award of a professional services contract required for cathodic protection maintenance, design and construction management for the Round Valley Force Main and Release Pipeline. Mr. Buss explained that the Authority operates

two 108-inch diameter pipelines, which are each approximately 3 ½ miles long. Some of the pipe is steel pipe and cathodic protection is required to prevent corrosion of the steel pipe. Mr. Buss stated that one technical proposal was received in response to letters of solicitation sent to firms on the Authority's mailing lists and advertisements published in newspapers, on the Authority's website and on the New Jersey Business Opportunities web site. Mr. Mai moved the Resolution authorizing the award of a professional services contract required for cathodic protection maintenance, design and construction management for the Round Valley Force Main and Release Pipeline with Russell Corrosion Consultants, Inc. of Simpsonville, Maryland for a reimbursable-cost-not-to-exceed \$75,096.00. Ms. Blew seconded this motion. All Authority members approved the resolution.

Mr. Buss provided the background information on the Resolution authorizing an amendment to Contract No. WSA C07023 with Tectonic Engineering and Survey Consultants, Inc. Mr. Buss explained that every three years contracts are issued for the formal dam inspections. The Authority entered into a contract on May 7, 2007 with Tectonic Engineering and Survey Consultants, Inc. for a lump sum amount of \$17,500.00 for professional engineering services for the 2007 Formal Dam Inspection of Spruce Run and Run Valley Reservoirs. Mr. Buss stated that Tectonic recommended that the Authority consider implementing a non-destructive electromagnetic survey by Willowstick Technologies, LLS of Draper, Utah. Mr. Mai moved the Resolution authorizing an amendment to Contract No. WSA C07023 with Tectonic Engineering and Survey Consultants, Inc. of Mountainville, NY for management and subcontracted performance of a non-destructive electromagnetic survey by \$119,600.00 to bring the contract amount to the lump sum amount off \$137,100. Mr. Iacullo seconded this motion. All Authority members approved the resolution.

Mr. Klipstein provided the background information on the Resolution authorizing the Executive Director to execute an agreement with the NJDEP regarding the project: Implementation of the Mulhockaway Creek Stormwater Management and Watershed Restoration Plan, Hunterdon County, New Jersey. Mr. Klipstein explained that DEP will provide the Authority \$300,000.00 in funding from their SFY 2008 Corporate Business Tax for the implementation of projects recommended in the "Mulhockaway Creek Stormwater Management and Watershed Restoration Plan. Mr. Mai moved the Resolution authorizing the Executive Director to execute an agreement with the NJDEP regarding the project: Implementation of the Mulhockaway Creek Stormwater Management and Watershed Restoration Plan, Hunterdon County, New Jersey. Ms. Blew seconded this motion. All Authority members approved the resolution.

Mr. Klipstein provided the background information on the Resolution authorizing the Executive Director to execute an agreement with the New Jersey Department of Environmental Protection regarding the project: Agriculture Mini-Grant Program for the Raritan Basin. Mr. Klipstein explained that DEP will fund the grant proposal "Agricultural Mini-Grant Program for the Raritan Basin" and agreed to provide \$450,000.00 to the Authority for this project. Mr. Iacullo moved the Resolution authorizing the Executive Director to execute an agreement with the New Jersey Department of Environmental Protection regarding the project: Agriculture Mini-Grant Program for the Raritan Basin. Mr. Mai seconded this motion. All Authority members approved the resolution.

Mr. Klipstein provided the background information on the Resolution authorizing the Executive Director to execute an agreement with the Manasquan River Watershed Association regarding the project: Mingamahone Brook and Marsh Bog Brook Watershed Restoration Plan, Monmouth County, New Jersey. Mr. Klipstein explained that the Manasquan River Watershed Association, the DEP and the Authority received funding from a 319(h) grant to assess and develop restoration strategies for the water quality and turbidity in certain tributaries of the Manasquan River. This project is scheduled to be completed by June 2010. Mr. Klipstein explained that the Authority would enter into an agreement with the Manasquan Watershed Association for reimbursement of up to \$90,000.00 for time and resources expended on this project. Ms. Blew moved the Resolution authorizing the Executive Director to execute an agreement with the Manasquan River Watershed Association regarding the project: Mingamahone Brook and Marsh Bog Brook Watershed Restoration Plan, Monmouth County, New Jersey. Mr. Mai and Mr. Picco both seconded this motion. All Authority members approved the 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 Committee - no report

**PUBLIC COMMENT**

There were no comments from the public.

**EXECUTIVE SESSION**

There was no need for an Executive Session.

Mr. Mai moved to adjourn the meeting. Ms. Blew seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:34 P.M.

I hereby certify this to be a true and original copy of the August 4, 2008 New Jersey Water Supply Authority meeting minutes.

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