

Minutes of the Meeting of
New Jersey Water Supply Authority
of
October 2, 2006

A regular meeting of the New Jersey Water Supply Authority was convened on October 2, 2006 at 2:00 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 Lisa P. Jackson, Gary Sondermeyer, 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
Shing-Fu Hsueh
Steven J. Picco
Louis Mai
Robert Iacullo

Interested Parties Present:
Oleg Kostin, New Jersey American Water
Dave Shope, Member of the Public
Ronald Williams, Middlesex Water Company & East Brunswick

Authority Staff Present:
Henry S. Patterson III, Executive Director
Joanna K. Stem, Executive Secretary
Edward Buss, Chief Engineer
Beth Gates, Director Finance and Administration
Michael Citarelli, Chief Financial Officer
Daniel Van Abs, Director Watershed Protection
Frank Scangarella, Dir. Contracts, Risk Mgt & Legal Affairs
Richard Famularo, Manager Manasquan Water Supply System
Jim Carey, Governor's Authority Unit
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 September 11, 2006 meeting. Mr. Picco moved for the approval of the minutes and this motion was seconded by Mrs. Blew. The minutes of the September 11, 2006 meeting were approved by the Board.

EXECUTIVE DIRECTOR'S REPORT

Mr. Patterson informed the Board that a request was received from the Office of the Inspector General for all information related to legal services provided to the Authority from January 2001 to present. This request was made of all independent authorities. Mr. Patterson also reviewed Executive Order 37 signed on September 25, 2006 by Governor Corzine, "implementing a series of reforms to increase the transparency, efficiency and accountability of New Jersey's independent authorities." A copy of Executive Order 37 was distributed to the Board along with a draft document showing a comparison of NJWSA's current practices to provisions of Executive Order 37. Discussion was held regarding the Authority's compliance with Executive Order 37. Mr. Patterson stated that he would keep the Board posted.

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 90% of full capacity. Mr. Famularo stated that 8" of rain was recorded in the Manasquan Reservoir area during September. Mr. Famularo updated the Board on the annual maintenance and shutdown of the Intake Pump Station. Mr. Famularo explained that this scheduled maintenance has been scheduled for the last week of October. The wet wells and pipeline will also be inspected at that time. Mr. Famularo stated that the 2006 Formal Dam Inspection was conducted during September by an outside engineering consultant. The inspection showed that the dams are safe and well maintained.

Mr. Famularo reported that all operations at the Water Treatment Plant/Transmission System have been normal. Mr. Famularo stated that the annual preventative maintenance on the ozone system has been completed. Mr. Famularo also stated that the final report was submitted to the New Jersey Department of Environmental Protection on the coagulant change at the Water Treatment Plant.

Mr. Buss reported that all operations in the Raritan Basin System were normal. He also reported that no releases have been made from the reservoirs. Spruce Run Reservoir is 88.2% of full capacity and Round Valley Reservoir is 95.9% of full capacity. Mr. Buss stated that the annual dam inspection of Spruce Run and Round Valley Reservoirs was completed by the Authority's engineering staff. Members of the NJDEP Dam Safety Section also participated in the annual dam inspection. The inspection did not reveal any problems at the facilities. This is a structural inspection of the reservoirs. Mr. Buss stated that the contractor is continuing to repair the damages on the D & R Canal sustained from the June 2006 flood event.

Dr. Van Abs reported that the stream restoration projects at Hoffman Park and Crystal Springs have been completed. Tree planting will be completed next spring at Hoffman Park. Dr. Van Abs explained that the Crystal Springs project was completed by Authority staff. Dr. Van Abs explained that there are areas where the Watershed Protection Unit will now be doing additional stream visual assessments to identify future restoration sites. Acting Chair Sondermeyer complimented the presentation on the Hoffman Park Stream Restoration Project and stated that the presentation will be given to the Senior Managers at NJDEP.

NEW BUSINESS

Mr. Picco reported to the Board on the Audit Committee Meeting held before today's Board Meeting. Mr. Picco stated that this was a post-audit meeting held with Mercadien, P.C. (Gene Elias & JillAnn Murphy) and the Authority's Audit Committee in accordance with Executive Order 122.

Mr. Picco stated the Auditors are giving a clean opinion for the year ending June 30, 2006 and there were no issues in performing the audit, no necessary audit adjustments and no difficulties in performing the audit. Mr. Picco also stated that a Single Audit was performed because NJWSA receives grants from State & Federal sources. The Authority is in compliance; there were no findings and no questions on costs and expenses with the grants. Mr. Picco moved the Resolution accepting the Audit prepared by Mercadien, P.C., Certified Public Accountants, for the year ended June 30, 2006. Dr. Hsueh seconded this motion. All Authority members approved the resolution.

Ms. Gates referred to the Basis and Background Statements included with the agenda package for the proposed rate adjustments to become effective on July 1, 2007 for the Manasquan Reservoir System and the Raritan Basin System, which were discussed in detail during a Finance Committee Meeting. An informal briefing meeting will be held with the Manasquan water customers to review the proposal on October 13, 2006, a Pre-

Public Meeting will be held on January 12, 2007 and a Public Meeting will be held on February 9, 2007. An informal briefing meeting will be held with the Raritan water customers to review a proposal on October 6, 2006, a Pre-Public Meeting will be held on January 5, 2007 and a Public Meeting will be held on February 2, 2007. A one-page summary was distributed to the Board Members, which provided an overview of the rate proposals and a summary of the significant changes to the O&M Component for each System. Ms. Gates stated that no Board action was required on these items today.

Mr. Buss provided the background information on the resolution for the adoption of the Uniform Ethics Code as the Authority's Code of Ethics. Mr. Buss explained that the Authority's Code of Ethics was adopted in September 1993. The State Ethics Commission recently adopted this Uniform Ethics Code. The State Ethics Commission regulations also require the Authority to adopt this Uniform Ethics Code, distribute a copy of the Uniform Ethics Code, along with a copy of the Plain Language Guide in accordance with State regulations. Discussion was held on the Uniform Ethics Code and the required training for Authority employees. Mr. Mai moved the Resolution adopting the Uniform Ethics Code as the Authority's Code of Ethics. Mr. Iacullo seconded this motion. All Authority members approved of the resolution.

Mr. Scangarella provided the background information on the resolution adopting the National Incident Management System (NIMS) for emergency responses. Mr. Scangarella explained that in 2005 Governor Codey directed State agencies and independent Authorities to comply with federal requirements and take the necessary actions to ensure compliance with NIMS. This resolution also requires that the Authority to update its policy on staff training for emergency management and other disasters to protect the Authority's critical assets. Acting Chair Sondermeyer moved the Resolution adopting the National Incident Management System for emergency response. Mr. Picco and Mrs. Blew seconded this motion. All Authority members approved the resolution.

COMMITTEE REPORTS

- (a) Personnel - no report
- (b) Finance - no report
- (c) Consumers - no report
- (d) Audit - no report
- (e) Public Participation - no report

(f) Capital Projects - no report

(g) Insurance - no report

(h) Watershed Lands Acquisition Committee - no report

PUBLIC COMMENT

There were no comments from the public attending today's meeting.

EXECUTIVE SESSION

No Executive Session was held.

Mr. Iacullo moved to adjourn the meeting. Mrs. Blew seconded the motion. All Authority members approved of the motion. The meeting was adjourned at 2:24 P.M.

I hereby certify this to be a true and original copy of the October 2, 2006 New Jersey Water Supply Authority meeting minutes.

Joanna K. Stem
Executive Secretary I