

RESOLUTION 2023-200

RESOLUTION OF THE TOWNSHIP OF BARNEGAT, COUNTY OF OCEAN, STATE OF NEW JERSEY, AUTHORIZING THE TOWNSHIP TO ESTABLISH A DEBT POLICY TO MANAGE INDEBTEDNESS INCURRED BY THE TOWNSHIP OF BARNEGAT

WHEREAS, the Barnegat Township Committee (the “Governing Body”) of the Township of Barnegat recognizes the need to establish a debt policy to prudently manage indebtedness incurred by the Township of Barnegat; and

WHEREAS, the Township of Barnegat is subject to the oversight of the Department of Community Affairs, the Local Finance Board and the New Jersey Statutes (N.J.S.A. 40A:2-Local Bond Law; and

WHEREAS, the Township of Barnegat is restricted by State Statute as to limitations on net debt, to, generally, 3.5% of the Township of Barnegat three-year average equalized valuation; and

WHEREAS, the Township of Barnegat is similarly restricted by State Statute with regard to limitations on capital items to be financed, amortization requirements and length of borrowing term; and

WHEREAS, in addition to the limitations set forth by State Statute, the Barnegat Township Committee recognizes the need to detail and adopt a DEBT POLICY based on best practices, historic debt issuance, and future capital plans; and

WHEREAS, the Township of Barnegat has evaluated historic debt issuance, and the now current Capital Budget,

NOW THEREFORE BE IT RESOLVED on this 8TH day of June, 2023 by the Mayor and Township Committee of the Township of Barnegat, County of Ocean, and State of New Jersey as follows:

1. The Township of Barnegat shall, as a goal, maintain debt target
 - a. For which total net debt is no greater than 3% of the average three year equalized ratable valuation (1/2 of a percent below State Statute limitations), and/or
 - b. For which annual debt service is no greater than 10% of the previous year's total General operating expenditures, inside CAP and/or
 - c. For which total net debt is no greater than 8.75% of the previous year's total General revenues, excluding surplus anticipated.
2. When issuing debt, the Township of Barnegat will take into consideration the following guidelines in structuring the repayment of debt:
 - a. Level or gradual debt service without “spikes”, with initial funding through temporary notes (if desirable, advantageous and recommended by the Township's financial advisor) to be financed permanently on a regular basis.
 - b. Borrowing terms that are less than or equal to the average useful life of the ordinances financed and with a goal of maintaining a 65% retirement level of principal within ten years.
 - c. Consultation and use of professional service providers such as an independent

financial advisor and/or bond counsel for which a professional appointment will be considered annually.

- d. In conjunction with the Township of Barnegat's financial advisor and market rate current conditions and projections, determination of short versus long term debt issuance, and the criteria used for determining the sale method, whether it being competitive, negotiated, or private placement, and investment of proceeds. In addition, will conduct, if applicable, arbitrage rebate monitoring and filing.
3. On advice from its Municipal Advisor and Bond Counsel, the Township of Barnegat will issue refunding bonds, as permitted by applicable State and Federal regulations, for previously issued debt when such refunding will produce a savings equal to at least 3% of the par value of the debt being refunded, as measured on a net present value basis.
4. The Barnegat Township Committee of the Township of Barnegat covenants that the Township of Barnegat will agree to comply with any Continuing Disclosure Agreement for the benefit of the holders of any of its existing publicly traded bonds, and the secondary market disclosure requirements of the Securities and Exchange Commission's Rule 15c2-12.
5. It is the Barnegat Township Committee's desire so fully fund small to moderate sized Capital projects directly through the Capital Improvement Fund section of the budget rather than adopted a capital ordinance and borrowing funds. However, as part of the annual budget process, the Barnegat Township Committee shall consider the capital needs of the Township of Barnegat and evaluate the impact of the Capital Budget (if any) on the net debt target and forward debt service. If the adoption of the Capital Budget materially impacts the net debt target, the Barnegat Township Committee may, after deliberation, adopt a resolution amending the DEBT POLICY.

CERTIFICATION

I, Donna M. Manno, Municipal Clerk of the township of Barnegat, County of Ocean, State of New Jersey do hereby certify that the foregoing Resolution was duly adopted by the Barnegat Township Committee at their meeting held in the Municipal Complex, 900 W. Bay Avenue, Barnegat, NJ on the 8TH day of June, 2023.

Donna M. Manno, RMC
Municipal Clerk