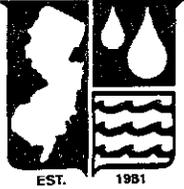


ANDERSON RD



NEW JERSEY WATER SUPPLY AUTHORITY

P.O. BOX 5196 • CLINTON, N.J. 08809 • (908) 638-6121 • (908) 638-5241 (FAX)

Mr. Robert Nargi
140 Perryville Road
Hampton, NJ 08827

REF: GLH Associates Block 9, Lot 2.02 Union Township/Block 17 Lot 55 Bethlehem Township

Dear Bob:

Enclosed is a draft management agreement for your review. I will have to have it reviewed by our Deputy Attorney General as it has been modified as we were the only purchaser. I just wanted to give you an idea of what was involved.

I have sent another similar agreement to Peter Jost for the Scheuing property as my research showed that it was never executed.

I have also included a survey for your review and the Deed of Conservation Restriction for EIT that will be placed on the property as soon as I received the recorded deed of conveyance.

Thank you and I look forward to working with you.

Very truly yours,

Paula M. Dees
Property Administrator

Encl.

DRAFT

MAINTENANCE AND MANAGEMENT AGREEMENT

THIS AGREEMENT is made March , 2007, by and between:

THE TOWNSHIP OF UNION, IN THE COUNTY OF HUNTERDON, a municipal corporation of the State of New Jersey with its principal office located at 140 Perryville Road, Hampton, New Jersey 08827 (Referred to in this Agreement as "**Township**"); and

THE NEW JERSEY WATER SUPPLY AUTHORITY, a public body, corporate and politic, constituted as an instrumentality of the State of New Jersey, exercising public and essential government functions, with its principal office located at 1851 Route 31 North, Clinton, New Jersey 08809 (Referred to in this Agreement as "**Authority**");

WHEREAS:

The Authority (referred to as "Owner") has acquired lands, premises and improvements known and designated as Block 9, Lot 2.02 on the official tax map of the Township of Union, County of Hunterdon and Block 17 Lot 55 on the official tax map of the Township of Bethlehem ("the Property") more specifically described in Exhibit A; and

The Township desires to include the Property within the Township's system of public parks, open space and recreation lands ("Public Parks System"); and

The Owner has agreed that the Property will be included in said Public Parks System in consideration of the Township's promise to accept all maintenance and management responsibility for the Property in accordance with the terms and conditions of this Agreement; and

The Township and the Authority have prepared this Maintenance and Management Agreement ("Agreement") to memorialize their mutual obligations with regard to the maintenance of the Property.

NOW, THEREFORE, in consideration of the facts recited above, and the mutual promises and agreements and covenants exchanged between the Parties to the Agreement, the Parties agree to perform and be responsible to each other as follows:

1. MANAGEMENT OF PROPERTY.

The Township shall have the sole and exclusive right and obligation to operate and manage the Property as a Township Park in accordance with the standard practices of the Township Parks and Recreation, subject to the terms and conditions set forth in this Agreement.

2. USE OF PROPERTY.

The use of the Property shall be consistent with the terms of this Agreement. All uses of, and all activities which take place on, the Property shall be consistent with the State of New Jersey Green Acres Program rules and regulations as contained in N.J.A.C. 7:36-20 et seq. Moreover, no disturbances to the property's natural features will take place within 300' of watercourses or wetland areas, and no new impervious surface cover will be placed on the property.

No activity shall be initiated or conducted on the Property by the Owner without the Owner seeking to conduct such activity first providing written notice to the Township, with the sole exceptions of (i) conducting inspections to ensure that the Property is being maintained in accordance with the terms and conditions of this Agreement, (ii) the Authority's research and educational activities pertaining to watershed, meadow, and woodland management (iii) the Authority, its contractors or agents, conducting ecological and physical assessments in connection with the development of the Resource

Management Plan or Resource Stewardship Plan referred to below, and (iv) the Authority's rehabilitation of a stream on the Property.

The Township shall not initiate or conduct any activity that results in any significant and demonstrable change to, or degradation of, the Property or the conservation values associated with the Property, without the Township first obtaining the written of the Authority.

Except as otherwise provided in this Agreement, uses permitted on the Property are limited to passive, non-motorized recreation as well as meadow, woodland and watershed management activities.

Passive recreation activities are described as low-impact outdoor recreation pursuits that do not involve the construction or installation of structures or substantial items of fixed or semi-fixed equipment, or result in the alteration of the land other than those trail related structures and surface alterations expressly permitted below. By way of example, and without limiting the generality of the foregoing, passive recreation activities shall include nature study and observation, hiking, picnicking, sledding, cross-country skiing, fishing, hunting and horseback riding. Passive recreation activities shall not include such things as playing fields, playgrounds, racquet courts, golf courses, skating rinks, tracks, sports stadiums, downhill ski runs and lifts, water parks, shooting ranges and similar installations.

No new structures shall be constructed on the Property, with the sole exception of those structures related to passive recreation above, including but not limited to gates, fences, informational and interpretive signs and other trail-related improvements, which

are deemed reasonably necessary for the public's safety and which support the public's use, access and convenience and consistent with easements and deed restrictions of record.

All meadow, watershed and woodland management activities shall be conducted in accordance with a Resource Management Plan or Resource Stewardship Plan prepared either by the United States Department of Agriculture - Natural Resource Conservation Service or the Authority. The Township shall be permitted to participate in, or provide review comment and/or input for, said Plan. The Plan shall be prepared with the aim of achieving the objectives of protecting, maintaining and enhancing the ecological value of meadows, woodlands and water resources on the Property and shall address the following criteria for the overall ecological and water resource value of the Property in association with neighboring properties; individual criteria shall not be assumed to have higher priority than other criteria:

- A. Woodlands.** (i) Minimization of the amount of forest edge, (ii) maintenance of numerous mature canopy trees to minimize the movement of invasive species into the understory, (iii) maintenance of a naturally occurring mix of native herb, seedling, shrub, sapling and under-story and canopy tree species for the natural repropagation and evolution of the forest ecosystem, and (iv) inclusion of some standing-dead and fallen trees for species food and habitat.
- B. Meadows.** (i) Maintenance of an appropriate mix of native meadow species and (ii) removal of woody vegetation to maintain large, contiguous areas of grassland habitat.
- C. General.** (i) Encouragement of the occurrence of native wildlife species that favor forest and meadow habitats, (ii) minimization of disturbance to forest or

meadow soils, (iii) minimization of disturbance to riparian corridors, (iv) minimization of the occurrence of invasive species, (v) maintenance of contiguous areas of habitat, (vi) maintenance of habitat elements in proper amounts and locations to benefit desired species and water resources.

3. USE OF ENVIRONMENTAL INFRASTRUCTURE TRUST AREA (EIT AREA).

A portion of the Property consisting of approximately 67.589+/- acres and more fully described in Exhibit A, will be subject the rules and regulations of the New Jersey Environmental Infrastructure Trust Program (EIT) as a result of a portion of the funding for the acquisition being provided by EIT. Notwithstanding any terms to the contrary contained in this Agreement, all uses and activities which take place within the EIT Area shall be limited to those permitted by, and shall be governed by, applicable EIT rules and regulations.

4. LEASING OF FACILITIES.

The Property, or any portion thereof, may be leased to persons or entities for the limited purpose of effectuating maintenance of the Property consistent with the terms and conditions of this Agreement. The Township is hereby authorized to enter into such leases an agent for the Owner and shall provide copies of all executed leases entered into to the Authority. All leases shall comply with the requirements of N.J.A.C. 7:36-20.10 or N.J.A.C. 7:36-20.11, whichever is applicable to the lease agreement, and the terms and conditions of this Agreement. The Township shall have sole and exclusive rights to the proceeds from all such leases.

5. PARK RULES AND REGULATIONS.

The Property shall be operated as a Township Park subject to the rules and regulations of the Township Parks and Recreation. The Township shall have monitoring responsibilities and the full enforcement authority on the Property. The Authority shall retain the right to inspect the Property at any time for compliance with the terms of this Agreement.

6. SIGNAGE.

The Township and the Authority agree to consult with each other to determine the nature of the signage to be placed upon the Property. At a minimum, the signage shall inform the public that the Property has been preserved by the Spruce Run Initiative, and identify the Parties involved in the acquisition and management of the Property.

7. HAZARDOUS SUBSTANCES.

The Parties agree that they shall not generate, store, use or dispose on the Property any hazardous materials, including, without limitation, any materials which are toxic, explosive, corrosive, flammable, or otherwise hazardous to health.

8. WORK BY INDEPENDENT CONTRACTORS.

Any lessee on the Property or whenever any owner has any work performed on the Property by an independent contractor, the lessee or the independent contractor shall be required to indemnify and hold harmless the Parties for any and all claims or losses resulting from, caused by or arising out of the work performed by lessee or the contractor. The lessee or the contractor shall furnish proof of General Liability, Automobile Liability and any other applicable insurance policies which shall all name the owner as additional insureds. The lessee or the contractor shall also furnish proof of workers' compensation insurance and shall waive all rights of subrogation, on behalf of itself and its insurance

carriers, for all policies. The Party contracting for such services shall provide to the other Party proof of such coverage upon request.

9. INSURANCE.

Each Party to this Agreement (except as set forth below) shall maintain, and provide to the other Party, proof of general liability, automobile liability and workers' compensation insurance with limitations in appropriate amounts. Each Party, on behalf of itself and its insurance carriers, waives the right of subrogation against the other. The foregoing mutual waivers of subrogation are limited to claims or losses arising out of, or resulting from, each Party's use or ownership of the Property, and includes, but is not limited to, claims or losses by or to third parties, the Parties and their officers, agents and employees. Each Party shall be solely responsible for its own equipment, tools and personal property, including leased property, while such items are stored on or used at the Property. No party shall have any obligation to provide fire or other property insurance for the structures located on the Property.

10. DURATION.

The terms and conditions of this Agreement shall be valid for a period of ten (10) years from the date set forth on the first page of this Agreement and shall be renewable upon the mutual agreement of the Parties. The Township and the Authority agree to meet every second year following the date of this Agreement on or about the first Monday of March to discuss maintenance related issues, and any other topic or mutual interest as regards their relationship and terms of this Agreement.

11. ASSIGNMENT OF PROPERTY.

The Authority may assign all or part of its real property interest in its discretion to any third party.

12. NOTICE.

Unless provided elsewhere in this Agreement, all notices, reports, statements, requests or authorizations required to be given shall be personally delivered or sent by first class mail to the Parties at the following addresses:

To Union:

Union Township Clerk
140 Perryville Road
Hampton, NJ 08827

To Authority:

Property Administrator
1851 Route 31
PO Box 5196
Clinton, NJ 08809

13. NOT A PARTNERSHIP.

This Agreement is not intended to create, and shall not be construed as creating, a legal form of partnership between the Parties.

14. AMENDMENTS.

This Agreement may be amended only by written instrument authorized by the Parties and signed by their duly authorized officers.

15. CHOICE OF LAW.

This Agreement is being executed and is intended to be performed in the State of New Jersey and shall be governed in all respects by the laws of that State.

16. APPROVAL.

The Township and the Authority have read and understand this Agreement fully. This Agreement has been approved by appropriate action of each Party's governing body. It is signed and sealed in accordance with New Jersey law by the duly authorized officers of each of the Party.

ATTEST:

NEW JERSEY WATER SUPPLY
AUTHORITY

By: Henry S. Patterson III
EXECUTIVE DIRECTOR

TOWNSHIP OF UNION, IN
THE COUNTY OF HUNTERDON

By: MAYOR

Reviewed and Approved As to Form Only:

Stuart Rabner

Attorney General for New Jersey

By: _____

Randall L. Pease

Deputy Attorney General