

TOWNSHIP OF WASHINGTON
BERGEN COUNTY, NEW JERSEY

SPECIAL PUBLIC MEETING MINUTES
July 9, 2018

This Special Public Meeting of the Township Council of the Township of Washington was held at 6:30 p.m. in the Council Meeting Room of the Municipal Complex, 350 Pascack Road, Township of Washington, New Jersey.

Council President Michael DeSena called the meeting at 6:30 p.m. by reading the following statement

OPEN PUBLIC MEETING STATEMENT

The Special Public Meeting of the Township of Washington Township Council. Adequate notice of the meeting was given in accordance with the Open Public Meetings Act by the Township Clerk to at least two (2) newspapers on July 5, 2018 and this notice has been posted on the Township Bulletin Board and on the Township Web Site.

Please notify the Municipal Clerk for any disability requirements necessary for attendance at Mayor and Council meetings. The fire exits are located through the double doors to your right and through the door on your left. Please silence all cell phones.

SALUTE TO THE FLAG

ROLL CALL

Council Members Steve Cascio, Arthur Cumming, and Council President Michael DeSena. Also present: Peter Calamari, Mayor; Ken Poller, Township Attorney. Susan Witkowski, Township Clerk. Absent: Mary Anne Groh, Township Administrator.

RESOLUTION No. 18-260

Closed Session, July 9, 2018

WHEREAS, the public is invited to attend all Meetings (whether denoted public or conference sessions) of the Township Council in accordance with its general practice and the Open Public Meetings Act; and

WHEREAS, the Legislature of the State of New Jersey declared that the public has a right to attend all meetings of the public bodies at which any business affecting the public is discussed or acted upon in any way except as set forth in the Open Public Meetings Act (N.J.S.A. 10:4-12), which provides for the exclusion of the public from the portion of a meeting at which certain enumerated matters are to be discussed; and

WHEREAS, the Township Council has determined that, because of the nature of the subject matter to be discussed, the public should not be present at that portion of the meeting of the Township Council at which certain specific matters encompassed by N.J.S.A. 10:4-12 are to be discussed;

NOW, THEREFORE, BE IT RESOLVED, by the Township Council of the Township of Washington that, pursuant to the express provisions of the Open Public Meetings Act, the public be excluded from the meeting or portion of the meeting (denoted as an "executive" or "closed" session) in which the following matters are to be discussed:

1. Any matter which, by express provision of federal law or State statute or rule of court shall be rendered confidential or excluded from the provision of subsection of a. of this section.
2. Any matter in which the release of information would impair a right to receive funds from the Government of the United States.

3. Any material the disclosure of which constitutes an unwarranted invasion of individual privacy such as any records, data, reports, recommendation, or other personal material of any educational, training, social service, medical, health, custodial, child protection, rehabilitation, legal defense, welfare, housing, relocation, insurance, and similar program or institution operated by a public body pertaining to any specific individual admitted to or served by such institution or program, including but not limited to information relative to the individual's personal and family circumstances, and any material pertaining to admission, discharge, treatment, progress or condition of any individual, unless the individual concerned (or, in the case of a minor or incompetent, his guardian) shall request in writing that the same be disclosed publicly.

4. Any collective bargaining agreement, or the terms and conditions which are proposed for inclusion in any collective bargaining agreement, including the negotiation of the terms and conditions thereof with employees or representatives of employees of the public body.

5. Any matter involving the purchase, lease or acquisition of real property with public funds, the setting of banking rates or investment of public funds, where it could adversely affect the public interest if discussion of such matters were disclosed.

6. Any tactics and techniques utilized in protecting the safety and property of the public provided that their disclosure could impair such protection. Any investigations of violations or possible violations of the law-

7. Any pending or anticipated litigation or contract negotiation other than in subsection b. (4) herein in which the public body is or may become a party. Any matters falling within the attorney-client privilege, to the extent that confidentiality is required in order for the attorney to exercise his ethical duties as a lawyer . **POSSIBLE LITIGATION**

8. Any matter involving the employment, appointment, termination of employment, terms and conditions of employment, evaluation of the performance of, promotion or disciplining of any specific prospective public officer or employee or current public officer or employee employed or appointed by the public body, unless all the individual employees or appointees whose rights could be adversely affected request in writing that such matter or matters be discussed at a public meeting. **PERSONNEL**

9. Any deliberations of a public body occurring after a public hearing that may result in the imposition of a specific civil penalty upon the responding party or the suspension or loss of a license or permit belonging to the responding party as a result of an act or omission for which the responding party bears responsibility.

BE IT FURTHER RESOLVED, that it is not possible as yet to fix the time when or the circumstances under which the discussion conducted in Closed Session can be disclosed to the public. It is anticipated that the subject matter under discussion will be made public when finalized.

BE IT FURTHER RESOLVED, that notice is hereby given that the Township Council may find it necessary to take action at the conclusion of the executive/closed session; that such action if taken, will occur in open session; that you are invited to stay in the Municipal Building during the executive/closed session; that the doors to the Council chambers will be opened and an announcement will be made if the Township Council will be going into open session; and you may be present during such open session.

The Township Council anticipates that an open session will be necessary.

The Township Council anticipates that an open session will not be necessary.

MOTION		SECOND		COUNCIL	AYES	NAYES	ABSTAIN	ABSENT
Bruno		Bruno		Bruno				X
Cascio	X	Cascio		Cascio	X			
Cumming		Cumming	X	Cummings	X			
DeSena		DeSena		DeSena	X			
Ullman		Ullman		Ullman				X

Also Present: Daniel Scudieri, Department of Municipal Facilities Director

Councilman Bruno arrived at 6:35 pm
Councilman Ullman arrived at 6:54 pm

Patricia McDermott, Department of Municipal Facilities Secretary requested her portion be done in Public Session.

Patricia McDermott – Council President DeSena stated since we last met in January, issues were discussed, and he would like a quick update on how the new tasks of the daily log is coming along. He was given a copy, but would like this to be provided, electronically, on a weekly basis, in an excel spreadsheet. Ms. McDermott replied yes, she can do that. He stated the notes are fine for Ms. McDermott, but he would like to track the calls that are taken and the response. Councilman Cumming spoke of his experience as Property Maintenance/Code in Fairlawn, and the work order system he worked with. Council President DeSena stated if a call comes in regarding a pothole, he would like to know the date the call came in, the time, address, issue and when it was resolved. Mayor Calamari stated Ms. McDermott can continue to keep her own notes but transfer the information into an excel spreadsheet at the end of the day. Preventative Maintenance logs are being kept by Mr. Lawlor and Ron. Mayor Calamari stated he did see them, they are very good, but he would like to tweak a few things. Catch basins and sewers are on the list now. Council President DeSena stated he would also like a training log for DMF Personnel. Mayor Calamari stated he did receive a letter dated May 9th, from a resident complimenting Ms. McDermott. Councilman Bruno asked if there is a possibility, with our server to have a shared file. Mayor Calamari stated he will check with IT if that can be available. Councilman Bruno suggested working with templates, so it is a fillable form for any information, information is inputted, and then saved. Ms. McDermott replied she can do that. Councilman Cumming stated he can get some samples and forward them to Ms. McDermott. A conversation followed on having a work order system on the website for residents to enter a problem, such as a pothole, and it is forwarded to the appropriate department. Currently, a resident can go to the website, and report a problem, which goes to Bernadette, and she routes it to the appropriate department. Council President DeSena spoke of a pothole issue ton Ridgewood Boulevard North, that has had a red cone in it for four weeks, and nothing has been done. He would like to be able to look at list and get some information, such as a contractor is working on it, etc. Ms. McDermott stated she will inform Bill on that tomorrow. Council President DeSena stated he would like the update give to the Clerk on Friday, emailed and put into Council packets.

Council President DeSena stated Council will now go into Closed Session for the reminder of Personnel.

Time noted: 6:45 pm.

A motion was made by Councilman Bruno, seconded by Councilman Ullman, to adjourn Closed Session.

Ayes: Councilmen Bruno, Cascio, Cumming, Ullman,
Council President DeSena.

Nays: None.

Time noted: 7:48 pm

SPECIAL PUBLIC MEETING: 8:00 PM

ROLL CALL

Council Members Robert Bruno, Steve Cascio, Arthur Cumming, Michael Ullman and Council President Michael DeSena. Also present: Peter Calamari, Mayor; Susan Witkowski, Township Clerk. Absent: Mary Anne Groh, Township Administrator; Ken Poller, Township Attorney.

Also, in Attendance: Ashley Morrone, CFO; Louis Mai, CPA, RMA; Gary Vinci, CPA, RMA; and Bob Beinfeld, Township Bond Counsel.

REPORT OF MAYOR – Public Service Announcements

Plastic Bags – Recycling
E-Recycling & Shredding Event Update

The company that handles the Township recycling will not take recyclables any longer if the Township does not improve very quickly. The DMF will be going around with stickers, before the hauler, and if there are any recyclables in plastic bags, the sticker will be affixed to the bag, and that will be Buldo's sign to not take the recycling. Please do not put recyclables in plastic bags, that is the biggest compliant Buldo has regarding the Township recycling. A reverse 911 call will also go out during the week regarding this subject. Our E-Recycling and Shredding Event on July 21st will be held at the High School Parking Lot, not the Town Hall parking lot.

Council President DeSena stated Friday, July 13th, is the first of our "Summer Concert Series" featuring Bon Journey. He hopes to see everyone there.

GENERAL PUBLIC DISCUSSION

A motion was made by Councilman Cascio, seconded by Councilman Ullman, to open the general public discussion.

Ayes: Councilmen Bruno, Cascio, Cumming, Councilman Ullman, Council President DeSena.

Nays: None.

John Hannan, 564 Jackson Avenue – Mr. Hannan stated in looking at Township finances, there are items going back to 1988, 1999, millions of dollars, that we do not know what it is for. He stated there is a part-time CFO, and no Director of Finance. He stated Jackie Do was the CFO, but there has not been a Director in years, and that is a serious internal control problem. He does not understand how a decision can be made based on financial statements that have holes in them, there are issues of control, and going out for six million dollars' worth of debt, without understanding what the finances is even more troubling. Council President DeSena stated currently we have a part-time CFO, that position has been advertised, three candidates have been interviewed, and the Township should have a full-time CFO within four to six weeks. He stated the six million dollars is to reissue BANS that we have had ongoing for years. The four individuals that you see before you are here to address how those BANS can be reduced.

Joe D'Urso, 12 Viola Terrace – Mr. D'Urso stated Ms. Do, was the CFO, Finance Director and Treasurer. He would like to know why two auditors are present. Councilman Ullman stated at the last meeting it was requested that Mr. Mai attend as the auditor, which he agrees to. He also asked that the prior auditor, the firm of Lerch, Vinci who currently provide some accounting support, and have quite a bit of history with the Township be present. He feels if Council is going to be having a discussion of items going back years, it would be good to have someone who has some insight into that. He specifically made the request that a representative from Lerch Vinci attend the meeting. Mr. D'Urso stated

Lerch, Vinci was the auditor for many years, and the Township should change auditors every few years. He stated it is a good thing that Council is trying to get things in order and is interested in tonight's discussion.

A motion was made by Councilman Cascio, seconded by Councilman Ullman, to close the general public discussion.

Ayes: Councilmen Bruno, Cascio, Cumming, Councilman Ullman,
Council President DeSena.

Nays: None.

DISCUSSION:

Financial Matters including but not limited to the issuance of BANS (Resolution No. 18-253)

Council President DeSena – A quick comment, the Council up on the dais decided to withhold on Resolution No. 18-253 at the last Council Meeting and invite our guests, who are here in front of us, both the new auditor and the former auditor, the CFO, and Bond Counsel at this time to address some of your concerns Mr. D'Urso. We are trying to get to the bottom of it, it is a lot of work, we are trying to get it down, so we thought this was the first step in getting that done. Councilman Bruno if you would like to begin.

Councilman Bruno – I assume everybody has a copy of my email with the page numbers that I went through from the schedules. There are a couple of issues, and I just want to go through everything I have been asking for and going through for years, and not quite sure that we get 100% answer. We sat last week with an ordinance to approve six million dollars, some of it went back to 1999, 2007, 2012, 2013, 2014 and 2015. I, for one, was just not clear why, and if this money is no longer being used, why don't we just cancel everything or use the money for some other interest. So, what I did was the 1st thing, which is the infamous page 8, on the Auditors Financial Statement, we have a surplus, which is a current fund surplus of 5.2 million dollars. I believe for the budget we used 2.1 million of that, to apply toward our current fund. Is that the number?

Mr. Mai – Two-million-one-fifty.

Councilman Bruno – Basically, that leaves us with 3.1 million. The question that I have asked for years, is, can we, if we wanted to use that, can we use that next year, not that we would. I am always hearing you have to go back two years before you can use some money, you cannot use all that money right away, that is the first question. The second question is what considered in town our size of 12 plus million dollars in revenues and capital expenditure, what is considered a reasonable current fund surplus.

Ms. Morrone – I think your objective when we were creating the budget is to draw down on the surplus we effectively did that. We took in 2.1 million, we did a fully funded ordinance from surplus, \$400,000. The lapse in surplus, from 2016, going into the surplus in this coming year, is going to be significantly less that we've had in years prior, almost half, you reduced the RUT. You are definitely not going to be at this 5.2, not rebuilding surplus. You have obtained your goal of drawing down on your surplus.

Councilman Bruno – So 3.1 is a reasonable number to keep in surplus now.

Ms. Morrone – This is so subjective, because I have never looked at an aggregate of towns to see what ideal surplus numbers is. I have said it before more is better than less, you do not want to be in a position to not have flexibility.

Mr. Vinci – The surplus that was generated last was 1.5 million dollars, of that 1.5, I think about 1.1 came from the unexpended 2016 budget, the budget lasts

two years, so at the end of 2018, whatever is left from the 2017 budget goes into surplus. I think what Ashley is saying is you may have had the windfall of 1.1 million dollars lapsing into surplus at the end of 2017, but she does not believe you will have that number available going into surplus at the end of 2018. If you are at 3.1 million now, your tax collections are always excellent, you always collect nearly around 99%, but if you replace that 1.1 with \$700,000, then obviously the more surplus you use, the challenge will be in the future years as to what level you want to be at, because you are not going to be able to sustain a draw down of 2.1 million dollars in the future, because you are not replenishing it. So, whatever you use in your budget, the key is really the ability to replenish it or you are using it for one-time expense that you know will go away.

Councilman Ullman – Thank you. Mr. Beinfield, as bond counsel, do you have any thoughts or opinions on what an appropriate level is. To me, 5.3 seems pretty high, certainly we don't want to be at a point where we have no surplus and are putting ourselves in a corner. Is there guidance, it is a percent of revenue, it is a percent of expense.

Mr. Beinfield – I will defer mostly to the budget side of it. From my point of view on the legal end of it, there is not legal requirement, but the most important thing I would add from our point of view, when we access the public debt markets, is to have a surplus that the credit rating firm, who is going to rate the bonds or the notes, is going to be comfortable with. That analytic by the credit rating firm has to do with the overall budget picture, and many, many variables on the financial end, that I am not as versed in exactly what those would be to attain the rating. But, I think the most important thing, from my point of view, from the legal end and from the marketing side of the debt is to have a good position with the rating firms, that they be comfortable in maintaining your credit rating or enhancing those credit rating if those are desired goals.

Council President DeSena – So, by us using the 2.5 million this year, and dropping it down into the 3.1 range, and then a replenishment to 3.8 let's just say for 2019, do you Mr. Beinfield that that is going to have a derogatory effect on our credit rating.

Mr. Beinfield – Again, I will defer more to the financial end of that, if I can to the gentleman who would usually interacts more with the rating agencies, and the rating agencies process to present the financial picture.

Council President DeSena – Mr. Vinci, Mr. Mai, a town of our size, do we have any idea of what somebody with a 12-million-dollar budget typically has in surplus? Looking at in a wholistic, in Bergen County, are we one of the highest towns of surplus, which I think we are, based on my research I have done. It is very rare to see a 3.8-million-dollar surplus in our towns, 5.3 is unheard in 2018, I don't see a lot of towns that have 3.8, is that just to keep our great credit rating we have for getting bonds, if we drop it down to 2 million, let's just say in a few years because we go out for expenses that are one-time expenses, who can tell us how much that will hurt our credit rating. How do we find that out?

Mr. Mai – The likelihood that having 3.8 million dollars of surplus on a 9 million budget, obviously that is a great percentage. The old rule of thumb years ago used to be like 10% of the budget. If you remember earlier this year, I was on your distribution list of Moody's evaluation of your credit, there they said you had, basically said you had excess surplus, which was obvious because you had, not just addressing surplus, but what they is they look at all of the other, like that million dollars that is sitting there, and some of these other reserves, and they kind put them all together, and that is how they come up really come up with what your actual surplus is. However, having said that, you have an excellent surplus, I don't know if that would affect your credit rating now, when I say today, it depends what happens to the market tomorrow, it could change

anything that I tell you tonight, but I think that in and of itself would not hurt your credit rating. If you are going to wind up with a full-time CFO, you have a full-time administrator, and you are starting put together that manager team, that is big item in the credit ratings. I have towns that have 10 and 12-million-dollar surplus, one has 40 million, but their budgets are considerably more, they may be getting close to 10% of their budgets.

Council President DeSena – Because it is a 400-million-dollar budget?

Mr. Mai – Correct, but I have other ones that have 50 million, and they are at 20%, and they are Triple AAA rating, I have two that are Triple AAA rating towns. You have to look at the whole picture, I think your surplus is good, and I agree with Ashley, you're not going to replenish it, it had nothing to do with the budget process per say, but I think your surplus at the end of 2018 will probably be less. I do understand, even though your at 3.1 million, from what I understand you are not going to be using that \$350,000 that you set aside for tax appeals, that was settled in a different manner, that you would be able to save that for future events or put that back in surplus, that might make you higher that 3.8 million, ultimately, they look at your collection percentage, 99 plus percent every year, they look at your economics cycle, what your employment percentage, income, per capita, they do a big thing. I would suggest at this point that it probably will reduce your credit rating.

Councilman Bruno – When I read the article about the credit rating, there were two main reasons we were rated excellent, which is actually good and bad. One was we had a lot of cash, and two was we had very little debt, but we are not running a town for cash, and we need to incur debt to correct the problems that exist in this town. Although our credit rating was great, on the flip side it says you are sitting with wonders of cash, and no debt and nothing is being done either. This is why, again we are sitting here trying to turn, what we can in this liquid stuff to use what we need to get this town back on its feet, part of is the six million-dollar BANS that we have that we don't know if we need, why it is even there, what the purpose is, it does not make any sense anymore. As far as I am concerned, if we take the surplus at 3.1 million, obviously it goes up if we don't spend anything that we budgeted, a lot of the items that you spoke about Mr. Mai, have been budgeted, CFO's, and all full-time people, it is in there so I am too concerned that is it going to be eating into the surplus that much. For arguments sake, I think we feel comfortable with the 3-million-dollar number as a surplus then.

Mayor Calamari – Based on what I am hearing, anywhere from 2.5 to 3 million is a good number.

Councilman Bruno – Can we use this next year, not that we would, just so I understand that, because I am always told you have to wait two years before you can use the surplus. It is readily available in 2019, if we did a budget and said we want to take all 3.1 million back, not that we would, can we do that? We can, okay, so then there are no restrictions. I guess that is my question.

Council President DeSena – Mr. Bruno, just to be clear, we have not intent of taking the 3.1 million dollars back, nobody is saying that, just a scenario we are running.

Councilman Bruno – My question is whether there are restrictions or not.

Council President DeSena – I know, but I don't want anyone in the public to think that we have any ideas of taking the full surplus out, I just want to put that on the record.

Councilman Bruno – No, agree.

Councilman Cascio – That is cash on hand now, but if you, and correct me if I am wrong Mr. Mai, if you budget, if you collect two million, and you only use a million, you cannot use that surplus from the past year, you have to wait two years out?

Mr. Mai – Your budget is a two-year budget, so what you don't spend in your 2018 budget, you can cancel it in December if you want to accelerate or it naturally, to the extent that you don't spend it by the end of the subsequent year, it rolls into fund balance.

Councilman Bruno – If we can go to Financials, page 15, if anybody on the dais, if I am going out of turn, or you have anything, feel free to jump in. This is something also that I raised, every year money is put into an unemployment fund, \$221,009. The unemployment amount that we use in the fund, I think is less than \$20,000, \$15,000, \$12,000 for whoever goes on unemployment, but we keep adding to this, which I know we don't need. My question is on this, if we spend \$15,000 to \$20,000 a year on unemployment, we want to keep \$50,000, how do I get the \$170,000 out, can I just pull that out?

Mr. Vinci – No you cannot. Actually, to do that you would have to apply to the Department of Labor because you are changing the mechanism as to how you are funding unemployment claims. So, most communities, school districts that are self-insured for unemployment just stop putting money into the account, and let the account be self-sustained, so you eliminate the budget appropriation and just let the account handle the claims in the current and future years.

Councilman Bruno – So, just don't fund it?

Mr. Vinci – Correct.

Councilman Cumming – What is the recommended amount?

Councilman Bruno – We spent let's just \$20,000.

Councilman Cumming – Is there a statutory or recommended amount?

Councilman Bruno – No, its when we pay the unemployment people, seasonal workers.

Council President DeSena – Mr. Vinci, what you are saying in our 2019 budget put zero there and let it self-fund.

Mr. Vinci – Correct.

Council President DeSena – Until it gets to zero, then you will have that year you will have to put monies in.

Mr. Vinci – Correct. As the fund start to deplete, then you make a decision whether you need to add more money to that insurance amount.

Mr. Mai – You don't have to spend your money, just put it in the '18 budget.

Council President DeSena – We don't have to spend our money in the '18 budget, because we did put money in there in the '18 budget.

Councilman Ullman – Do you know how much we budgeted for '18?

Councilman Bruno – I think it was \$30,000, maybe more. So, that we don't fund, we just let it sit and deplete it, but we don't have to fund it going forward for the

next ten years. Page 16, there is a footnote, I am just trying to get an explanation. This relates to Exhibit C17.

Mr. Mai – It is a standard footnote on the bottom of \$475,000. That is a standard requirement for DLGS, that if you have authorized an unissued debt for me to disclose it in a footnote on this balance sheet.

Councilman Bruno – This has been authorized, for some reason, it has not been issued and we were not incurring any interest on it because we have not drawn on it.

Council President DeSena – Would you say the 3.6 million dollars when you round it?

Mr. Mai – The 3.1.

Council President DeSena – But there is \$475,000 also.

Mr. Mai – But that one was the previous year.

Council President DeSena – But we are not paying interest or anything on these bonds.

Mr. Vinci – No, what happens is when the Council approves a Bond Ordinance, you approve basically an appropriation that will last for several years, because it is capital, unlike your current budget. So, the money has been approved, where notes have not been issued, stay in this account called authorized, but not issued. So, if you look at the next page, page 87, you will see the first column the \$475,000 and it will list the ordinances that were approved, where financing did not take place. So, you may have authorized \$100,000, but if you have financed \$80,000, you still have a \$20,000 balance as an example, so at the end of 2016, \$475,000 was not financed, of legal approved and adopted ordinances, at the end of 2017, it went up to 3.1 million dollars. The largest piece of that related to Ordinance 17-04, that was adopted, but yet it was not financed, because most likely you didn't have any bills to pay at that point in time, depending on what that improvement was.

Councilman Bruno – I think that was capital expenditures that we put in.

Mr. Vinci – I don't think much money was spent against that ordinance.

Councilman Bruno – I think it was firehouse stuff.

Ms. Morrone – The DMF building, the project was stalled.

Councilman Bruno – It is suggested that we not authorize these anymore and just get rid of them rather than clutter up the books.

Ms. Morrone – Part of Mary Ann's was to go back to prior years ordinances. To speak to the gentleman's question, why we are issuing debt on '99, '98 ordinance it is because it was not previously funded, we spent against it, now it needs to be funded.

Mr. Vinci – It needs to be financed.

Councilman Bruno – It needs to be financed, but it does not necessarily mean we are going to spend it.

Mr. Morrone – We spent it already. Because we were trying to tap in old ordinances to close them out.

Mayor Calamari – One example might be the ambulance radios, they had money left in an old ordinance, and so we used that up recently to purchase new radios as opposed to issuing something new.

Council President DeSena – I may be looking at this as the new guy, in a wrong way, but from listening to Bob for years before I got put on this dais, his intent is to raid the old ordinances that had money in them, not to raid old ordinances that were just authorized. What we have done now is we raided these old ordinances, but there was no money there, so now we are going to spend '99 money in 2018, that is going to become new 2018 money, so we should have just done a new ordinance for that money, do I understand things correctly, your shaking your head Mr. Mai.

Mr. Mai – Yes, I mean....

Council President DeSena – So, I guess what Mr. Bruno's lesson plan was, was to go back and pull the money out of these ordinances, there was no money to pull out, but we pulled out the funding from those ordinances, all we did, and now we have to pay the piper for those ordinances that we pulled out from '99.

Mr. Mai – In December of '17, you passed that resolution to cancel all of those funded ordinances, so you could fund that grant that you had received.

Council President DeSena – But that had money in it?

Mr. Mai – All of those things had money, so you used that to replace the money in that ordinance that you needed to, so you could cancel that \$223,000 grant, that took care of a bunch of them. So, now you don't have a lot of funded money left, that is really the issue now.

Council President DeSena – The issue is, is that we went into, and I making up numbers, 99-04, and had \$16,000 left in unencumbered funds for that ordinance, but that \$16,000 in unencumbered funds didn't really exist, but the authorization to spend that \$16,000 existed. So therefore, in 2018, we spent \$16,000 on an ordinance that had no money in it to close it out.

Ms. Morrone – Those ordinances were taken into account when we did our capital plan. She did a capital plan that said we have money here we can hit so we only created a new bond ordinance for the monies that were not accounted for on our books already.

Council President DeSena – They are on our books, but we did not have the money for them.

Mr. Vinci – I think the confusion is, you had the legal appropriation, but you did not have the cash, but as long as you have the legal appropriation you are perfectly fine to do that, but you needed to know once you did that, you had to then finance those ordinances going forward.

Mayor Calamari – Would it be a correct statement to say, just looking at a dollar, as a dollar, whether we took it against a 1999 ordinance or had we cancelled that ordinance, and made it current, it is still the same dollar that was going to be spent, it is just a matter of spending it against an old ordinance that had something left open or cancelling that ordinance and putting it into a current ordinance.

Ms. Morrone – Right, we skipped a step of having to pass another ordinance.

Councilman Bruno – But, the issue with the receivable, we wrote off a receivable that should have been on the books. We had \$220,000, that we wrote off old money that we had taken, to write off a receivable, we didn't have the receivable, we could have had \$220,000 for whatever we wanted, that was just to clear write-off, we just lost that money.

Council President DeSena – That quarter of a million dollars is gone.

Councilman Bruno – I know, but I think with the \$400,000 some odd thousand, if I do it in round numbers, it is \$200,000 and change, I still think we have about \$150,000 of unfunded, unused ordinances, that is my guess, and I would like to get that all that cancelled and out.

Ms. Morrone – Even if it is taken into account, into capital plan?

Councilman Bruno – My question is we had \$400,000 some odd thousand, we used \$200,000 for a grant, if we took money out to go into a capital fund, that is fine, what is amount that is left that we still have to write and use, that is all I want to know.

Council President DeSena – Funded, not what we did with this. I am very upset, because I thought we were raiding funded ordinances, not just raiding ordinances to close them out, so that is where I was misguided.

Councilman Ullman – I have a question for the bond counsel. I look at the schedule of BANS, and the first ordinance is 99-7, Purchase of Equipment, and it is \$40,000, it has a useful life of five years. We are now in 2018, which is 20 years past and we are still funding these. The useful life has passed, this equipment I am sure is long gone. You mention marketing, that does not cause a problem for you?

Mr. Beinfield – Sure, that would. My notes indicate the first time, so the New Jersey Law allows you to issue notes for 10 years, no matter what the useful life may be, then you have to start paying down that bond. It would definitely be something I would be concerned about possibly from a legal prospective if that note were originally issued in 1999, because that we would be beyond the 10-year period that we would be authorized to borrow. What happened, on this particular ordinance, is that portions of the ordinance were not borrowed on back in 1999, portions of it remain untapped, authorized but unissued, similar to this discussion we are having. This portion of the ordinance was originally tapped in 2013, so from a legal prospective that is absolutely ok.

Councilman Ullman – Which would be the same if you are looking at that same schedule of Bond Anticipation Notes, third from the bottom, under removal of the UST, which is back in '98, it was authorized in '98, we are just drawing the \$12,000 now.

Mr. Beinfield – That is exactly correct. In fact, when that came across the desk, a few weeks ago, I needed to go back to that 1998 ordinance to be sure we had not borrowed all that money on that ordinance, but your records are much more detailed, you do this on an annual basis. When I first was to be sure that we had unfunded balances in that ordinance, and in fact found out the town does.

Councilman Ullman – Ashley has explained that we, as part of the strategy, to fund our capital projects, we went back and reviewed authorized ordinances but not drawn, and we are drawing them as part of our strategy for capital this year. So, I am assuming the \$12,000, the various road improvements for 2014, the acquisition of new vehicles for \$74,000, that is all part of this strategy.

Ms. Morrone – Correct, it was either money that was spent last year or money we anticipate spending this year.

Councilman Ullman – Is that a strategy we should be looking at, or should we be canceling this debt, we are cancelling these authorizations, and issuing new bond ordinances to support current. To me, it is just something that was authorized 20 years ago, that we are just drawing down now, I don't think the people 20 years ago thought they would be writing a check that we would be cashing 20 year later, and I am not sure we were advised before that we are using this, I don't know if that how we want to operate going forward.

Ms. Morrone – The one clear advantage to tapping old ordinances is that you don't have to go through the adoption process, which is costly. You have to advertise, you have bonding attorney, there are things that are involved with adopting new ordinances. You need the 5% down payment, there are things that go along with it. The advantage of tapping old ordinances is removing that from it.

Mayor Calamari – We have already spent that money the first time when it was done.

Ms. Morrone – Right the down payment was taken care, you have these authorizations that can be used.

Councilman Ullman – Sure, and shame on us as a governing body, but when I read 17-04, various improvements for \$75,000, and I ask anyone on the dais what that was for, I could ask anyone at the table, what was the original intent.

Ms. Morrone – Respectfully you passed the ordinances.

Councilman Ullman – I fully agree, this is not an accusation, it is more a thinking out loud, I think we need as a governing body to decide how we want to do this. In order to effect transparency in this, and full visibility, I think we might consider taking on that additional expense of bonding new and having complete transparency as to why we are doing it.

Ms. Morrone – 17-04 is a new bond ordinance, it was passed last year. Sounds like you are questioning the title, why is it called various improvements and not repairs to DMF building, is that the question you are asking?

Councilman Ullman – That is one of them, yes.

Ms. Morrone – The reason why there is a broader naming convention is so that you can kind of pay for unanticipated expenses.

Councilman Bruno – I understand what you are saying and what Mike is saying, but if you go back to 13-20, various improvements, \$70,000. We sit here, and we have sat here for two years, and we have said the same thing, why can't we use that money for improvements in the town, to get new doors for arguments sake, and the answer is well, I have to go back and look at 13-20, because it says various improvements, and although the ordinance is specific to what we say, we never get an answer, don't know what various improvements mean, it is so vague and everything is dumped into these categories that have no explanation. We sit here again, not knowing what various ordinances are from 2013.

Council President DeSena – We passed 17-03 and 17-04 in 2017, which are approximately 3.2 million and change. Mr. Vinci, would you agree with that?

Mr. Vinci – Yes.

Council President DeSena – To pass those two ordinances, we made a 5% down payment, so we spent \$160,000.

Ms. Morrone – The down payment for those ordinances were pulled from the capital improvement fund, that were already there.

Councilman Bruno – We had excess in capital, so we pulled it from capital.

Council President DeSena – Yes, but in 2017 we spent \$160,000 of our taxpayer's money to fund two ordinances, which have gone nowhere.

Ms. Morrone – The road program is complete.

Council President DeSena – But the 2.65 million dollars has gone nowhere, and we paid \$100,000 to pass that ordinance. So, now what you are saying is it is there as a placeholder, and because we don't want to go out for a 2018 bond, and pay that money again, eventually we are going to pass a resolution to encumber that money and spend it, and Mr. Beinfield go out for a bond for that in the future. Whether that becomes 2020, 2021, 2018, 2019, we don't know but that is there as a placeholder, sort of, right now because of the way this government has operated. Am I making a correct statement Mr. Mai?

Mr. Mai – What generally happens in New Jersey municipalities is you authorize the debt, because there is a project that they want to do, the roads, and various improvements, that you don't know what it actually means at this point, when you pass that ordinance, everyone at the dais is saying, yes, we like these projects and we think we should them all. And the reason you do them normally, as one ordinance is because you only pay for one advertisement, you pay for one ordinance, so you do that. That is the reason why they get the title various improvements. Then, in most municipalities, after that is done, they make a cash flow projection, of when they need their money based upon when they are going to spend, when they are going to authorize the project, and when the project will actually move forward. In order to get that, cash, so you can pay your bills, they authorize notes. Subsequent to the authorization of notes, and generally after the project is completed, you go to permanent financing, if it fits your debt structure and your budget aspect. You have bonds coming off in the next year that is going to reduce your budget by \$800,000, \$400,000, I cannot remember, but you budget will go down, for debt service. If you authorize this debt, some of that will be replaced by the interest that you are going to be paying next year, and next year you can decide instead of paying the minimal, as has been an historic issue here, you pay down the absolute minimum, you might decide you want to accelerate the pay down of the notes, and forgo any long term debt, or you might decide next year would be an excellent year to go to long term debt, I cannot be your financial advisor, I am prohibited from being your financial advisor.

Council President DeSena – What is going is we paid \$160,000 last year to get 3.2 million dollars' worth of bonding capability, right Mr. Beinfield?

Mr. Beinfield – Yes, close enough.

Council President DeSena – That is the 5%, plus your fees. So basically for \$160,000, in laymen's eyes, we got a line of credit for 2.643 million dollars, which we have not used yet, in laymen's terms.

Mr. Beinfield – Yes.

Council President DeSena – So we paid \$160,000 to have the ability to say hey, we have 2.6 million of bond-ability to draw from, but for \$160,000 right, we are paying on that, we are paying nothing because we haven't taken anything out.

All we have done is set up a line of credit, and we have not done anything, but it cost us \$160,000, so it is kind of a waste to go out for it last year if we did not have an intent to use that money right away.

Mr. Beinfield – I think as part of the ordinance implements, the bond ordinance typically implements the capital plan, here it says various purposes.

Council President DeSena – Yes, because it could include soft costs, hard costs, the whole nine yards.

Mr. Beinfield – The bond counsel typically takes the capital projects in the budget, and throws them all into a bond ordinance, so you have a line of credit to do the projects that you authorized in your capital budget, and now you have made an appropriation to spend money when you want. A line of credit can get those funds when you need it, you may decide to get half or none of it now. If you want to implement that capital plan through debt, if that is the choice, 5% legally has to go done towards it. The bond ordinance from my point of view, is just the means of implementing your capital, to have a various purpose debt authorization in connection with the budget.

Council President DeSena – I think the disconnect is, when we thought we were reading old ordinances, we were reading funded old ordinances, I think that is where the disconnect is coming from

Mayor Calamari – Going forward as a plan to address this now and in the future, would it be fair to say that we could pick a rolling 5 years, 8 years, whatever and look at ordinances older than that and say hey, if we don't see anything that we are going to be able to use these on, in the next year or two, cancel those out, and look at that every year with a rolling time frame, that way stuff is kept current, but yet we can go back that time frame, so the ordinances don't get so old that we are in this situation. It should be looked at every year.

Mr. Mai – You can do that. You authorized projects you wanted to have done, they didn't get done for any purpose. Now you are moving and taking care of the things that need to be done, you budgeted in expenditures, and it never got done, now you are doing what you need to do, you spending on projects, if you have roads that need to be fixed, you have to fix them, buildings that need to be done, you have to do that. For major projects, most towns will go to permanent financing so the cost of the project is borne by the people that are going to use it, that is like depreciation, kind of sort of, that is how some people look at, like depreciation, I'm using it, I'll pay for it, that is really what a lot of people tend to do with these things. As Bob said, the Ordinance 17-04, say various improvements is the title, in the body it says you are going to do x, y and z. The one concern as an auditor, when you go back and start spending in to old, old ordinances, are you jamming something into that ordinance that maybe should not be there. So, you clean them up and get them all current. You are right, you can go back five years back, and say okay, do we really need these things.

Councilman Bruno – My point is, there has to be a cut-off where we don't bother with these amounts anymore because nothing it is going to be done with it. For instance, if you look at 15-04, it is \$142,000, it says improvement to Memorial Field. That ordinance was in 2015, was an ordinance that was funded for engineering fees for Memorial Park a/k/a Turf Field, whatever it is. Now, we are sitting with \$142,000 that was taken out for engineering fees, which the fees themselves actually got paid out of the current fund, they didn't even come out of this ordinance, why I don't know, so now there is \$142,000 that is sitting there, that we are going to suggest as a bond anticipation note, so what do we this money? We use it for the field or can we just say forget it, take it out and pay off some of the other stuff? That is my question.

Council President DeSena – But the money is not there to take it, you didn't borrow it.

Mr. Beinfield – In this particular note outstanding.

Councilman Cumming – Is this one of those items that if we cancel it, we have to pay?

Mr. Vinci – If you cancel it then the note would be reduced in the following year. If you cancel any ordinance that has a note outstanding you can then reduce the note, you then in the future will save on debt service because you will then not permanently bond that whole amount.

Councilman Bruno – My point in a nutshell is to cancel the old ordinances, that we have been staring at for the last five years, don't pay interest on them anymore, reduce the note, and start with a clean and fresh set of financing. Because if next year or this year we are going pay down \$800,000 of long term debt, we are not going to have much debt, we are still going to have bundles of cash, and we are going to have this nonsense sitting on our books that we are paying interest on, and we are not going doing anything with. My point is again, I would like to have this cleaned up, cancel all these things that we are not doing anything with, cancel the note, cancel the ordinance, and let us keep what we need, and if we need to go back and get some extra money for something, at least going forward we know what we have, we don't know what any of this stuff is for the most part, maybe I don't know what it is, but if I go back to 2014, 2012, 2007, nobody knows what it is, and we keep paying interest on it.

Mr. Vinci – Right, I think what happens with the title, when you call an ordinance various improvement, the ordinance last year for 2.9 million has two major projects, so it is spelled out in the body, but unfortunately the title ...

Council President DeSena – Gets lost in translation.

Mr. Vinci – Correct, you would need the detail to know, so that if you went back and charged old ordinances, the cost would have to meet one of those two sections.

Councilman Bruno – I agree, and the issue we always come up against is nobody really knows, what the...just because there is a description there, and an amount, we don't know if we can use because no one knows what the old ordinance says. What is the sense, we are just financing it, we don't know what it says, so just kill them all, cancel the notes and start fresh, this has been sitting here for years, and it will no hurt anyone?

Councilman Cumming – Let me ask a question. There was a discussion about putting new lights at Memorial Field, new fixtures on top of the existing poles, could that be funded out of this old bond?

Councilman Bruno – This was for engineering fees, can you buy lights for engineering fees, probably not, this is very specific, just get rid of this stuff.

Mayor Calamari – Then it was determined that the lights could not go on the existing poles anyway, your question is moot.

Councilman Bruno – Can we make a full court press to look at all this to come up with a suggestion to say anything from 2014 and prior we want to cancel all of those.

Ms. Morrone – I have an ordinance to cancel on unused ordinances, going back between administration, there was a question on one or two that I put on the list that she didn't want on.

Councilman Bruno – Who doesn't want on?

Ms. Morrone – The administrator.

Councilman Bruno – Why?

Ms. Morrone – Because she was planning on spending against them.

Councilman Bruno – Is it in the budget? Do we know about it? Is it her call?

Mr. Mai – We already have the ordinance appropriation in.

Councilman Bruno – You are putting together a list of things you feel we should cancel that is old.

Ms. Morrone – Right.

Councilman Bruno – Cancel the notes, be done with them, we won't BAN them. Does this mean we don't put this on the six million, or we do this short term and we pull it off, how does that work?

Mr. Mai – Your budget this year had pay downs appropriate to the various ordinances, in the usual manner, minimum funding. Some of the notes that are outstanding as of December 31st will have pay downs automatically, they will be reduced. To the extent that you cancel, if you don't renew a note, you have to make sure you have the money in the bank to pay off that money when August rolls around.

Mr. Beinfield – Just to follow-up, from my point of view at least, if you cancel, I want to sure from our point of view, if you cancel it, in my mind that would mean that the money from the note is there, is sitting there, therefore when you rollover the note, you don't want continue borrowing that money, but you just use the money, you hold onto your line of credit it has not been used, the key from my prospective, the expenditures have not been made, because if the expenditures had been made, you won't have the cash to retire the maturing note.

Councilman Bruno – Understood, but if we have a balance that we are looking to BAN, doesn't that say that it has not been spent?

Mr. Beinfield – I would typically not know, it just means that you have that authorization, how much of the 6 million, 4 million or 7 million is in the bank and not spent, don't know. That is a completely different question.

Councilman Bruno – Who gets that number?

Mr. Mai – Page 79, December 31st, bottom of the page, unspent notes.

Council President DeSena – It says \$3,109,133.

Mr. Mai – Actually it's the number above it, \$648, 968 unpaid notes.

Council President DeSena – Mr. Mai, next year we have a lot of debt coming off our rolls, is that when we should take this six million and turn it into a long-term bond so we are not doing the same exercise over and over. When do we take this six million and take it out of BANS and make it pure debt.

Ms. Morrone – My plan was to roll over the BAN and use the extra room in the budget, we are going to have half of our bond payment, we will have an additional \$400,000 leeway, take that and spend it between additional pay downs on BAN, capital improvement fund and the interest. That was my long-term plan was to roll over the BAN as long as the budget could tolerate the threshold that I think is appropriate.

Council President DeSena – Make the same payment next year even though we are going to have half that payment, your saying makes the same payment.

Ms. Morrone – Between long-term debt, short-term debt, interest payments, capital improvement fund, that whole section of the budget, that was 2 million dollars, keep it the same year over year, the difference in the numbers what is spent is depended on the interest the capital improvement fund needs and the pay down on BANS.

Council President DeSena – I understand what you are saying, but we have a lot of major items that are going to hit us in the next year, year and a half.

Ms. Morrone – Well, that is something to consider.

Mr. Mai – That is all part of the discussion that you have to have, what are you going to do, when are you going to do it, that is your discussion.

Council President DeSena – We have firehouse renovations, we have DMF renovations, intersection improvements.

Ms. Morrone – And the firehouse is part of that.

Mr. Mai – Those appropriations...that is part of the new debt.

Council President DeSena – That payment, once we add 2.6 million is going to increase our payment.

Mayor Calamari – Would we want to cancel those out?

Mr. Vinci – You would only cancel it if you felt the project would not continue, if you thought that project needs to be scaled back or just revisited or the scope changed.

Council President DeSena – The only issue I see we are going to lose that 5% down payment on cancelling all these unencumbered ordinances that we already paid.

Mr. Vinci – It goes back to the capital improvement fund if none of the money has been spent, yes, I understand your point that it was raised in the budget, but it was raised with the intent of trying to do that project. Obviously, issues arise that may change the continuation of a project.

Council President DeSena – Right now, if we said hey, forget 17-04, 17-05, the town would have spent \$160,000 of wasted money.

Councilman Ullman – No, the 5% we would get back.

Mr. Vinci – If it is not spent, it will go back to the capital improvement fund.

Councilman Ullman – The only loss is the bonding attorney, advertisement.

Councilman Bruno – Keep in mind, the 5% actually did not come out of our fund, it came out of excess surplus from the capital fund, so we did not tax the

taxpayers on it. Again, can we just leave this on the side for a minute and go through some other numbers. I would like to go to page 58, this to me, call you want you will or want it is part of surplus, as far as I am concerned, it is 1.5 million, and the \$350,000 from the tax appeal dropped in there, that didn't go to surplus, but went into this reserve. I don't know why the accounting was done that way, but this is where I think we get in trouble, because we keep building these reserves, and it sits on a balance sheet, out of sight, out of mind. So, there is \$1,000,039 from the sale of municipal building, which we know what that is, that is all free cash, we have \$43,000 of insurance recoveries, which I assume we received money from JIF for some insurance claims, but that is free cash, there is \$54,000 for motor vehicle inspection fees, which again I assume that is free cash. There is a tax map revaluation, \$47,000, I don't know what that is but I assume its free. Now, there is \$350,000, that we put back from appeals. Technically, this \$1,534,000 is free cash also, is that correct? No restrictions, all free added to the surplus of 3.1, so now we have 4.6 million.

Council President DeSena – Is that correct? Is it an addition or is it part of the 3.1?

Mr. Vinci – No, it is in addition, but just be careful with the term “free.” You would actually have to take action to take it out of these reserves if you want to bring it into your surplus.

Councilman Bruno – Understood. This is again, we know the sale of the municipal building is not even up for anything, except we sold the building a received a million dollars 20 years ago. I understand we have to do the right way, but when I say “free cash” this is not restricted to anything, other than the fact we have to pull it out correctly.

Mr. Vinci – The last two probably had more restrictions, the tax map and revaluation. Once the town undertook the revaluation, you may have authorized the numbers, say you authorized \$250,000 for an appraisal company to come in, if it only cost \$204,000 that is the residual of what was probably originally budgeted. So, if you have no other fees associated with the tax map or revaluation, so then yes you can cancel that, and it can go back to your surplus. The tax appeals would be pending tax appeals that were before the State Tax Board, so depending on when they are adjudicated, determines whether that money is available.

Councilman Bruno – I think it has been adjudicated, is that right Ken?

Mr. Poller – There is very few appeals left. The big one was appeal board, those that were withdrawn. If you remember there is no refunds to pay, so that money was available in terms of not having to budget for it, so future assessments were just moved ahead.

Mr. Vinci – Your other option too, as the question was raised with the unemployment account, every town faces tax appeals on an annual basis, I don't know what the exposure has been the last couple of years, but one you can either leave it there, or you can cancel a portion of it, and just leave a residual amount should other appeals be filed. You will know that next April at the due date.

Councilman Ullman – Just to be clear, though, you had mentioned the possibility of the tax map, revaluation, tax appeal, who makes the ultimate determination. Motor vehicle inspection fees, I can't in my mind imagine how the Township of Washington accumulated \$54,000 in inspection fees.

Mr. Vinci – Unless money was collected and the bill was charged to a different budgetary account so it stayed in that reserve. That is a possibility.

Councilman Ullman – Who would be responsible for validating the use or the availability of these funds?

Mr. Vinci – That would be Ashley.

Councilman Ullman – Okay.

Council President DeSena – This 1.534 million dollars is in theory available for us right now, if we were to pass some sort of resolution saying we can use it.

Mr. Vinci – Once you cancel it, it does not mean it can still use it. You have to wait for the following budget cycle.

Council President DeSena – So, if we were to cancel it right now, Mr. Vinci, at the next meeting asked Ashley to prepare a resolution to cancel these five items, let's just say, we approve, we would then have access to them in January.

Mr. Vinci – Yes, as part of your budget cycle.

Councilman Bruno – Not going to the fund surplus?

Mr. Vinci – It would go into your current fund surplus.

Councilman Bruno – My intention was to have like a surplus, we know it is in there, because when you start looking at this balance sheet, the next one is the trust funds, and there is more money there, it is just pockets of these things all over the balance sheet. But, this is a big one, so now if sit with true surplus of 3.1 million, plus 1.5 million, and if we say we are going to keep \$500,000 in there for possible tax appeals, we know what to do with it, but right now these things are out of sight, out of mind, and we are not using tax paper money, which is very substantial.

Mayor Calamari – There is no downside to doing what we are looking to do? It just helps us to more readily identify it as part of surplus.

Mr. Mai – Everyone knew it was there.

Council President DeSena – Mr. Bruno has been asking for years of how to spend this money, I think we finally got an answer on how to access this money. Mr. Vinci just gave us the answer, we need to cancel it now, and it will be absorbed into our current fund surplus in January 2019.

Councilman Bruno – So we can control one fund, instead of ten. On page 71, it is my understanding with trust funds, that these need to be used for the purpose of what they are there for. Tax sale premiums, there is \$445,000 of trust fund, what is that, tax sale premiums?

Ms. Morrone – When a tax sale certificate is issued, companies is bid on interest, interest goes down to zero, then they bid a premium, so we hold in escrow the premiums bid, the tax sale certificate is redeemed, we return the premium to the bidder.

Councilman Bruno – So this we need.

Ms. Morrone – That you cannot touch.

Mr. Mai – It is a statutory thing, five years.

Councilman Bruno – Celebration of public events, \$88,000, that we can put town day, summer concerts, and anything we want against that. Municipal alliance donation.

Councilman Ulman – Just to take a step back. We talked about the reserves, that those can be released through a budgetary or legislative process and put into surplus. These were set up to use for this specific purpose, so my question is for “Town Day” or “Public Celebrations” are we ever going to spend \$88,000 on a public celebration? Can that be washed into surplus or is it recommended it stay here?

Ms. Morrone – I believe in the budget this year you reduced the amount appropriated for public events, with the idea that you were going to draw down on this reserve.

Councilman Bruno – And we did that. My understanding is these are specific for what they say, because it is a trust fund. So, if the trust fund states celebration of public events, we cannot use this to you know, to fix our fire extinguishers.

Ms. Morrone – No.

Council President DeSena – In tax sale premiums, let’s just call it a half-a-million-dollars, it increased by \$32,000 because we sold \$32,000 worth of tax sales, am I understanding you correctly?

Ms. Morrone – No, the \$32,000 was the premium bid on the certificates.

Council President DeSena – Correct, so in 2017 we went out for tax sales and we collected \$32,000 in premiums and we gave back \$73,000 in premiums, so people redeemed their tax certificates and we gave them back their deposit. That still leaves \$445,000.

Mr. Mai – That would take some actual investigation, as to when they were collected, what is still open, so on and so forth.

Council President DeSena – With our past history, we could have tax sales 20 years ago, and we could be sitting on a quarter-of-a-million-dollars that we can cancel and keep ourselves, with some legwork done. Based on our past experiences, I will bet you there are certificates there from the 80’s that we have never returned.

Mr. Mai – The thing that is different about this is if somebody does not pay their taxes, it goes to tax sale, a company comes in and says we like that property, we think it is worthwhile having so on and so forth, you can charge up to 18% interest, but you can’t sell an 18% certificate anymore, so what they do is they come in, they bid, and they bid down to zero. To get it to be below zero they have to put up a premium, so it sits here. These companies are pretty much on top of what they are doing, it happens occasionally that it sits there, and they don’t foreclose on the property, and if they foreclose on the property the town gets the premium anyhow. That \$445,000 really would take some investigation.

Council President DeSena – It is something we should look into because based on our past history, there could be some money that we could take back.

Councilman Bruno – The \$950, municipal alliance donation, no clue what that is.

Mr. Mai – It is an in-town program and they can use it. It is in the budget every year.

Mrs. Witkowski, Township Clerk – Laura Rifkin from the library handles that. It is programs for kids, DARE Program, National Night Out, that sort of stuff.

Councilman Bruno – Rental deposits, assume money was given for rental deposits, we kept it did nothing that is ours.

Mr. Poller – I believe that is for the red house, which is a rental property, it is security payment.

Councilman Bruno – Do we know for sure?

Mr. Poller – Well, I can tell you right now there is a deposit, \$3,000.

Council President DeSena – It is \$3,050.

Mr. Poller – That is probably what it is, what I believe it is.

Councilman Bruno – Field house donations, \$17,047, I guess someone gave us money we didn't spend it for the field house, so that should be used for the field house. Recreation donations, Police Department donations.

Councilman Ullman – Police Department donations, who controls that money, administratively, is that the chief, the administration, do they sign the requisition, how does that get spent?

Mr. Mai – I think the Chief and the Administration probably have a say on what can be spent. Donations are received usually for a specific reason.

Mayor Calamari – I know they want to use part of it to paint the new vehicle that they received, and so it would come out of this fund also.

Councilman Bruno – Fire Department uniforms safety penalties, we can give it to the firehouse, and tell them to use it.

Mr. Vinci – It is money that the Fire Prevention Officer collected for violations, so it would be earmarked for that area only.

Councilman Ullman – So, can we pay his salary through that?

Mr. Vinci – There is a limitation of what penalties can be used for, I don't believe salary is an allowable cost.

Councilman Ullman – Uniforms, mileage, it is a small amount. Do we keep it there forever?

Mr. Vinci – No, I think you need to know...put it this way, the individual definitely would know what those monies can be used for, it is in the statute, but any of these trust reserves, you need to make sure that the Township has what we call a dedication by rider approval, which is an authorization from the State that you are allowed to use these trust monies. If you think about it you have a current fund budget, these monies are outside of the budget process, so you need to have the State approval to make sure that you can use the money as recreation, as donations you can spend against it. There is a list on their website that the Township has been approved for, it is a page in your budget document, page 38.

Councilman Ullman – As long as it is within those expenditures, we don't have to get further approval.

Mr. Vinci – If they approve it, in 1980 it lasts forever.

Councilman Bruno – Snow plowing, hopefully that will be used Mayor, for some outside services next year to help with the snowplowing.

Mayor Calamari – Yes, someone did mention to me that it can be used for our own overtime for snow plowing, it can go to salaries for overtime or snow plowing, if we choose not to outsource and do it in house.

Mr. Mai – A lot of times these snows plowing reserves were set up for, you budget \$100,000, because that is what you spent the year before, you have no snow, so what the State did is they finally allowed for reserves, and you can take the money that you didn't spend for this year's snow plowing and put it there to kind of even out the ups and downs. So, that money is available for snow plowing purposes.

Councilman Bruno – This has not been tapped for years, just so you know.

Mr. Mai – Because you had enough money in the budget.

Councilman Bruno – No, because instead of using it, we keep budgeting it.

Mr. Mai – That could be another reason.

Mayor Calamari – I don't remember off hand, do we need a separate line item in the budget or would it help track it to just be overtime for snow plowing, so we can draw against this, would it be a cleaner way of doing this, or just say DMF overtime?

Mr. Mai – Some towns put a snow plowing line item in their budget.

Councilman Bruno – We budget overtime, so I guess it has to be over the overtime.

Mayor Calamari – It has to be strictly for snow plowing overtime, that is my understanding.

Mr. Mai – You can do that, it is up to you.

Mr. Vinci – It could also be used for other expenses, such as the salt, brine.

Councilman Bruno – Accumulated leave compensation, I guess this has to be analyzed.

Ms. Morrone – I think it is fully funded every year.

Councilman Bruno – Yes, we were behind, but we caught up. Death benefits stay, I assume, health insurance contribution, \$19,800

Mr. Mai – That was probably withheld from employees and never applied back against the budget, I don't know who else makes health insurance contributions.

Councilman Bruno – So this should have been used to knock down the expense, which would have been less money to tax the residents.

Mr. Mai – You can cancel it out.

Councilman Bruno – \$55, found money, I guess we can put in the bank, petty cash. Land sale deposit, Ken I believe you said that has to stay for some reason.

Mr. Poller – Yes, that is Viviano property, that is the contract deposit when the property that we own is transferred, pursuant to contract, that application is before the Planning Board now for an amended preliminary and final approval.

Councilman Bruno - \$25,096 for recreation, P.O.A.A.

Mr. Mai – That is limited to Parking Offense Adjudication Act, that is for permits to the court facilities. You have to get approval from the County to spend that.

Councilman Bruno – Moving on to page 78, I was trying to reconcile the 6 million of BANS using this statement. I spoke to Mr. Mai about this. Basically, the bond anticipation notes payable is 4.74770 million, then we had a pay down during the year of, I'm not sure, several hundred thousand dollars, let's say it was \$200,000, so that gave us 4.5 million, then we did an ordinance for 1.237 million, which brought us up to about 5.8, 5.9 million. Is that how we are getting to the 6 million?

Ms. Morrone – If you look at the spreadsheet at the back of your packet, these are all the ordinances, and how much of each ordinance is included in the 2018 financial.

Councilman Bruno – 4.727140, was the pay down, and the 6 million are the other new ones. That reconciles to the six million. Page 79, this was the 648, so this is a non-issued and not spent. This money has been issued, but we haven't spent it, so do we keep it as issued and not spent, or do we just say forget it? We issued money for 13-06, we are never going to spend, and just cancel this stuff? We are not paying interest, we authorized these amounts as far back as '99, but it is not used, do we keep them there.

Mr. Mai – The answer is it has to be evaluated, are you spending it, are you not spending it. These are unexpended, unexpended at December, you have to see if you spent anything between then and now. The \$137,000 for 13-06 is various road improvements, as Bob said, when there is a road improvement project, you are going to say you are doing this road and that road, if you haven't done those roads, then you can spend it on those roads. If you have completed that whole project, and you haven't spent what is in the budget, then you can cancel it.

Mr. Beinfield – This \$648,000 is from the 4.7 million, so it is borrowed money, and now the question is that is where it was as of the end of the audit, so the question would be has anything been spent since then under these ordinances, and what is the expectation going forward. In a simplistic sense, if the expectation were zero on all of these ordinances, then you would have no need to continue borrowing money.

Councilman Bruno – So who would tell us that?

Ms. Morrone – The reason why they are included is because we are anticipating spending on them.

Councilman Bruno – I hear what you are saying Ashley, but honestly, we are not going to spend anything from 1999, from 2012, these are all just dead amounts, there is nothing happening with them, unless we do take them out and spend them, there is road improvements, say we take them out and buy stop signs that Mike DeSena has been trying to buy, that is fine, I am all for it, but you have to match them to these ordinances, and make sure it all works. 12-12 is acquisition of new and additional vehicle equipment.

Council President DeSena – I think Bob, what you are trying to say is we should cancel these, because every time we ask to use them, we get the same response that they are tied down to specific uses.

Councilman Bruno – We don't know what the uses are.

Council President DeSena – When you look back that in 1999, we passed an ordinance to do firehouse renovations, and here we are in 2018 still talking about firehouse renovations, that is disgusting.

Mayor Calamari – That is a different reason.

Council President DeSena – It is a different reason, but still amazes me that in 1999 we passed an ordinance to do firehouse renovations, and in 2018 they are still not done. We start fresh, cancel them out because we will not get the same adage that they are tied to this or that, we cannot use them, I think that is the way to go.

Councilman Ullman – I hear what you are saying, personally I think that we need a clear strategy, I think we are getting a lot of information tonight, so there's issues of ordinances that have been approved, but not expended, and Ashley as explained, as probably was explained to us when we did the budget, that we are using some of those, and are now drawing down against them, which is what we see contributing to that six million, then we have this funded, but not spent, and it also sounds like there is an active process to go through and find if there are funds available that can be charged, we are paying for it, so can we earmark these expenses against these funded bond ordinances. In my opinion, we need a holistic view of what we are going to do here. We have the long-term debt that is rolling off, \$400,000 next year, \$800,000 the year after, from reading the schedule correctly, and I think we have a great opportunity here, and one of them could be to take this and reduce our bonds, our BANS by \$600,000, I think that is great, but is that the optimum use, and I think we need to come up with that. I don't think saying let's take \$650,000 into income or retire BANS for \$650,000 is the absolute answer, I think that is what we would like to do, but I don't think that is the correct approach, and I think we need to come up with what that correct approach is. We are asking a ton of questions, and I think we work with Ashley, or whomever that is and come up with a strategy here, but we know what we can do with these.

Council President DeSena – I think we need to know the actual identification of what that \$650,000 is earmarked for.

Councilman Cumming – I have a for instance question, and I am not trained in your field of endeavor, any of you. But, when I look on page 79, Ordinance 99-705-1, is \$1,855, and go to the next page, and look up that same ordinance, 99-705, it says purchase of equipment, expended \$1,855, unfunded is \$1,855. To me that would mean I owe that money, what is happening with that money, because on the previous page it says unexpended balance, and on the very next page it says it is expended.

Mr. Mai – On page 81, which is the next page, part of the evaluation of old, outstanding encumbrances, some of those encumbrances were reviewed and this actually resulted in \$1,855 credit, so the \$1,855, which had been borrowed because they had an encumbrance, meaning they thought they were going to spend it, that does not have to be spent anymore now we have \$1,855 borrowed, and \$1,855 unspent.

Mr. Vinci – It was a purchase order that was originally on the books, and the \$1,855 was no longer needed, so the purchase order was cancelled, that schedule that you see as credits, the negatives are all payables that were cancelled in 2017.

Mr. Vinci – Except the \$70,000 which is cash that was collected through a grant from the County.

Mayor Calamari – What I would be in favor of doing is right away looking at anything prior to 2013, say we are going to spend this money this year, if not cancel immediately, and then look at the '13 ordinances, when we are doing the budget for 2019 and again, always keep that rolling, 5/6 years.

Councilman Bruno – We spoke about page 82, my notes I put \$529,000 is the total, and I took out the \$301,000 and \$39,000 on the bottom, the big ones, I rounded it to \$340,000 so then there is \$189,000 of old stuff I in there too. A big piece is improvement of storm water drainage system in 2006, I think that was used to write-off money too.

Mr. Mai – When you wrote off the money, that is where that \$144,000 came from, now you have a receivable on the books for \$223,000, and an ordinance of \$223,000 that you can cancel out, but then you will have \$144,000.

Councilman Bruno – We will have \$144,000 left?

Mr. Mai – I believe so yes.

Councilman Bruno – I don't have anything else left.

Councilman Ullman – We have project tracker that we work with the administrant on, and there were old ordinances, that were paying for some work that we are going to reimbursed with by a County grant, \$107,000.

Ms. Morrone – Is that current year capital.

Councilman Ullman – Yes.

Ms. Morrone – I took all of the grant receivables out of the capital account, because I didn't want to run into this receivable problem where we include the grant verbiage in the bond ordinance, and then on the hook for whatever receivable we might get.

Councilman Ullman – What was the source of funds?

Ms. Morrone – It is a grant receivable, so wherever it is from, if it is from Open Space, or Clean Communities, I'm not certain.

Councilman Ullman – We had to lay out that money because we will have a receivable, where did those funds come from?

Mr. Mai – You don't necessarily need to lay out the money initially. When the County tells you, we are going to give you \$107,000 in your budget process, you can say we are going to up a revenue for \$107,000 or we are going to put up an appropriation for \$107,000, just to get the receivable you don't have to lay the money out. Now, eventually you will have the bills, so you need to collect the money.

Councilman Ullman – Mary Anne is not here, and she provided the update, but “Ashely located unspent monies in old road ordinances to allow funding of the project that will later be reimbursed by the County.” So, in my mind, we are drawing down, we are using some of these unspent monies for that?

Ms. Morrone – Yes, from what you just read it sounds like she is going to charge a prior year ordinance, and when she receives the grant funds, use it to pay down the debt.

Councilman Ullman – How does that happen? How do we know that when that monies come in from the County we are going to retire this debt, because we are borrowing, we are going to capitalize it, then money comes in, and it is just going to flow into surplus?

Ms. Morrone – What I have tried to do is take all the grants out of capital funds so when I get a grant award I do a Chapter 159 and put it through the budget process, then it sits in the grant fund as a receivable and pay out of the grant fund.

Council President DeSena – We didn't plan on encumbering a \$107,000 bill in our budget, we got a note saying hey, the County of Bergen is going to refund you \$107,000, after you pay the \$107,000. Where will that \$107,000 come out until we receive the money back?

Ms. Morrone – You amend the budget to include the \$107,000 and so you can pay out of it, so when the money comes in ...

Council President DeSena – So, we are going to borrow somewhere else or ...

Mr. Mai – Yes, you are going to use your cash flow and that is one reason.

Councilman Bruno – What was that for?

Council President DeSena – The ADA ramps.

Mr. Mai – That is one reason you have a fund balance.

Council President DeSena – When the contractor submits the bill for \$107,000, we are going to take it out of fund balance and when the County refunds us we are going to put it back in fund balance.

Mr. Mai – A lot of times that is what takes place. From what you just read to me it said she is going to charge some other ordinance or use the funds from another ordinance to do that, like from the \$600,000 of money that you borrowed that you didn't use, she might be using that.

Council President DeSena – I guess the question is what is the correct way to do it?

Councilman Ullman – That is not even my question, my question is it seems we are borrowing money and we are going to capitalize it through BANS because we are borrowing against unexpended. I don't know how long we are going to be paying for this, and we are going to get a reimbursement and I don't know how that reimbursement is going to flow through the books. So, if it came out of the capital fund, I would be happier, because it sounds like we have an excess capital fund, we are putting out some short-term cash, we are going to get it back and it washes through that fund. Here it sounds like we are capitalizing their projects, and we are going to get monies from the County, and I don't know where that is going.

Ms. Morrone – If this is a new grant award, everything is from last year forward it is going to go through the current fund, it won't go through capital.

Council President DeSena – So, what she wrote in the project tracker is not correct?

Ms. Morrone – Yes, it is misunderstood.

Councilman Ullman – As long as that is the case.

Council President DeSena – I have asked this question before, that ...

Ms. Morrone – I think that is the way it was done in the past.

Council President DeSena – It was done that way.

Ms. Morrone – Absolutely.

Council President DeSena – We are BAN'ing \$107,000, reimbursable from umpteen years and we are getting the money back and raising our surplus up and still paying that BAN, is what has been done in the past.

Ms. Morrone – Grant receivables were maintained....

Council President DeSena – The County of Bergen will come pave our streets, but we have to hire a contractor to redo all the ADA ramps, so that \$107,000 has to be paid by the Township of Washington, as soon as we pay it we submit the 3-paper invoice the County and they will refund us back the money in the next bill cycle, we are just a pass.

Ms. Morrone – So it will be handled through the current fund.

Councilman Ullman – As long as we are not borrowing it.

Mr. Vinci – I think what is important with that scenario, because it was difficult to follow that. You need a legal appropriation, in other words, if you paying your bills, your paying the contractor to do those ADA ramps, and curb cuts, you have to have a legal appropriation in place, so Ashley saying it is in current fund, if it is not in current fund then it has to be charged to an ordinance, then that reimbursement is a credit in capital.

Councilman Ullman – My question is do we have the process in place to ensure...we are going to draw down against an ordinance, do we pay down the ordinance immediately.

Mr. Vinci – I don't know enough of the background as to where Mary Anne expected to charge the cost to, but if it is transacting in capital, as we talked about the purposes within each ordinance, it would have to fit on of the ordinances that are currently on your books.

Councilman Ullman – We have so many road ordinances.

Mr. Vinci – But the road ordinances say specific streets, so you have to be careful of that too.

Councilman Bruno – We will just put it to the miscellaneous various project one.

Councilman Ullman – I will take an action to follow-up with Mary Anne.

Council President DeSena – Mr. Vinci, in all the towns you have, what is the proper way to handle this? How does the typical Bergen County handle this? Bergen County paves streets all over the County, and this happens every day, in every municipality in Bergen County, how is it legally supposed to be handled? If we didn't anticipate paying out \$107,000 in 2018 budget, which we did not, because we didn't know.

Mr. Mai – That was fine.

Council President DeSena – Is that in the budget?

Ms. Morrone – You have to amend the budget.

Mr. Vinci – The Council needs to pass a resolution to amend the budget, the process they call it is a Chapter 159 resolution, which brings in the grant as a

revenue and creates the spending appropriation. So, you would still need to go through that process. You need the appropriation to charge the bills.

Council President DeSena – The money has to come from somewhere until we get reimbursed.

Mr. Vinci – Correct.

Mayor Calamari – Could we and would it simplify the process to take some of our surplus money and set up a \$300,000 trust fund for something like this, so we have the money to lay out, and when we get the money back it replenishes the trust fund.

Mr. Vinci – First of all, I don't legal provision that allows a community to do that. What some towns are starting to explore, especially communities that have larger surpluses, the next budget cycle they will create a budget in capital. Part of the operating budget, where your 5% down payment is, they add a second line item called various street improvements, or improvements to municipal streets, if you don't spend the money, they then transfer that money over into the capital fund, so at least you are starting street expense, obviously are very, very high, so they are starting to create a reserve so that if there is an emergency you can then create an ordinance, not authorize debt, but just take it basically from that reserve, which would basically use your own cash.

Councilman Bruno – Can you do like for like, instead of just street, can you do it for various town projects?

Mr. Vinci – You can do it whatever you want...

Councilman Bruno – Without being so detailed, because every time....

Mr. Vinci – You need the detail.

Mr. Mai – I have towns that don't have any debt, and every year they put a line item in there, purchase of fire department equipment, \$100,000 let's say, and after 10 years, they have a million dollars they can afford a half of a fire-truck. They do that and they just keep building up reserves, if you have the appropriate capital, it generally what your inventory of the equipment is, the age of the equipment, like you would do for own business, you would say, in four years I will need a new 20 ton dump truck, going to cost \$300,000, so I want to put money aside for the next three years, so I have the money, I don't have to borrow it, I just authorize it, and there we go.

Councilman Bruno – We are working on that.

Council President DeSena – Mr. Ullman has requested that many times, to have a 5, 10, 15-year plan, I think it is a valid point Mr. Mai.

Councilman Ullman – Mr. Beinfield, what are interest rates for BANS today, they are not going down.

Mr. Beinfield – It is very interesting, the rates today for BANS are good 1% higher than you saw about a year ago. My notes, last year when we went out for bids, we got 3 nice bids, and 1.18% was our effective rate, 3 bidders came in at 1.3%. It is about 1% higher now than it was a year ago. What is interesting, I just read this morning, the short-term rates have been going up, continuing rate increases and expecting more, long term rates have not gone up as much as the short-term rates, they are actually lagging. You see in the newspapers, they say the spread between two years and ten years treasuries, municipals are not treasuries, but they trade off of that at about 1% differential, a year ago they are now 30 basis points, so that means those short terms have really moved up

consistent with what we are seeing in our BAN bids, but they long term rates have been slower, there has been some compression in the yields. I would expect in the vicinity of 1%, in the vicinity of 2%.

Council President DeSena - 2.2% range?

Mr. Beinfield - I think that is very fair.

Councilman Bruno - For the BANS?

Mr. Beinfield - Yes.

Mayor Calamari - To follow up on that question, how does interest rate fluctuations help decide when you do more long-term borrowing, turning a BAN into a permeant bond?

Mr. Beinfield - The most fundamental thing for communities in determining when to go long term is to take a look at the other things that Council has been discussion, future projects coming up, other debt service falling off, because those are the things that are going to impact directly on your assessment. We have been in a low interest rate environment for many, many years, even though it has been rising, it is still historically a very good rate, if we knew things were going to be higher, but more fundamentally it would be how it effects the budget.

Mayor Calamari - Ashely, correct me if I am wrong, but you generally look at those things as CFO, and make those determinations, and if that is correct, do you run these scenarios past Bob, also to get another opinion on when to do these things?

Ms. Morrone - I do evaluate them, I turn to Bob for interest updates, of course. My plan, again, was to roll over the BANS and pay down the BANS as much as possible next year before reassessing going out to bond.

Councilman Bruno - I think the plan you put together, you put a 10 year plan together, I actually like the plan, because the way you structured it, you structured the BANS and the interest rates, but you also were paying excess to bring the BANS down, so what you had was a steady flow, and a steady cash flow for 10 years, which is we need to do is have a 10 year strategy plan, but your plan, I mean it didn't take into future projects because we don't know what the future projects are, we should have a vision in terms of what we are doing with this town, but what you put together I thought was pretty decent and it had a set amount every year for 10 years, not assuming extra debt, which I thought was okay. The other question I have too, is the money that we have sitting around, that is not doing anything, which I call idle cash, are there overnight deposits we can put it into, is it worth it to get an extra quarter of a percent, like sweep the accounts into a bank account. We are in Oritani, I assume for everything, can they sweep our accounts, then put it back in the morning and get interest.

Ms. Morrone - I would have to look at the cash management plan to see what you guys approved for investment options in the beginning of the year.

Councilman Bruno - I don't have anything else, I guess we know the next step, so thank you all for coming in to help. Very appreciative and it is nice to get a firm understanding of what we have in our balance sheet.

Mr. Vinci - I would like to add, just so you have an idea going forward, is that this year's budget for debt service, was just under 1.1 million dollars, for the bonds, as well as the notes. 2019 requirement amount, for the bonds is \$453,000, it is obviously the opportune time to either accelerate the pay down of

the notes or convert the notes into long term bonds. Long term bonds obviously you then lock in the interest rate, notes you are subject to market fluctuation.

Councilman Ullman – Thirty basis points for one-year verse was it a five year?

Mr. Vinci – Ten year, probably.

Councilman Ullman – If there is continued diversions, or separation, but if they are converting, and you can convert...I agree, Ashley's analysis was very good, I don't know if it made the assumption that there is a convergence of those rates so I think that is something we should definitely think about.

Ms. Morrone – Also to consider you guys are thinking about issuing a lot of debt next year.

Councilman Bruno – We are?

Ms. Morrone – Well, the capital plans, that keep getting revised and sent my way, it might push us into a place where we have to go to bond.

Councilman Bruno – It is called authorized and not issued.

Council President DeSena – No, Mr. Bruno, we will not just authorize, we will issue in the next year.

Mr. Vinci – Another side thought, if you are going to pay down the notes, I would seriously think about paying down the notes that have a five-year useful life, pay down those assets first.

Mr. Mai – The reason for that is when you sell your bonds, you take all of your average useful life, you calculate down your useful life. In the more of the 5-year ones you have, it reduces your useful life, so you can only have them for a certain amount of time, so you pay down the shorter ones, and it gives you an opportunity to go 10 or 12 years.

Mayor Calamari – On behalf of the residents, and governing body I thank you all for working together to keep our town in good shape.

Ms. Morrone – Is there going to be a vote on the resolution?

Council President DeSena – Do we want to entertain a motion to pass Resolution No. 18-253, Resolution Authorizing the Issuance of not exceeding \$6,000,000 bond anticipation notes of the Township of Washington, County of Bergen, New Jersey?

Councilman Ullman – If we were to authorize this, and we walk away and come back with a plan that we want to implement in February of next year, is there prepayment penalties?

Mr. Beinfield – Right now we have a note coming due I believe is on the 2nd or 3rd of August. The traditional keen thing to do, would be for to go another year on that note. Your question is a very good one, the new tax law, that went into effect at the end of the year, would prohibit us from taking out our notes with bonds more than 90 days before the date that our notes are due. That would mean to roll back July, June, May....

Council President DeSena – So May 2nd we can convert them into bonds?

Mr. Beinfield – That is when you can issue your bonds, so yes. You would not want to do it before that date, but on or after that date you have no penalty.

Council President DeSena – So the earliest we would be able to do is roughly May 2nd.

Mr. Beinfield – Correct.

Councilman Bruno – Is there anything in these BANS that we don't want to BAN?

Mr. Beinfield – Let me toss this to Gary for a minute. One, there is no requirement that the notes go out for a full year, they can't go longer than a year, they can go shorter than a year.

Mr. Vinci – Right, so if you want to issue the notes, and have them mature in 9 months...

Council President DeSena – That would help our interest rates or hurt our interest rate?

Mr. Beinfield – I don't know, but I don't think it would be, you know it always has been that a little bit shorter should be a little less of an interest rate. I don't know that is going to be material here, but what it would do, if you mature the note let's say May 2 or June 2, something like that, then you could convert earlier every year if you so desire.

Councilman Bruno – Is 9 months the shortest?

Mr. Beinfield – You could go any period of time.

Councilman Bruno – My question is if we do it, and we buy ourselves a couple of months to really analyze what it is either we cancel some of these or we don't, then we don't finance them anymore, I would prefer to do a shorter period and then really figure out whether or not we still want to continue to put these on the BAN list, I'm still not convinced all of this stuff needs to be financed.

Mr. Vinci – What you have to look at too, it is not just the six million dollars, you also have to look at the ...

Council President DeSena – The additional debt?

Mr. Vinci – Correct.

Councilman Bruno – I get the additional debt, it is the old stuff, from '99, that just doesn't make sense.

Mr. Vinci – Remember the six million does not include the 2.6 million dollars for the firehouse and DMF. So, depending on how those two projects proceed, your six million may jump, but that does not mean you have to finance and permanently bond 8.9 million, you can just say, next year your goal is to bond 5.5 million, and then you leave the other portion in notes and then you take the balance and work then with your future projects for future sale.

Council President DeSena – Yes, but I think we these heavy hits we are going to take on municipal facilities, go to bond for 20, 30 years, their useful lives are valid, we are not bonding a 10-year project for 30 years. If we build a new building or renovate a building and we bond it to a 20 or 30-year period, it makes sense, we have to look at that also when we are looking at our capital plan, and say hey, do we take this six million, and roll it into the three million, let's just call it because we are going to make renovations to these two structures, and may buy something else in the interim and so it may add up.

Mr. Vinci – Just keep in mind too, the longer the sale the higher the interest rates, and I don't know the rates of 20 years.

Mr. Beinfield – I don't know exactly, I do have comparable here that I could easily share, maybe 25 or 30 basis points for every, maybe 5, 10 years.

Council President DeSena – I believe by May we should have all ducks in a row of all of our capital improvement projects, so we would not get hit prepayment penalty. Resolution No. 18-253 is for a one-year period, correct Ashley?

Ms. Morrone – Yes.

Councilman Bruno – Can you do it for nine months?

Ms. Morrone – You could, but what he is trying to say is you guys are considering a lot of capital projects next year, are you going to have enough time to assess the additional capital projects, what is going on already, and kind of get a big picture.

Councilman Bruno – When you mean assess the big picture....

Ms. Morrone – I mean if you are going to issue a bond ordinance for two million dollars to buy a building, for 30 years, but if you issue bonds before that, that will not be included in your bond.

Councilman Bruno – You are talking the short-term BANS then, for six or nine months.

Ms. Morrone – He is talking about trying to give the Council enough time to.....

Council President DeSena – They adjust everything.

Councilman Bruno – Nine months is what I am saying. I we don't know in nine months what we are doing...

Mr. Mai – You probably will not have your budget done by then either.

Mayor Calamari – Does it matter very much if it is for the same fiscal year, like if we say nine months, it takes us to September?

Council President DeSena – As Mr. Beinfield said there are no prepayment penalties, we are talking May 2.

Mr. Mai – You can sell your bonds in June or July if you want, because the notes will not come due until August.

Council President DeSena – But in May we have the ability to say hey we are going to bond x amount of dollars and start getting, without getting any prepayment penalty.

Mr. Mai – Yes, any time before August 3 of next year.

Mr. Beinfield – To put a fine point on it, the note is not prepay able, you can't bring them in, you don't have that feature, but prior to 3 months before you cannot issue bonds to pay them on a tax-exempt basis anymore. So, you can get your bond money in on May 2, hold it, investment for 90 days.

Council President DeSena – Then it all gets paid.

Mr. Beinfield – Also, it does take, even after decisions are made as to what to do, the preparation for a permanent financing, will take two or three months, by the time you get bond ratings, prepare offering statements, so on and so forth. It is much more of a lead time.

Council President DeSena – Mr. Beinfield, we could start discussing this in March with you, then in May go out.

Mr. Beinfield – Absolutely.

Council President DeSena – Is there a motion on Resolution No. 18-253?

Councilman Cascio – So moved.

Councilman Ullman – I'll second.

A motion was made by Councilman Cascio, seconded by Councilman Ullman, to approve Resolution No. 18-253.

Ayes: Councilmen Bruno, Cascio, Cumming, Ullman,
Council President DeSena.

Nays: None.

Resolution No. 18-253

Authorizing the Issuance of note exceeding \$6,000,000 Bond Anticipation Notes of the Township of Washington, in the County of Bergen, New Jersey

BE IT RESOLVED BY THE TOWNSHIP COUNCIL OF THE TOWNSHIP OF WASHINGTON, IN THE COUNTY OF BERGEN, NEW JERSEY, AS FOLLOWS:

Section 1. Pursuant to a bond ordinance of The Township of Washington, in the County of Bergen (the "Township") entitled: "Bond ordinance providing for the purchase of equipment by The Township of Washington, in the County of Bergen, New Jersey, appropriating \$44,000 therefor and authorizing the issuance of \$41,800 bonds or notes of the Township for financing such appropriation", finally adopted on July 12, 1999 (#99-7 as supplemented by #05-1), bond anticipation notes of the Township in a principal amount not exceeding \$24,842 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 2. Pursuant to a bond ordinance of the Township entitled "Bond ordinance providing for the purchase of equipment and renovation of the firehouse by the Township of Washington, in the County of Bergen, New Jersey, appropriating \$50,000 therefor and authorizing the issuance of \$47,000 bonds or notes of the Township for financing such appropriation", finally adopted on August 23, 1999 (#99-12), bond anticipation notes of the Township in a principal amount not exceeding \$19,545 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 3. Pursuant to a bond ordinance of the Township entitled "Bond ordinance providing for the improvement of the storm water drainage system in and by the Township of Washington, in the County of Bergen, New Jersey appropriating \$700,000 therefor and authorizing the issuance of \$161,500 bonds or notes of the Township for financing such appropriation", finally adopted on April 9, 2007 (#07-4), bond anticipation notes of the Township in a principal amount not exceeding \$8,549 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 4. Pursuant to a bond ordinance of the Township entitled "Bond ordinance providing for the acquisition of new equipment for use by the Fire Department of the Township of Washington, in the County of Bergen, New Jersey, appropriating \$21,000 therefor and authorizing the issuance of \$20,000 bonds or notes of the Township for financing such appropriation" finally adopted on April 9, 2012 (#12-06), bond anticipation notes of the Township in a principal amount not exceeding \$13,331 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 5. Pursuant to a bond ordinance of the Township entitled "Bond ordinance providing for acquisition of new and additional vehicular equipment by the Township of Washington, in the County of Bergen, New Jersey, appropriating \$162,000 therefor and authorizing the issuance of \$154,000 bonds or notes of the Township for financing such appropriation", finally adopted on July 23, 2012 (#12-12), bond anticipation notes of the Township in a principal amount not exceeding \$102,664 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 6. Pursuant to a bond ordinance of the Township entitled "Bond ordinance providing for the improvement to Memorial Field in and by the Township of Washington, in the County of Bergen, New Jersey, appropriating \$160,000 therefor and authorizing the issuance of \$152,000 bonds or notes of the Township for financing such appropriation", finally adopted on July 23, 2012 (#12-13), bond anticipation notes of the Township in a principal amount not exceeding \$136,274 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 7. Pursuant to a bond ordinance of the Township entitled "Bond ordinance providing for the improvement of various roads in and by the Township of Washington, in the County of Bergen, New Jersey, appropriating \$908,692 therefor and authorizing the issuance of \$865,000 bonds or notes of the Township for financing such appropriation", finally adopted on May 6, 2013 (#13-06), bond anticipation notes of the Township in a principal amount not exceeding \$685,166 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 8. Pursuant to a bond ordinance of the Township entitled "Bond ordinance providing for the improvement of Colonial Boulevard in and by the Township of Washington, in the County of Bergen, New Jersey, appropriating \$300,000 therefor and authorizing the issuance of \$285,000 bonds or notes of the Township for financing such appropriation", finally adopted on May 6, 2013 (#13-07), bond anticipation notes of the Township in a principal amount not exceeding \$96,881 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 9. Pursuant to a bond ordinance of the Township entitled "Bond ordinance appropriating \$285,897, and authorizing the issuance of \$218,274 bonds or notes of the Township, for various improvements or purposes authorized to be undertaken by the Township of Washington, in the County of Bergen, New Jersey", finally adopted on May 20, 2013 (#13-11), bond anticipation notes of the Township in a principal amount not exceeding \$170,330 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 10. Pursuant to a bond ordinance of the Township entitled "Bond ordinance providing for the improvement of the municipal complex site in and by the Township of Washington, in the County of Bergen, New Jersey, appropriating \$94,320 therefor and authorizing the issuance of \$89,604 bonds or notes of the Township for financing such appropriation", finally adopted on May 20, 2013 (#13-12), bond anticipation notes of the Township in a principal amount not exceeding \$80,334 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 11. Pursuant to a bond ordinance of the Township entitled "Bond ordinance appropriating \$235,400, and authorizing the issuance of \$223,630 bonds or notes of the Township, for various improvements or purposes authorized to be undertaken by the Township of Washington, in the County of Bergen, New Jersey", finally adopted on September 23, 2013 (#13-20), bond anticipation notes of the Township in a principal amount not exceeding \$99,078 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 12. Pursuant to a bond ordinance of the Township entitled "Bond ordinance providing for the installation of new fencing at Memorial Field in and by The Township of Washington, in the County of Bergen, New Jersey, appropriating \$110,000 therefor and authorizing the issuance of \$104,000 bonds or notes of the Township for financing such appropriation", finally adopted on September 22, 2014 (#14-11), bond anticipation notes of the Township in a principal amount not exceeding \$64,100 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 13. Pursuant to a bond ordinance of the Township entitled "Bond ordinance appropriating \$100,000, and authorizing the issuance of \$95,000 bonds or notes of the Township, for various improvements or purposes authorized to be undertaken by the Township of Washington, in the County of Bergen, New Jersey", finally adopted on October 20, 2014 (#14-13), bond anticipation notes of the Township in a principal amount not exceeding \$93,174 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 14. Pursuant to a bond ordinance of the Township entitled "Bond ordinance providing for the improvement of Memorial Field in and by the Township Of Washington, in the County of Bergen, New Jersey, making an initial appropriation of \$150,000 and authorizing the issuance of \$142,800 bonds or notes of the Township for financing such appropriation", finally adopted on March 23, 2015 (#15-04), bond anticipation notes of the Township in a principal amount not exceeding \$142,800 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 15. Pursuant to a bond ordinance of the Township entitled "Bond ordinance providing for the improvement of various roads in and by The Township of Washington, in the County of Bergen, New Jersey, appropriating \$750,000 therefor and authorizing the issuance of \$714,000 bonds or notes of the Township for financing such appropriation", finally adopted on June 1, 2015 (#15-07), bond anticipation notes of the Township in a principal amount not exceeding \$682,316 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 16. Pursuant to a bond ordinance of the Township entitled "Bond ordinance providing for the acquisition of new and additional vehicular

equipment by the Township of Washington, in the County of Bergen, New Jersey, appropriating \$765,000 therefor and authorizing the issuance of \$728,000 bonds or notes of the Township for financing such appropriation”, finally adopted on July 20, 2015 (#15-09), bond anticipation notes of the Township in a principal amount not exceeding \$728,000 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 17. Pursuant to a bond ordinance of the Township entitled “Bond ordinance appropriating \$1,009,000, and authorizing the issuance of \$958,550 bonds or notes of the Township, for various improvements or purposes authorized to be undertaken by the Township of Washington, in the County of Bergen, New Jersey”, finally adopted on April 18, 2016 (#16-02), bond anticipation notes of the Township in a principal amount not exceeding \$958,550 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 18. Pursuant to a bond ordinance of the Township entitled “Bond ordinance providing for the improvement of various roads in and by the Township of Washington, in the County of Bergen, New Jersey, appropriating \$600,000 therefor and authorizing the issuance of \$570,000 bonds or notes of the Township for financing such appropriation”, finally adopted on May 8, 2017 (#17-03), bond anticipation notes of the Township in a principal amount not exceeding \$570,000 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 19. Pursuant to a bond ordinance of the Township entitled “Bond ordinance appropriating \$2,946,123, and authorizing the issuance of \$2,643,927 bonds or notes of the Township, for various improvements or purposes authorized to be undertaken by the Township of Washington, in the County of Bergen, New Jersey”, finally adopted on May 22, 2017 (#17-04), bond anticipation notes of the Township in a principal amount not exceeding \$75,024 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 20. Pursuant to a bond ordinance of the Township entitled “Bond ordinance appropriating \$1,300,000, and authorizing the issuance of \$1,237,000 bonds or notes of the Township, for various improvements or purposes authorized to be undertaken by the Township of Washington, in the County of Bergen, New Jersey”, finally adopted on May 21, 2018 (#18-06), bond anticipation notes of the Township in a principal amount not exceeding \$1,237,000 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 21. Pursuant to a bond ordinance of the Township entitled “Bond ordinance providing for the improvement of municipal property in and of The Township of Washington, in the County of Bergen, New Jersey, appropriating \$125,000 therefor and authorizing the issuance of \$118,750 bonds or notes of the Township for financing such appropriation”, finally adopted on April 27, 1998 (#98-10 as amended and/or supplemented by #98-15), bond anticipation notes of the Township in a principal amount not exceeding \$12,042 shall be issued for the purpose of temporarily financing the improvement or purpose described in Section 3 of said bond ordinance, including (to any extent necessary) the renewal of any bond anticipation notes heretofore issued therefor.

Section 22. All bond anticipation notes (the “notes”) issued hereunder shall mature at such times as may be determined by the treasurer, the chief financial officer or the acting chief financial officer of the Township (the “Chief Financial Officer”), provided that no note shall mature later than one year

from its date. The notes shall bear interest at such rate or rates and be in such form as may be determined by the Chief Financial Officer and shall be signed and sealed by officials and officers of the Township in any manner permitted by N.J.S.A. §40A:2-25. The Chief Financial Officer shall determine all matters in connection with the notes issued hereunder, and the Chief Financial Officer's signature upon the notes shall be conclusive evidence as to all such determinations. All notes issued hereunder may be renewed from time to time subject to the provisions of N.J.S.A. §40A:2-8. The Chief Financial Officer is hereby authorized to sell part or all of the notes at not less than par from time to time at public or private sale and to deliver them to the purchasers thereof upon receipt of payment of the purchase price. The Chief Financial Officer is directed to report in writing to the governing body of the Township at the meeting next succeeding the date when any sale or delivery of the notes hereunder is made. Such report must include the principal amount, interest rate and maturities of the notes sold, the price obtained and the name of the purchaser.

Section 23. Any note issued pursuant to this resolution shall be a general obligation of the Township, and the Township's faith and credit are hereby pledged to the punctual payment of the principal of and interest on the notes and, unless otherwise paid or payment provided for, an amount sufficient for such payment shall be inserted in the budget and a tax sufficient to provide for the payment thereof shall be levied and collected.

Section 24. The Chief Financial Officer is hereby authorized and directed to do all other matters necessary, useful, convenient or desirable to accomplish the delivery of the notes to the purchasers thereof as promptly as possible, including (i) the preparation, execution and dissemination of a Preliminary Official Statement and Final Official Statement with respect to the notes, (ii) preparation, distribution and publication, if necessary, of a Notice of Sale with respect to the notes, (iii) execution of a Continuing Disclosure Undertaking, with respect to the notes in accordance with Rule 15c2-12 promulgated by the Securities and Exchange Commission and (iv) execution of an arbitrage and use of proceeds certificate certifying that, among other things, the Township, to the extent it is empowered and allowed under applicable law, will do and perform all acts and things necessary or desirable to assure that interest paid on the notes is not included in gross income under Section 103 of the Internal Revenue Code of 1986, as amended.

Section 25. All action heretofore taken by Township officials and professionals with regard to the sale and award of the notes is hereby ratified, confirmed, adopted and approved.

Section 26. This resolution shall take effect immediately.

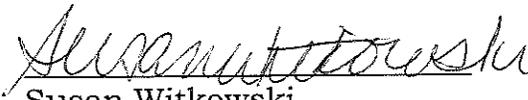
A motion was made by Councilman Cascio, seconded by Councilman Bruno to adjourn.

Ayes: Councilmen Bruno, Cascio, Cumming, Ullman,
Council President DeSena.

Nays: None.

Note: *No Conference Session.*

Time Noted: 10:12 p.m.


Susan Witkowski
Township Clerk


Michael DeSena
Council President

Approved: August 6, 2018

