

**NEWARK WATERSHED CONSERVATION AND DEVELOPMENT CORPORATION**  
 40 CLINTON STREET, 4<sup>TH</sup> FLOOR  
 NEWARK, NEW JERSEY 07102

**BOARD OF TRUSTEE REGULAR MEETING**  
 DECEMBER 20, 2011

**MINUTES OF BOARD MEETING**

**OPENING OF MEETING**

Called to order: 12:30 p.m.

**INTRODUCTIONS/ROLL CALL**

<b>Name</b>	<b>Present/Y</b>	<b>Absent/N</b>
The Hon. Cory A. Booker, Mayor, City of Newark		X
The Hon. Donald M. Payne, Councilman at Large		X
Oscar James, II	X	
William T. Merritt	X	
Rodney Johnson	X	
Linda Watkins-Brashear – Executive Director	X	
Elnardo J. Webster, II, Esq. – General Counsel	X	
Jodi M. Luciani, Esq.	X	
Were any members of the public present?	X	

**Review of the call for the meeting:** This is a public meeting of the Board of Trustees of the Newark Watershed Conservation and Development Corporation. At the public meeting action will be taken on a variety of motions.

Board Vice Chair Johnson calls the meeting to order at approximately 12:30 pm. Board Vice Chair Johnson asked if all Board Members present received their packages and had an opportunity to review same, and the minutes from the November 21, 2011 regular meeting contained therein. Board Vice Chair Johnson states that the minutes accurately reflect the meeting and contain no material deficiencies or omissions. Board Vice Chair Johnson requests said minutes be moved for approval.

**ADMINISTRATIVE MATTERS**

*Motion to approve meeting minutes of November 21, 2011.*

*Board Vice Chair Johnson requests a motion to approve the minutes.*

*Motion to approve minutes:*

Moved by W. Merritt Second by O. James

Vote:	<u>Yes</u>	<u>No</u>	<u>Absent/ Not Present</u>
The Hon. Cory A. Booker, Mayor	X		
The Hon. Donald M. Payne, Councilman at Large	X		
Oscar James, II	X		
Rodney Johnson	X		
William T. Merritt	X		

Action taken Motion Passed

Executive Summary

*2010 Audit*

Executive Director Linda Brashear introduced Walter Frye to discuss the operating budget with the Board of Trustees prior to a discussion on the 2010 Financial Audit. Mr. Frye stated that the Newark Watershed ran a \$260,000 deficit in 2010 as a result of sick leave pay, unaccounted for new hires and expenses in excess of certain contracts with respect to the formation of a Municipal Utilities Authority. Mr. Frye explained that the Newark Watershed has a reserve fund, from which funds are utilized when there is a deficit. For example, Mr. Frye stated the reserve funds were utilized for the extraordinary costs associated with landscaping and maintenance. Mr. Frye concluded by explaining that Lawrence Belcher will present the 2010 financial audit, certifying and confirming that the statements made therein are accurate. Mr. Frye then presented Lawrence Belcher, CPA, to the Board of Trustees, and Board Vice Chair Johnson thanked Mr. Belcher for his participation.

Lawrence Belcher introduced himself as an independent auditor, licensed by the New Jersey Board of Certified Public Accountants. He stated that he would review the communications previously provided to the Board Members concerning the Newark Watershed's 2010 Financial Audit year ending December 31, 2010. Mr. Belcher stated that there were no significant audit findings - that it was a clean, smooth audit. In addition, there were no difficulties encountered in performing the audit. Mr. Belcher communicated with Walter Frye during the course of the audit with regard to areas that need to be adjusted. They discussed all of the items that needed to be corrected, and confirmed that they had been corrected. Mr. Belcher also stated that there were no misstatements or disagreements with management. In fact, Mr. Belcher explained that management signed a lengthy letter of representation stating that all information had been provided to Mr. Belcher and indicating that he was provided with the whole truth throughout the audit through December 15, 2010, when the audit was available to be issued. Mr. Belcher then stated that there were no additional audit findings to be discussed with the Board and offered to respond to any questions. Board Vice Chair Johnson asked how the Newark Watershed is doing financially overall. Mr. Belcher responded that the balance sheet is clean, adding that the Newark Watershed has no bonded debt, no secured debt and no unsecured debt. Board Vice Chair Johnson also inquired whether there are any recommended steps for the Newark Watershed to take in the future. Mr. Belcher recommended getting contracts from the City of

Newark on a multi-year basis. Ms. Brashear then explained that the activities of the Newark Watershed do not fit adequately into one year because the Watershed must run operations no matter what. Mr. Belcher stated that the staff must focus on conservation, rather than refunding activities. Board Vice Chair Johnson inquired whether the Board Members of Mr. Belcher had anything else to discuss with respect to the financial audit. Elnardo J. Webster II, General Counsel, concluded by stating that management has done a great job and that the audit was satisfactory.

*Motion to accept the audit as presented:*

Moved by W. Merritt Second by O. James

Vote:	<u>Yes</u>	<u>No</u>	<u>Absent/ Not Present</u>
The Hon. Cory A. Booker, Mayor	X		
The Hon. Donald M. Payne, Councilman at Large	X		
Oscar James, II	X		
Rodney Johnson	X		
William T. Merritt	X		

Action taken Motion Passed

*City of Newark Investigative Committee*

Elnardo J. Webster, II, General Counsel, explained to the Board of Trustees that the Municipal Council has elected to form an Investigative Committee. He then discussed the current issues surrounding the formation of said Committee and the Newark Watershed's intent to file an objection with the Court. Mr. Webster indicated that the Newark Water Group has formulated a report, making various allegations against the Newark Watershed. Mr. Webster elaborated on the Committee members, stating that Council President Payne has removed himself due to a conflict of interest, as he is currently a Board Member with the Board of Trustees.

At approximately 12:53 p.m. a member of the public, Cossandra, whose address is P.O. Box 25331, Newark, New Jersey 07101 joined the meeting. She stated that she is a member of NJ Monitors, a group that monitors all aspect of New Jersey.

*Plant Manager Update*

At this time, Andrew Pappachen, Pequannock Water Treatment Plant Manager, introduced himself to the Board. He stated that the two goals of 2011, (1) to reach a 95% performance rate and (2) to reach a 95% discipline rate, were nearly achieved with a 90% performance rate and a 95% discipline rate. Mr. Pappachen indicated that the Newark Watershed's 2012 goals were to bring greater professionalism to the management, operation and maintenance, in addition to preparedness and persistence. Mr. Pappachen also indicated that another goal is to take Newark water supply to the twenty-first century. Mr. Pappachen explained that when he took over in 1998, many of the water readings were not in compliance with the New Jersey Department of Environmental Protection ("DEP") regulations. The Newark Watershed believed that the best way to achieve compliance was through implementation of a supervisory control and data acquisition ("SCADA") system, as well as a Geographic Information System ("GIS") and Global Positioning System ("GPS") programs. He stated that the Newark Watershed recently hired two engineers to develop the SCADA system, and the GIS and GPS programs.

Mr. Pappachen turned the Board members attention to Jesse, who presented the systems being developed. Jesse stated that the Newark Watershed is developing a SCADA system with real time readings on the system. He explained that the entire system will be in operation by March or April. Realized improvements will start with water pressure and water quality. Jesse also indicated that, in the interim, they are working on GPS so that if someone goes to mark out a position, it will go from four hour markings to fifteen minute markings. Jesse presented the GIS system that Newark is in the process of developing, explaining that presently if a pipe breaks, the City must go through four sets of plans to determine where the hydrants are located and what valves must be closed off. He indicated that with the new GIS system, that determination and the detail of work required can be made out in the field. In the new GIS system, when a pipe is clicked on the program, it shows the diameter and the data before and after, including the location of the break. A demonstration of these programs was presented to the Board of Trustees.

At 1:01 p.m. the member of the public leaves the meeting.

Mr. Webster asked for clarification on the demonstration, as to whether the City owns everything in red on the map, and Jesse responded that the red portions signify what drains into the system. Mr. Webster also inquired into who would have access to the system. Mr. Pappachen responded that it is accessible to City Hall and to the Newark Watershed. At this time, the presentation comes to an end and Mr. Pappachen, as well as the additional engineers, exit the Board meeting.

#### *Operating Contract 2012*

Elnardo J. Webster, II, General Counsel, explained that the Municipal Council requested that Ms. Brashear attend a pre-meeting earlier in the day regarding the proposed 2012 NWDC Contract for Services. He stated that the Executive Director did a good job appearing before Council and answering any and all questions. He said that the Operating Contract has been placed on the Municipal Council agenda for December 21, 2011. Mr. Webster indicated that he believes that the Council is too afraid to vote "no" because they do not understand what will happen. He also stated that at the Council meeting, Councilman Ramos inquired as to whether this contract is approved later in the year. Executive Director Watkins responded to Councilman Ramos that the climate has changed, and that she is not willing to take on the liability. Mr. Webster explained that the current contract ends on December 31, 2011. Board Vice Chair Johnson asked what is the next move forward with the contract. Mr. Webster responded that the Board will have to wait and see what happens with the Investigative Committee.

The Board of Trustees held a brief discussion at this time regarding the Municipal Council's response to the Investigative Committee and the Newark Watershed's intent to file an objection to same. Ms. Brashear explained that the Newark Watershed was not previously informed that the Investigative Committee had been formed, nor was the entity given access to the Newark Water Group's report, which appeared to be the basis for creating the Committee. She stated that, upon receipt of the Resolution to form the Committee, General Counsel researched the statute and associated case law. Counsel found that the Resolution did not comply with the statutory requirements and therefore, counsel drafted an Order to Show Cause, to invalidate the Resolution that approved the formation of the Investigative Committee. Mr. Webster added that he understood that the Resolution was drafted by the Clerk's office, rather than the Law Department. He further explained that he has drafted the Order to Show Cause and presented copies for the Board to review.

Ms. Brashear explained that, in the interim, she has spoken with the Business Administrator and the Mayor's Chief of Staff regarding the issue surrounding the 2012 NWDC Contract for Services and the Investigative Committee. She indicated that Mr. Webster revealed the draft

Order to Show Cause, as well as the termination of services on December 31, 2012. Board Vice Chair Johnson inquired as to the Administration's reaction. Ms. Brashear responded that the Administration did not want the services to end, but that the decision was ultimately in the hands of the Municipal Council.

Mr. Webster stated that the City planned to enter into the Memorandum of Understanding with the State in exchange for 32 million dollars funding. He explained that the MOU requires the City explore the formation of an Authority for the water and sewer systems. He indicated that the Newark watershed assisted the City in presenting a solid argument for an MUA, and the State recognizes the advantages in forming same. Currently, the State is of the position that were an MUA formed, the City would have been able to achieve the necessary improvements and generate additional revenues. He believes that the Municipal Council feels pressured and therefore, there is a lot of politics surrounding this issue.

Mr. Webster continued to explain that the Newark Watershed is now presented with the Newark Water Group's report, filled with baseless accusations. He stated that the Newark Watershed has always responded in a timely fashion and spent hours refuting their arguments. At this time, Mr. Webster presented a 32 page chronology to the Board of Trustees, which begins in 1993 and demonstrates how the agency expanded its roles throughout the years. He indicated that the chronology illustrates every contract between the Newark Watershed and the City, listing the Municipal Council vote to approve each one. Mr. Webster stated that the chronology details all of the watershed land sales approved by the Municipal Council, as well as the taxes that have been paid by the agency as pass through costs. Board Member James expressed his frustration with the current situation, suggesting that the chronology be presented to the Municipal Council in defense of the Newark Watershed. He further stated that the circumstances could potentially lead to contamination and water quality issues, as well as health and public safety concerns. He explained that, at the time he served as Councilman, he can attest that the Municipal Council was never without knowledge of the operations, contracts and possible formation of the MUA, adding that the Municipal Council was presented with voluminous documents in the form of binders at all times.

Mr. Webster stated that the point to be made is that the Newark watershed's activities were, at all times, conspicuous. He explained that he met with Councilmen both formally and informally, providing documentation at the meetings. Mr. Webster indicated that the Municipal Council has tried to take a position that they had no knowledge of what was going on, but that all supporting evidence demonstrates they were well advised. Mr. Webster concluded by stating he believes it is in the Municipal Council's best interest to have a policy debate with respect to how to run the system.

#### *Bulk Water Contract*

Board Vice Chair Johnson inquired about the status of the sale of water to South Orange. Jodi Luciani, General Counsel, explained that the parties, comprised of the City, the City of East Orange and South Orange, have been advised by the Court to negotiate a new contract prior to resolving any outstanding balance. She indicated that the parties have met on a couple of occasions and at this time, are in the process of hiring a third party independent contractor to look at the East Orange meters in order to figure exactly what type of equipment the City will need to install for accurate readings. Ms. Luciani stated that after this inspection occurs, negotiations will resume.

#### **Old Business**

None.

**NEXT MEETING:**

Date / Time: January 17, 2012

**MEETING ADJOURNED**

*Motion to adjourn the meeting.*

Moved by W. Merritt Second by O. James

Vote:	<u>Yes</u>	<u>No/</u>	<u>Not Present</u>
	<u>Absent/</u>		
The Hon. Cory A. Booker, Mayor			X
The Hon. Donald M. Payne, Councilman at Large			
Oscar James, II	X		
William T. Merritt	X		
Rodney Johnson	X		

Action taken Meeting adjourned

***Adjourned at approximately 1:45 p.m.***