

1 STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS
2 LOCAL FINANCE BOARD

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5 REGULAR MEETING AGENDA, *

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8 Conference Room No. 129
101 South Broad Street
9 Trenton, New Jersey
Wednesday, September 11, 2013

10 TIME: 10:30 a.m.

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12 B E F O R E: THOMAS NEFF-CHAIRMAN

JAMIE FOX-MEMBER

13 FRANCIS BLEE-MEMBER

IDIDA RODRIGUEZ-MEMBER

14

15

16 ALSO PRESENT:

PATRICIA PARKIN MC NAMARA-EXECUTIVE SECRETARY

17 EMMA SALAY-DEPUTY EXECUTIVE SECRETARY

18 A P P E A R A N C E S:

19

JOHN J. HOFFMAN, ESQ.

20 ACTING ATTORNEY GENERAL

BY: DONALD M. PALOMBI, ESQ.

21 Deputy Attorney General

For the Board

22

23 STATE SHORTHAND REPORTING SERVICE, INC.

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24 Allenhurst, New Jersey 07711

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STATE SHORTHAND REPORTING SERVICE, INC.

1 (Transcript of proceedings, Wednesday, September

2 11, 2013, commencing at 10:30 a.m.)

3 MR. NEFF: We're going to get this

4 meeting started. The first matter is a consent

5 matter, City of Trenton, \$12,993,170 proposed

6 approval of Amending Qualified Bond Ordinance. It

7 is a technical change. Something was approved, I

8 think last month or the month before by the Board.

9 This is to clarify that funding is being used for

10 the removal of the storage tank, as opposed to the

11 installation of a storage tank. That's on

12 consent. Take a motion on that one?

13 MS. RODRIGUEZ: So moved.

14 MR. BLEE: Second.

15 MR. NEFF: Roll call.

16 MS. MC NAMARA: Mr. Neff?

17 MR. NEFF: Yes.

18 MS. MC NAMARA: Ms. Rodriguez?

19 MS. RODRIGUEZ: Yes.

20 MS. MC NAMARA: Mr. Blee?

21 MR. BLEE: Yes.

22 MS. MC NAMARA: Mr. Fox?

23 MR. FOX: Yes.

24 MR. NEFF: Next up is Somerset County,

25 \$14 million Proposed Project Financing.

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1 (Yvonne Childress, being first duly

2 sworn according to law by the Notary).

3 MS. CHILDRESS: Yvonne Childress,

4 Director of Fiscal Operations for Somerset County.

5 MR. DRAIKIWICZ: John Draikiwicz, Bond

6 Counsel with the law firm of Gibbons.

7 The Somerset County Improvement

8 Authority previously submitted an application and

9 received positive findings in connection with its

10 Social Services building on May 11th, 2011, in the

11 amount of \$6 million and on December 12, 2012 in

12 the amount of \$14 million, for a total of \$20

13 million project.

14 The property consisted of two phases.

15 The first phase was acquisition of the land and the

16 clearing of the land. The second phase is the

17 construction of the building.

18 The first phase has been completed in

19 terms of the acquisition and the clearing. We're

20 now in the process of putting a bid package

21 together for the construction phase of the

22 financing.

23 The Authority determined at its meeting

24 in August that it would like to have the

25 transaction go from competitive to negotiated.

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1 Primarily for the reason that over the last couple
2 of months, even over the last couple of years
3 actually, the market has proven to be very
4 volatile. And it would be better, after
5 discussions with its financial advisors, to have it
6 done on a negotiated basis.

7 In fact, in May of this year we had a
8 sale done on a competitive basis, where the cost to
9 the underwriter was \$8.80 per thousand. We also
10 think from a cost prospective it would be at least
11 neutral to have it done under a negotiated basis.

12 So we're here before you today to ask

13 for that modification to those two applications

14 that were previously approved by Local Finance

15 Board.

16 MR. NEFF: All we're considering here

17 is whether or not we can move from a competitive

18 sale to a negotiated sale. I just wanted some

19 discussion on the record as to why that makes more

20 senses.

21 Because from-- I can't believe that if

22 marketed appropriately with an offering statement

23 and there was dissemination of an opportunity to

24 buy Somerset County debt, that it would get a good

25 response.

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1 I don't understand why there is a need

2 to do it negotiated, especially on the basis that

3 there is a County guarantee.

4 MR. DRAIKIWICZ: I mean, we have spoken

5 with the financial advisor that we have spoken to.

6 Also based upon my experience over the last couple

7 of months, when you go with a competitive bond sale

8 you are putting a date out there seven days in

9 advances. You are not aware of what may change

10 over time.

11 So at times it's advantageous to

12 actually move a sale from a particular date that

13 you advertised for, to move to a couple of days

14 later. So the volatility has been really fairly

15 significant in the marketplace.

16 You are under a free market to bond to

17 some degree as well. It's not a general obligation

18 bond issue. It is also a revenue bonds issue. You

19 are absolutely right, it's a AAA, so you can

20 actually receive significant interest. But the

21 timing and flexibility has been something that

22 we've been informed is advantageous to do.

23 MR. NEFF: There is no financial

24 advisor here who can talk about why this makes

25 sense?

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1 MS. CHILDRESS: We do have a financial
2 advisor that we do consult with. He did explain
3 that what he would do for us is help us to kind of,
4 like, control the cost of the issuance of the
5 bonds.

6 He kind of works on our behalf to make
7 sure that the investors are getting a good price
8 and that the County is also getting the best for
9 what they-- based on our AAA rating what we can
10 get.

11 MR. DRAIKIWICZ: The advisor utilized at

12 times has been Anthony Inverso of Phoenix Advisors,
13 who we have chatted with. He has not yet been
14 engaged on this particular transaction, however, at
15 the present time. But that cost has been set forth
16 in the application that's been revised in front of
17 you.

18 MR. NEFF: So that other than just a
19 statement sort through third hand of a financial
20 advisor that it makes sense to do a negotiated
21 transaction as opposed to competitive, for what
22 should be a relatively straight forward deal with
23 the County guarantee, you have nothing to base your
24 decision on?

25

MR. DRAIKIWICZ: If I may, I mean, I

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1 can say I've had discussions as recently as this
2 morning, with Anthony Inverso from Phoenix
3 Advisors, just to confirm his initial discussion
4 that we had on this application.

5 The only thing that we do factually
6 have in front of us, is that we sold our bonds in
7 May of this year for \$8 million for the Somerset
8 County Social Services Commission. It was also a
9 AAA County guarantee. It cost the underwriters
10 \$8.80 per thousand.

11 So the cost differential based upon

12 that example, also hire than this particular one,

13 which is \$6.50, plus the financial advisor cost.

14 That is actual knowledge that we have in front of

15 us in terms of numbers. And other transactions I

16 have worked upon also indicated to me the

17 flexibility in this marketplace which has been very

18 fluid. We may have mentioned the Syria example,

19 just of recent vintage, which has caused quite a

20 bit of disruption in the marketplace.

21 MS. CHILDRESS: The Improvement

22 Authority also has gone out to get bids from

23 underwriters as a matter of course. We've gotten

24 quotes, I mean, as low as four dollars per

25 thousand, which is significantly lower than even

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1 the \$8.80.

2 MR. NEFF: I'm fine with approving

3 this, but I want some sort of written report from

4 Somerset's financial advisor saying why they did

5 this and something that shows why it makes sense.

6 It is a personal issue. I don't

7 understand this need to constantly be doing

8 negotiated bids as opposed to competitive bids. I'm

9 aware of municipalities doing competitive getting

10 good rates all the time.

11 MR. DRAIKIWICZ: If I may, I just had a

12 recently competitive sale for a town in Union

13 County, a fairly highly rated town a AA town. We

14 received one bid. I believe part of that-- just

15 literally a week ago. We received one bid on a

16 transaction, only one.

17 Part of that-- I'm not sure why, but

18 part of it could have been because the Syria

19 situation is out there.

20 What I've been told, longer term debt

21 issuances, which this would be, around twenty

22 years, is receiving less of a reception in the

23 marketplace. For some of those concerns, as well,

24 the ability to market the bonds, to make sure there

25 are adequate buyers in all levels of the

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1 marketplace. When you go from one year to twenty
2 years out, you are seemingly at a disadvantage on a
3 negotiated position. That was also, again, as I
4 stated a AA rated municipality.

5 MR. NEFF: Are you aware of, like, how
6 many-- was there just an advertisement that we are
7 issuing debt? Anybody really worked the phones and
8 try to get people to bid? Was there a financial
9 advisor to ensure that everybody and anybody that
10 was potentially interested in financing the
11 municipality's debt was really told about it, given

12 enough time to be able to actually prepare a bid?

13 Was an offering statement done so that they would

14 be comfortable bidding? Were all of those things

15 done?

16 MR. DRAIKIWICZ: There was an offering

17 statement. It was advertised seven days in advance,

18 with an official statement under the parity system.

19 Which is distributed to approximately 700

20 investors. There was no financial advisor on the

21 transaction, however.

22 It was distributed to a large

23 significant nationwide audience and we received one

24 bid.

25

MR. NEFF: I'll vote to approve this

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1 thing for today. But I want to condition it on
2 getting some sort of written report of a financial
3 advisor saying why this makes sense. A financial
4 advisor or someone else, not from the Authority,
5 not from bond counsel, with all due respect, but
6 from a financial advisor.

7 MR. DRAIKIWICZ: We'll be more than
8 happy to have the report prepared and submitted to
9 you after they have been hired. It should be at
10 the next month's meeting.

11 MR. NEFF: I'll take a motion.

12 MR. FOX: I'll make a motion to

13 approve.

14 MS. RODRIGUEZ: I'll second it.

15 MR. NEFF: Take a roll call.

16 MS. MC NAMARA: Mr. Neff?

17 MR. NEFF: Yes.

18 MS. MC NAMARA: Ms. Rodriguez?

19 MS. RODRIGUEZ: Yes.

20 MS. MC NAMARA: Mr. Blee?

21 MR. BLEE: Yes.

22 MS. MC NAMARA: Mr. Fox?

23 MR. FOX: Yes.

24 MR. DRAIKIWICZ: Thank you.

25

MR. NEFF: Next up-- just for the

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1 record, we had skipped over Hammonton. Which we
2 have one recusal on that so we don't have a quorum
3 and couldn't handle Hammonton, for the record.

4 Next up on our agenda is Elizabeth
5 City, but they have withdrawn their application.

6 So Pine Beach should be a relatively
7 quick application. Then we'll move to the first
8 item next.

9 (John Mallon, Lawrence Cuneo, being
10 first duly sworn according to law by the Notary).

11 MR. MALLON: My name is John "Jack"

12 Mallon. I'm the engineer for the Borough of Pine

13 Beach.

14 MR. CUNEO: My name is Lawrence Cuneo,

15 C-u-n-e-o, Mayor for the Borough of Pine Beach.

16 MS. KAHN: Good morning. For the

17 record, my name is Andrea Kahn, Mc Manimon,

18 Scotland & Baumann, bond counsel for Pine Beach.

19 Pine Beach is planning to reconstruct

20 and construct a new bulkhead in place of their

21 existing bulkhead. They received an award of

22 financing through the USDARD. The payments will be

23 due over forty years of level principal and

24 interest payments.

25

The Borough right now is seeking your

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- 1 approval for the adoption of the bond ordinance
- 2 without a down payment, and also for approval of
- 3 the nonconforming maturity schedule.
- 4 We have the engineer and the mayor here
- 5 to answer questions. I know one issue is the fact
- 6 that the Bond Law indicates that the useful life
- 7 for bulkheads with any wood at all in them is ten
- 8 years. But we have information that, first of all,
- 9 this bulkhead is replacing one that's been in
- 10 existence over forty years. And under new
- 11 construction the bulkhead should exist at least

12 forty years.

13 Then we'll be happy to answer all of

14 your questions.

15 MR. NEFF: I guess one really quick

16 basic question is why-- I understand maybe it has a

17 useful life of forty years. I don't dispute that,

18 bulkheads last a long time. Treated with all sorts

19 of creosote and arsenic they last forever.

20 Just because it can be bonded for forty

21 years, why forty years? Could you not have gone to

22 the USDA and gotten it for twenty years with a

23 higher interest rate of less payment of interest

24 rate over time? It doesn't seem to be a budget

25 buster to do it over twenty. I just wondered why a

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1 forty year maturity?

2 MR. CUNEO: If I may? We're a small

3 town. We have a small budget. To have a payment

4 to go over a twenty year term really impacts our

5 budget. We're paying I think \$19,000 for the

6 payments now. If we are to increase that, that's a

7 penny and a half increase automatically. To go to

8 a twenty year term has a negative impact on our

9 financial status.

10 MS. KAHN: In addition to that--

11 MR. NEFF: What would the impact to an

12 averaged assessed home be if it were a twenty year

13 maturity as opposed to, like, a forty year

14 maturity?

15 MS. KAHN: Presumably double what we

16 showed you.

17 MR. NEFF: What is that, for the

18 record?

19 MR. CUNEO: Right now we're looking at

20 \$19,178 for a semi-annual payment. So \$38,000,

21 which for our town is almost one and three-quarter

22 cents, just to do that for the infrastructure.

23 If we were to double that, that's a

24 huge impact for a small town. We're a residential

25 community, 900 homes. So to increase it to go to

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1 five cents or four and a half cents--

2 MR. NEFF: I don't want to belabor this

3 too much, but I'm from a small town, too, about 900

4 homes. What I'm asking is, how much would an

5 average assessed home pay on a twenty year

6 maturity, as opposed to a forty year maturity?

7 MS. KAHN: Presumably it would be \$82.

8 MR. CUNEO: \$82, \$93, to go to a twenty

9 year maturity.

10 MS. KAHN: The average house is

11 \$264,000. So the impact of the proposed issue is

12 \$41 for households. This would be \$82, \$83.

13 MR. NEFF: That's the amount that would

14 be paid solely for debt service. We're not talking

15 about the down payment?

16 MS. KAHN: Just solely for the debt

17 service, if it were a twenty year issue.

18 MR. NEFF: It would be \$80 a year for

19 twenty as opposed to \$40 for a forty year?

20 MS. KAHN: Right.

21 MR. NEFF: Just give me one second. I

22 want to look at the application.

23 MS. KAHN: Certainly.

24 (Pause in proceedings).

25

MR. NEFF: I would make a motion that

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1 we approve this, but contingent on the Division
2 actually verifying the numbers that we just hear. I
3 just want to be able to double check it. To make
4 sure that what we are actually talking about is an
5 \$80 debt service payments for twenty years as
6 opposed to \$40 a year debt service for forty years.

7 MS. KAHN: Okay, if I can just find my
8 papers?

9 MR. NEFF: We can just approve it based
10 on that. If the numbers are right, then it's
11 approved and we'll be fine. If it's not, then

12 we'll be back at the next meeting to discuss this a

13 little bit further.

14 MS. KAHN: Thank you very much.

15 MR. FOX: So moved.

16 MR. BLEE: Second.

17 MR. NEFF: Roll call.

18 MS. MC NAMARA: Mr. Neff?

19 MR. NEFF: Yes.

20 MS. MC NAMARA: Ms. Rodriguez?

21 MS. RODRIGUEZ: Yes.

22 MS. MC NAMARA: Mr. Blee?

23 MR. BLEE: Yes.

24 MS. MC NAMARA: Mr. Fox?

25

MR. FOX: Yes.

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1 MR. NEFF: Thank you.

2 MR. CUNEO: Thank you.

3 MR. NEFF: Next up is-- we are back to

4 the first case, Petillo.

5 There is no one here for the Sylvia

6 Petillo matter?

7 (No response).

8 Okay. So I think we'll go to Highlands

9 Borough.

10 (Steven Pfeffer, being first duly sworn

11 according to law by the Notary).

12 MR. PFEFFER: Steven Pfeffer,

13 P-f-e-f-f-e-r, Chief Financial Officer Borough of

14 Highlands.

15 MR. MC MANANIMON: Thank you.. Ed Mc

16 Manimon from Mc Manimon, Scotland & Baumann. Our

17 firm is bond counsel to the Borough. I have Steve

18 Pfeffer to my right. He's the Chief Financial

19 Officer for the Borough.

20 We are asking for the approval in

21 connection with three bonds ordinances, to adopt

22 them without what would otherwise be required under

23 the Local Bond Law for a down payment.

24 Two of those ordinances relate to

25 improvements that are the result of Hurricane Sandy

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1 impacts. One of them, which is a hazard mitigation
2 program in connection with various properties that
3 were a health hazard that need to be razed, for
4 which they received a FEMA grant, is a Hurricane
5 Irene related impact.

6 They have, in each of these, a
7 substantial amount of the project is being funded
8 through grants from FEMA. Because it is a federal
9 grant not a state grant, it doesn't automatically
10 by statute remove the requirement for a down
11 payment. So we're asking for the ability to an

12 adopt these ordinances without the down payment.

13 On the one that is Hurricane Irene

14 related, the Borough expects that none of that cost

15 will actually be born by the taxpayers. It expects

16 that three-quarters of the expense will be born by

17 FEMA. And the other piece will be born by the

18 property owners whose properties are impacted.

19 Because in order to be in this program

20 with FEMA, for the FEMA grant, that was granted to

21 the Borough not the property owners, they had to

22 have insurance on the property. So the amount that

23 is covered by insurance is expected to be the

24 difference.

25 We don't expect any of this cost on the

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1 one that's not Hurricane Sandy related, to actually
2 result on an impact on the property owners. Which
3 is the reason we're asking for the ability to do
4 that without a down payment, similar to the two
5 that are Hurricane Sandy related.

6 Steve will be happy to answer any
7 questions about any of those projects or the impact
8 that this has on them.

9 MR. NEFF: Just a couple of questions
10 about the debris removal. Every other municipality
11 has paid for debris removal from just the issuance

12 of notes. Which then there is no need for a bond

13 ordinance on them. Then ultimately you would

14 presumably get reimbursed from FEMA for close to

15 the cost. You would write the note down day and

16 pay it off within five years. Why is that not

17 possible in this case?

18 MR. PFEFFER: This is private property.

19 This second grant that relates to Sandy is a

20 private property situation. And FEMA will pay

21 ninety percent of all the costs that are

22 affiliated. But they write it as a grant program,

23 as opposed to the normal debris removal that we had

24 in the past.

25

Without doing let's say a special

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1 emergency, we wouldn't be able to finance this on
2 our own. It is really more for cash flow purposes
3 because of the delay in receiving the FEMA funds.

4 MR. NEFF: Why couldn't you just issue a
5 note as opposed to a.

6 MR. MC MANIMON: I think for what's
7 left after FEMA pays, they probably will pay it.

8 This isn't asking for a bond sale. This is to do a
9 bond ordinance to provide the basis for the
10 appropriation to spend the money up front and to be
11 reimbursed ninety percent. What's left will

12 probably be done over a period of three to five

13 years of notes.

14 They haven't determined in the

15 financing. Certainly, what's going to be left is

16 very little of this cost. This is basically just a

17 bond ordinance.

18 MR. NEFF: I understand that. But you

19 could have, I think alternatively, done an

20 emergency appropriation or a special emergency to

21 pay for it. Then gone to market cash flow and

22 gotten a note.

23 MR. PFEFFER: On the special emergency

24 side, the way I interpret the special emergency,

25 was for either roads or Borough property, not

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1 private property.

2 MR. MC MANIMON: I think they could do

3 a special emergency, legally, to answer your

4 question.

5 MR. NEFF: I'm okay with approving

6 this. But just with the condition that no

7 permanent financing is pursued until you come back

8 to the Board, do notes and retire them.

9 MR. PFEFFER: That's what we planned on

10 doing.

11 MR. NEFF: For future, if you determine

12 you need more, like, this wasn't enough,

13 alternatively you could do it through the note

14 route, which then would need a bond ordinance,

15 which would be easier and quicker for you.

16 You can work with Tina on our staff. I

17 could be wrong for a couple of reasons. I would

18 just ask you talk to Tina. She'll tell you a

19 quicker and faster way.

20 MR. MC MANIMON: I think, just for the

21 record, the connotation of debris removal, these

22 are actually being demolished. It's really not,

23 like, trees that have fallen down, although that's

24 part of it. It is a much broader significant

25 exercise than just, like, cleaning up the debris

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1 that's there. It's actually knocking down

2 structures, demolition and other things. It's more

3 substantial than debris, sorry.

4 MS. RODRIGUEZ: Because of the nature

5 of the request, that's why I imagine there is no

6 issuance cost, cost of issuance?

7 MR. NEFF: The costs were listed, but

8 I'm assuming it's fairly small.

9 MR. MC MANIMON: For this application,

10 which is for bond ordinances, we just have the fee

11 to do the bond ordinance, the records and to appear

12 here. It doesn't involve a bonds issue or a note

13 issue.

14 MS. RODRIGUEZ: That's what I'm asking.

15 MR. MC MANIMON: It is very minimal.

16 It's a minimal fee to do this application

17 basically. Which I think maybe that was asked,

18 maybe not in here, but we put that in.

19 MR. NEFF: I know-- you know, the

20 thirty second commercial for Ed Mc Manimon is

21 always very thorough and very careful to do things

22 the appropriate and right way. But I do think that

23 we have been allowing for some discretion on

24 emergencies to pay for debris removal, even if it's

25 private structures through the FEMA program, which

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1 is entirely appropriate.

2 So just so you know going forward,

3 there is a little slack on that. Take a motion.

4 MR. BLEE: Motion.

5 MS. RODRIGUEZ: Second.

6 MR. NEFF: Roll call.

7 MS. MC NAMARA: Mr. Neff?

8 MR. NEFF: Yes.

9 MS. MC NAMARA: Ms. Rodriguez?

10 MS. RODRIGUEZ: Yes.

11 MS. MC NAMARA: Mr. Blee?

12 MR. BLEE: Yes.

13 MS. MC NAMARA: Mr. Fox?

14 MR. FOX: Yes.

15 MR. MC MANIMON: Thank you very much.

16 MR. NEFF: Orange City. I know we have

17 folks from Orange City that will be testifying.

18 First I'm just curious, is there anybody from the

19 public here who wants to testify on Orange?

20 (No response).

21 No, okay.

22 (Dwayne Warren, Joy Lascari, Andrian

23 Mapp, being first duly sworn according to law by

24 the Notary).

25

MR. WARREN: Dwayne Warren, Mayor of the

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1 City of Orange Township.

2 MS. LASCARI: Joy Lascari, CFO,

3 L-a-s-c-a-r-i.

4 MR. MAPP: I'm Adrian Mapp, Director of

5 Finance.

6 MR. JOHNSON: I'm Everett Johnson, bond

7 counsel, from the law firm of Wilentz, Goldman &

8 Spitzer.

9 Good morning. The City of Orange is

10 here for a bond ordinance, requesting approval of

11 the Board to appropriate an initial bond ordinance

12 in the amount of \$9,826,000, authorizing \$8,509,995

13 due on obligation bonds as qualified under the

14 Municipal Qualified Bond Act, to fund various

15 capital acquisitions and improvements in the city.

16 The City believes that the capital

17 acquisition improvements are for the public

18 interest, betterment of the City. But the bonds

19 are not unreasonably exorbitant. And that the

20 issuance of the debt will not substantially impair

21 the credit of the City or substantially reduce the

22 ability to pay punctually its principal and

23 interest on its current outstanding obligations.

24 With that being said, we request your

25 approval for this Qualified Bond Ordinance.

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1 MR. NEFF: Okay. By way of background,
2 normally if the town came in under the Qualified
3 Bond Act and asked to do routine expenses, capital
4 improvements, we would put it on as a consent item
5 and you wouldn't even be here.

6 But the Division has received a lot
7 of--a fair number of complaints from people in
8 Orange about general financial matters. So we
9 wanted you to be able to be here today to talk
10 directly and maybe answer questions, if there were
11 questions. We thought there may be people from

12 Orange who might want to come here and testify.

13 That's why it wasn't on consent.

14 I don't want to belabor today too many

15 of the financial questions that are unrelated to

16 this actual bond transaction. But I am going to

17 ask that perhaps the Division and Orange financial

18 officials sit-down and walk through what some of

19 those complaints are on the local level. We can

20 try and resolve what the more serious and

21 substantive issues are and which are the lesser

22 issues.

23 But do you want to comment at all?

24 Presumably you've seen some of the letters have

25 come to us. Do you want to, on the record, discuss

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1 some of the matters that have been brought to our

2 attention? Anything in particular you feel-- I'll

3 give you one example that you might want to

4 discuss.

5 There was a suggestion that a business

6 administrator was hired who's not qualified. I

7 presume that that's probably-- there were probably

8 reasons for whoever was hired. Maybe they make

9 sense to be hired. Maybe you just to go on the

10 record for something.

11 We are getting things on the record

12 saying something to the contrary. I just want to

13 give you a chance to tell your side of the story.

14 MR. WARREN: If we could, Mr. Chairman,

15 Dwayne Warren, Mayor of the Town. I would like our

16 finance director just to walk through item by item

17 some of the issues that were raised. We have some

18 qualified responses.

19 I would just like to note that many of

20 the issues that were raised are irrelevant to this

21 application, unsubstantiated and just outright

22 false communications.

23 I would just like the director to walk

24 through the responses.

25

MR. NEFF: I would agree that most of

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1 the things are unrelated to this application
2 directly. But the general sort of 40,000 foot view
3 complaint that we received is that the taxes are
4 too high in Orange, this is a \$10 million issuance,
5 we can't afford it, that sort of thing.

6 It is in that context that we are
7 asking the questions. I just want to give you a
8 chance to respond. We appreciate it. Thank you.

9 MR. MAPP: Yes, Mr. Chairman. The
10 responses that we are going to give to you are
11 based on a letter that was received by your office

12 from Mr. Jeffrey Feld. The first point he made was

13 that the City lacks a seasoned business

14 administrator. It is our position that has nothing

15 to do with the application that is before you this

16 morning.

17 Secondly, he alleged that the Council's

18 bond-- not bond, but budget consultant, either

19 stated or implied that we wouldn't have to come

20 before the Board for approval. The budget

21 consultant is a very seasoned professional who

22 knows that for a qualified bond municipality, we

23 have to come before the Board.

24 So it is our position that Mr. Feld

25 misstated or misunderstood what was communicated at

STATE SHORTHAND REPORTING SERVICE, INC.

1 that meeting. The third point that was raised, he
2 said that stakeholders called the Division of Local
3 Government Services to limit the City's proposed
4 use of the entire ten year, \$750,000 prepayment of
5 a lease with the City and Orange.

6 It is true that Local Finance Board
7 prevented us from using the full \$750,000. The
8 reason given by the Board, or by the Division, was
9 that we had to adopt a gap method of accounting.
10 Meaning that revenues are not recognized until
11 earned and expenses are recognized when they occur.

12 It is our position that municipalities
13 do not operate on a gap method of accounting. It's
14 cash on a modified cash basis. Therefore, we
15 believe that we could have and should have been
16 allowed to insert that amount into the operating
17 budget of this year.

18 So there is just a disagreement between
19 the City and how that was interpreted by the
20 Division. But the budget consultant and myself, who
21 are CPAs, we do believe that the treatment that we
22 had given to it originally, that it qualified for
23 inclusion under that law.

24 MR. NEFF: Notwithstanding the

25 disagreement ultimately, did it adopt a budget that

STATE SHORTHAND REPORTING SERVICE, INC.

1 did not follow that?

2 MR. MAPP: That is correct. Mr. Feld

3 also said that on August 7th the Warren

4 administration admitted that the City's third

5 quarter estimated tax bills were based on the

6 City's DOA-- I think that probably meant dead on

7 arrival, the introduced calendar year 2013 budget.

8 That the City has once again overcharged the

9 taxpayers.

10 The above statement is very false. No

11 one from the Warren administration represented to

12 the people or to the Orange City Council that

13 taxpayers would be overcharged based on an

14 introduced budget.

15 Again, I think that the citizen is

16 misrepresenting what was communicated by the Warren

17 administration.

18 His fifth point said that on August

19 7th, in connection with approval of the water

20 utility bond, Warren administration concealed

21 certain net present value documentation from

22 interested stakeholders.

23 Again, we have provided all of the

24 information requested by citizens senses by way of

25 OPRA. There was nothing for us to conceal.

STATE SHORTHAND REPORTING SERVICE, INC.

1 Number six, he stated in August 2013

2 the Warren administration produced documents

3 pursuant to a July 25th, 2013 OPRA request,

4 indicating that they advertised an approved

5 amended, amended calendar year 2013 budget

6 resolution, which contained substantial material

7 mistakes regarding the City's outside budget

8 consultant. Documents produced by the Division of

9 Local Government Services pursuant to OPRA

10 indicated that the Division of Local Government

11 Services relied on a draft 2012 audit.

12 Although I am not sure what Mr. Feld is
13 referring to, there was one formula error in the
14 amendments in terms of the total. But it doesn't
15 change the bottom line numbers. It was just a
16 typographical error, which was not material in any
17 way. A formula was not copied down to the line
18 below.

19 MR. NEFF: Let me just stop before you
20 keep going. I'm not requiring or asking you to go
21 through every single point. If you want to, we're
22 more than happy to listen to your side of it is.

23 MR. MAPP: Mr. Chairman, I'll stop
24 there.

25

MR. NEFF: If there was another one

STATE SHORTHAND REPORTING SERVICE, INC.

1 that you wanted to hit on that was a major item,

2 you could go ahead.

3 MR. MAPP: We would appreciate your

4 approval of this application.

5 MR. NEFF: You are not requesting a

6 waiver of down payment.

7 MR. MAPP: No, we're not. We do have

8 the down payment of \$425,000 included in the budget

9 that was already adopted back in August.

10 MR. NEFF: Okay. Does anybody have any

11 other questions?

12 MS. RODRIGUEZ: I make the motion to

13 approve.

14 MR. FOX: Second.

15 MR. NEFF: Take a roll call.

16 MS. MC NAMARA: Mr. Neff?

17 MR. NEFF: Yes.

18 MS. MC NAMARA: Ms. Rodriguez?

19 MS. RODRIGUEZ: Yes.

20 MS. MC NAMARA: Mr. Blee?

21 MR. BLEE: Yes.

22 MS. MC NAMARA: Mr. Fox?

23 MR. FOX: Yes.

24 MR. NEFF: We would like to have the

25 opportunity to, just whether it's a conference call

STATE SHORTHAND REPORTING SERVICE, INC.

1 or sit-down with you at some point to go through
2 some of these other issues. Not at any greater
3 length, but we want to do our due diligence and
4 follow-up when we get concerns from people that
5 contact our office.

6 MR. MAPP: We would welcome that, Mr.

7 Chairman.

8 MR. WARREN: Thank you.

9 MR. NEFF: Next up is Paterson.

10 (Christopher Coke, Glenn Brown, Anthony

11 Zambrano, Neil Grossman, being first duly sworn

12 according to law by the Notary).

13 MR. COKE: Chris Coke, Director of

14 Public Works, City of Paterson.

15 MR. BROWN: Glenn Brown, Director of

16 Public Safety, City of Paterson.

17 MR. ZAMBRANO: Anthony Zambrano, CFO and

18 Controller of the City of Paterson.

19 MR. MC MANIMON: Ed Mc Manimon, Mc

20 Manimon, Scotland & Baumann, bond counsel to the

21 City.

22 MR. GROSSMAN: Neil Grossman, Goldman,

23 Beal & Associates, Financial Advisor to the City.

24 MR. MC MANIMON: Thank you. We are

25 asking for approval of this Board under the New

STATE SHORTHAND REPORTING SERVICE, INC.

- 1 Jersey Qualified Bond Act, for approval of four
- 2 ordinances. Three which are bonds ordinances and
- 3 one of which is a capital surplus ordinance that
- 4 authorizes expenditures without authorizing debt.
- 5 Each of the ordinances has the required down
- 6 payment.

- 7 We asked Tony to bring the Public
- 8 Safety Director Glenn Brown and the Department of
- 9 Public Works Director, in case you have questions
- 10 about any of these projects.

- 11 I know from prior applications that

12 because the State provides a substantial amount of

13 aid to the City they have issues sometimes about

14 the continuing capital programs that the City

15 undertakes.

16 The City's debt is pretty low. It's

17 1.32 percent. The Qualified Bond Revenues are

18 almost \$33 million. The Qualified Bond debt service

19 is just under \$10 million, \$9.9 million. That's

20 the maximum year in a year. So we have substantial

21 coverage. We have relatively low debt. We put the

22 down payments in here from the budget. They feel

23 they need to go forward with these projects.

24 If you have any questions about them,

25 we have the people here to address them, because I

STATE SHORTHAND REPORTING SERVICE, INC.

1 know you had concerns in the past.

2 MR. NEFF: Ordinarily this would have

3 been on consent again. But simply because Paterson

4 is under supervision, sometimes we get complaints

5 from town to make sure people have an opportunity

6 to ask questions if they have them or if anybody

7 from the public wanted to testify.

8 I don't have any questions, only

9 because our staff who is monitoring Paterson has

10 reviewed the material. She is comfortable with what

11 was being necessary and appropriate, so then I

12 don't have any questions as to whether they are

13 necessary or appropriate. If anybody else has any

14 other questions on the application?

15 MR. BLEE: Motion to approve.

16 MR. NEFF: Take a second.

17 MS. RODRIGUEZ: Second.

18 MR. NEFF: Roll call.

19 MS. MC NAMARA: Mr. Neff?

20 MR. NEFF: Yes.

21 MS. MC NAMARA: Ms. Rodriguez?

22 MS. RODRIGUEZ: Yes.

23 MS. MC NAMARA: Mr. Blee?

24 MR. BLEE: Yes.

25

MS. MC NAMARA: Mr. Fox?

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. FOX: Yes.

2 MR. MC MANIMON: Thank you very much.

3 MR. NEFF: South Amboy is going to be

4 deferred until our next meeting. They couldn't

5 make it today. So next up is East Hanover,

6 \$1,990,000 Proposed Refunding Bond Ordinance for

7 prior year's tax payments.

8 (Joseph Tempesta, Steve Wilkotch, being

9 first duly sworn according to law by the Notary).

10 MR. O'DONNELL: My name is Matthew

11 O'Donnell, O' D-o-n-n-e-l-l. I'm the Township

12 Attorney.

13 MR. HUDAK: John Hudak, H-u-d-a-k, Bond

14 Counsel.

15 MR. TEMPESTA: Joe Tempesta,

16 T-e-m-p-e-s-t-a, Business Administrator.

17 MR. WILKOTZ: Steve Wilkatz,

18 W-i-l-k-o-t-z, the Borough's Auditor.

19 Good morning. This application is

20 being submitted under the Refunding Bond Ordinance

21 Statute, requesting a \$1,565,000 Refunding Bond

22 Ordinance for the Township of East Hanover to fund

23 nine tax appeals from the on the state level for

24 the years going back 2007 through 2012.

25 The largest of which is Kraft Foods

STATE SHORTHAND REPORTING SERVICE, INC.

1 corporate headquarters, which makes up about

2 \$775,000 of the application.

3 For the record, I'd like to note that

4 in the Township's 2013 municipal budget, the Mayor

5 and Council having the foresight that this was

6 coming down the Pike, appropriated \$250,000 in the

7 2013 budget to go toward paying tax appeals this

8 year.

9 We're requesting five years, which has

10 a tax impact to the average homeowner of

11 approximately \$46 a year.

12 MR. NEFF: Just to clarify the record,

13 I initially said in my introduction for the prior--

14 MR. WILKOTZ: The initial application--

15 MR. NEFF: You backed out the current

16 year--

17 MR. WILKOTZ: We took out the 2013

18 amount and came down to \$1,565,000.

19 MR. NEFF: Do you intend to be back

20 here again next year?

21 MR. WILKOTZ: No.

22 MR. NEFF: Anybody have any questions?

23 (No response).

24 MR. NEFF: Take a motion.

25

MS. RODRIGUEZ: Make a motion.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. NEFF: I'll second it. Five years?

2 MR. WILKOTZ: Five years.

3 MR. NEFF: Five years. Take a roll

4 call.

5 MS. MC NAMARA: Mr. Neff?

6 MR. NEFF: Yes.

7 MS. MC NAMARA: Ms. Rodriguez?

8 MS. RODRIGUEZ: Yes.

9 MS. MC NAMARA: Mr. Blee?

10 MR. BLEE: Yes.

11 MS. MC NAMARA: Mr. Fox?

12 MR. FOX: Yes.

13 MR. WILKOTZ: Thank you very much.

14 MR. NEFF: Next up is Lacey Municipal

15 Utilities Authority.

16 They are not here because I told them

17 they probably didn't have to be here. It's a

18 refunding of Authority debt. They had six percent

19 present value savings on one aspect, I think the

20 water aspect. The sewer aspect they got a seven

21 percent present value savings.

22 If they were a municipality they

23 wouldn't be coming here. Because they are an

24 Authority we couldn't exempt them from coming here.

25

MR. FOX: Motion to approve.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. BLEE: Second.

2 MR. MC NAMARA: They are also asking for

3 a service contract they didn't have before. It is

4 a new application.

5 MR. NEFF: Okay. There is a service

6 contract to go along with the debt service

7 payments.

8 MR. BLEE: Second.

9 MS. MC NAMARA: Ready?

10 MR. NEFF: Yep.

11 MS. MC NAMARA: Mr. Neff?

12 MR. NEFF: Yes.

13 MS. MC NAMARA: Ms. Rodriguez?

14 MS. RODRIGUEZ: Yes.

15 MS. MC NAMARA: Mr. Blee?

16 MR. BLEE: Yes.

17 MS. MC NAMARA: Mr. Fox?

18 MR. FOX: Yes.

19 MR. NEFF: Next up is the Bergen County

20 Utilities Authority.

21 (Joshua Nyikita, Wallace Nowoesielicki,

22 being first duly sworn according to law by the

23 Notary).

24 MR. NYIKITA: Josh Nyikita, with Acacia

25 Financial Group.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. NOWESIELICKI: Wallace

2 Nowesielicki, CFO of the Bergen County Utilities

3 Authority.

4 MR. LANGHART: Chris Langhart, Bond

5 Counsel to the Authority, Mc Manimon, Scotland &

6 Baumann.

7 Thank you for hearing our application

8 this morning. We're here before you for positive

9 findings under the Local Authorities Fiscal Control

10 Law, the adoption of two bond resolutions.

11 The first bond is for the financing of

12 capital improvements of the Authority, in an amount

13 not to exceed \$12 million.

14 The second bond resolution is for the

15 refunding of certain outstanding bonds of the

16 authorities originally issued in 2004 and 2006.

17 We'd like to refund all or a portion of

18 those bonds in an amount not to exceed \$30

19 million. We won't undertake such refunding unless

20 we can achieve the necessary three percent savings

21 as required by this Board.

22 Having said that, we're happy to answer

23 any questions.

24 MR. NEFF: So \$12 million of this is

25 for new projects that aren't going through the

STATE SHORTHAND REPORTING SERVICE, INC.

1 Environmental Infrastructure Trust?

2 MR. LANGHART: Correct.

3 MR. NEFF: When I read the application

4 itself, it almost read like it was almost

5 dismissive. Sort of, oh, we can't make the EIT

6 financing program for 2014. We think we wouldn't

7 have qualified any because the projects would be

8 too low.

9 Can you just sort of explain what due

10 diligence did you do to try to be part of the EIT

11 and what went into the decision making?

12 MR. LANGHART: Sure. We have seven
13 projects that are part of the new money financing.
14 Six of them are ineligible because they are DEP
15 mandated studies or analysis that the EIT just does
16 not fund.
17 They may lead to certain capital
18 projects down the line that could be NJEIT
19 eligible. And we will take a look at that when the
20 time comes.
21 The other project is for an engine.
22 We're going through a BPU energy program. We've
23 done this before with this same type of project. It
24 provides a forty percent rebate upon completion of

25 the project. That's financially advantageous to

STATE SHORTHAND REPORTING SERVICE, INC.

1 the Authority.

2 I will just note for the record that we

3 haven't come before you I think for the past five

4 years for any capital project financing, because

5 we've done them all through the NJEIT.

6 We always kind of analyze what projects

7 could go through the NJEIT. The authority has been

8 a big user of that system. These are projects that

9 will not be able to be financed through that

10 program. That's why we're coming before the Board

11 for a market financing.

12 MR. NEFF: Okay. One of the questions I
13 think we had asked on the questionnaire for the
14 Authority was whether or not you used the State
15 Health Benefits Plan. I think you do not. You
16 have some sort of self-insured plan?

17 MR. NOWOESIELECKI: We are
18 self-insured, yes.

19 MR. NEFF: One of the parts of the
20 questionnaire asks whether or not your alternative
21 to the SHBP is cheaper than or more expensive than
22 the SHBP? The answer that was given was
23 essentially a non answer. You didn't fully answer
24 the question. Other than to mention that the

25 program that you do have has, I guess extra

STATE SHORTHAND REPORTING SERVICE, INC.

1 benefits that maybe the SHBP doesn't have.

2 So is it five percent more expensive,

3 fifty percent more expensive? Is it cheaper? How

4 does it compare?

5 MR. NOWOESIELECKI: We don't know the

6 dollar amount, but it's more expensive because of

7 the benefits.

8 We are currently having our insurance

9 consultant do an analysis, as he does every couple

10 of years as to whether it's worthwhile to go into

11 the State Health Benefits Plan, compared to being

12 self-insured.

13 The current contract that we have with

14 most of the employees expires in 2015. That's going

15 to be one of the negotiable items.

16 MR. NEFF: Okay. But you have no idea

17 whether it is ten percent more expensive than the

18 State Health Benefits Plan or thirty percent more

19 expensive?

20 MR. NOWOESIELECKI: No, not without the

21 analysis, because we have the prescription and the

22 vision plan in also. So I do not have that

23 information.

24 MR. NEFF: When would the Authority

25 figure out whether it's health benefit plans are

STATE SHORTHAND REPORTING SERVICE, INC.

1 significantly more expensive than very good plans

2 that are available to the public employees?

3 MR. NOWOESIELECKI: I'm sure it is more

4 expensive. But the insurance consultant is doing an

5 analysis for our end of the year budget process, to

6 see what the difference would be.

7 MR. NEFF: So your insurance consultant

8 will be doing that study by the end of this year?

9 MR. NOWOESIELECKI: Correct, yes.

10 MR. NEFF: When is the last time they

11 did an analysis and like that?

12 MR. NOWOESIELECKI: I know he did an

13 informal about three years ago.

14 MR. NEFF: Okay. I would just ask, not

15 as-- I would ask to get a copy of that previous

16 analysis. I'd just to see what it says? If that's

17 a publicly available document, I'd like to take a

18 look at that.

19 I would just note, you can tell your

20 unions, too, as part of your bargaining process,

21 that you are going to have real problems coming

22 before this Board asking for approvals in the

23 future if you can't show that you are at least

24 getting health care costs relatively comparable.

25 It doesn't have to be with SHBP, it can

STATE SHORTHAND REPORTING SERVICE, INC.

1 be a different plan. But it has got to come down a

2 little bit.

3 I would also just recommend, that as

4 you use an insurance consultant, I would hope that

5 you are paying them not on a commission basis, but

6 I would recommend, just as a friendly

7 recommendation, that you pay them a flat fee. So

8 they are getting a commission based on how

9 expensive the plan is.

10 MR. NOWOESIELECKI: No, they are paid

11 an hourly fee.

12 MR. NEFF: Okay, all right. Just as a

13 final note, I always play the grinch at these

14 meetings. I hate doing it--no, I really don't.

15 I do note and I won't get into detail

16 on it, I do note that there are some expenses on

17 the questionnaire that are clearly not essential,

18 certain lunches, celebratory type of events for

19 employees.

20 I would just caution on those things.

21 I know you serve, what is it forty-nine users?

22 MR. NOWOESIELECKI: Forty-seven users.

23 MR. NEFF: I'm sure they are not paying

24 for those things-- a lot of them are probably not

25 paying for those things themselves. I would just,

STATE SHORTHAND REPORTING SERVICE, INC.

1 as a friendly suggestion, you may want to think and

2 reconsider those types of things. I won't belabor

3 it.

4 Any other questions or comments on this

5 one?

6 MR. FOX: Motion to approve.

7 MR. BLEE: Second it.

8 MR. NEFF: Roll call.

9 MS. MC NAMARA: Mr. Neff?

10 MR. NEFF: Yes.

11 MS. MC NAMARA: Ms. Rodriguez?

12 MS. RODRIGUEZ: Yes.

13 MS. MC NAMARA: Mr. Blee?

14 MR. BLEE: Yes.

15 MS. MC NAMARA: Mr. Fox?

16 MR. FOX: Yes.

17 MR. NEFF: Thank you.

18 MR. FOX: Yes.

19 MR. NEFF: Thank you. Bergen County

20 Improvement Authority.

21 (John Glinton, Robert Garrison, being

22 first duly sworn according to law by the Notary).

23 MR. GLINTON: John Glinton, Financial

24 Advisor to the Improvement Authority.

25

MR. GARRISON: Robert Garrison,

STATE SHORTHAND REPORTING SERVICE, INC.

1 Executive Director of the Improvement Authority.

2 MR. DRAIKIWICZ: John Draikiwicz, from

3 Gibbons, Bond Counsel for the Improvement

4 Authority.

5 The Bergen County Improvement Authority

6 proposes to renew it's Bergen County leasing

7 program, in an amount not to exceed \$15 million,

8 for its funding of capital items, including energy

9 conservation equipment for municipalities, school

10 districts, municipal sewage authorities and

11 municipal utility authorities in Bergen County and

12 the County Utilities Authority.

13 The Authority will enter into a master

14 lease with the master lessor and individual

15 subleases with each participant. The amount to be

16 paid under each sublease will be sufficient to

17 cover the cost of the lease amount the term of the

18 lease will be equal to or less than the useful life

19 of each item of equipment.

20 Prior to entering into each lease with

21 each participant, the approval of the Director will

22 be obtained. A cost certification from a

23 representative of the participant will be included

24 with such requests.

25 Each participant, upon its purchase,

STATE SHORTHAND REPORTING SERVICE, INC.

1 will be required to comply with the Local Public

2 Contracts Law. And if any energy conservation

3 equipment is acquired, the will be required to

4 comply with the USEP Law as well.

5 Each lease will be Guaranteed by the

6 County of Bergen.

7 With respect to the selection of the

8 master lessor, the Improvement Authority conducted

9 an RFP process. The winning bidder was Bank of

10 America Public Capital Corp. Their rates, based

11 with an index, were as of August 1, 1991 percent for

12 three years, 1.19 percent for five years, 1.49

13 percent for seven years, 2.10 percent for ten and

14 2.88 percent for fifteen years.

15 We hereby request positive findings in

16 connection with this municipal bank lease program.

17 If you have any questions we'll be happy to answer

18 them at this time?

19 MR. FOX: Motion to approve.

20 MR. BLEE: Second.

21 MR. NEFF: Roll call.

22 MS. MC NAMARA: Mr. Neff?

23 MR. NEFF: Yes.

24 MS. MC NAMARA: Ms. Rodriguez?

25

MS. RODRIGUEZ: Yes.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MS. MC NAMARA: Mr. Blee?

2 MR. BLEE: Yes.

3 MS. MC NAMARA: Mr. Fox?

4 MR. FOX: Yes.

5 MR. NEFF: Okay.

6 MR. DRAIKIWICZ: Thank you.

7 MR. NEFF: Thank you. Next up is

8 Hudson County Improvement Authority, \$15 million

9 Proposed Project Financing and County Guarantee.

10 (Kurt Cherry, being first duly sworn

11 according to law by the Notary).

12 MR. CHERRY: Kurt Cherry, Chief

13 Financial Officer.

14 MS. MC MANIMON: Thank you. Ed Mc

15 Manimon from Mc Manimon, Scotland & Baumann, bond

16 counsel to the Improvement Authority.

17 Kurt Cherry is here, the Chief

18 Financial Officer to the Authority.

19 This is an effort by the Hudson County

20 Improvement Authority to finance an obligations

21 that the City of Bayonne Redevelopment Agency had,

22 that when they dissolved the Redevelopment Agency

23 before you, they identified all of their

24 outstanding obligations. Some of which were

25 nonrecourse to the City, some of which were

STATE SHORTHAND REPORTING SERVICE, INC.

1 recourse to the City.

2 This particular obligation is an

3 obligation to one of the developers who they have

4 terminated. The developer is owed the amount of

5 money that it is previously paid. They had paid a

6 down payment for the acquisition of a piece of

7 property.

8 This was all part of the explanation

9 that the City provided when they came before this

10 Board as part of the dissolution of the BLRA. This

11 is one of the obligations that under the bond

12 ordinance they assumed as part of the dissolution,

13 since they had to identify all of the obligations

14 and assume them.

15 They have negotiated at least a part of

16 the settlement in connection with litigation with

17 this particular developer. And they have to pay

18 this money to them by September 26, 2013 as part of

19 the termination of that agreement, which has

20 occurred since they dissolved.

21 This is the first active step, other

22 than they have also resolved one of the other

23 little guess with Fidelco. This involves the

24 Peninsula, the MOTBY, use of the property and

25 interaction with the Port Authority.

STATE SHORTHAND REPORTING SERVICE, INC.

1 They are asking for the ability to

2 finance this for a variety of reasons; market

3 access, interest rates.

4 The City adopted a resolution I know at

5 one of their prior meetings in connection with

6 these types of financing. They asking as the

7 municipality, they are going to do them through the

8 Improvement Authority rather than on their own.

9 To identify why they are doing that,

10 the application contained a resolution of the City

11 which explained four or five very viable reasons

12 why they are going through the County Pool Program

13 with a County guarantee, which provides significant

14 savings to the City in doing it.

15 So we'll be happy to answer any

16 questions.

17 MR. FOX: I just have one question. I

18 have a reason for asking. Who is the developer

19 again?

20 MR. MC MANIMON: Who is the developer?

21 MR. FOX: Yes, of the property.

22 MR. MC MANIMON: It is the Bayonne-- it

23 is an LLC-- I have their name.

24 MR. FOX: I'm just asking because I want

25 to make sure--

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. MC MANIMON: It is Bayonne

2 Properties, LLP or something. It is not an entity

3 that I don't think you have any interaction with.

4 MR. FOX: You know where I'm going.

5 MR. MC MANIMON: I'm sorry. It's

6 Bayonne Bay Redevelopment.

7 MR. FOX: Okay.

8 MR. NEFF: Anybody else have any

9 questions?

10 (No Response).

11 MR. BLEE: Motion to approve.

- 12 MS. RODRIGUEZ: Second.
- 13 MR. NEFF: Roll call.
- 14 MS. MC NAMARA: Mr. Neff?
- 15 MR. NEFF: Yes.
- 16 MS. MC NAMARA: Ms. Rodriguez?
- 17 MS. RODRIGUEZ: Yes.
- 18 MS. MC NAMARA: Mr. Blee?
- 19 MR. BLEE: Yes.
- 20 MS. MC NAMARA: Mr. Fox?
- 21 MR. FOX: Yes.
- 22 MR. MC MANIMON: Thank you very much.
- 23 MR. NEFF: Next up is Pennsauken
- 24 Township, dissolution of Housing Authority.

25 (Walter Negorski, Edward Grahovski,

STATE SHORTHAND REPORTING SERVICE, INC.

1 being first duly sworn according to law by the

2 Notary).

3 MR. NEGORSKI: Walter Negorski,

4 Treasurer of the Township of Pennsauken.

5 MR. GRAHOVSKI: Edward Grahovski,

6 Administrator for the Township of Pennsauken.

7 MR. NORCROSS: Philip Norcross, Parker,

8 Mc Cay, bond counsel. Good morning. This is one

9 of these unique and somewhat pleasant applications

10 where actually government is being consolidated and

11 reduced.

12 This is a petition under the Local
13 Housing Redevelopment Law, Fiscal Affairs Law, to
14 dissolve the Pennsauken Housing Authority.

15 This is an application that was
16 previously submitted last month. We carried this
17 application as we were awaiting final approval from
18 HUD for the dissolution, which we have received
19 word approval, quote,"a letter is in the mail".
20 Obviously, any approval we'll be happy to have
21 contingent upon the receipt of a final letter.

22 As you can see from the application,
23 the Authority's activities are fairly nominal. In
24 essence they are running just a Section 8 voucher

25 program. It has a few miscellaneous properties and

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1 some cash and assets in the bank, no outstanding

2 borrowed money.

3 Obviously, through the dissolution of

4 this Authority, some savings will enure to the

5 benefit of the Township and the taxpayers in the

6 form of reduced professional fees and the costs

7 associated with maintaining an independent agency.

8 So all of the entities have consented

9 to the dissolution and all believe it is in the

10 best interest of the taxpayers of the Township to

11 dissolve the agency.

12 I'll be happy to entertain any

13 additional questions.

14 MR. NEFF: Do you want to get rid of

15 some more authorities, that's my only question?

16 MR. NORCROSS: Just one at a time.

17 MR. BLEE: Motion to approve.

18 MS. RODRIGUEZ: Second.

19 MR. NEFF: Roll call.

20 MS. MC NAMARA: Mr. Neff?

21 MR. NEFF: Yes.

22 MS. MC NAMARA: Ms. Rodriguez?

23 MS. RODRIGUEZ: Yes.

24 MS. MC NAMARA: Mr. Blee?

25

MR. BLEE: Yes.

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1 MS. MC NAMARA: Mr. Fox?

2 MR. FOX: Yes.

3 MR. NEFF: West Deptford. I see you are

4 here.

5 MR. HASTIE: We are here only if you

6 have any questions?

7 MR. NEFF: We really don't. It is a

8 follow-up from the last meeting. I think the

9 motion that we would have, we're not placing the

10 City--West Deptford, under supervision, based on

11 our discussion and testimony from the last meeting.

12 But I do think that it would be
13 appropriate to have some regular reporting from the
14 municipality about the status of the budget and the
15 finances. So I think what the Board would prefer
16 to do is to direct the Division to, on a quarterly
17 basis, with November 1st being the first reporting
18 date, then every three months thereafter, give us
19 an expenditure list of what's been expended versus
20 what's been appropriated, so we know how the budget
21 is progressing every year.

22 We would just have a conferences call
23 with the municipal officials to just follow-up and
24 make sure that the budget is in order. Does that

25 accurately reflect the consensus?

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1 MR. BLEE: We can get more guidance

2 from the DLGS staff on the nature of the report?

3 MR. NEFF: It will be a simple--the

4 simple request is an expenditure report that shows

5 expenditures against the appropriation, announced

6 budget. So we know that the budget is on track and

7 solvent. If for some reason maybe there is a line

8 item that is being over spent, the municipality

9 would presumably report to us as to what sort of

10 transfers they are looking at to make up for that

11 issue.

12 MS. ZAPICCHI: I already approved

13 something along those lines for the CFO. So she

14 knows what we're doing there.

15 MR. NEFF: Okay.

16 MR. FOX: That's not for a vote, we

17 just want to put that on the record?

18 MR. NEFF: We would be taking a formal

19 vote. It's the Board asking the Division to do

20 this.

21 MR. FOX: Yes. I'll make a motion.

22 MR. BLEE: Second.

23 MR. NEFF: Take a roll call.

24 MS. MC NAMARA: Mr. Neff?

25

MR. NEFF: Yes.

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1 MS. MC NAMARA: Ms. Rodriguez?

2 MS. RODRIGUEZ: Yes.

3 MS. MC NAMARA: Mr. Blee?

4 MR. BLEE: Yes.

5 MS. RODRIGUEZ: Mr. Fox?

6 MR. FOX: Yes.

7 MR. HASTIE: Thank you.

8 MR. NEFF: Next up is the Borough of

9 Spotswood. But we are deferring that, I guess,

10 until a later date.

11 We also have the Division of Local

12 Government Services Proposed Rules Pursuant to the

13 Local Government Ethics Law.

14 Originally-- oh, I'm sorry we will go

15 to Atlantic City. We have a matter we need to

16 resolve.

17 Back in May Atlantic City had come

18 before the Board. The Board expressed at that time

19 that provided that the municipality move forward

20 with all of its resolutions and all of its pending

21 tax appeals and it moved forward with the

22 revaluation of the City, that we would be prepared

23 at the time they come forward for a refunding for

24 tax appeals to consider--to reconsider whether or

25 not supervision is necessary to be continued.

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1 There is going to be an application in
2 October from Atlantic City to discuss those matters
3 and to discuss a refunding of tax appeals that they
4 have negotiated recently. One that may be
5 ultimately the decision of a judge we would revisit
6 their supervision at that time.

7 For technical reasons, the supervision
8 law, in order to keep the City under supervision,
9 this Board needs to vote the year from the date of
10 its prior vote for supervision, do it on an annual
11 basis.

12 All we're asking for really here today

13 is to extend supervision again, until such time as

14 the Board can meet and discuss whether it is

15 appropriate to terminate supervision early. If

16 those other conditions are met we would consider,

17 but not necessarily, quote, "terminate" the

18 supervision in October.

19 But all we're asking for today is a

20 vote for continuation of supervision, pursuant to

21 the Supervision Law.

22 MR. FOX: So moved.

23 MR. BLEE: Weren't you recused?

24 (Pause in proceedings).

25

MR. NEFF: We may need to do a

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1 teleconference meeting on this.

2 MS. RODRIGUEZ: I'll be available.

3 (Pause in proceedings).

4 MR. NEFF: What I going to ask is at

5 the end, when we do the other matters here, that we

6 jyst stay for a few minutes. If we can get another

7 member on the phone to deal with this particular

8 issue we will, then we can be done with it. Then we

9 don't have to try and schedule another meeting. So

10 we'll try and do that we'll hold off on that one

11 for a second or two.

12 The next matter on the agenda is the
13 Local Government Ethics Law rules. All we're
14 proposing here is to extend the existing or readopt
15 the existing rules.

16 But I did want to report to the Board
17 that we have been working for some time at the
18 staff level on rewriting the rules, to allow for
19 things like-- to allow for a more expedited process
20 of handling complaints about failure to file
21 financial disclosure statements, to expedite those
22 and a few other matters.

23 We are just not ready to present them
24 to the Board yet. The rules that we have expire

25 automatically on a timing issue. Such that we need

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1 to readopt what we have, pending some additional

2 changes that would come before the Board.

3 MR. FOX: So moved.

4 MR. BLEE: Second.

5 MR. NEFF: Roll call.

6 MS. MC NAMARA: Mr. Neff?

7 MR. NEFF: Yes.

8 MS. MC NAMARA: Ms. Rodriguez?

9 MS. RODRIGUEZ: Yes.

10 MS. MC NAMARA: Mr. Blee?

11 MR. BLEE: Yes.

12 MS. MC NAMARA: Mr. Fox?

13 MR. FOX: Yes.

14 MR. NEFF: We also have up for

15 readoption, NJAC 5:33, which are the Tax Collection

16 Administration Rules. At the staff level we

17 reviewed the rules, discussed them with the tax

18 collector and saw no need for changes in the Tax

19 Collection Rules.

20 MR. FOX: So moved.

21 MR. BLEE: Second.

22 MR. NEFF: Roll call.

23 MS. MC NAMARA: Mr. Neff?

24 MR. NEFF: Yes.

25

MS. MC NAMARA: Ms. Rodriguez?

STATE SHORTHAND REPORTING SERVICE, INC.

1 MS. RODRIGUEZ: Yes.

2 MS. MC NAMARA: Mr. Blee?

3 MR. BLEE: Yes.

4 MS. MC NAMARA: Mr. Fox?

5 MR. FOX: Yes.

6 We have one other pending matter,

7 Sylvia Petillo, Mayor of the Borough of Hopatcong

8 V. Local Finance Board.

9 This was a matter where a mayor had

10 used municipal resources to advocate for a certain

11 outcome on a vote. That was a relatively harmless

12 matter in the sense that the mayor wasn't

13 personally enriching herself.

14 MR. FOX: A ballot question?

15 MR. NEFF: Correct. However, it is a

16 violation of the Local Government Ethics Law to use

17 resources of a municipality that aren't available

18 to other people, for the purposes of influencing an

19 election, no matter how good the election or

20 question on the ballot may be, what she advocating

21 for the passage of.

22 We have an opinion here on the appeal

23 from the last final agency decision, which has been

24 disseminated to the Board members, which just

25 reaffirms the Board's earlier finding on this

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1 matter.

2 That the matter would continue to be

3 considered to be a violation, but that we would be

4 waiving the fine, because the mayor did not

5 personally enrich herself, wasn't doing something

6 nefarious in that sense.

7 So I'll make a motion on that one.

8 MS. RODRIGUEZ: I'll second it.

9 MR. NEFF: Roll call.

10 MS. MC NAMARA: Mr. Neff?

11 MR. NEFF: Yes.

12 MS. MC NAMARA: Ms. Rodriguez?

13 MS. RODRIGUEZ: Yes.

14 MS. MC NAMARA: Mr. Blee?

15 MR. BLEE: Yes.

16 MS. MC NAMARA: Mr. Fox?

17 MR. FOX: Yes.

18 MR. NEFF: We'll wait a few minutes and

19 see if we can get somebody on the line.

20 (A Short recess takes place).

21 We're starting the meeting back up

22 again. We're going to go into recess until 4:30

23 when we will reconvene to hear the Atlantic City

24 matter. The balance of the meeting notes will be

25 transcribed. But the Local Finance Board staff will

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1 be preparing minutes on the meeting in lieu of the

2 transcript.

3 MR. FOX: Move to adjourn.

4 MR. BLEE: Second.

5 MR. NEFF: We're adjourned.

6 (Whereupon, the matter stands adjourned

7 at 12:05 p.m.)

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1 C E R T I F I C A T E

2

3 I, CHARLES R. SENDERS, a Certified Shorthand

4 Reporter and Notary Public of the State of New

5 Jersey, do hereby certify that prior to the

6 commencement of the examination, the witness was

7 duly sworn by me to testify to the truth, the whole

8 truth and nothing but the truth.

9 I DO FURTHER CERTIFY that the foregoing is a

10 true and accurate transcript of the testimony as

11 taken stenographically by and before me at the

12 time, place and on the date hereinbefore set forth,

13 to the best of my ability.

14 I DO FURTHER CERTIFY that I am neither

15 a relative nor employee nor attorney nor counsel of

16 any of the parties to this action, and that I am

17 neither a relative nor employee of such attorney or

18 counsel, and that I am not financially interested

19 in the action.

20

21 C:\TINYTRAN\Charles Senders.bmp

22

23

24 CHARLES R. SENDERS, CSR NO. 596

25 Dated: September 24, 2013

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