

**MINUTES
HARDYSTON TOWNSHIP
MUNICIPAL UTILITIES AUTHORITY
August 3, 2015**

The meeting of the Hardyston Township Municipal Utilities Authority was held on Monday, August 3, 2015, at the Municipal Building located at 149 Wheatsworth Road. Members present were Mr. Cicerale, Mr. Kula, Mr. Albanese, and Mr. Roof. Absent: Mr. Marples, Mr. Kaminski, and Mr. O'Grady. Also present Mike Vreeland, Ryan Scerbo, and Paul Cuva.

After salute to the flag, Mr. Cicerale stated compliance with the Open Public Meetings Act.

Minutes: A MOTION was made by Kula, seconded by Roof, to approve the minutes of the July 6, 2015 meeting. In favor, Cicerale, Kula, and Roof. Abstain, Albanese.

A MOTION was made by Kula, seconded by Roof, to approve the minutes of the July 9, 2015 meeting. In favor, Cicerale, Kula, Albanese, and Roof.

OLD BUSINESS:

Indian Field:

Phase II As-Built Plans – Mike stated nothing new to report.

Phase III Conveyance – Mike stated no correspondence has been received. Mr. Cicerale inquired into the status of the punch list. Discussion was held with regard to the punch list, available bond funds, and status of conveyance. Mike will contact the last representative on file to inquire.

Irrigation meter replacement – Mike stated the agreement was executed. Ron has placed the orders for the equipment and has set up the inspector for the back flow preventer.

Bond – Previously discussed. A list is in progress and will be presented hopefully at the next meeting.

Crystal Springs:

By Pass Upgrade/SCMUA – Mike stated the project is completed. Gail stated she will have Mike, Ron, and Bob verify the invoices before forwarding to SCMUA for reimbursement.

Escrow (sewer & water) replenishment – Gail stated payment was received for both escrow accounts. The water account balance is approximately \$4,000 and the sewer account \$3,000.

High Ridge Properties:

Payment Status – Gail stated 28 full and 1 partial quarter behind with interest calculated through July 31st for a total due of \$ 872,887.73.

Ridgefield Commons Emergency Interconnection –

Nothing at this time.

North Church Technical Center:

Mike stated he is not sure what the status is at this point in time.

Water Allocation Permit

Mike stated the application is due in a couple of months

New Business

Nothing at this time.

PAYMENT OF BILLS:

A MOTION was made by Kula and seconded by Roof to pay the bills, as per the bill list. In favor: Cicerale, Kula, Albanese, and Roof.

CORRESPONDENCE:

A MOTION was made by Kula and seconded by Roof to pay the bills, as per the bill list. In favor: Cicerale, Kula, Albanese, and Roof.

OFFICER'S REPORTS:

Nothing at this time

METERING:

Mike stated a meeting has been unsuccessful with the Itron Supplier, Water Works. We instead reached out and set up meetings with HD Supply and Rio Supply next week. Detailed e-mails were sent to both with regard to our current software, equipment, and what are goals are. Both HD and Rio are members of the Morris County Co-op. A letter was composed for the defective meters found in Indian Fields to be sent to the affected homeowners. Proper ID for the Guerin & Vreeland staff member performing the meter repair/replacements is in progress. Discussion was held regarding calculation of rates as it relates to reading of meters, commercial versus residential.

2016 BUDGET INTRODUCTION:

Paul stated the State requirements for filing our budget has changed dramatically. Detailed information such as commissioner salaries, positions, charges from the township, travel, etc. must now be included.

The proposed 2016 projected actual 2015 and actual 2014 budget was presented. Paul projected we will be utilizing \$162,000 of our surplus, we budgeted \$204,000. Out of the 162,000 it is getting moved into the R&R fund. Looking at the R&R fund we are putting \$256,695 into the fund. The unrestricted, undesignated is being moved into R&R. The rest of the \$256,695 is coming out of our operating. We were slightly over our operating revenue without taking into consideration our R&R. Projection to balance the budget is placed at \$221,274 and again we are putting into R&R but the numbers are getting closer and closer. \$259,000 is for R&R and \$221,000 of that is coming from unrestricted and undesignated. By the end of 2016 we should have about \$350,000 left in unrestricted undesignated.

The R&R funding is approximately \$2.5 million, depending on what we utilize in the next two years. Mike is working on an updated R&R schedule. Once the schedule is complete we will know what is needed to fund or not fund the R&R. If we continue to have to fund the R&R then we should think about increasing the rates. It is better to increase it on a gradual basis then all at once.

SCMUA rates are not projected to increase dramatically. A slight increase has been calculated into the budget. If it is a dry year it hurts us more. Projection of an additional two users per quarter in Crystal Springs, being conservative on customer growth is calculated into the budget. The R&R Calculations are ten years old. Once we have an updated schedule we can better predict how the R&R relates to the budget and rates. Discussion was held regarding the R&R rate structure.

A MOTION was made by Kula seconded by Roof. WHEREAS, the Annual Budget and Capital Budget for the Hardyston Township Municipal Utilities Authority for the fiscal year beginning, September 1, 2015 and ending, August 31, 2016 has been presented before the governing body of the Hardyston Township Municipal Utilities Authority at its open public meeting of August 3, 2015; and

WHEREAS, the Annual Budget as introduced reflects Total Revenues of \$1,352,594, Total Appropriations, including any Accumulated Deficit if any, of \$1,573,868 and Total Unrestricted Net Position utilized of \$221,274; and

WHEREAS, the Capital Budget as introduced reflects Total Capital Appropriations of \$165,000 and Total Net Position from Designated Renewal and Replacement of \$150,000 and Designated Equipment Reserve of \$15,000 planned to be utilized as finding thereof, of \$165,000; and

WHEREAS, the schedule of rates, fees and other charges in effect will produce sufficient revenues, together with all other anticipated revenues to satisfy all obligations to the holders of bonds of the Authority, to meet operating expenses, capital outlays, debt service requirements, and to provide for such reserves, all as may be required by law, regulation or terms of contracts and agreements; and

WHEREAS, the Capital Budget/Program, pursuant to NIAC, 5:31-2, does not confer any authorization to raise or expend funds; rather it is a document to be used as part of the said Authority's planning and management objectives. Specific authorization to expend funds for the purposes described in this section of the budget, must be granted elsewhere; by bond resolution, by a project financing agreement, by resolution appropriating funds from the Renewal and Replacement Reserve or other means provided by law.

NOW, THEREFORE BE IT RESOLVED, by the governing body of the Hardyston Township Municipal Utilities Authority, at an open public meeting held on August 3, 2015 that the Annual Budget, including all related schedules, and the Capital Budget/Program of the Hardyston Township Municipal Utilities Authority for the fiscal year beginning, September 1, 2015 and ending, August 31, 2016 is hereby approved; and

BE IT FURTHER RESOLVED, that the anticipated revenues as reflected in the Annual Budget are of sufficient amount to meet all proposed expenditures/expenses and all covenants, terms and provisions as stipulated in the said Authority's outstanding debt obligations, capital lease arrangements, service contracts, and other pledged agreements; and

BE IT FURTHER RESOLVED, that the governing body of the Hardyston Township Municipal Utilities Authority will consider the Annual Budget and Capital Budget/Program for adoption on September 7, 2015.

In favor: Cicerale, Kula, Albanese, and Roof.

Next month we will adopt the budget, assuming the State will approve the introduced budget

Threshold Minimum QPA:

Ryan stated the State increased the minimum threshold for QPA's to \$45,000 but upon further investigation a formal resolution is not necessary.

Bankruptcy:

Gail stated a bankruptcy was received last week for a resident located at 9 Clubhouse Road. The property listed in the filing is not located within our jurisdiction. Although the resident resides in our service area it may be an administrative oversight. Ryan advised that there is not anything we can do at this time.

PROFESSIONAL'S REPORTS:

Administrator – Not present

Operator – Not present

Billing Clerk – Gail stated the initial tax sale property list indicates 16 properties will be affected. Of the 16 properties, 7 are shut off for non-payment.

CFO – not present

Accountant – nothing further

Attorney – nothing further

Engineer – nothing further

OPEN PUBLIC PORTION:

The meeting was opened to the public.

As there were no members of the public present, the meeting was closed to the public.

There being no further business, A MOTION was made by Kula to adjourn, meeting adjourned.

Respectfully submitted,

Gail Hensal
Recording Secretary