

Honeywell
101 Columbia Rd
Morristown, NJ 07962

April 21, 2011

Mr. Steve Gallo
Director
Bayonne Municipal Utilities Authority
630 Avenue C
Bayonne, NJ 07002

**Subject: Utilities on Former Morris Canal and New Jersey City University
Remediation Areas
Jersey City, New Jersey**

Dear Mr. Gallo:

Honeywell is providing this annual notice update regarding site conditions and activities at the subject properties, in accordance with Paragraph 81 of the Consent Decrees Regarding Sites 79 and 153 South, and Paragraph 104 of the Consent Decree Regarding Remediation of the New Jersey City University (NJCU) Redevelopment Area which includes Site 153 North. Initial notice was provided by Honeywell in a letter dated April 21, 2010. This letter provides an update on the remediation activities that have occurred at both the Morris Canal and NJCU Sites since our last notice.

The BMUA operates a 36" force main, manholes, and associated structures in the Morris Canal along Route 440, in Jersey City. A portion of that force main is located adjacent to the NJCU Site. Honeywell is performing remediation for chromium impacts in soils and groundwater on the two properties that relate to the BMUA Pipeline, Morris Canal and NJCU, which are also subject to the above referenced Consent Decrees. Information on these properties is provided below:

The Former Morris Canal Property

This property consists of a narrow strip of land that was originally a part of the Morris Canal. The property runs adjacent to the eastern side of Route 440 from Carbon Place to Danforth Avenue (see the attached map). The BMUA sewer force main runs underneath this property. Utility poles and various utility lines are also located on the property. Soils on portions of this property contain hexavalent chromium above New Jersey's most stringent residential soil guideline of 20 mg/kg.

Under the Consent Decree Regarding Sites 79 and 153 South, Honeywell has already replaced the top three feet of soil with clean fill in the southern portion of the Morris Canal property that runs approximately 1,575 feet north from Danforth Avenue. Remedial actions in the next 950 feet are planned to take place during 2011 and include repair or replacement of existing engineering controls (asphalt cap and/or landscaped areas) in order to provide three feet of clean fill in vegetated areas and restore the condition of the asphalt paved areas.

Honeywell will also be installing a cap over a portion of the property that is adjacent to the NJCU property and will be maintaining the pavement in areas that are not under the cap. After these actions have taken place, any remaining soils containing hexavalent chromium at levels above residential standards will be addressed in the future in conjunction with necessary repair or replacement of the BMUA sewer line.

Honeywell has placed a deed restriction on the Morris Canal property that requires us to maintain these remedial measures. While we understand that BMUA rarely needs to perform work on this force main, it is important to emphasize that, in the event that work is going to be performed as part of ongoing maintenance efforts, Honeywell needs to be notified of the planned work. We ask that you do so at least 10 days in advance in order for proper coordination of efforts to occur. The issue of work in areas such as the Morris Canal is the subject of a Standard Operating Procedure that is currently being developed by Honeywell with input from the BMUA.

The NJCU West Side Campus Property

The NJCU West Side Campus property, located between West Side Avenue and Route 440, will become the home of New Jersey City University's new "West Side Campus," for which NJCU has completed an award-winning design (see the attached map). The West Side Campus will give NJCU expanded academic facilities, including new classrooms, administrative offices, dormitories, and other functions. A portion of the West Side Campus, known as the "Commercial Area" will initially be developed as a parking facility for the University. Once the initial phase of the development is complete, the University plans to construct a commercial building with office and retail space in this area.

Honeywell and NJCU have been working together to coordinate the remediation of the NJCU West Side Campus with the redevelopment of the property. The remedial actions for chromium approved by NJDEP and currently being implemented by Honeywell involve soil excavation in the area of the Site referred to as the Residential Area of Concern (Residential Area) and capping in the area of the Site referred to as the Commercial Area of Concern (Commercial Area). Soil excavation is being conducted to New Jersey's most stringent residential soil guideline of 20 mg/kg to a depth of 20 feet in the area of future Buildings 5 and 6 and to a level of 5 mg/kg in the top 4 feet across the remainder of the Residential Area.

In the Commercial Area, Honeywell will install a state-of-the-art "RCRA type" cap over chromium contaminated soils, including underground barrier walls, a geosynthetic liner, a drainage layer, and at least one foot of clean fill followed by paving for future use to meet the University's parking needs. New utilities will be placed above the cap and Honeywell will construct clean utility corridors. Remediation activities for chromium began in August 2010 and are expected to be completed in the summer of 2011. To date, Honeywell has completed the majority of the excavation at the Site and is currently in the process of implementing the capping remedial actions.

NJCU, as the owner of the property, will place a deed restriction on the Commercial Area that will require that the cap be properly maintained. Honeywell is committed to maintaining the integrity of the cap in compliance with New Jersey law and its obligations under the Consent Decrees.

If you are planning to conduct any work on or near the Commercial Area of NJCU or the Former Morris Canal Sites (please see attached map), it is imperative that you notify Honeywell at least 10 business days in advance. You can provide your notification by calling (973) 455-3302.

As always, we appreciate your cooperation. If you have any questions or would like additional information, please feel free to call me at the above number.

April 21, 2011
Mr. Stephen Gallo, BMUA
Utilities on Former Morris Canal
Page 3 of 3

Sincerely,

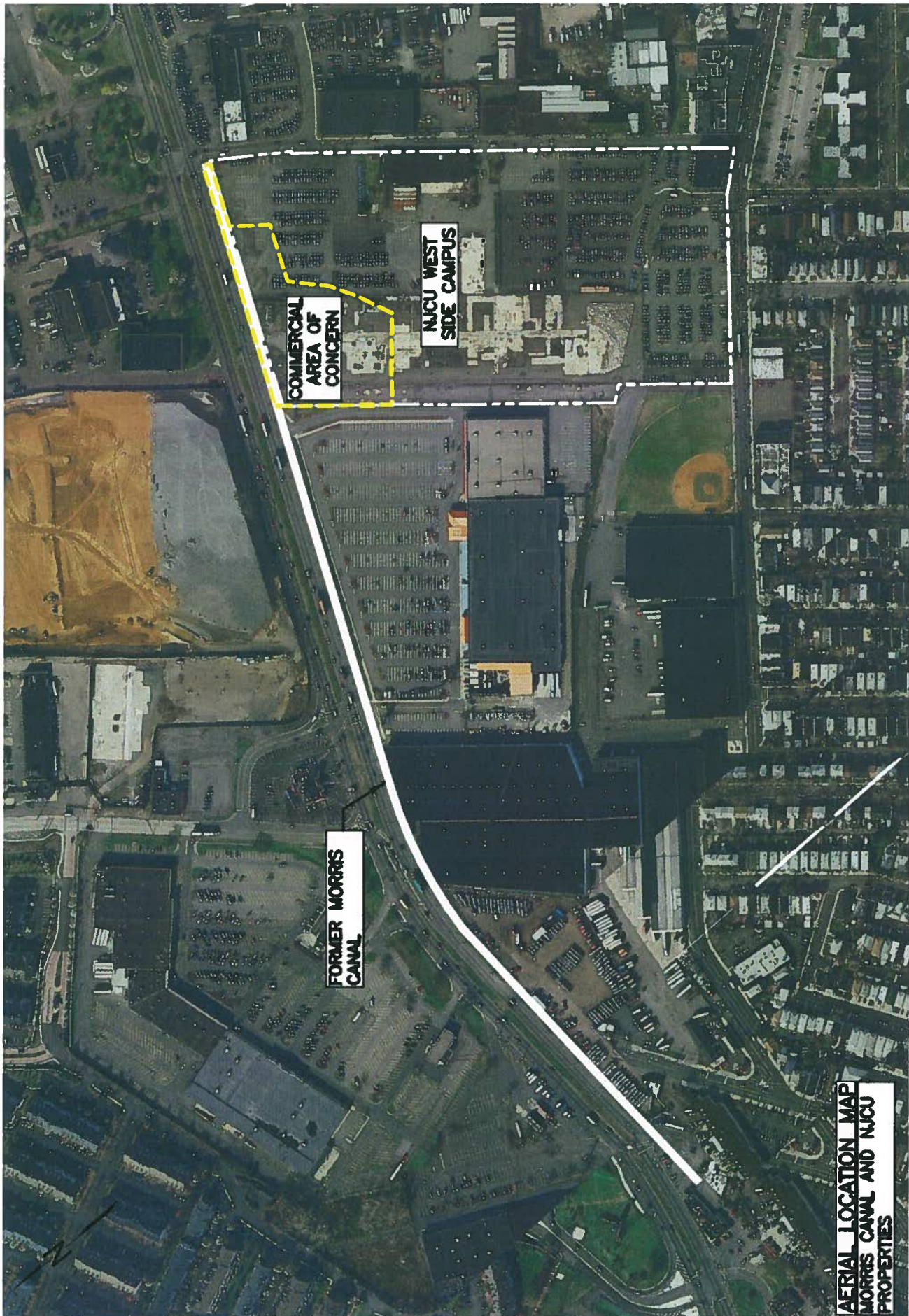


Maria Kaouris
Remediation Manager

Attachment: Aerial Location Map

MK:eg/sg

cc: Michael Daneker – Arnold & Porter LLP
Jeremy Karpatkin - Arnold & Porter LLP (electronic copy)
William Hague – Honeywell
John Morris – Honeywell
Robert Wayne – LeClairRyan
Joseph Clifford – Mactec
William Fellenberg – New Jersey City University
Kathy Monteiro – New Jersey City University
Al Ramey – New Jersey City University



COMMERCIAL
AREA OF
CONCERN

NJCU WEST
SIDE CAMPUS

FORMER MORRIS
CANAL

AERIAL LOCATION MAP
MORRIS CANAL AND NJCU
PROPERTIES