

Minutes of the Meeting of the
New Jersey Water Supply Authority
February 2, 2009

A regular meeting of the New Jersey Water Supply Authority was convened on February 2, 2009 at 2:07 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 New Jersey Department of Environmental Protection Commissioner and New Jersey Water Supply Authority Chair Mark N. Mauriello, Gary Sondermeyer; served as Acting Chair of the meeting and called the meeting to order.

Sr. Deputy Attorney General Helene P. Chudzik read the statement required by the "Open Public Meetings Act". Executive Director Henry S. Patterson took the roll call of the Authority members.

Present: Gary Sondermeyer, Acting Chair
Susan Blew
Shing-Fu Hsueh - by telephone
Louis Mai
Robert Iacullo
Steven J. Picco - by telephone

Interested Parties Present:
Oleg Kostin, New Jersey American Water
Arthur Roswell, Friends of Spruce Run
David Shope, Self

Authority Staff Present:
Henry S. Patterson, Executive Director
Joanna K. Stem, Executive Secretary
Edward Buss, Chief Engineer
Beth Gates, Director Finance & Administration
Michael R. Citarelli, Chief Financial Officer
Bill Bogosian, Manager Raritan Basin System
Helene P. Chudzik, Sr. Deputy Attorney General
Sonia M. Frontera, Governor's Authorities Unit

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 December 1, 2008 meeting. Mr. Mai moved for the approval of the minutes as prepared and this motion was seconded by Mrs. Blew. The minutes of the December 1, 2008 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson stated the Commissioners received letters from the State Ethics Commission requesting they complete their annual financial disclosure statements.

COMMUNICATIONS/CORRESPONDENCE

Mr. Patterson stated that his Certification to the Director of the Governor's Authorities Unit certifying that the New Jersey Water Supply Authority is in compliance with Executive Order #41 is included in this section.

UNFINISHED BUSINESS

Mr. Buss provided the report on the Manasquan Water Supply System and Water Treatment Plant. Mr. Buss reported that all operations at the Manasquan Water Supply System are normal. The Manasquan Reservoir is near full capacity. Mr. Buss also reported that there were no unplanned interruptions of service at the Water Treatment Plant/Transmission System. Mr. Buss stated that the water treatment plant would be taken off line for approximately three to four weeks in order to repair the Pre-Ozone Contact Chambers. All water customers have been advised of this shut down. Mr. Buss stated that during the first week of the shut down Authority staff would complete minor repairs to the system and complete other needed maintenance. The second week of the shut down the contractor will start his project. Mr. Buss explained that the planned repairs by the Authority staff would repair some of the concrete damage. The new ozone system, which will be installed in the spring of 2010, will prevent further damage to the concrete.

Mr. Bogosian reported on the repairs to the Canal embankment on Weston Canal Road in the vicinity of the NJ American Water main break. NJ American's contractor has successfully restored the embankment using recovered stone and some new stone that is

historically compatible. Mr. Bogosian explained that the balance of the work, which includes putting down a base layer of stone on the towpath, the restoration of the embankment along the roadside of the Canal and the cleanup is ongoing. Mr. Bogosian stated that the Authority is scheduled to exercise the South Branch Pump Station, pumping water from the Raritan River into the Round Valley Reservoir during the springtime. Mr. Bogosian stated that the Authority advertised a Request For Proposals to retain a consultant to evaluate the electrical/mechanical assets at the South Branch Pump Station. Based upon the results, the consultants will then develop an Asset Management Plan for the South Branch Pumping Station. Mr. Bogosian further stated that all activities in the Raritan Basin System continued normally during the past month.

Mr. Patterson updated the Board on the Watershed Protection Unit's activities. He stated that Lockatong and Wickecheoke Creeks 319h grant project is near finalization.

NEW BUSINESS

Acting Chair Sondermeyer stated that at this annual organizational meeting the Authority elects a Vice Chair, Treasurer and Secretary, and the Committee structure and members are assigned. Acting Chair Sondermeyer requested that resolutions A, B, & C be consolidated and moved with one motion and that he would nominate the entire slate. There was no opposition to Acting Chair Sondermeyer requests.

Acting Chair Sondermeyer nominated Steven J. Picco for Vice Chair, Louis C. Mai for Treasurer and Shing-Fu Hsueh for Secretary. Mr. Mai moved that the nominations be closed. Mr. Sondermeyer moved the Resolution concerning the Vice Chair for the New Jersey Water Supply Authority, the Resolution concerning the Treasurer for the New Jersey Water Supply Authority and the Resolution concerning the Secretary for the New Jersey Water Supply Authority. Mr. Iacullo seconded the motion. All Authority members approved of the resolutions.

Mr. Sondermeyer stated the there were some changes on the Committee assignments this year. The Committees and their memberships are: Capital Projects Committee, Mr. Mai, Chair with Mr. Picco and Mrs. Blew members; Personnel Committee, Mrs. Blew, Chair with Mr. Picco and Mr. Iacullo as members; Insurance Committee, Dr. Hsueh, Chair with Mr. Mai and Mrs. Blew as members; Audit Committee, Mr. Picco, Chair with Mr. Iacullo and Mrs. Blew as members; Finance Committee, Mr. Mai as Chair with Mr. Iacullo

and Dr. Hsueh as members; Watershed Lands Acquisition Committee, Mrs. Blew as Chair with Dr. Hsueh and Mr. Iacullo as members, and Public Participation Committee, Mr. Iacullo, Chair with Mrs. Blew and Mr. Mai as members. Mr. Sondermeyer moved the Resolution concerning the Appointments of Committee Members for 2009. Mr. Mai seconded the motion. All Authority members approved of these resolutions.

Mr. Sondermeyer provided the background information on the Resolution extending appreciation to Donald L. Correll for his service to the New Jersey Water Supply Authority. Mr. Sondermeyer stated that Mr. Correll served on the Board since 1994. Mrs. Blew moved the Resolution extending appreciation to Donald L. Correll for his service to the New Jersey Water Supply Authority. Mr. Iacullo seconded this motion. All Authority members approved of this resolution.

Ms. Gates provided the background information on the Resolution to Readopt Title 7, Chapter 11 of the New Jersey Administrative Code (N.J.A.C. 7.11). Ms. Gates explained that Sections 1, 3, & 5 of the Authority's Administrative Rules expired on September 22, 2008 and were temporarily extended to March 21, 2009. The Authority has proposed the re adoption of these Rules through the DEP Office of Administrative Law. No comments were received regarding the re adoption of the Rules. Discussion was held regarding the changes, corrections and additions to the Rules. Mr. Mai moved the Resolution to Readopt Title 7, Chapter 11 of the New Jersey Administrative Code (N.J.A.C. 7.11). Mr. Iacullo seconded this motion. All Authority members approved of this resolution.

Ms. Gates provided the background information on the Resolution authorizing submission of a loan application to the New Jersey Environmental Infrastructure Financing Program (NJEIFP) to finance certain New Jersey Water Supply Authority (Authority) critical watershed parcel acquisitions and an application to the Local Finance Board for approval of Authority participation in the NJEIFP. Ms. Gates explained that the Authority utilized the NJEIFP since 2003, and that this resolution would authorize the Authority's participation in the 2009 program. This resolution also authorizes the Authority's submission of an application to the Local Finance Board. Ms. Gates explained the spreadsheet provided to the Board. This information included a yearly summary of the acres preserved by parcel, a yearly total value and the Authority's loan to acres costs. Ms. Gates discussed the debt service component and the source water protection component. Ms. Gates stated that the Authority would finance an amount not to

exceed \$4,600,000 for six (6) critical watershed parcels for the 2009 program totaling approximately 1164 acres. These parcels are located in the Townships of Delaware, Bethlehem and Tewksbury and Califon Borough in Hunterdon County and in Mount Olive Township in Morris County. Mr. Mai moved the Resolution authorizing submission of a loan application to the New Jersey Environmental Infrastructure Financing Program (NJEIFP) to finance certain New Jersey Water Supply Authority (Authority) critical watershed parcel acquisitions and an application to the Local Finance Board for approval of Authority participation in the NJEIFP. Mrs. Blew seconded this motion. All Authority members approved of this resolution.

Ms. Gates provided the background information on the Resolution authorizing the Executive Director to negotiate and execute a contract with the Bristol-Myers Squibb Company for uninterruptible service from the Raritan Basin System. Ms. Gates explained that the Authority received an application from Bristol-Myers Squibb Company (BMS), for an uninterruptible supply contract to be used for HVAC, fire protection, process water and irrigation purposes in an amount not to exceed .049 million gallons per day (mgd), of which .025 mgd is deemed consumptive. The contract commences on January 1, 2009 through July 31, 2016 and is for BMS's Hopewell, NJ campus. Ms. Gates explained that after a notice of public hearing was advertised, and no objections were received concerning the application, the public hearing was cancelled. Mr. Iacullo moved the Resolution authorizing the Executive Director to negotiate and execute a contract with the Bristol-Myers Squibb Company for uninterruptible service from the Raritan Basin System. Mrs. Blew and Mr. Mai both seconded this motion. All Authority members approved the resolution.

Ms. Gates provided the background information on the Resolution authorizing submission of a loan application to the New Jersey Environmental Infrastructure Financing Program (NJEIFP) to finance certain New Jersey Water Supply Authority (Authority) Manasquan Reservoir Water Supply System projects and an application to the Local Finance Board for approval of Authority participation in the NJEIFP. Ms. Gates explained that this resolution also authorizes the Authority's submission of an application to the Local Finance Board to finance the construction of a building over the Intake Pump Station at the Manasquan Reservoir System. Ms. Gates further explained that in December of 2006 the Authority was authorized to award a professional engineering contract for the construction of this structure. Mr. Sondermeyer provided information on the 2009 Economic Recovery Program. Mr. Iacullo moved the Resolution authorizing submission

of a loan application to the New Jersey Environmental Infrastructure Financing Program (NJEIFP) to finance certain New Jersey Water Supply Authority (Authority) Manasquan Reservoir Water Supply System projects and an application to the Local Finance Board for approval of Authority participation in the NJEIFP. Mr. Sondermeyer seconded this motion. All Authority members approved the resolution.

Mr. Patterson provided the background information on the Resolution authorizing the Executive Director to execute an addendum to renew the office lease agreement for the Watershed Protection Programs Unit. Mr. Patterson stated that the office space in Somerville is suitable to the needs of the watershed staff members. The rental costs for the new lease are the same as the old lease. Mr. Patterson also stated that staff compared the rent of this space to similar office space in the area and found it to be comparable. Mrs. Blew moved the Resolution authorizing the Executive Director to execute an addendum to renew the office lease agreement for the Watershed Protection Programs Unit. 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 construction contract for the Jet Grout Seepage Cutoff Wall at the Swan Creek Aqueduct Station 362+30 on the Delaware and Raritan Canal in the City of Lambertville, Hunterdon County, New Jersey. Mr. Buss stated that this structure was constructed as a wooden structure in the 1800's, and converted to a concrete structure with stone abutments. Water is seeping through from the Canal through the abutments causing damage to the stonework. Mr. Buss explained that the jet grouting procedure is a specialty construction procedure. Mr. Buss explained that advisements for bids were published in three newspapers of general circulation and the advertisement was also posted on the Authority's and the State's website. Two bids were received and opened. Mr. Buss provided the details of the amounts of the two bids received and the engineering estimate for this project. Discussion was held regarding the jet grouting procedure and risk, and the amounts of the bids. Mrs. Blew moved the Resolution authorizing the award of a construction contract for the Jet Grout Seepage Cutoff Wall at the Swan Creek Aqueduct Station 362+30 on the Delaware and Raritan Canal in the City of Lambertville, Hunterdon County, New Jersey to Adamsville Maintenance, Inc. of Bound Brook, NJ for a lump sum and unit cost price not to exceed \$469,364.64. Mr. Picco 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 - no report

PUBLIC COMMENT

Mr. Shope asked about the quality of the water being treated at the Manasquan Water Treatment compared to the quality of raw water in the Raritan System. He then asked if the quality of water being treated related to the water rate in each System. Mr. Shope asked about the repairs being done on the canal by NJ American Water. Mr. Shope asked about the terms of the 2009 land program with EIT. Mr. Shope also expressed his opinion regarding the Authority using the EIT program to finance the acquisition of land.

EXECUTIVE SESSION

There was no need for an Executive Session.

Mr. Mai moved to adjourn the meeting. Mr. Picco seconded this motion. All Authority members approved the motion. The meeting was adjourned at 2:40 P.M.

I hereby certify this a true and original copy of the February 2, 2009 minutes of the New Jersey Water Supply Authority meeting minutes.

Joanna K. Stem
Executive Secretary I