

## **Finance Advisory Committee Minutes – 11/04/2020**

Attendees: Mike Albanese, Lauren Barnett, Bob Dewing, Monica Goscicki, Dan Happer (minutes), John Kaplan, Audrey Lane, Jim Murphy, Mitchell Stern.

Absent: None

1. Approval of September 2 minutes. Unanimous.
2. The Committee welcomed Mike Albanese as our newest member.
3. Bond Anticipation Notes (BAN) Update

The CFO reported that the \$4,759,885 of Bond Anticipation Notes were issued on September 30, 2020 with a Maturity of September 30, 2021 at a rate of .0434%.

Bob Beinfeld, bond council, updated the Committee on the recent BAN issuance that was sold for a full year as opposed to the 9<sup>1/2</sup> months requested by the Borough. Mr. Beinfeld indicated that in the final distribution to the market he used the wrong version of the documents which had the full-year maturity. There were no other differences in the document from what had been approved by the Borough Manager and Chief Financial Officer. The mistake resulted in a likely higher rate of a few basis points as a result of the extended maturity and a double interest for the period from our planned bonding in July next year and the maturity of the BAN on September 30.

Mr. Beinfeld said he has changed his internal procedures to make sure the documents distributed to the market for bidding were those approved by the client. He also indicated that he would rebate the additional interest as described above that the Borough incurs.

He also indicated that there would be no impact to the proposed bonding next year or any need to escrow funds from the proposed Bond issuance pay off the BAN due on September 30.

We also discussed options to fund the water meter replacement project being discussed as a potential 2021 project. Mr. Beinfeld indicated that there was a lot of flexibility in how we approach the funding mechanics at either the general fund or reimbursed by the water utility. It was agreed that the funding options would be discussed as part of the 2021 budget process.

4. The Manager reported that the Borough has applied for funding for the DOT grant projects for ML roads/sidewalks that have recently been contracted. The borough is waiting on receipt of the funds and they are expected to be received prior to paying the contracts.
5. The CFO reviewed the Q3 budgets versus actual, reserves/trusts and capital ordinances. The only area of revenue concern is about a \$12,000 shortfall for municipal court fines as a result of lower ticket issuance and postponement of cases as a result of the pandemic. There are several adjustments that will need to be made to the 2020 budgets to cover overages caused by a clerical error in the budget for finance salaries and other areas driven mostly by the pandemic.

The CFO reported that she does not have any concerns on the water and sewer budgets.

We discussed reserve levels and it was decided that we will discuss the Storm recovery and tax appeals reserve balances at the December meeting when more information is available.

The open capital ordinances were discussed and there was discussion over the clearing of older items. The manager indicated that he will provide an update in connection with the Capital plan development for 2021. The manager also noted that the 10-year capital forecast is being updated in connection with the 2021 capital plan. The Committee noted the importance of keeping this forecast current.

The manager indicated he would get back to the Committee on the details of the \$21,000 engineering costs encumbered under the Borough Hall Renovation project.

6. The discussion of the electronic water meter replacement cost savings, funding (GF or utility and term) and 5-year fund balance projections was deferred until the December meeting
7. The Manager indicated that the 2020 budget preparation schedule would be presented at the December meeting.
8. Other business.
  - The manager reported that the reassessment project is underway and expects it to be completed before year end.
9. Next meeting: Wednesday, December 2 at 7:30pm Zoom mtg.

**To Dos:**

1. Water Meter Replacement:
  - Cost savings estimate shifting from manual to radio water meters.
  - 5-year fund balance projection including financing and cost savings
2. Provide 3-year historical annual cost to borough of tax appeals.
3. Recommendations for reserve replenishment
  - a. Look at storm recovery at December meeting
  - b. Tax appeals will be reviewed in December
    - i. CFO to provide a 3-year historical annual cost to borough of tax appeals.
4. The Manager will provide update of open capital ordinances in connection with the Capital plan development in 2021.
5. The 10-year capital forecast will to be presented in connection with the 2021 Capital budget.
6. The Manager to provide details of the \$21,000 engineering costs encumbered under the Borough Hall Renovation project.