

NEWARK WATERSHED CONSERVATION AND DEVELOPMENT CORPORATION
 40 CLINTON STREET, FOURTH FLOOR
 NEWARK, NJ 07102

BOARD OF TRUSTEE REGULAR MEETING
 JANUARY 24, 2011

MINUTES OF BOARD MEETING

OPENING OF MEETING

Called to order: 12:20 p.m.

INTRODUCTIONS/ROLL CALL

Name	Present/Y	Absent/N
The Hon. Cory A. Booker, Mayor, City of Newark		X
The Hon. Donald M. Payne, Councilman at Large	X	
Oscar James, II	X Departs at 12:58 p.m.	
William T. Merritt	X	
Rodney Johnson	X Via conference call; departs at 12:41 p.m.	
Vaughn L. McKoy, Esq.	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
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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. In accordance with the requirements of the Sunshine Law this meeting was announced by advertisement in the Star Ledger.

Board Chair McKoy calls the meeting to order at approximately 12:20 pm.

Board Chair McKoy asked if all Board Members present received their packages and had an opportunity to review same, and the minutes from the December 20, 2010 regular meeting contained therein. Board Chair McKoy states the minutes accurately reflect the meeting and contain no material deficiencies or omissions. Board Chair McKoy requests said minutes be moved for approval.

ADMINISTRATIVE MATTERS

Motion to approve meeting minutes of December 20, 2010.

Board Chair McKoy requests a motion to approve the minutes.

Motion to approve minutes:

Moved by W. Merritt Second by D. Payne

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

Action taken Motion Passed

Executive Summary

Contract between the City of Newark and the Newark Watershed

Executive Director Linda Brashear informed the Board of Trustees that, in connection with the proposed contract between the Newark Watershed and the City of Newark, the Staff of the Newark Watershed has been in contact with the Business Administrator. After concerns were expressed regarding the length of the contract, the Newark Watershed has determined that it will seek to renew the contract with the City for a period of one year, rather than five years. In the interim, Ms. Brashear explained that the Newark Watershed will continue to discuss other available procurement options. She further stated that the budget shall remain the same, with the addition of monies allocated for Camp Watershed and the other formalized duties taken on by the Newark Watershed related to the operator of the system. Ms. Brashear explained that the Newark watershed shall take on the responsibility of Camp Watershed at a cost savings of approximately two hundred thousand dollars. Elnardo J. Webster, II, General Counsel, stated

that the Newark Watershed will line item those savings on the City side, which will create a net savings for the City.

Ms. Brashear stated that the Newark Watershed is anticipating that the contract will be presented to the Municipal Council for approval on February 2, 2011. Board chair McKoy inquired why the contract was amended to a one year contract and Mr. Webster responded that the Business Administrator was inclined not to fight for the contract. Board Chair McKoy then asked whether Ms. Brashear and Mr. Webster anticipate problems with a one year contract and Board Member Payne responded in the negative. Mr. Webster then explained that Ms. Brashear has agreed to make herself available to the Municipal Council to present at the Council pre-meeting. Board Member James expressed that it is important to highlight that the Newark watershed is now taking on the responsibility of Camp Watershed, which would have otherwise been abolished. Board Member Payne agreed and added that Ms. Brashear should emphasize the enhancements the Newark Watershed will be making to the program. Board Member James expressed his interest in being involved in the program. Ms. Brashear explained that she has already received positive feedback from vendors, who are willing to volunteer and assist financially with the program. For example, the Newark Watershed has already received eight thousand five hundred dollars from a vendor in support of the Camp parent day. Mr. Webster believes the Newark Watershed efforts to help children will raise more money over the following months.

In reference to the presentation before Municipal Council, Board Chair McKoy inquired whether Ms. Brashear will incorporate the system need for capital improvements. Mr. Webster explained that hatch Mott McDonald presented its proposed capital improvement plan to the Municipal Council and the City has recently formed a committee to review the plan. He asked Board Member Payne whether the issue regarding rate increases had been considered by the Municipal Council and Board Member Payne responded that said issue was being discussed with the Business Administrator. At this time, Mr. Webster led a discussion regarding the issues facing authorities in New Jersey and compared those issues to those faced by the City Water and Sewer Department. The Board briefly discussed the need for representation at Passaic Valley Sewer Commission and further discussed potential candidates to sit on the Commission.

Newark Watershed 2010 Audit

At this time, Ms. Brashear presented Lawrence Belcher to the Board of Trustees in order to introduce and present the findings of the Newark Watershed Conservation and Development Corporation Audited Financial Statements at December 31, 2009 and 2008 and for the years then ended and Independent Auditor Report dated October 29, 2010. Mr. Belcher began by explaining that no significant findings were made in the audit. At year end 2009, the Newark Watershed was in deficit; however, the audit illustrates a half of a million dollar surplus for year end 2010. Mr. belcher explained that the previous deficit was due to the expenses associated with the possible formation of the Municipal Utilities Authority, and other related expenses. In addition, Ms. Brashear stated that the amount set aside for certain benefits will likely increase exponentially without a modification to the current policy. As such, Ms. Brashear indicated that human resources is preparing changes to the sick leave and severance policy. At this time, Board Member Johnson leaves the meeting. Mr. Belcher then communicated his findings. Overall, Mr. Belcher explained that there were no issues found from management, the financial statements in the audit are presented fairly and he did not note any fraud, theft of assets or misstatements in the entity financial statements.

In addition, Mr. Belcher noted certain deficiencies. Board Chair McKoy inquired about said deficiencies and asked how to proceed in repairing them. Mr. Belcher explained by indicating the following deficiencies and rectification of same:

- Bank records;
- Temporary investment in marketable securities was sold by short sale at the end of 2009, and is now closed;
- Immaterial errors, such as uncategorized expenses, shall be rectified by itemizing each entry in a specific category;
- Employees had been compensated for sick leave, which is not permitted under the employee manual and shall be rectified by ceasing such compensation in the future;
- Inadequate documented journal entries shall be rectified by placing supporting documentation with each entry; and
- Signatory requirement shall rectify any outstanding issues with checks made payable for an amount greater than one hundred thousand dollars.

Mr. Webster recommended that, in reference to signatories, the Newark Watershed appoint three Members, specifically the Chairman, Secretary and Executive Director, as authorized signatories. Board Chair McKoy inquired whether it would be in the best interest of the entity to form an audit committee in order to work with Ms. Brashear and the Staff of the Newark Watershed to assure compliance. At this time, a brief discussion took place regarding the expansion of the Board of Trustees and appointed of potential new Members.

Resolution

AA-42 . Resolution to accept the Newark Watershed Conservation and Development Corporation Audited Financial Statements at December 31, 2009 and 2008 and for the years then ended and Independent Auditor's Report dated October 29, 2010

Moved by D. Payne 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. Oscar James, II, Councilman, Southward	X		
The Hon. Donald M. Payne, Councilman at Large	X		
Vaugh L. McKoy	X		
Rodney Johnson			X
William T. Merritt	X		

Action taken Motion Passed

At this time, Board member James departs from the Board meeting.

Service Contracts

Ms. Brashear stated that on April 1, 2011, the Newark Watershed shall discontinue the snow removal and landscaping services. Instead, Ms. Brashear explained that the entity intends to hire three employees and purchase a vehicle in order to perform said tasks. Board Member

Payne inquired whether these employees shall receive health benefits and Ms. Brashear responded in the affirmative.

NEXT MEETING:

Date / Time: February 28, 2011

MEETING ADJOURNED

Motion to adjourn the meeting.

Moved by W. Merritt Second by V. McKoy

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		
William T. Merritt	X		
Rodney Johnson			X
Vaughn L. McKoy, Esq.	X		

Action taken Meeting adjourned

Adjourned at approximately 1:16 p.m.