LAMBERTVILLE MUNICIPAL UTILITIES AUTHORITY

Special Meeting

May 21, 2026, 1:00 pm

Lambertville Wastewater Treatment Facility, **#2.1**

3 Bridge Street, Lambertville

Minutes for Meeting Held in Person & Microsoft Teams

Join: https://teams.microsoft.com/meet/210488298313917?p=Th1qa6EpgktMnKa2or

Meeting ID: 210 488 298 313 917

Passcode: yq37hf6h

STATEMENT OF COMPLIANCE WITH OPMA.

Mrs. MacGregor called the meeting to order at 1:02 p.m. This meeting complies with the Open Public Meetings Act, with notice provided to the Trenton Times and the Hunterdon County Democrat, the City of Lambertville, Department Heads and members on the LMUA listserv. A copy of the notice and agenda were posted on the web sites of the LMUA www.lambertvillemua.com and the City of Lambertville www.lambertvillenj.org. The meeting agenda provides for action items (shown in bold) known at the time of publication and is subject to change. This meeting is being recorded and streamed live using Microsoft Teams Meeting Platform.

PLEDGE OF ALLEGIANCE.

ROLL CALL. Ms. Parsons called the roll as follows:

LMUA Board:

Present: Janine MacGregor-Chairwoman, Helen Pettit -Vice Chairwoman, Holly Havens-Treasurer, David Burd-Secretary

Absent: Robert Dahl-Member, Matthew Hoyle-Alternate I, Nanneman-Alternate II

Also Present: Michael Ingenito-Executive Director, Kathy Leary-Chief Financial Officer, Michael Schneider-Operations Supervisor, Andrew Brewer, Esq. of Maraziti Falcon, LLP, Joshua Nyikita & Michael Schimenti-Acacia Financial Advisors

AGENDA, ETC.

1. Agenda updated & posted on the LMUA website & City of Lambertville website.

EXECUTIVE DIRECTOR’S REPORT-MICHAEL INGENITO.

2. **Discussion on Resolution 041-5-2026 Approval of the FY2027 Budget:**

   Mr. Ingenito introduced Mr. Brewer, of Maraziti Falcon, who is in attendance in place of Diane Alexander as she was unable to attend this meeting. Joshua Nyikita and Michael Schimenti with Acacia Financial Group were in attendance virtually to assist with any questions related to the cash flow model.

   Mr. Ingenito presented **Resolution 041-5-2026** ***Approval of the FY2027 Budget*** to move the proposed Fiscal Year 2027 Budget and asked if there was a need for the Board to review any of the documents to address any questions.

Ms. Pettit had a question on the 3rd whereas unrestricted net position of $0.00 which she does not understand as Agenda Item **#2.7 *7% Increase LMUA Pro-Forma Cash-Flow Model Dated: 5/14/26*** shows total net position of $603,694 in fiscal year 2026. Why does the resolution show the total net position as not being utilized? Mr. Nyikita confirmed the zero balance is a Department of Community Affairs requirement and suggested that the LMUA follow up with the Auditor. Mr. Ingenito confirmed that the balance is shown as zero as the LMUA cannot store funds in Capital. All Capital funds are restricted to be used for specific purposes and need to be spent in the year designated. The Board then requested that Mr. Ingenito confirm this with our Auditor.

Mr. Ingenito then discussed years 2029 & 2030 in the Pro-Forma Cash-Flow Model that show a shortfall due to bond covenants that need to be met. Mr. Nyikita explained the debt service from the NJ I-Bank and the importance of phasing projects to avoid a significant increase in debt service. Mr. Nyikita further explained the permanent financing on the current projects will occur in late 2028 and will impact the LMUA in 2029. The Pro-Forma Cash-Flow Model uses a conservative estimate, and it is Mr. Nyikita's professional opinion that the LMUA will do better than projected. It would be beneficial if we could spread the projects out so as not to get a big hit in debt service right away.

Mr. Nyikita explained there is an overlap of old and new debt service during the 2029-2030 timeframe that is causing a deficit in the fund balance. If there is a slight delay in one of the projects closing, the LMUA could be in better position financially. He suggested a phased approach for each project so as to balance the budget and close the projects in the required timeframes.

Mr. Nyikita explained that debt service is an expense line item that is paid through rate-payer fees. The Cash-Flow Model is our tool to review operating and capital expenditures to help balance and plan the budget.

Mr. Nyikita confirmed the current bond rating for the LMUA is A-1, which is good for a small utility authority.

Mrs. MacGregor and Mr. Nyikita discussed the quarterly review and update of the Cash-Flow Model and the flexibility to adjust the budget in real time. This is important given what is happening with inflation.

Mrs. MacGregor asked about the difference between the projected revenues and audited revenues amount for 2026, noting that the projected amount is usually lower. This year, the LMUA used actual numbers from the current fiscal year instead of projected numbers. LMUA should come in closer to the budget amount in FY 2027 because of this.

Ms. Pettit suggested adding a footnote to indicate that under the Summary Sheet, Operations #2, 3, 4, 5, 6 are not applicable. Once the FY 2027 Budget is fully approved, a footnote that states

"Operations #2, 3, 4, 5 not applicable to the LMUA" will be added to the uploaded version on the website.

Mrs. McGregor had a question on Agenda Item 2.5, asking what happened to the plan to replace the generator? Mr. Ingenito, on the recommendation of the engineer, has decided not to replace the generator. Instead, we will put the money into a redundant press machine to increase efficiencies with operation. Mr. Ingenito had our vendor, ERA, perform an evaluation on the generator, and they did not recommend replacement at this time due to the low runtime and overall good condition. They have also confirmed that parts will be available for the next 10 years.

Mr. Burd commented that he is happy with the layout and accessibility of the operations budget spreadsheet.

Agenda Item 2.9 Mrs. MacGregor liked to have the history in front of us with the Board's review. There was a discussion on the rate of inflation and the costs of operating the plant. The 7% proposed increase in user-rate fees is more than the average increase in the past, but it is necessary with the anticipated new debt service.

Ms. Pettit commented on Agenda Item 2.8 as she was happy to see the addition of new developer rates in the rate schedule. The proposed *FY 2027 Fee & Rate Schedule Increased to 7%* is scheduled for approval at the rate hearing on June 2, 2026. There was a discussion on the LMUA's Rules and Regulations and what it stated for development fees.

Mr. Ingenito confirmed the developer fees are not included in the operations budget as we do not know when we could expect the fees. Mr. Ingenito advised that the basis of the new rate schedule was derived from rate schedules from other municipalities of a similar size.

The consensus of the Board was that the LMUA's primary concern must be with the everyday rate payer, the residents and business owners of this town.

There was a discussion on the Proposed Fee Schedule under II Application Review Fees: The LMUA needs to define the term development (number of units). The LMUA will review and decide on an applicable term for development and then send to our counsel from review.

2.1. DCA FY 2027 Budget Summary Sheet pg. F-1:

The Board reviewed the Summary Sheet from the FY 2027 DCA Budget package which gave an overview of the coming year's financial plan showing total Anticipated Revenues of $2,600,892.00, Total Appropriations and Accumulated Deficit of $2,528,550.00, total Unrestricted Net Position of $118,000.00 and Total Capital Appropriation of $1,500,000.00.

2.2. Memo – Proposed FY 2027 Operating Budget-Final:

Mr. Ingenito reviewed the proposed FY 2027 Operating Budget with the Board. Overall, the budget reflects an increase of $178,140.00 or 7.6% compared to the adopted FY 2026 Operating Budget.

Expenses have increased to $2,528,550.00 primarily due to salary adjustments, continued increases in chemical and utility costs, higher insurance and professional service expenses, and routine adjustments to debt service obligation.

I. Operating Budget
Cost of Providing Services

1. Labor: This line item reflects anticipated salary increases for operational staff, as well as adjustments related to longevity and required certifications necessary for plant operation.
2. Disinfection Chemicals: Costs remain elevated due to continued market pricing volatility.
3. Laboratory chemicals: This line has increased modestly to reflect higher unit costs for testing reagents and consumables necessary to meet NJDEP permit requirements.
4. Service Contracts: An increase is included to account for annual contractual escalators and expanded preventative maintenance services for critical treatment plant equipment.
5. Outside lab services: Costs have increased due to higher testing fees. Staff will continue to review service levels and solicit competitive quotes where feasible.
6. Protective clothing: This line item reflects the ongoing replacement cycle for personal protective equipment (PPE) and compliance with updated safety standards.
7. Plant telephone: This line has increased slightly based on rates and upgrade needs.

II. General and Administrative Expenses

1. Salary and Wages: Reflects planned salary adjustments for administrative staff.
2. Social Security: Increased proportionally to wage increases.
3. Health Insurance: Increase reflects updated rates from the State Health Benefits Program (SHBP).
4. General Insurance: Increase is based on NJUA JIF assessment.
5. Legal Services: Costs reflect updated hourly rates and anticipated labor-related matters.
6. Engineering Services: Increase reflects continued use of consulting engineers for regulatory compliance, capital project support, and planning activities.

7. Annual Report: This line item reflects consultant costs associated with preparation and submission of the annual NJDEP and DRBC report.
8. Trustee Fees: Increased to reflect outstanding I-Bank loans and related administrative requirements.
9. Auditing and Accounting: Increased to reflect updated professional service rates.

III. Other Costs Funded by Revenues

1. Debt service: The debt service schedule is attached. Without any additional loans, the annual debt service payments are flat through 2029. This will increase with the closing of new I-Bank loans.
2. Contribution to the City: The City has not yet requested contributions from LMUA as of the date of this memo. Assuming there are no changes, we anticipate the city will request $76,320.

IV. Capital Budget:

Mr. Ingenito have included a separate memorandum on the capital budget.

V. Financial Analysis Spread Sheet

Acacia Financial has updated the Financial Analysis Spread Sheet to reflect proposed revenues and budgeted expenses for FY 2027. Acacia has updated FY 2025 figures to reflect the actual revenues and expenditures. Mr. Ingenito have included the most recent version for the Board's information.

VI. Revenue

Mr. Ingenito also attached the cash receipts summary prepared by Ms. Parsons showing actual revenue from FY2021 through FY2026. The actual revenue for FY2026 through April 9th. 2026 is listed and projected for the rest of the year.

2.3. Proposed FY 2027 Operating Budget Spreadsheet:

This was reviewed by the Board.

2.4. Memo – Proposed FY 2027 Capital Budget:

Mr. Ingenito stated the proposed capital budget has one proposed change from the capital budget approved last year. An additional year has been added to the capital planning schedule, and anticipated improvements to the sewer system have been incorporated into that newly added year. As updated, the capital plan now outlines projected projects and expenditures over a seven-year horizon.

Mr. Ingenito confirmed this change does not alter current-year funding allocations or previously approved project priorities. Instead, it extends the planning horizon and introduces preliminary funding assumptions for the added year. As a result, projected out-year expenditures are modestly higher, reflecting the inclusion of sewer system work; however, these costs are expected to be addressed through future budgeting processes and do not require adjustments to existing funding commitments at this time.

2.5. Proposed FY 2027 Capital Budget Spreadsheet

This was reviewed by the Board.

2.6. Annual Cash Receipts Summary Spreadsheet

This was reviewed by the Board under #2. *Discussion on Resolution 041-5-2026 Approval of the FY2027 Budget.*

2.7. 7% Increase LMUA Pro-Forma Cash-Flow Model Dated: 5/14/26

This was reviewed by the Board under #2. *Discussion on Resolution 041-5-2026 Approval of the FY2027 Budget.*

2.8. FY 2027 Fee & Rate Schedule Increased to 7%

This was reviewed by the Board under #2. *Discussion on Resolution 041-5-2026 Approval of the FY2027 Budget.*

2.9. History of User Charge Amounts

This was reviewed by the Board under #2. *Discussion on Resolution 041-5-2026 Approval of the FY2027 Budget.*

2027 AUTHORITY BUDGET RESOLUTION
Lambertville Sewerage Authority
FISCAL YEAR: July 01, 2026 to June 30, 2027
Resolution 041-5-2026

WHEREAS, the Annual Budget and Capital Budget for the Lambertville Municipal Utilities Authority for the fiscal year beginning, July 1, 2026, and ending, June 30, 2027, has been presented before the governing body of the Lambertville Municipal Utilities Authority at its open public meeting of May 21, 2026; and

WHEREAS, the Annual Budget as introduced reflects Total Revenues of $2,600,892.00, Total Appropriations, including any Accumulated Deficit if any, of $2,528,550.00 and Total Unrestricted Net Position planned to be utilized as funding thereof, of $118,000.00; and

WHEREAS, the Capital Budget as introduced reflects Total Capital Appropriations of $1,500,000.00 and Total Unrestricted Net Position planned to be utilized as funding thereof, of $0.00; 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 Lambertville Municipal Utilities Authority, at an open public meeting held on May 21, 2026, that the Annual Budget, including all related schedules, and the Capital Budget/Program of the Lambertville Municipal Utilities Authority for the fiscal year beginning, July 1, 2026, and ending, June 30, 2027, 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 Lambertville Municipal Utilities Authority will consider the Annual Budget and Capital Budget/Program for adoption on June 2, 2026.

Motion: Mr. Burd
Second: Ms. Pettit

Governing Body Member	Recorded Vote: Aye	Nay	Abstain	Not Voting	Not Present
Janine MacGregor	X				
Helen Pettit	X				

Holly Havens	X	
David Burd	X	
Robert Dahl		X
Matthew Hoyle		X
Emily Nanneman		X

OPEN FORUM/ NEW BUISNESS.

There was no new business discussed by the Board.

PUBLIC COMMENT.

There was no public in attendance at this time.

HISTORIC REFERENCE MATERIALS.

There was nothing new to review or discuss.

ADJOURNMENT.

The meeting adjourned at 1:59 p.m. with a motion made by Ms. Pettit seconded by Mr. Burd and followed by a unanimous voice vote taken in favor of the motion by all members present. MOTION CARRIED.

Respectfully submitted,
Melissa S. Parsons
Melissa S. Parsons,
Administrative Assistant

Approved at the regularly scheduled Lambertville MUA Board meeting held on August 4, 2026.