



Debt Analysis of the Township

May 18, 2023

Prepared by:



NW FINANCIAL GROUP, LLC
Exceeding Expectations

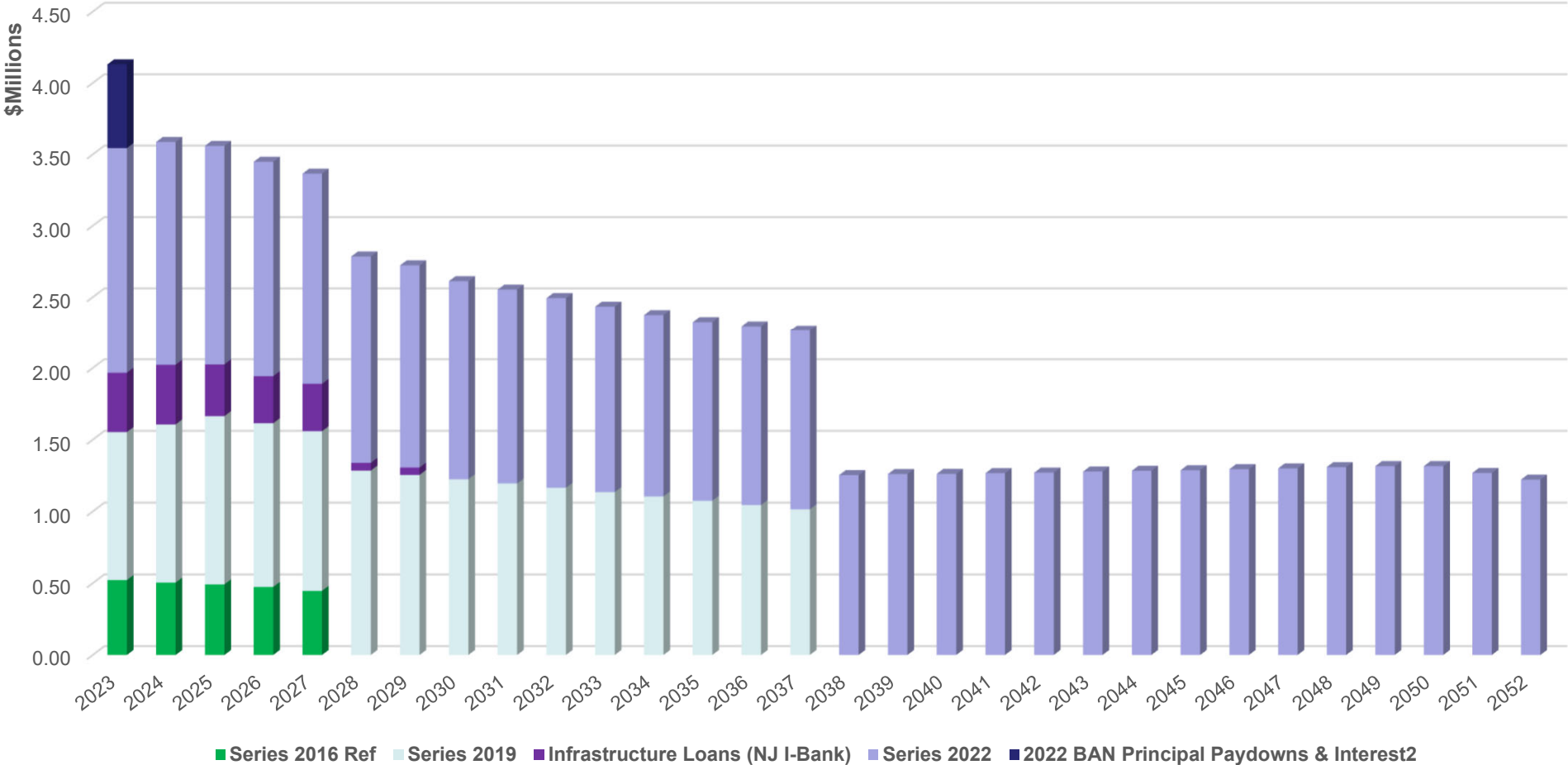
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Current Outstanding Debt

Description by Series	Principal Outstanding	Final Maturity
<u>General Obligation Bonds</u>		
General Obligation Refunding Bonds, Series 2016	\$ 2,180,000.00	12/1/2027
General Obligation Bonds, Series 2019	13,700,000.00	2/1/2037
General Obligation Bonds, Series 2022	23,175,000.00	7/1/2052
	<u>\$ 39,055,000.00</u>	
<u>New Jersey Infrastructure Loans</u>		
NJEIT 2004 - Interest Free	30,898.01	2024
NJEIT 2004 - Interest	40,956.80	2024
NJEIT 2007 - Interest Free	565,922.90	2027
NJEIT 2007 - Interest	702,000.00	2027
NJEIT 2009 - Interest Free	125,640.04	2025
NJEIT 2009 - Interest	311,000.00	2029
	<u>\$ 1,776,417.75</u>	
<u>Bond Anticipation Notes</u>		
Bond Anticipation Note, Series 2022	\$ 9,141,585.00	7/7/2023
	<u>\$ 9,141,585.00</u>	
Total Outstanding Principal	\$49,973,002.75	

Current Outstanding Debt

Berkeley Heights Outstanding General Obligation Bond Debt Service



Summary of Capital Needs

- What are the Township's typical ongoing capital expenses?
 - Ongoing maintenance to the wastewater treatment plant
 - Roads
 - Drainage
 - Equipment
- The Township has 1 outstanding Bond Anticipation Note which matures July 7, 2023:
 - \$9,141,585 Bond Anticipation Note, Series 2022
- The 2023 Capital Plan is for \$12,199,665 which consists of:
 - \$9,357,002 for 2023 sewer projects to be funded through the NJ Infrastructure Bank
 - \$3.4 million San Filter
 - \$1.9 Anaerobic Digester Gas Flare
 - \$1.1 Lime Feed System
 - \$475,000 Sewer Wall
 - \$551,000 Sewer Truck
 - \$2,842,665 for roads and various equipment (\$2,095,981 authorized in bonds and/or notes)

Update on Redevelopment Projects to Offset Debt Service

- The Township contemplated PILOTs for six redevelopment projects to offset debt:
 - MCRT (Mill Creek)
 - Lockhern Properties (Movie Theater)
 - Stratton House (Kings)
 - 100 Locust
 - Berkeley Florist
 - Berkeley Crossing (Mondelli)
- Updates on construction for each project:
 - **MCRT (Mill Creek)** – 84 units are complete with the remaining to be completed by the end of 2023.
 - **Lockhern Properties (Movie Theater)** – Project is completed and receiving full PILOT revenue.
 - **Kings** – Construction to be completed in 2024/2025.
 - **100 Locust** – 87 units are completed with the remaining units to be completed by the end of 2023.
 - **Berkeley Florist**- Construction started in 2022 with temporary Cert. of Occupancy expected in late 2023.
 - **Berkeley Crossing (Mondelli)** – Project is completed and receiving full PILOT revenue.
- Over 30 years these six projects are expected to produce approximately \$67.4 million in incremental revenue to the Township

Additional Redevelopment Projects

- Two additional redevelopment projects paying conventional taxes which will increase revenues to the Township:
 - Connell Park
 - Hamilton Ave - Toll Brothers
- Updates on construction for each project:
 - **Connell Park** - Projecting construction completion on all projects in 2026/2027.
 - **Hamilton Ave (Toll Brothers)** Construction commenced in 2022. 6 market rate units received CO in April 2023. Additional units will be completed in late 2023 / early 2024.
- Over 30 years these two projects are expected to produce approximately \$18.9 million in incremental revenue to the Township

Updated Projection of Incremental Revenue to the Township from PILOTs & Additional Taxes

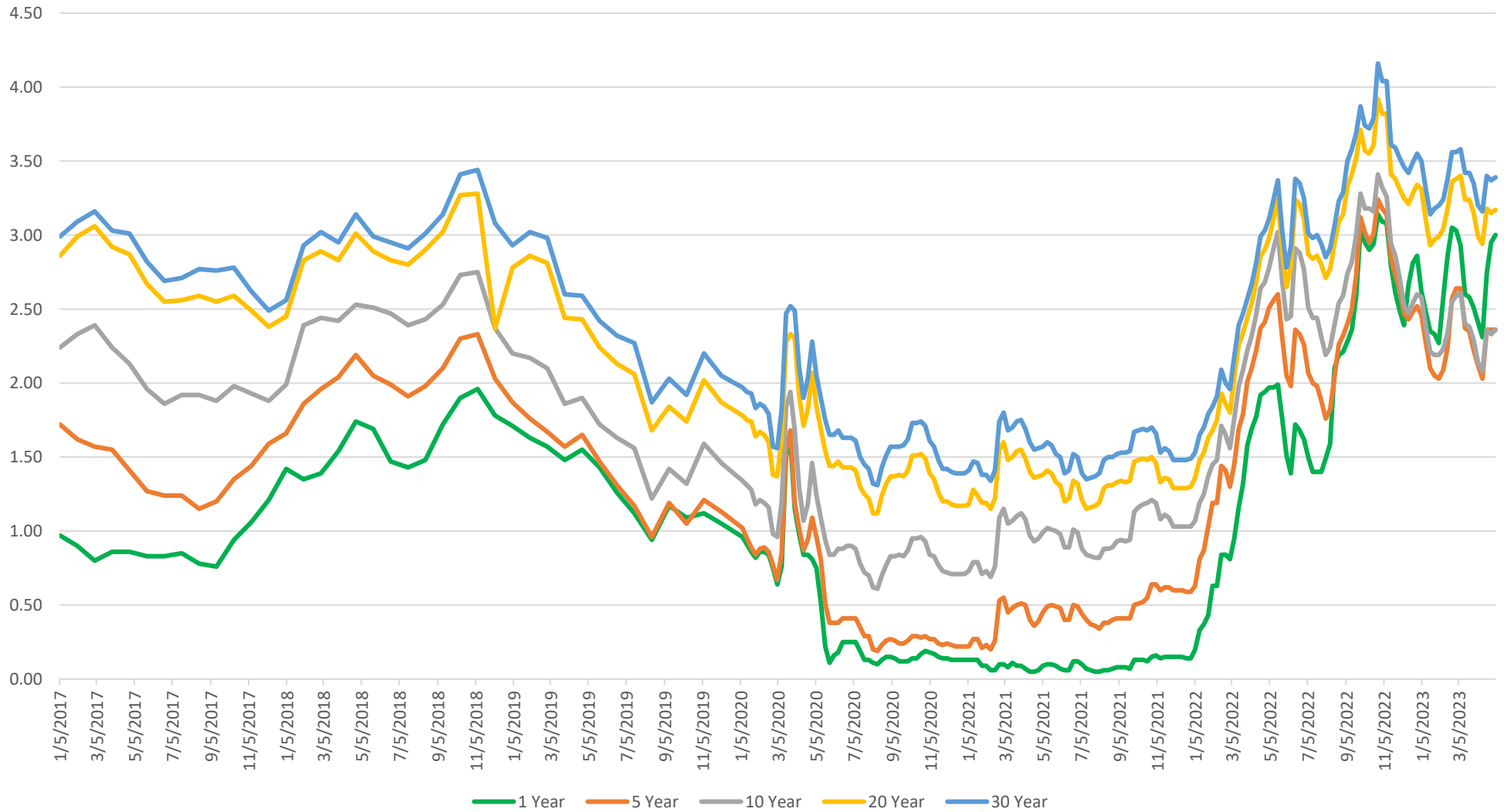
Year	Redevelopment Projects w/ PILOTs						Total PILOT Revenue	Redevelopment Projects w/ Conventional Taxes		TOTAL PILOT and Conventional Tax Revenue
	Mill Creek MRCT ¹	Lockhern ²	Stratton House (Kings) ³	100 Locust ⁴	Berkeley Florist (Berkeley Crossing Urban Renwal, LLC) ⁵	Berkeley Crossing II Urban Renewal, LLC (Mondelli) ⁶		Connell Park ⁷	Hamilton Ave (Toll Brothers) ⁸	
2023	\$112,567	\$68,752		\$248,737		\$26,089	\$456,146		\$49,408	\$505,554
2024	441,668	69,301	178,002	560,372	70,637	26,611	1,346,592		167,009	1,513,601
2025	450,502	70,687	360,083	571,580	144,100	27,143	1,624,094		222,679	1,846,773
2026	459,512	72,101	368,322	583,011	146,982	27,686	1,657,614	\$140,127	227,132	2,024,873
2027	468,702	73,543	376,725	594,672	149,921	28,240	1,691,803	280,254	231,675	2,203,732
2028	478,076	75,013	385,297	606,565	152,920	28,805	1,726,676	285,860	236,309	2,248,844
2029	487,638	76,514	394,040	618,696	155,978	29,381	1,762,247	291,577	241,035	2,294,858
2030	497,390	78,044	402,958	631,070	159,098	29,969	1,798,529	297,408	245,855	2,341,793
2031	507,338	79,605	412,054	643,692	184,409	30,568	1,857,666	303,356	250,773	2,411,795
2032	517,485	81,197	421,333	656,566	188,097	31,179	1,895,856	309,424	255,788	2,461,068
2033	527,835	82,821	430,797	669,697	191,859	31,803	1,934,810	315,612	260,904	2,511,326
2034	538,391	84,477	440,450	683,091	195,696	32,439	1,974,544	321,924	266,122	2,562,590
2035	549,159	86,167	450,296	696,753	199,610	33,088	2,015,072	328,363	271,444	2,614,879
2036	560,142	87,890	460,339	710,688	203,602	33,750	2,056,410	334,930	276,873	2,668,214
2037	571,345	89,648	470,583	724,901	207,674	34,425	2,098,576	341,629	282,411	2,722,615
2038	582,772	91,441	481,032	739,399	211,827	35,113	2,141,585	348,461	288,059	2,778,104
2039	594,428	93,270	491,689	754,187	216,064	35,815	2,185,453	355,430	293,820	2,834,704
2040	606,316	95,135	502,560	769,271	220,385	36,532	2,230,200	362,539	299,696	2,892,435
2041	618,442	97,038	513,649	784,657	224,793	37,262	2,275,841	369,790	305,690	2,951,321
2042	630,811	98,979	524,959	800,350	229,289	38,007	2,322,395	377,186	311,804	3,011,384
2043	643,428	100,958	536,495	816,357	233,875	38,768	2,369,880	384,729	318,040	3,072,649
2044	656,296	102,977	548,262	832,684	238,552	39,543	2,418,315	392,424	324,401	3,135,139
2045	669,422	105,037	560,265	849,338	243,323	40,334	2,467,718	400,272	330,889	3,198,879
2046	682,810	107,138	572,507	866,324	248,190	41,140	2,518,109	408,278	337,507	3,263,894
2047	696,467	109,280	584,994	883,651	253,153	41,963	2,569,509	416,443	344,257	3,330,209
2048	710,396	111,466	597,731	901,324	258,216	42,803	2,621,936	424,772	351,142	3,397,850
2049	947,098	113,695	610,723	1,097,334	263,381	43,659	3,075,889	433,268	358,165	3,867,322
2050	966,040	115,969	755,142	1,119,280	268,648	44,532	3,269,612	441,933	365,328	4,076,873
2051	985,361	118,289	902,450	1,141,666	274,021	45,422	3,467,208	450,772	372,635	4,290,615
2052	1,340,090	167,723	921,536	776,333	279,502	46,331	3,531,515	459,787	380,087	4,371,389
2053	670,045		1,108,119		285,092		2,063,256	468,983	387,689	2,919,928
	\$19,167,974	\$2,804,154	\$15,763,392	\$22,332,243	\$6,298,892	\$1,058,400	\$67,425,055	\$10,045,531	\$8,854,626	\$86,325,211

2023 Financing Plan

- **Permanently Finance a portion of the Township's outstanding 2022 Notes & Finance 2023 capital through Notes and NJ Infrastructure Bank**
 - Issue \$8,120,000 of general obligation bonds to permanently finance a portion of the Township's outstanding 2022 Notes (\$7,762,372) and 1 unfunded ordinance (\$357,628)
 - Township locks in its payment schedule
 - Projected debt service over 10 years at 4.00%
 - Rollover Issue \$63,692 in Bond Anticipation Notes and add \$2,095,981 in new money for 2023 capital projects (Total Bond Anticipation Note Issuance of \$2,159,673)
 - The \$63,692 rollover is for Hurricane IDA projects. (This amount represents the 10% portion the Township pays. It's expected that FEMA reimbursement of 90% will be received prior to July 7th)
 - One- year notes are currently pricing between 3.00% to 4.00%
 - Issue \$8,898,000 through the NJ Infrastructure Bank for eligible 2023 sewer projects
 - 50% interest free
 - Payments do not begin until the project is substantially completed

Municipal Market Update

AAA-Rated General Obligation Tax-Exempt Rates



Existing and Projected Debt Service

Year	\$40,831,418 Principal - Current Outstanding Debt Service ¹	\$9,141,585 2022 BAN Principal Paydowns & Interest ²	\$2,159,673 2023 BANS ³	\$8,120,000 2023 Bonds ⁴	\$8,889,152 2023 Sewer I- Bank Projects ⁵	\$15,000,000 West Side Drainage (2024 I-Bank) ⁶	\$12,023,000 2027 Bonds ⁷	Future Capital in BANS ⁸	\$11,793,000 2033 Bonds ⁹	\$8,000,000 2037 Bonds ¹⁰	\$8,000,000 2041 Bonds ¹¹	Total Existing + Projected Debt Service
2023	\$3,544,223	\$586,022										\$4,130,245
2024	3,587,266		75,589	1,019,800								4,682,654
2025	3,560,154		89,504	797,000	825,250			100,000				5,371,907
2026	3,448,666		219,361	777,000	817,500	983,250		200,000				6,445,777
2027	3,365,355		80,938	1,072,000	819,500	981,750		300,000				6,619,543
2028	2,785,500			1,074,400	820,750	979,750	1,080,920					6,741,320
2029	2,723,400			1,075,400	821,250	982,250	1,056,920	80,000				6,739,220
2030	2,612,300			1,075,000	676,000	984,000	1,390,920	160,000				6,898,220
2031	2,552,800			1,073,200	674,000	980,000	1,344,600	308,966				6,933,566
2032	2,493,300			1,080,000	676,500	980,500	1,306,600	455,173				6,992,073
2033	2,433,800			1,040,000	678,000	980,250	1,348,600	391,724				6,872,374
2034	2,374,300				668,750	984,250	1,347,400		1,060,685			6,435,385
2035	2,324,800				614,000	982,250	1,344,600	80,000	1,060,685			6,406,335
2036	2,294,800				605,000	984,500	1,345,200	160,000	1,060,685			6,450,185
2037	2,264,600				610,500	980,750	1,344,000	240,000	1,060,685			6,500,535
2038	1,253,400				605,000	981,250	1,296,000		1,060,685	719,529		5,915,863
2039	1,261,000				624,000	980,750	1,248,000	80,000	1,060,685	719,529		5,973,963
2040	1,262,200				122,000	984,250		160,000	1,060,685	719,529		4,308,663
2041	1,267,200				124,000	981,500		240,000	1,060,685	719,529		4,392,913
2042	1,270,800				125,750	982,750			1,060,685	719,529	719,529	4,879,042
2043	1,278,000				122,250	982,750			1,060,685	719,529	719,529	4,882,742
2044	1,283,600				128,750	981,500			1,060,685	719,529	719,529	4,893,592
2045	1,287,600					984,000			1,060,685	719,529	719,529	4,771,342
2046	1,295,000								1,060,685	719,529	719,529	3,794,742
2047	1,300,600								1,060,685	719,529	719,529	3,800,342
2048	1,309,400								1,060,685	719,529	719,529	3,809,142
2049	1,316,200									719,529	719,529	2,755,258
2050	1,316,000									719,529	719,529	2,755,058
2051	1,269,000									719,529	719,529	2,708,058
2052	1,222,000									719,529	719,529	2,661,058
2053												
Total	\$61,557,263	\$586,022	\$465,391	\$10,083,800	\$11,158,750	\$19,642,250	\$15,453,760	\$2,955,863	\$15,910,269	\$10,792,932	\$7,914,817	\$156,521,118

Note: These projections are subject to change and may increase or decrease based on a variety of factors. The Township continues to seek out alternative funding sources for infrastructure projects.

Existing and Projected Debt

Assumptions:

¹Current outstanding bond debt service as of 12/31/2022 (\$40,831,418 outstanding in Principal)

²Interest due on outstanding 2022 Bond Anticipation Notes is \$342,809.44. Required 2023 Principal Paydowns is \$243,213. Based on \$9,141,585 issued)

³2023 Capital Requests total \$2,842,665 with \$2,095,981 authorized in bonds and/or notes + Rollover \$63,692 in 2022 BANs (total of \$2,159,673). It's assumed to issue notes in 2023 at 3.5% interest in 2023 and permanently finance notes in 2027.

⁴8,120,000 Bond Financing which permanently finances 2022 Bond Anticipation Notes.

⁵2023 I-Bank projects with an assumed 1-year construction period. First debt payment in 2025.

⁶West Side Drainage Project begins in 2024 with a 2-year construction period. First debt service starts in 2027.

⁷\$12,023,000 Bond Financing which permanently finances all outstanding Bond Anticipation Notes from 2023 to 2027.

⁸Future note debt service based on \$2.5 million through 2028 and \$2 million annually in 2029 through 2041. Assumes 4% rates on 1-year notes and required principal paydowns when necessary.

⁹\$11,793,000 Bond transaction to permanently finance notes issued in 2028 through 2033. Assumed 4% interest rate over 15 years.

¹⁰\$8,000,000 Bond transaction to permanently finance notes issued in 2034 through 2037. Assumed 4% interest rate over 15 years.

¹¹\$8,000,000 Bond transaction to permanently finance notes issued in 2038 through 2041. Assumed 4% interest rate over 15 years.

Existing and Projected Debt Service versus PILOTs Revenue Offset

Year	Total Existing + Projected Debt Service	Less Projected PILOT Revenue	Net Debt Service after PILOT Revenue	Annual Budgetary Increase	Percentage Change	Affect on Average Home (\$316,742)
2023	\$4,130,245	\$456,146	\$3,674,099			
2024	4,682,654	1,346,592	3,336,062			
2025	5,371,907	1,624,094	3,747,813	\$73,714	0.50%	\$12.68
2026	6,445,777	1,657,614	4,788,163	\$1,040,350	7.04%	\$179.02
2027	6,619,543	1,691,803	4,927,740	\$139,577	0.94%	\$24.02
2028	6,741,320	1,726,676	5,014,644	\$226,481	1.53%	\$38.97
2029	6,739,220	1,762,247	4,976,973			
2030	6,898,220	1,798,529	5,099,691	\$85,047	0.58%	\$14.63
2031	6,933,566	1,857,666	5,075,900			
2032	6,992,073	1,895,856	5,096,217			
2033	6,872,374	1,934,810	4,937,564			
2034	6,435,385	1,974,544	4,460,841			
2035	6,406,335	2,015,072	4,391,263			
2036	6,450,185	2,056,410	4,393,774			
2037	6,500,535	2,098,576	4,401,959			
2038	5,915,863	2,141,585	3,774,279			
2039	5,973,963	2,185,453	3,788,510			
2040	4,308,663	2,230,200	2,078,464			
2041	4,392,913	2,275,841	2,117,073			
2042	4,879,042	2,322,395	2,556,647			
2043	4,882,742	2,369,880	2,512,862			
2044	4,893,592	2,418,315	2,475,278			
2045	4,771,342	2,467,718	2,303,624			
2046	3,794,742	2,518,109	1,276,633			
2047	3,800,342	2,569,509	1,230,833			
2048	3,809,142	2,621,936	1,187,206			
2049	2,755,258	3,075,889	(320,632)			
2050	2,755,058	3,269,612	(514,554)			
2051	2,708,058	3,467,208	(759,151)			
2052	2,661,058	3,531,515	(870,457)			
2053		2,063,256	(2,063,256)			
Total	\$156,521,118	\$67,425,055	\$89,096,063			\$269.32