

**MINUTES**  
**TOWNSHIP OF HILLSBOROUGH**  
**MUNICIPAL UTILITIES AUTHORITY**

**WEDNESDAY, September 28, 2016**

The Township of Hillsborough Municipal Utilities Authority met at a regular monthly meeting on Wednesday, September 28, 2016, with the following members present:

Michael Avolio  
Richard Nunn  
Gregory Burchette  
Robert McCray

Also present were Scott Lynn, Executive Director and Peter Cipparulo III, General Counsel.

**Announcement – Open Public Meetings Act**

Following the roll call, Chairman Avolio made the following announcement: In accordance with the provisions of the Open Public Meetings Act, P.L. 1975, c. 231, as amended, notice of this meeting was duly provided as part of the annual meeting notice on March 3, 2016.

**Approval of Minutes**

Mr. Nunn moved that the minutes of the meetings of August 24, 2016 be approved as recorded by the Executive Director. The motion was seconded by Mr. McCray, and the roll call vote was: Chairman Avolio –yes, Mr. Burchette – yes, Mr. McCray – yes, and Mr. Nunn – yes.

**BUSINESS FROM THE FLOOR**

No business from the floor.

**OATH OF OFFICE**

Tabled until October

**MATTERS FOR CONSIDERATION**

**Twp. of Hillsborough – Groundwater Discharge – Underground Storage Tank Site**

Mr. Lynn reported there was no breakthrough reported for the period.

**Update – River Road Pump Station**

Mr. Lynn reported the new control panels and switching is working fine and the system is running great. Mr. Lynn stated that the remaining work at River Road will have to be completed of which includes the removal of the building.

**Update – Sunny Mead Pump Station**

Mr. Lynn reported to the board that the Sunny Mead Pump Station is in the process of having the three drives replaced as approved in August. The process will take about a week. Mr. Lynn stated we were fortunate that the flows have been low allowing the two pumps to adequately handle the flows.

**Resolution – Adopting Revised 5 Year Capital Plan**

Mr. Lynn stated he has reviewed the 5 Year Capital Plan in preparing the budget and determined that some of the estimates needed to be adjusted. He pointed out those completed projects and those where costs estimates needed adjusting.

The members reviewed the Capital Plan and Mr. Nunn introduced the following resolution and moved it be adopted:

WHEREAS, the Capital Plan approved by the Authority on September 28, 2016, will require estimated expenditures of \$4,398,000;

NOW, THEREFORE, BE IT RESOLVED that the Authority continues its policy of maintaining the following reserves to be utilized for said expenditures, thereby eliminating the need to issue additional bonds:

Reserve for Capital Improvements – not to exceed \$4,500,000

Reserve for System Replacement – not to exceed \$1,000,000

The resolution and motion were seconded by Mr. Burchette and the roll call vote was: Chairman Avolio – yes, Mr. Nunn – yes, Mr. McCray – yes, and Mr. Burchette – yes.

**Proposed Operating and Capital Budgets – Fiscal Year Ending Nov. 30, 2017**

Mr. Lynn stated copies of the proposed budget have been distributed to the members for review. It is now in order that the resolution approving said budgets be considered. The proposed budgets will then be forwarded to the Division of Local Government for review and approval prior to our public hearing to formally adopt the budget on November 22, 2016.

With increasing costs of operation, primarily health benefits, increased maintenance of our facilities, pensions, and higher energy costs we will have to utilize funds from the Reserve for Rate Stabilization to balance our budget (\$293,148). This does not mean we will definitely use these funds but at this point they are needed to balance the proposed budget. Some good news regarding these funds is that with the anticipated overage from our 2016 budget, which as you know is designated to go to the Rate Stabilization Fund, we will immediately replenish the funds anticipated in the current budget.

The proposed annual budget represents an increase in anticipated revenues of 1.44% from the current year's budget, mainly due to the increase in total revenues. The increase in revenues is offset by a 1.0% increase in total appropriations thus resulting in a balanced budget.

As you know a significant part of our budget is the SRVSA cost to the Authority. The only true method to stabilize our SRVSA costs, is to continue our ongoing I & I program to reduce the I & I from our system.

The Capital Budget reflects a revised 5 Year Capital Improvement Plan which we also need to adopt at our meeting. As you can see I have proposed an aggressive Capital Budget for 2017, but as always all projects must be approved by the members prior to commencing.

WHEREAS, the Annual Budget and Capital Budget for the Township of Hillsborough Municipal Utilities Authority for the fiscal year beginning, 12/1/16 and ending 11/30/17 has been presented before the governing body of the Township of Hillsborough Municipal Utilities Authority at its open public meeting of 9/28/16; and

WHEREAS, the Annual Budget as introduced reflects Total Revenues of \$6,031,725, Total Appropriations, including any Accumulated Deficit if any, of \$6,324,873 and Total Unrestricted Net Assets utilized of \$293,148; and

WHEREAS, the Capital Budget as introduced reflects Total Capital Appropriations of \$1,607,500 and Total Unrestricted Net Assets planned to be utilized as funding thereof, of \$1,607,500; 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 N.J.A.C. 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 Township of Hillsborough Municipal Utilities Authority, at an open public meeting held on September 28, 2016 that the Annual Budget, including appended Supplemental Schedules, and the Capital Budget/Program of the Township of Hillsborough Municipal Utilities Authority for the fiscal year beginning, 12/01/16 and ending, 11/30/17 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 Township of Hillsborough Municipal Utilities Authority will consider the Annual Budget and Capital Budget/Program for adoption on November 22, 2016.

The motion and resolution were seconded by Mr. Burchette, and the roll call vote was: Chairman Avolio – yes, Mr. Burchette – yes, Mr. Nunn – yes, and Mr. McCray - yes.

### **JIF “Loss Control Report”**

Mr. Lynn reported to the members that the Authorities insurance company, the JIF, had made an inspection of our facilities and issued a report. The report states that all of the items that have been on the report have been addressed with the exception of one. That remaining item would be the building at the River Road Pump Station. Mr. Lynn stated the Maintenance Department has been working hard to address the previous items and Mr. Lynn praised the Maintenance Department for a job well done. Mr. Lynn also stated to the members the best news of all is that there are no new comments in the report.

### **Resolution – Purchase of a Carport Structure for the River Road Pump Station**

Mr. Lynn represented the need for an enclosure at the River Road Pump Station. The River Road PS, is located in the southeast portion of the Township and has been undergoing improvements to the facility. The existing building located on site has deteriorated to a point where it is not safe to work in or house our control panels. As such, a new pad and control panel was constructed and a carport would provide protection from the weather. Also working on the pump station components is difficult during bad weather. The carport will provide the much needed protection of the pump station components and to our crews.

Mr. Lynn reported that we purchased and installed a carport at the Carriage Hill Pump Station back in 2014 and it is working out well.

Mr. Lynn reported the cost of the carport to be approximately \$1,600.00 and there are funds in the Capital Budget for the purchase of the carport.

Mr. Nunn introduced the following resolution and moved it be adopted.

**WHEREAS**, Mr. Lynn has recommended the Authority purchase a carport structure for use at the River Road Pump Station.

**WHEREAS**, Mr. Lynn stated that appropriations are available in the budget for such a purchase.

**NOW, THEREFORE BE IT RESOLVED** the Authority hereby approves the purchase of a carport structure for the River Road Pump Station not to exceed \$1,850.00.

The motion and resolution were seconded by Mr. Nunn and the roll call vote was; Chairman Avolio – yes, Mr. McCray – yes, Mr. Nunn – yes, and Mr. Burchette – yes.

#### **SRVSA Report**

No report.

#### **Claims List Approval**

Mr. Nunn introduced the following resolution and moved that it be adopted:

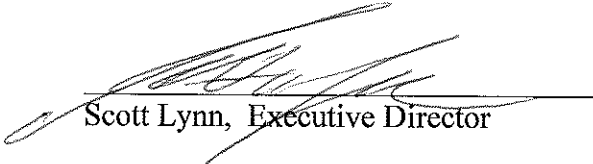
BE IT RESOLVED that the following claims list dated September 28, 2016 be approved and the Treasurer be authorized to issue checks in payment of said claims.

Operating Fund Claims List	- \$143,023.46
Inspection Trust Fund Claims List	- \$ 8,000.00

The motion and resolution were seconded by Mr. McCray and the roll call vote was: Chairman Avolio – yes, Mr. McCray– yes, Mr. Nunn – yes, and Mr. Burchette – yes.

#### **Adjournment**

There being no further business to come before the meeting, Mr. Nunn moved that the meeting be adjourned. The motion was seconded by Mr. McCray and the roll call vote was unanimous for adjournment.

  
Scott Lynn, Executive Director