Finance Advisory Committee
Minutes – 05/06/2026

Attendees: M. Albanese, L. Barnett, J. Kaplan (minutes), J. Semler, K. Sheikh, M. Stern.

Absent: B. Dewing, M. Muilenburg, J. Murphy.

1. Approval of Feb 11 minutes: postponed.

2. Birchwood Dam repairs:
   - Estimated cost to repair leak, $850,000.
   - Target completion date: Spring 2027 subject to DEP permitting.
   - Funding will be added to July financing.

3. July Bond Financing:
   - Bryan Morris from Phoenix Advisors, the Borough's bond advisor, joined the meeting.
   - Total funding $7,950,000 ($6,334,483 of existing BANs less paydowns of $430,762 and new money $2,046,279).
   - Average useful life of underlying ordinances 18.45 years.
   - Existing BAN matures 7/31/26
   - Current rates: 1y BAN 2.70%, 10y bond 2.75%, 15y bond 3.25%, 18y bond 3.50%.
   - Recommended maturity 15 years to maintain total annual debt service at or below current $1.56m. Estimated net present value savings of 15y bond versus an 18y approximately $200k.
   - Market demand for high quality municipal bonds is strong, especially for bonds issued at a premium (savings of 20-25bps vs par bonds).
   - Target sale date 7/9/26 three weeks prior to a 7/30/26 closing.

4. Quarterly Budget and Trust Account Review:
   - Most Current Fund revenues on track. UCC fees tracking higher than budgeted. Revenues from Cell Tower are uncertain and expected to be under budget. Replacements for Verizon, Dish and T-Mobile are unlikely. Total revenues realized from tower in 2025 were $140k. Reviewing possibility of selling the tower.
   - Current Fund expenses on track. Unemployment Insurance paid in full to Unemployment Trust, however, unemployment costs are trending lower.
   - Water rents are tracking lower for Q1 most likely due to billing timing and should be on track at the end of Q2. Will be monitored.
   - Water expenditures are tracking above budget due to encumbrances for the redevelopment of Well 2 (accelerated maintenance due to heavier usage while other wells were shut down). Expenditures will be monitored.
   - Sewer revenues and expenditures on track.
   - Water and sewer billing review continues. The largest irregularities in water billing have been addressed with property owners generally cooperative. They are now being billed and paying for their high usage levels. Smaller irregularities are currently being addressed. J. Semler estimates that we are 80% complete with the review.
   - Discussed moving approx. $195,000 from Reserve for Tax Appeals bringing the reserve to $218k, just above the upper-end of the $150k - $200k policy target range. Approx. $112k would be transferred to the Reserve for Storm Recovery bringing the reserve to

$450k and $83k would be transferred to the Capital Improvement Fund. To be reviewed with auditor John Mooney at Nisivoccia at Draft Audit meeting on 6/3. If recommended, timing will occur during the 2027 budget process.

5. Surplus Account /Fund Balance Analysis:
   - Based on latest forecasts, Unused Fund Balance will remain just above the policy target of 7.5 to 10% of the Annual Operating Budget for the next 2 years and then track to the lower end of range in 2028 and below the range in 2029.
   - Revenue estimates are conservative. Historically, MRNA and unexpended balances have been higher than the forecasts. If necessary, Surplus Anticipated in the outer years can be reduced and taxes increased to maintain Unused Fund Balance within target range.
   - Question was raised if the policy target range is appropriate or should it be increased. To be reviewed in the future.

6. 2025 Draft Audit Review:
   - J. Semler will confirm John Mooney's attendance at the June 3 FAC meeting and distribution of the 2025 Draft Audit prior to the meeting.

7. Next meeting: June 3 at 7:00p on Zoom. Minutes – M. Muilenburg.

   To Dos:
   - Circulate 2025 Audit Draft – J. Semler
   - Updated bond model, TBD– J. Kaplan.