PASSAIC VALLEY WATER COMMISSION MEETING OF SEPTEMBER 17, 2008 (CLOSED SESSION)

COMMISSIONERS PRESENT:

IDIDA RODRIGUEZ, President
RIGO SANCHEZ, Vice-President
ALAN C. LEVINE, Treasurer (Via Telephone)
ROBERT L. VANNOY, Secretary
SIMON GRUBIN (Absent)
THOMAS P. DEVITA
GLORIA KOLODZIEJ

ALSO PRESENT:

JOSEPH A. BELLA, Executive Director

GEORGE T. HANLEY, Counsel

JAMES G. DUPREY, Director of Engineering

JAMES J. GALLAGHER, Personnel Director

YITZ WEISS, Comptroller

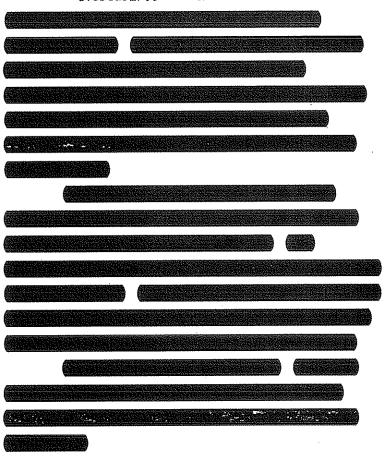
LOUIS AMODIO, Administrative Secretary

(CONFIDENTIAL)

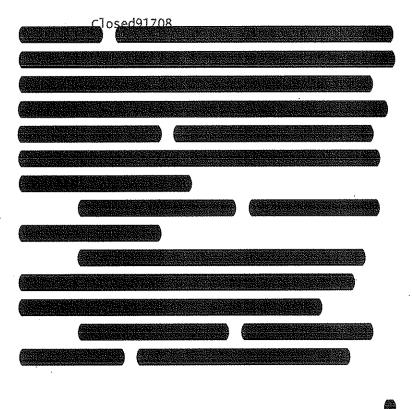


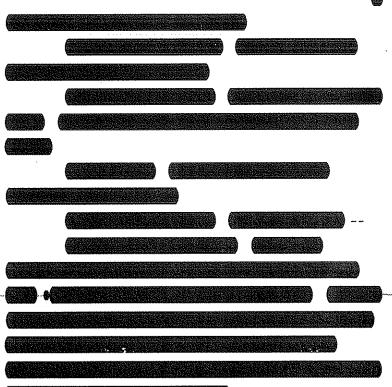
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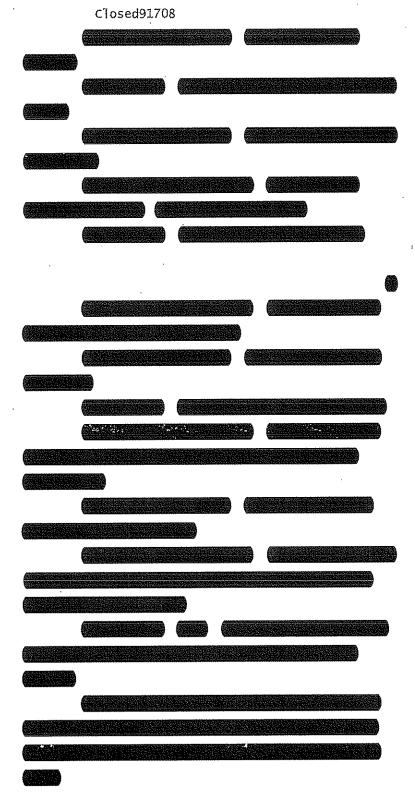


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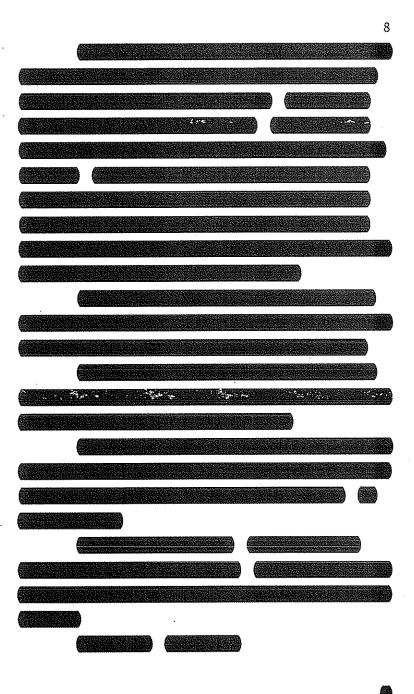
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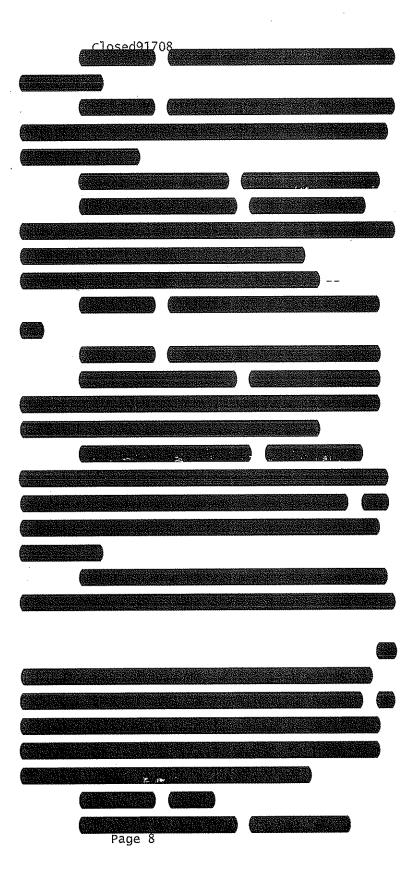
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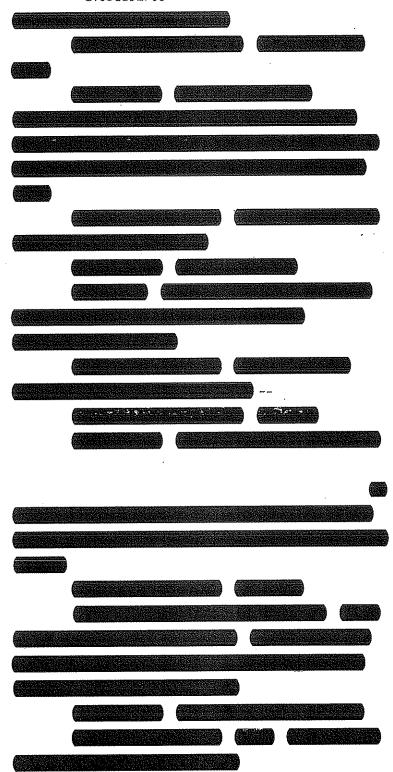
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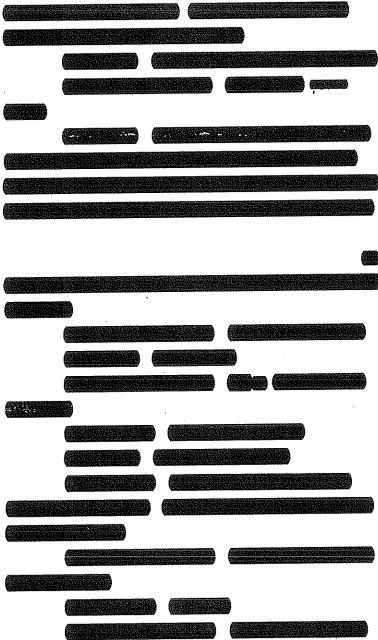


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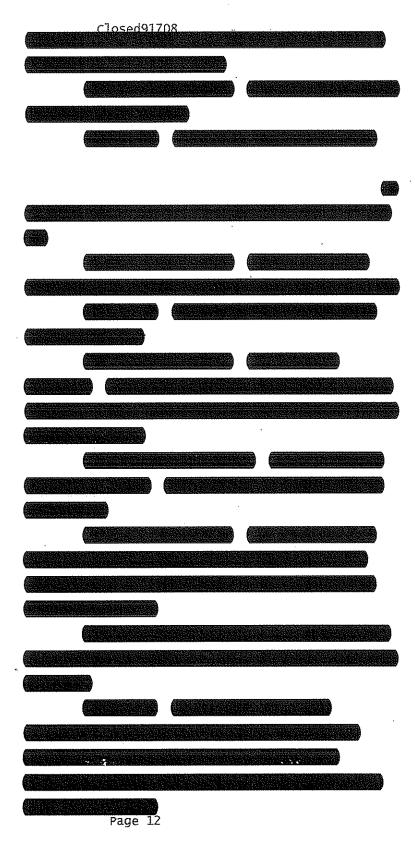


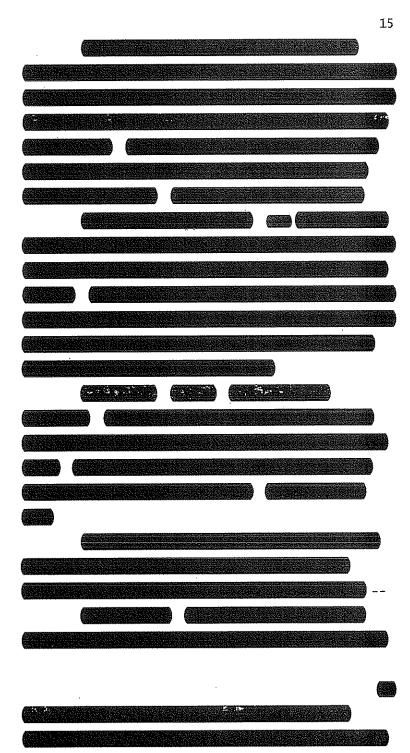
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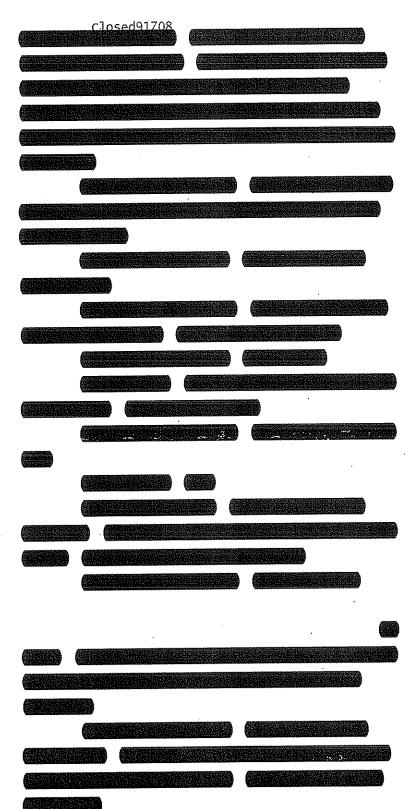


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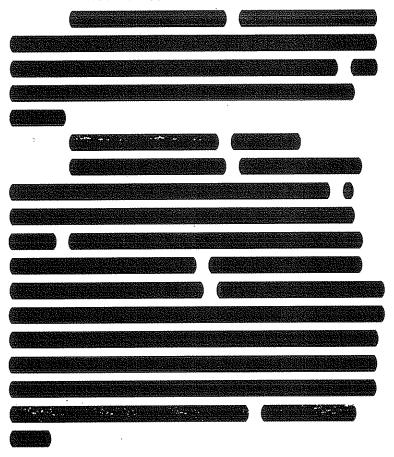


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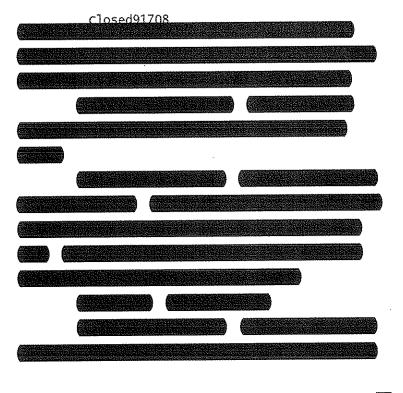
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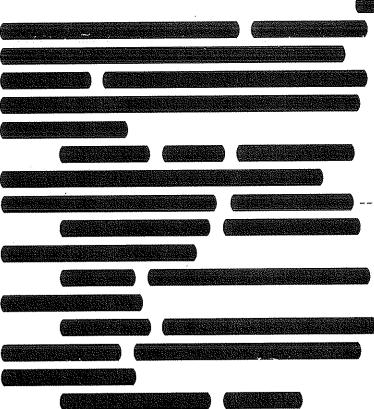






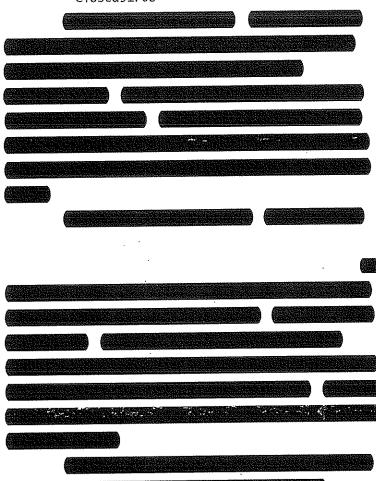
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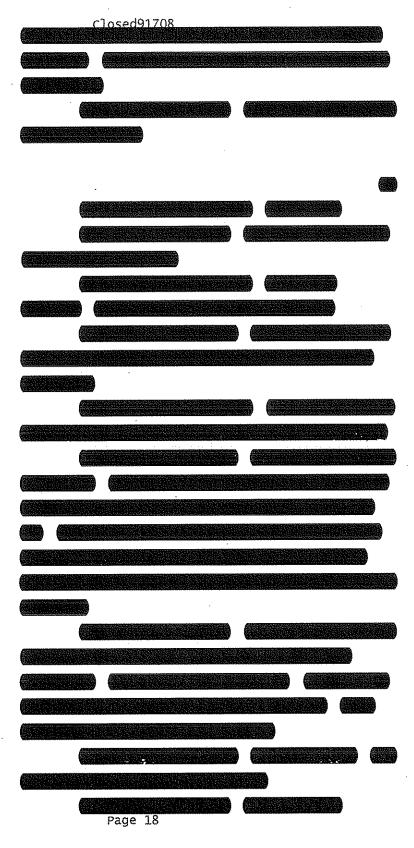


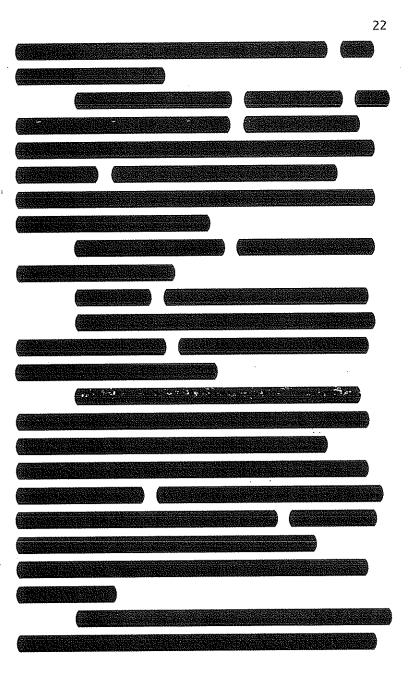
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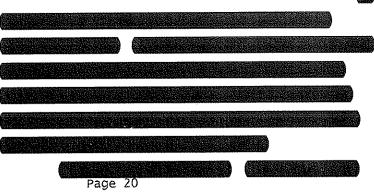
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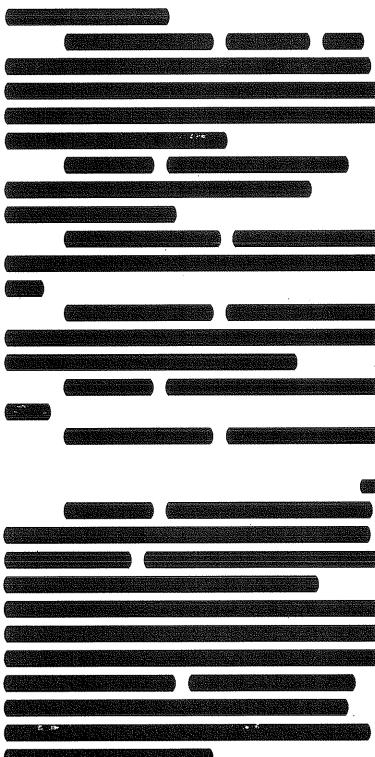




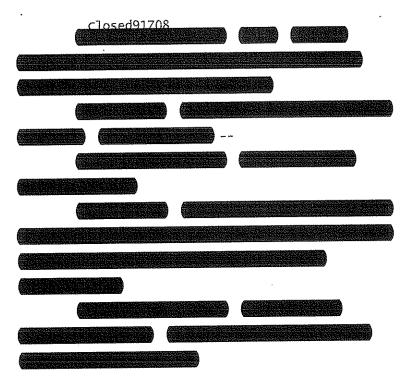
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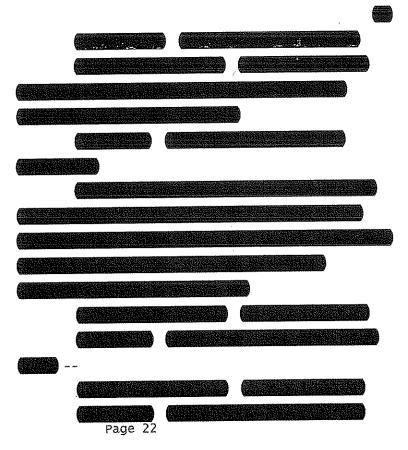


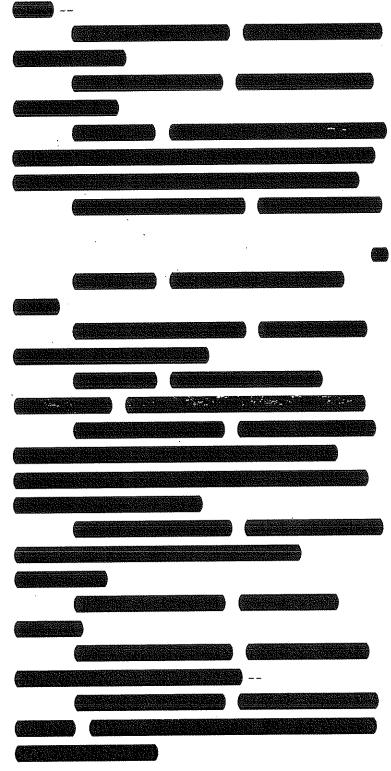




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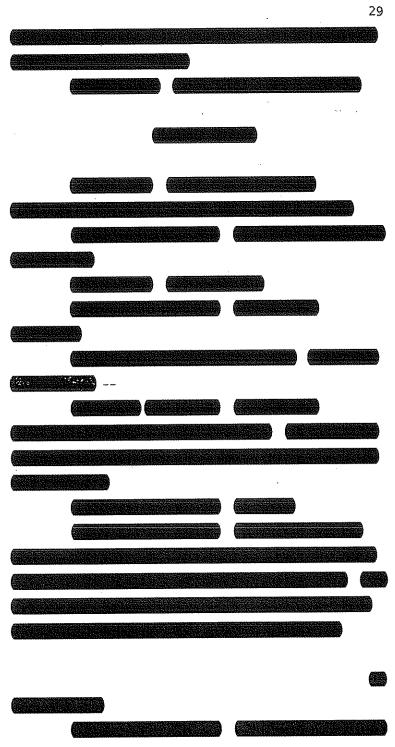




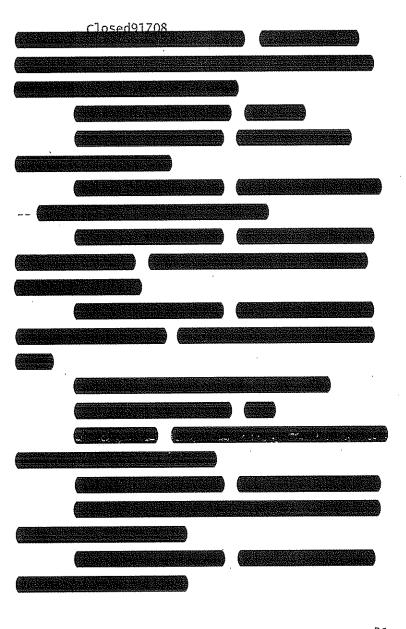


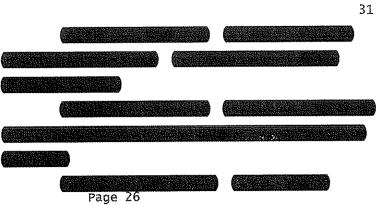
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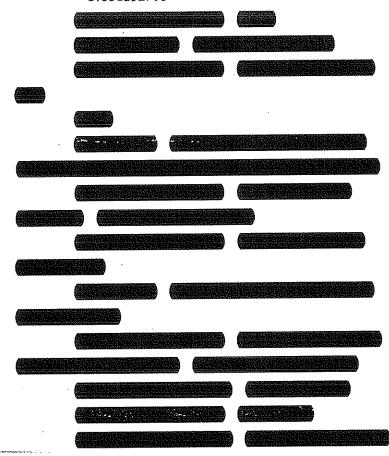
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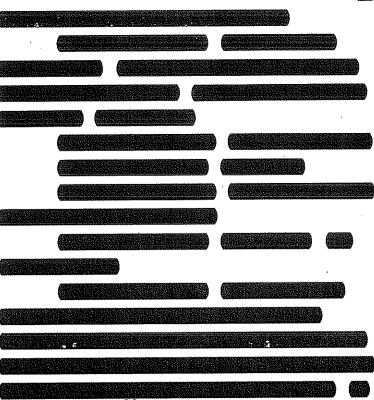




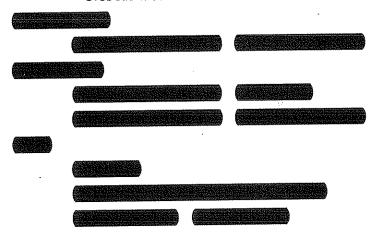


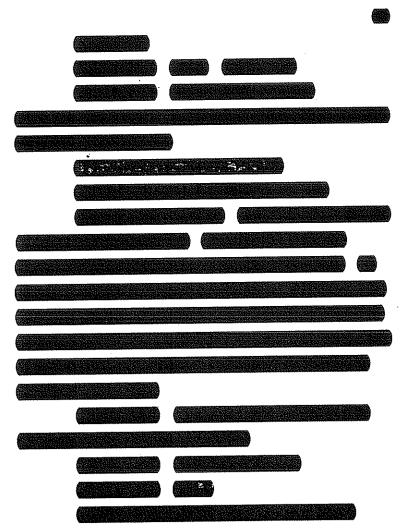


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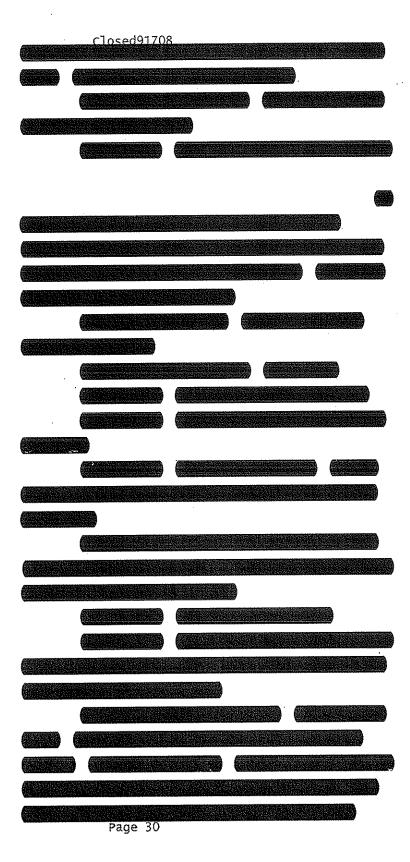


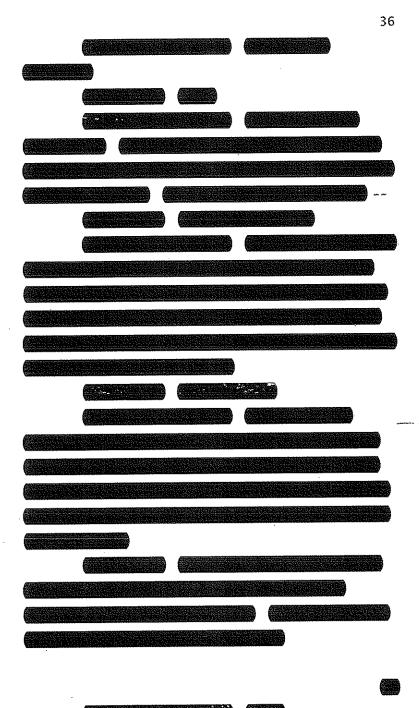
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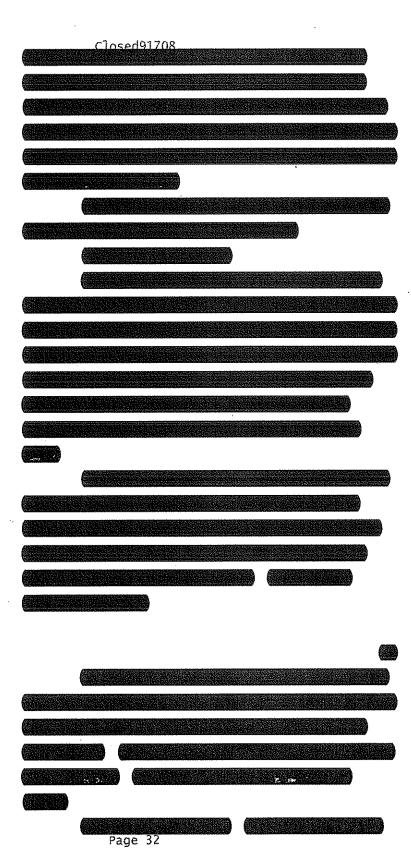


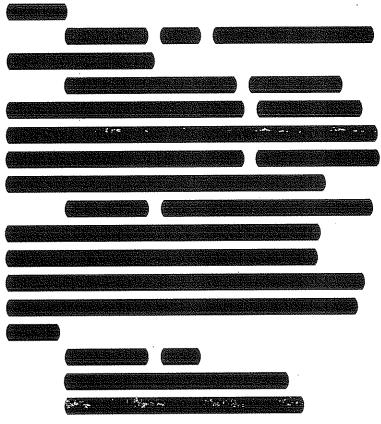
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MR. BELLA: Reservoir covers.

This letter I gave you, we just got this this morning. Just came in this morning. The AOC we absolutely expected they were going to do because of the circumstance they have to do that. I haven't had a chance to really get into the details of it, but, you know, they're going to try to negotiate us down. We said 2020 we'd be doing our last reservoir cover and we're saying it has to be something less than that.

COMMISSIONER DeVITA: Do we know what they want us to do?

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MR. BELLA: They won't prescribe to us what we have to do. We have to tell them what we're going to do and they have to say, okay, that fits into the letter of law or into the regulation and that's what they'll say.

COMMISSIONER DEVITA: How do we know what we have to do? We don't know?

MR. BELLA: We don't know exactly. I mean, really the next step, and I assume that we have to do the conceptual design.

PRESIDENT RODRIGUEZ: We have to do, yeah.

You're absolutely right, that we have -basically, what they ve told us is you have to do
this. Not how you go about it. And so it's

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almost like them, the blind leading the blind.

One of the things that we have to do in terms -- more than the conceptual design is a feasibility study to see what -- because, I mean, we might think that we need to cover 80 million gallons but we only need 30. So someone doesn't come and tell us that based on a study or something that has to be done, we don't know.

COMMISSIONER DeVITA: Maybe there's some low interest rate. How do we know what it's going to cost us?

PRESIDENT RODRIGUEZ: Until you do a feasibility study, you don't know.

COMMISSIONER KOLODZIEJ: Believe me, I received many letters like this as a Councilwoman and in my opinion you really need to follow-up Page 34

with having a meeting with them to answer some of the questions that we're doing here.

what interested me, because I tried to bring this up at our last meeting and it was stuck under the carpet, is that they seemed to be encouraging a joint venture between Newark and us.

when I first came on the Commission, that was a very viable option for us and here they're indicating and it sounds to me like they're

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pushing that kind of thing.

so I really -- our administration needs to meet with these people very quickly and let us know whether this Newark situation is a go and I kind of thing if there's going to be low interest financing coming through, it's going to be because of a joint, not standalone, will get nothing.

MR. HANLEY: If I may interrupt. I think when they say low interest they're talking about NJEIT, which is available.

PRESIDENT RODRIGUEZ: For any capital funding.

MR. HANLEY: You're making it sound like it's special.

COMMISSIONER KOLODZIEJ: I still remember the presentation that was given to me when I first came on on the possibility how it would benefit Newark and us and that had a big cost savings to us rather than any standalone that we do just taking care of it ourselves.

PRESIDENT RODRIGUEZ: You're absolutely right. The situation, we also spoke to the folks at Newark, they're trying to get, you know, basically this is a great idea and, you know, the State or the Feds can't obligate you to do it

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together. And basically the last thing I was told by Newark, they think we're going to do a whole new treatment facility altogether. And Joe's idea, which is the correct idea, you know, putting a main so that we could supply them their emergency water supply. That's not the idea they had. They're thinking between Cedar Grove and Great Notch we can do something like this all over again and that's not what we're looking to do.

MR. HANLEY: I don't know why they would have that idea because we -- Joe and I --

COMMISSIONER KOLODZIEJ: The important thing is to tell the State what our idea is.

PRESIDENT RODRIGUEZ: We can't tell Newark what they should be doing.

COMMISSIONER KOLODZIEJ: You can tell the State.

PRESIDENT RODRIGUEZ: We can tell the State what we're going to do, stay the course. Because Newark has bigger issues in terms of their stuff and it will be great to do a joint venture but the bottom line is with our without Newark, we have to do this. And I think we need to start looking at doing it, plan A, which is standalone and plan B, if they want to get on board and do it page 36

the way we think, because these are the experts and know what they're doing.

COMMISSIONER KOLODZIEJ: Joe, correct me if I'm wrong, had you not met with the State in the past and let them know your concept of what could be done?

MR. BELLA: That's right. We have done that.

COMMISSIONER KOLODZIEJ: So what I'm suggesting, what you do when you sit down with them ASAP, basically put back on the table because it is a regional thing. Everybody could not be standalone.

MR. HANLEY: That comment is a reflection of the State's understanding that that's the way.

COMMISSIONER KOLODZIEJ: Yes, we have to keep in mind, keep pushing it.

MR. BELLA: And give me a little history going back maybe eight years ago when this issue first came up. They send this letter, you have to get this done. We sent a letter back and said guess, what we have to get them done. There's a regional effort. We have to get the State to step in and help us out because it's a regional issue not benefiting us. And that's what stopped --

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basically slowed that, you know, that situation where they kind of took a step back. It's a

Closed91708 little more complicated issue. So when they say that in here, that's --

COMMISSIONER KOLODZIEJ: I think -- MR. BELLA: That's important.

COMMISSIONER KOLODZIEJ: We can't miss the opportunity to keep plugging and pushing it.

MR. BELLA: The other thing I'd like to do is get permission today on a poll. Say, listen, we cannot get you a letter by October 10th because I want to draft a letter in response. But it has to go to the Board in the October meeting and, you know, I refuse to send you anything until then. So that will buy us some time.

In addition, this is a big issue and has to be thoroughly looked into by the Commission and legal.

COMMISSIONER KOLODZIEJ: I don't think so. Trust me. Trust me.

MR. BELLA: Right now we have bigger issues. We have a measure of good will with them because we gave them the best letter of the three people that responded to them.

PRESIDENT RODRIGUEZ: Newark.

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 $$\operatorname{MR}.$$ BELLA: Newark basically said we'll get around to it.

PRESIDENT RODRIGUEZ: See, that's the whole thing. The whole thing is partnership with Newark. We're going to be carrying the entire ball of this if we decide to do that partnership.

Trust me, I know they have not -- this Commission Page 38

has taken this alot more seriously than Newark has, let me put it to you that way.

I would say yes, call her and tell her you're going to get the letter ready. And it has to come in front of us on our October --

MR. HANLEY: December meeting.

MR. BELLA: No, not that long. We'll send them a letter the end of the October.

PRESIDENT RODRIGUEZ: We'll get together in the interim, George, myself, and you and Laura and Jim work on that and work and start looking.

(whereupon, a cross table discussion took place)

PRESIDENT RODRIGUEZ: And then that limit is what, two million?

MR. BELLA: When we did the plant.

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PRESIDENT RODRIGUEZ: No, no, this fund, the NJEIT?

MR. BELLA: That goes up. We funded the plant through that and that was \$72 million. So until then, we had the biggest one in the State.

COMMISSIONER KOLODZIEJ: We're depending at the Federal level to pay for this. Are they the consultants to do this, Millineum?

MR. BELLA: This is the key right here.

COMMISSIONER KOLODZIEJ: I know one of our consultants was specifically charged with looking

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Closed91708 for Federal funds because we consider this a matter of security. Without water, nobody survives.

MR. BELLA: That's correct.

COMMISSIONER KOLODZIEJ: All right.

MR. BELLA: Not only security, but also, again, it's a regional.

MR. HANLEY: Health, safety, and security.

COMMISSIONER KOLODZIEJ: So would there be any point to invite them?

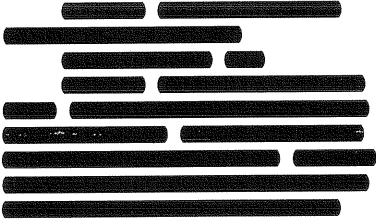
MR. BELLA: After we discuss it we'll brief them and get them up to speed. We already gave them background information but this will be more detail.

PRESIDENT RODRIGUEZ: Right.

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CERTIFICATE

I, LYNANN DRAGONE, License No. XIO1388, a Certified Court Reporter and Notary Public of the State of New Jersey, certify that the foregoing is a true and accurate transcript of the meeting at the time and the date hereinbefore set forth.

I further certify that I am neither attorney nor Counsel for, nor related to or employed by any of the parties to the action in which this meeting was taken.

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I further certify that I am not a relative or employee of anyone employed in this case, nor am I financially interested in this action.

LYNANN DRAGONE, C.S.R. Certified Shorthand Reporter