

MINUTES OF THE SPECIAL SESSION MEETING OF
THE TEANECK TOWNSHIP COUNCIL
HELD IN THE MUNICIPAL BUILDING CHAMBERS ON
TUESDAY, DECEMBER 4, 2012

Mayor Hameeduddin called the Special Session Meeting of the Teaneck Township Council to order at 7:07 p.m. and asked all present to please rise for the Pledge of Allegiance.

Present: C. Parker (arrived 7:13pm), C. Stern, DM. Gussen, C. Pruitt, C. Katz, C. Schwartz (arrived 7:18 pm) Mayor Hameeduddin.

Opposed: None.

Absent: None.

MAYOR'S ANNOUNCEMENT

Adequate notice of this meeting has been provided by Resolution 28-12, setting the 2012 meeting dates; Resolution 150-12, ratifying Resolution 28-12; and Resolution 246-12, amending the 2012 meeting dates, sending a copy to THE RECORD and THE JEWISH STANDARD, filing a copy in the Township Clerk's Office and posting it on the Municipal Building bulletin board, and the Mayor hereby directs that this statement be included in the minutes.

The Township Annual Toy Drive began December 3rd and will run through December 14th. Toys are needed for children ranging in ages from newborn to 18. For additional information, you may contact Gloria Andrade, Social Services Coordinator at 201-837-1600, Ext. 1503. A list of drop-off locations may be located on the Township website. Your generosity is greatly appreciated.

The next televised council meeting will take place on Tuesday, December 18th, with legal opening to begin at 7:00 p.m. and public input to begin at 8:00 p.m.

Budget meetings are scheduled for the following Thursday's at 7:00 pm: January 10th, 17th, 24th and 31st.

C. Stern assisted Township Manager with the slide projector.

PRESENTATIONS

1. Manager's Debt Management Plan.

Township Manager Broughton thanked Council for allowing this presentation and thanked all of the Debt Management Team.

Township Manager provided a hard copy of the Debt Management Plan power point presentation to Mayor and Council.

C. Pruitt asked for clarity between the Township's current \$12 million dollar debt and the \$8.5 million dollars the Township paid out in lawsuits; Township Manager advised that if we didn't have the lawsuits, we wouldn't have the \$8.5 million of debt and advised as the Auditor moved forward with the presentation this question would be further explained.

Township Manager introduced the following speakers as part of his Debt Management Team, Paul W. Garbarini, Auditor, Garbarini & Co. and Steve Rogut, Esq. – Bond Counsel, Rogut McCarthy LLC.

Bond Counselor Steve Rogut briefly discussed the capital financing process; advised that once the Township decides it wants to undertake a capital project, he would get a call from the Chief Financial Officer asking him to prepare a bond ordinance; Mr. Rogut provided a definition of a bond ordinance and its' process; provided the definition of Bond Anticipation Notes (BAN's); advised of the type of bond his firm is allowed to issue to New Jersey municipalities are 'serial' bonds, as they have annual principal payments.

C. Pruitt questioned whether the life of the bond being talked about was ten (10) years; Mr. Rogut responded that the first issue to be proposed would be a nineteen (19) year; Mr. Rogut advised we currently have about \$17 million in existing notes outstanding and about \$12 million in ordinances that have been authorized but no notes have been issued under, advising we will first deal with the outstanding notes and Mr. Rogut discussed borrowing rates.

C. Stern asked Mr. Rogut about the current \$41 million, \$12 million of which is total existing debt service mentioned earlier, was clarifying that was actually total existing debt, not debt service. Mr. Rogut advised that was correct.

Auditor Paul Garbarini briefly defined *debt service*, advising it was the annual amount and that the *principal* was the total amount outstanding of a bond. Mr. Garbarini went on to explain the various charts provided in the powerpoint presentation, advising Council that these were the lowest interest rates he has seen in years.

Mayor Hameeduddin asked what the bottom line number was, under Assumptions, where it indicates the increase would be no more than ½ of 1 point in the tax rate. Mr. Garbarini advised that the base line number was about \$2.2 million dollars, taking the debt service from prior year and increasing it no more than half of a percent and referenced Schedule, Column C.

DM Gussen asked Mr. Garbarini what is the highest interest rate he has seen; Mr. Garbarini advised there was a time where a Municipal Bond issue was well over ten percent.

Mr. Garbarini urged for Council to take advantage of these low interest bonds, as not to delay, saying if something dramatic happens in the market, everyone will be rushing to refinance.

C. Parker asked if we had a future plan for the new debt that the Township will acquire.

Township Manager advised, yes, there would be a Part II, a strategic plan.

C. Stern spoke on Schedule A, total existing debt service, asking if the figures noted would have to be refinanced. Mr. Garbarini answered, yes.

C. Stern questioned whether there was a state average on municipalities, noting Teaneck's current debt is .69 % of the average three-year equalized valuation and inquired on how other towns of this size compare. Mr. Garbarini responded that Teaneck is extremely low, below one percent.

DM Gussen asked for clarity on when introducing a bond ordinance how it often ends up as a Bond Anticipation Note (BAN), as oppose to actually issuing a bond. DM Gussen inquired on the relative cost of issuing a bond verses BAN's and how much money is saved when using the BAN's.

Mr. Garbarini advised that as part of this debt plan, the debt management team is proposing back-to-back bond issues; defining 'notes' as temporary debt. Advised there are costs associated with bond notes.

Mr. Rogut spoke on the costs associated with bond notes and advised that there costs were approximately \$50,000-\$60,000 to do a bond sale, with a cost of a \$10,000,000.00 note issue being around \$5,000 dollars.

C. Pruitt inquired whether the one half of one percent noted in 2013 and 2014 would bring the total to one percent. Mr. Rogut responded, yes, it raises a half point each year and further explained by reading off of Column C.

C. Pruitt asked Township Manager if Phase II of the Police Building was calculated in the plan. Township Manager responded, no. Mr. Garbarini reinforced that this plan was put together to manage existing debt, and noted where on the plan it mentions there is a disclaimer on the schedule that notes it does not include debt service for projects not currently authorized.

Mr. Garbarini noted that moving forward, all new projects will be looked at individually.

C. Schwartz referenced Column C, under variance; noting if the half point increase to the budget and inquiring if we were to total the variance column would that give us the long term effects.

Mr. Garbarini was unable to answer, noting the future was unknown.

PUBLIC HEARING AND ADOPTION OF ORDINANCES

Ms. Evelina read the following Ordinance by title only:

None.

MEETING OPEN TO THE PUBLIC FOR GOOD AND WELFARE OR PUBLIC INPUT ON ANY MATTERS ON THIS AGENDA

Mayor Hameeduddin inquired whether any member of the Council had any comments prior to opening the meeting to any comments from the public.

C. Katz questioned the Financial Officer on what the percentage the Cedar Lane merchants are paying back from the outstanding debt. The Finance Officer advised she would get back to him with that figure.

C. Pruitt commented on a previous meeting and noted his surprise as to how many people showed up; concurred with the suggestions brought up by the community that the northeast corner storage room be converted for community use and when building the new building that it should be built as much as possible with green compliance in mind; and noted that Phase II should be able to be viewed by interested parties.

Mayor Hameeduddin declared that any members of the public wishing to be heard at this time shall come forward and state their names for the record. Comments shall be limited to five minutes per person.

Howard Rose, Teaneck – thanked Mr. Garbarini and DM Gussen and C. Pruitt for asking good questions. Noted Teaneck's tax burden, Teaneck's \$41 million debt may be lower than other towns but noted the Township has much higher operating costs.

Art Vatsky, Teaneck – noted the financial study was fine as is; mentioned the Township was not gaining population and that the business community was unhealthy; questioned if the \$8.5 million dollars include interest; spoke about the condition of the Municipal Building basement and spoke about an IT Study being performed in conjunction with the new building.

Charles Powers, Teaneck – spoke in favor of the Township's advancement in the hiring of the Auditor whom he feels is doing a fantastic job, speaking of the deficiencies the Auditor has found, noting funding for specific Township facilities; left copies of the Arcari Report from 2008 for Council. Spoke about the inability the Township has had with PSE&G; noted PSE&G to be an incapable utility company and read a letter he received from PSE&G regarding a misunderstanding with his gas rates.

Alex Rashin, Teaneck – spoke on his opposition with the Manager's four-day work week and the generosity given by Council towards the Manager; noted he could draw a better plan on the new Police Building than the Township's Architect and noted his several opinions and solutions he has provided to Council; asked Council to get more information when looking into the generator purchases.

Barbara Toffler, Teaneck – thrilled with Mr. Garbarini's work; spoke on a past experience she had with the Human Resource Department and questioned if the \$41 million dollar debt discussed in the earlier presentation would include both the Votee Park work and the Soccer Field, including the turf.

Naomi Cramer, Teaneck – questioned as to how this debt was incurred and how Teaneck got here; why the Township didn't start looking into this earlier and suggested a list be provided as to how this debt was incurred over time.

Mayor Hameeduddin introduced Senator Loretta Weinberg and apologized for not recognizing her presence earlier.

Loretta Weinberg, Teaneck – provided a correction to the presentation and mentioned the facilities that were built in the 1990's with the help of the taxpayer's money as part of the Capital Plan; questioned if the ½ % that residents will incur, is that over and above what we are now paying for debt service and questioned what are we paying for debt service right now; how much are the costs of a new bond issue; how much does the bond counsel get, closing costs, etc.; questioned how the \$17.2 million dollar debt fits into the overall \$41 million dollar debt total and announced that the Senate Budget Committee will be meeting with the Utilities on their reaction to the Hurricane Sandy issue.

Jason Castle, Teaneck – questioned if the Township's bond anticipation notes have been renewed annually for up to the ten years and has an actual bond been issued; questioned if we continue to re-bond the existing debt, will the Department of Public Works Facility actual be built before the last bond issuance matures; if we can foresee future costs, is it possible to bond against future needs and how is Teaneck going to actual pay down its debt.

There being no further persons wishing to speak at this time (or the time limit of one hour having expired), Mayor Hameeduddin declared that the public comment portion of the meeting was now closed.

Mayor Hameeduddin inquired whether any member of the Council or the Manager wished to respond to the public comments or whether a member of the Council wished to remove any item from the Consent Agenda and have a separate discussion thereon.

Mayor Hameeduddin asked Mr. Garbarini to specifically address Senator Weinberg's questions. Mr. Garbarini addressed Senator Weinberg's question on her inquiry of the \$41 million, breaking down the figures and advising there were two 'buckets', a \$12,000,000.00 'bucket' and a \$29,000,000.00 'bucket' and stating that the \$17.2 million and the \$11.2 million were the figures that totaled the \$29,000,000.00 'bucket'.

Mr. Rogut provided a breakdown of costs associated with the bond counsel, advising the approximate cost for a bond issuance was between \$50,000.00 and \$60,000.00.

Mr. Garbarini advised with doing the two bond sales together that the "OS" (offering statement) once completed for the first one would then just have to be updated. Further defining that an "OS" was what is being proposed to the markets to buy Teaneck's bonds.

Mayor Hameeduddin asked Mr. Garbarini to address any deficiencies noted in the Township's audit.

Mr. Garbarini advised that the deficiencies found were actually being addressed as part of the Township's Corrective Action Plan.

C. Pruitt questioned where the bond anticipation notes that were set aside for the Department of Public Works building sit as part of the borrowing.

Mr. Rogut advised that the Township never issued notes under that specific ordinance, advising that preliminary expenses were charged against that ordinance. Mr. Rogut referred to the Schedule and referenced Column B and noted that was the money being raised.

Township Manager addressed some questions raised during Good and Welfare. Advised that the Department of Public Works was not included in the \$41 million; and that it was not possible to borrow for the future; and referenced the schedule for paying off the debt; and that the current debt service was between \$1.9 and \$2 million, referenced needing to get it to \$2.6 million, and raising the taxes by one penny would bring us to that figure; and that the building was not collapsing, but that the 4" lentils around the windows were rusted, including the bricks around the area of the lentils were to be replaced; and advised that the field improvement was not included in the Votee Park Improvement; and that this presentation will be placed on the website.

Mayor Hameeduddin advised the Township Manager to include the Board of Public Utilities contact information on the website and to put out an alert that if anyone has a problem with their utility bill to contact the Board of Public Utilities.

DM Gussen addressed a comment regarding lawsuits; advised of the revamping of the Township's employee manual and creating a Human Resource Department; referenced operating expenses; spoke about what the Township residents get for what is paid in their taxes; spoke on why fixing the debt matter now versus earlier on, referencing lower interest rates; and advised that the Township could not borrow money for future needs.

C. Parker addressed an earlier comment on lawsuits, advising we now have insurance that will now cover some of those expenses; and requested something in writing as to what this debt actually is and to put something together for the public to see.

Mayor Hameeduddin requested the list of how Teaneck got here by the meeting of December 18th.

Township Manager thanked Council and the other members of the Debt Management Team and advised he would have this item listed under New Business for the December 18th meeting.

C. Parker spoke about previous discussions of Super Storm Sandy and the effects it had on the residents, along with the lack of responses from utility companies. C. Parker asked Mayor if she could work with the Township Manager to see if Teaneck could help neighboring communities.

All of Council was in favor.

CONSENT AGENDA

All matters listed below are considered to be routine in nature by Council and will be enacted by one motion. There will be no separate discussion of these items. If any discussion is desired by Council, that particular item will be removed from the Consent Agenda and will be considered separately.

RAFFLES

All subject to approval and conditions applicable with the Legalized Games of Chance Control Commission and pursuant to State Statute.

None.

MINUTES

None.

RESOLUTIONS

None.

BILL LIST

None.

INTRODUCTION OF ORDINANCES

None.

OLD BUSINESS

None.

MISCELLANEOUS

None.

NEW BUSINESS

None.

COMMUNICATIONS

None.

COMMITTEE REPORTS - COUNCIL LIAISONS

None.

COUNCIL-LISTED ITEMS

None.

TOWNSHIP MANAGER'S REPORT

None.

TOWNSHIP ATTORNEY'S REPORT

None.

ADJOURNMENT

DM. Gussen moved to adjourn at 8:59 p.m. Seconded by C. Schwartz

Roll Call.

In Favor: C. Parker, C. Stern, DM. Gussen, C. Pruitt, C. Katz, C. Schwartz, Mayor Hameeduddin

Opposed: None.

Absent: None.