

Minutes of the Meeting of
New Jersey Water Supply Authority
of
October 5, 2009

A regular meeting of the New Jersey Water Supply Authority was convened on October 5, 2009 at 2:10 P.M. in the Conference Room of the New Jersey Water Supply Authority's Clinton 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.

Senior Deputy Attorney General Helene P. Chudzik read the statement required by the "Open Public Meeting 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
Robert Iacullo - by telephone

Absent: Louis Mai
Absent: Steven J. Picco

Interested Parties Present:
Charles Engler, Friends of Spruce Run
Oleg Kostin, N. J. American Water
Dave Shope, Member of the Public
Ronald Williams, Middlesex Water Company & East Brunswick
Mr. & Mrs. V. Einthoven, Friends of Spruce Run

Authority Staff Present:
Henry S. Patterson, Executive Director
Joanna K. Stem, Executive Secretary
Edward Buss, Chief Engineer
Beth Gates, Director Finance and Administration
Kenneth H. Klipstein, Director Watershed Protection
Michael Citarelli, Chief Financial Officer

Bill Bogosian, Manager Raritan Basin System
Richard Famularo, Manager Manasquan Water Supply
System
Julie Hajdusek, Property Administrator
Helene P. Chudzik, Senior 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 August 3, 2009 meeting. Ms. Blew moved for the approval of the minutes and this motion was seconded by Mr. Iacullo. The minutes of the August 3, 2009 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson informed the Board that the Audit Committee met on October 1, 2009 for the post audit meeting. A report from that meeting will be given at today's meeting.

COMMUNICATIONS/CORRESPONDENCE

There were no items of Communications or Correspondence.

UNFINISHED BUSINESS

Mr. Famularo provided the operations report for the Manasquan Water Supply System. Mr. Famularo reported that the Manasquan Reservoir is approximately 95% of full capacity. Mr. Famularo stated that rainfall levels are 12" above normal for the same period of time last year in the Manasquan Reservoir area.

Mr. Famularo reported that all operations at the Water Treatment Plant/Transmission System have been normal. Mr. Famularo stated that the emergency generator has been repaired, the rental unit has been returned and the Authority will be seeking reimbursement from the vendor for costs involved during the repairs. Mr. Famularo reviewed the two design projects at the water treatment plant.

Mr. Bogosian reported that all operations in the Raritan Basin System were normal.

Mr. Klipstein reported that the Watershed Protection Unit continued their daily activities with project partners, sampling, municipal assessments and wastewater management planning. Mr. Klipstein also informed the Board of a new initiative called the "The Sustainable Raritan Initiative" being led by Rutgers University. A kickoff press event is scheduled for Wednesday, October 7, 2009. Authority staff is active participants in this effort.

NEW BUSINESS

Mr. Citarelli referred to the summary on the Draft Basis and Background Statements included with the agenda package for the proposed rate adjustments to become effective on July 1, 2010 for the Manasquan Reservoir System and the Raritan Basin System. Mr. Citarelli reviewed the rates for each System. Mr. Citarelli stated that the Draft Basis and Background Statements are posted on the Authority's website. An informal briefing meeting will be held with the Manasquan water customers to review the proposal on October 16, 2009. An informal briefing meeting will be held with the Raritan water customers to review the proposal on October 9, 2009.

Ms. Gates provided the background information on the Resolution authorizing the Executive Director to enter into a contract for Insurance Agent/Broker Services. She stated a Request for Proposals was published in local newspapers and posted on the New Jersey Business Opportunities website and on the Authority's website. Five agent/broker services submitted proposals. With the approval of the Chair, Insurance Committee the fee proposals of the top three rated proposals were opened. Ms. Gates stated that negotiations were held with the top rated firm, Willis HRH. Ms. Blew moved the Resolution authorizing the Executive Director to enter into a contract for Insurance Agent/Broker Services with Willis HRH of Cranford, NJ for the annual sums of \$42,000, \$42,000, and \$42,000 for insurance brokerage services associated with the Authority's 2010, 2011 and 2012 Insurance Programs. Dr. Hsueh seconded this motion. All Authority members approved of the resolution.

Ms. Gates provided the background information on the Resolution Authorizing the Award of a Master Lease Agreement. Ms. Gates stated that the Authority's current

lease contract with Ricoh Business Systems expires on December 31, 2009. Ms. Gates stated that Authority staff has been negotiating with two approved State contract vendors. Mr. Iacullo moved the Resolution Authorizing the Award of a Master Lease Agreement for Copy/Printer Machines with Ricoh Business Systems, Inc. of Hamilton, NJ for a four year master lease agreement effective January 1, 2010 for seven office copy/print/fax/scan machines, related supplies and maintenance at an approximate cost of \$25,425 per year. Dr. Hsueh seconded this motion. All Authority members approved of the resolution.

Mr. Iacullo provided the background information on the Resolution accepting the audit prepared by Mercadien, P.C., Certified Public Accountants, for the year ended June 30, 2009. Mr. Iacullo a member of the Audit Committee stated that a post Audit Committee Meeting was held on October 1, 2009 with Mercadien, P.C. Mr. Iacullo stated that the audit prepared by Mercadien for the year ending June 30, 2009 was reviewed and discussed. The Authority received a clean opinion and no issues were in the management letter. Mr. Iacullo moved the Resolution accepting the audit prepared by Mercadien, P.C., Certified Public Accountants, for the year ended June 30, 2009. Dr. Hsueh seconded this motion. All Authority members approved of the resolution.

Mr. Klipstein provided the background information on the Resolution authorizing the Executive Director to execute an agreement with the North Jersey Resource Conservation & Development Council regarding the River-Friendly Farms Program. Mr. Klipstein stated that NJRC&DC developed and is implementing the River Friendly Farm program for the Raritan Basin. This Program is part of the Authority's agricultural management programs and watershed restoration efforts. Mr. Klipstein stated that the Authority has pledged to contribute a cost share of \$60,500 per year for five years dependent on the receipt of continued USDA-NRCS AWEP funding. Mr. Klipstein also provided the background information on the Resolution authorizing the Executive Director to execute an agreement with the North Jersey Resource Conservation & Development Council regarding the project "Addressing Agricultural Nonpoint Source Pollution in Priority Watersheds of the Raritan Basin". Mr. Klipstein stated that the Authority received \$750,000 from a New Jersey Department of Environmental Protection Grant for the Ag Mini-Grants Project and the development of a Regional Manure Management Model. This agreement allocates and passes through a total of \$45,500 over five years to the NJRC&DC from the Ag Mini-Grants Project grant for the implementation of the River-

Friendly Farm Program with participating agricultural producers. Mr. Iacullo moved the Resolution authorizing the Executive Director to execute an agreement with the North Jersey Resource Conservation & Development Council for an amount not to exceed \$60,500 for the current year from the source water protection fund and renewable for up to five years dependent on NJRC&DC receiving continued AWEP funding and the Resolution authorizing the Executive Director to execute an agreement with the North Jersey Resource Conservation & Development Council to implement the River Friendly Farm Program in accordance with and funded through the NJDEP grant project "Addressing Agricultural Nonpoint Source Pollution in Priority Watersheds of the Raritan Basin". Ms. Blew seconded this motion. All Authority members approved of the resolutions.

Mr. Buss provided the background information on the Resolution authorizing the Executive Director to enter into a contract for Security Physical Protection Upgrades at the Manasquan Water Supply System, Wall Township. Mr. Buss explained that there is a need to implement baseline security recommendations to improve the existing security system at the Manasquan Water Supply System's Hospital Road facilities. Mr. Buss stated that advertisement inviting bids were published in local newspapers and posted on the New Jersey Business Opportunities website and on the Authority's website. Seven (7) bids were received and opened. Mr. Iacullo moved the Resolution authorizing the Executive Director to enter into contract for Security Physical Protection Upgrades at the Manasquan Water Supply System, Wall Township to Jogi Construction, Inc. of Edison, NJ for a lump sum of \$89,014. Ms. Blew seconded this motion. All Authority members approved of the resolution.

COMMITTEE REPORTS

- (a) Personnel - no report
- (b) Finance - no report
- (c) Consumers - no report
- (d) Audit - given during the meeting
- (e) Public Participation - no report
- (f) Capital Projects - no report

(g) Insurance - no report

(h) Watershed Lands Acquisition Committee - no report

PUBLIC COMMENT

Mr. Engler commended the Authority on the current condition and water level at Spruce Run Reservoir.

Mr. Shope asked about the amount from the Raritan Basin rate that is dedicated to land acquisition. Mr. Shope asked how the grant money would be spent for River Friendly Farms, about buffers for waters in the Highlands Preservation Area and the resolutions regarding property acquisition. Mr. Shope commended the Authority for their continued efforts in land preservation.

Mr. Einthoven stated that this would be the last meeting that he would be attending, since he was moving from the area.

EXECUTIVE SESSION

Sr. D.A.G. Chudzik read the statement to go into Executive Session to discuss acquisition of land. Ms. Blew moved the resolution to go into Executive Session, which Mr. Sondermeyer seconded. All Authority members approved the motion.

RETURN TO PUBLIC SESSION

Ms. Blew moved the resolution that the meeting be placed back into public session. Mr. Iacullo seconded this motion. All Authority members approved the motion.

Ms. Blew moved the Resolution authorizing execution of a contract to purchase a fee simple interest in a 31+ acre critical watershed parcel in Raritan Township, Hunterdon County seconded this motion, the Resolution authorizing execution of a contract to purchase a fee simple interest in a 225+ acre critical watershed parcel in Washington Township, Morris County seconded this motion, and the Resolution authorizing execution of a contract to purchase a fee simple interest in a 44+ acre critical watershed parcel in Delaware Township, Hunterdon County. Dr. Hsueh seconded this motion. All Authority members approved of the resolutions.

Ms. Blew moved to adjourn the meeting. Mr. Iacullo seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:45 P.M.

I hereby certify this to be a true and original copy of the October 5, 2009 New Jersey Water Supply Authority meeting minutes.

Joanna K. Stem

Executive Secretary

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