

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

3 * ----- *

4 REGULAR MEETING AGENDA, *

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Conference Room No. 129

7 101 South Broad Street

Trenton, New Jersey

8 Wednesday, October 9, 2013

TIME: 10:55 p.m.

9

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

JAMIE FOX-MEMBER

11 FRANCIS BLEE-MEMBER

IDIDA RODRIGUEZ-MEMBER

12 ALAN AVERY-MEMBER

13

14

ALSO PRESENT:

15 PATRICIA PARKIN MC NAMARA-EXECUTIVE SECRETARY

EMMA SALAY-DEPUTY EXECUTIVE SECRETARY

16

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

17

18 JOHN J. HOFFMAN, ESQ.

ACTING ATTORNEY GENERAL

19 BY: PATRICIA STERN, ESQ.

Deputy Attorney General

20 For the Board

21

22

23 STATE SHORTHAND REPORTING SERVICE, INC.

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24 Allenhurst, New Jersey

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STATE SHORTHAND REPORTING SERVICE, INC.

1 (Transcript of proceedings, October

2 9th, 2013 commencing at 10:55 a.m.)

3 MR. NEFF: We're going to continue the

4 meeting. The first items on the agenda are five

5 consent items. One is Newark City, a \$43 million

6 Infrastructure Trust Program, Proposed

7 Self-liquidating Loan, Proposed Nonconforming

8 Maturity Schedule, Waiver of Down Payment, Adoption

9 of Qualified Bond Ordinance and Proposed Issuance

10 of Bonds pursuant to the Qualified Bond Act.

11 The second is Hammonton Town. Mr. Blee

12 will be recusing himself with respect to that item.

13 It's a \$2.2 million Proposed Environmental

14 Infrastructure Trust Loan Program, Nonconforming

15 Maturity Schedule, Waiver of Down Payment.

16 The Third is the Toms River Municipal

17 Utilities Authority. It's a \$5.5 million Proposed

18 Environmental Infrastructure Program and Project

19 Financing.

20 The Fourth is an Old Business matter,

21 Passaic Valley Sewerage Commission, \$30 million

22 Proposed Environmental Infrastructure Trust Loan

23 Program, \$30 million.

24 The final one is Evesham Township

25 Municipal Utilities Authority, \$9 Million Proposed

STATE SHORTHAND REPORTING SERVICE, INC.

1 Environmental Infrastructure Trust Loan Program.

2 Do we have a motion on those five

3 items?

4 MR. BLEE: Motion.

5 MR. NEFF: You can't make the motion

6 because you are recusing on Hammonton.

7 MR. FOX: Motion.

8 MR. NEFF: You make the motion. I'll

9 second it.

10 MR. NEFF: Take a roll call.

11 MS. MC NAMARA: Mr. Neff?

12 MR. NEFF: Yes.

13 MS. MC NAMARA: Mr. Avery?

14 MR. AVERY: Yes.

15 MS. MC NAMARA: Ms. Rodriguez?

16 MS. RODRIGUEZ: Yes, but abstaining from

17 the Passaic Valley Sewerage Commission.

18 MS. MC NAMARA: Mr. Blee?

19 MR. BLEE: Yes, except for recusal on

20 Hammonton.

21 MS. MC NAMARA: Mr. Fox?

22 MR. FOX: Yes.

23 MR. NEFF: Second, there are four items

24 to be considered on consent for various reasons,

25 consistent with past Board practice. One is

STATE SHORTHAND REPORTING SERVICE, INC.

1 Washington Township Fire District Number One, a

2 \$920,000 Proposed Project Financing, for which

3 there were competitive bids.

4 The staff reviewed the matter and there

5 were no issues brought to the Board's attention.

6 Second is the City of Hoboken. It's a

7 \$14 million Proposed Qualified Bond Ordinance that

8 would not have come to the Board but for the fact

9 that it's a Qualified Bond Act issuance. There is

10 adequate State aid to cover the debt service on the

11 Bonds.

12 The third is Beach Haven 3rd, storm

13 related, Waiver of Down Payment for a \$2.235

14 million bond issuance.

15 The final one is Long Branch, which is

16 also a Proposed Waiver of Down Payment for Sandy

17 related debt issuance in the amount of \$3 million.

18 We'll take a motion on those.

19 MR. BLEE: Motion.

20 MR. AVERY: Second.

21 MR. NEFF: Motion and a second. Roll

22 call.

23 MS. MC NAMARA: Mr. Neff?

24 MR. NEFF: Yes.

25

MS. MC NAMARA: Mr. Avery?

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. AVERY: Yes.

2 MS. MC NAMARA: Ms. Rodriguez?

3 MS. RODRIGUEZ: Yes.

4 MS. MC NAMARA: Mr. Blee?

5 MR. BLEE: Yes.

6 MS. MC NAMARA: Mr. Fox?

7 MR. FOX: Yes.

8 MR. NEFF: Okay. Next up is East

9 Rutherford Borough, \$940,000 Proposed Refunding

10 Bond Ordinance. Is anybody here from East

11 Rutherford?

12 (No response).

13 No. We'll defer it until November. So

14 next up is Atlantic City. Actually, if we could

15 just talk for a minute before? We'll take a break

16 for a second.

17 (Short recess takes place).

18 (Whereupon, Mr. Blee leaves the room).

19 (Jennifer Edwards, Michael Stinson,

20 being first duly sworn according to law by the

21 Notary).

22 MS. EDWARDS: Jennifer Edwards, Acacia

23 Financial Group.

24 MR. STINSON: Michael Stinson, City of

25 Atlantic City.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. JOHNSON: Everett Johnson, the firm

2 of Wilentz, Goldman & Spitzer.

3 Good morning. My name is Everett John,

4 bond counsel for the city of Atlantic City, for the

5 law firm of Wilentz, Goldman & Spitzer, as just

6 mentioned.

7 With me is Michael Stinson, Director of

8 Finance and Jennifer from Acacia Financial.

9 We're here submitting or requesting for

10 approval of a Refunding Bond Ordinance, authorizing

11 a payment of 2013 Tax Appeal Liability, relative to

12 judgments and settlements of the City.

13 Initially we submitted this

14 application. We speculate that we might need to

15 issue up to \$85 million in Tax Appeal Refunding

16 Bonds. That amount has now been reduced, primarily

17 because \$20 million of which was expected to come

18 from a settlement with the Borgota, has not been

19 yet settled. Also \$10 million of which are from

20 appeals from prior years that we're going to defer.

21 So at this point in time we're just

22 requesting approval for a \$55 million Tax Appeal

23 Refunding Bond to pay various settlements and

24 judgments. The majority of which is from the

25 Tropicana Resort.

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1 Also there is an application request
2 for a Waiver of Down Payment for a Bond Ordinance
3 related to Hurricane Sandy improvements. We're
4 going to defer that request as well until the
5 November Board meeting.

6 So today we're just here to request the
7 \$55 million Tax Appeal Refunding Bonds. Also
8 request a Nonconformity Maturity Schedule. We're
9 requesting a twenty year payout for the Tax Appeal
10 Refunding Bonds for \$55 million.

11 With that being said, if you guys have

12 any questions for us?

13 MR. NEFF: Just to clarify. Other than

14 the Tropicana appeal, what were the other two items

15 that are being refunded, for the record?

16 MR. JOHNSON: We have the Madison House

17 settlement, which is another non-casino property,

18 for \$1.3 million. We also have the Diversified

19 settlement, which is also another non-casino owned

20 property, that we settled for \$1.1 million. So

21 that along with the cost of issuance is not to

22 exceed \$55 million.

23 MR. NEFF: Okay. The approval would be

24 contingent on the Board staff receiving the

25 settlements of these other two properties, which we

STATE SHORTHAND REPORTING SERVICE, INC.

1 have not received. We understand they were settled

2 in 2013 for the prior year taxes.

3 MR. JOHNSON: Yes, no problem.

4 MR. NEFF: Just for the record, I guess

5 this is the third year in a row that there has been

6 rather sizeable tax appeal refundings in the City.

7 The City is still under supervision.

8 Pursuant to prior Board actions, this

9 Board has suggested that it would review whether or

10 not it would lift supervision when all the appeals

11 are essentially addressed, and provided that there

12 was movement toward revaluation in the City.

13 Obviously, as you just noted, the tax

14 appeal for one of the large casinos is still

15 outstanding, the Borgota. Presumably at some point

16 that will come back to this Board. It could be \$20

17 million. It could be more, it could be less, it

18 depends on what the Judge says.

19 When that happens, this Board will

20 review whether or not supervision will be

21 terminated earlier. In the interim we would still

22 continue you on the same level that it's been at

23 for the last year or so.

24 So with that, are there any other

25 questions on Atlantic City?

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1 (No Response).

2 It's a long maturity, schedule but it's

3 for a large amount of money, which is almost a

4 quarter of the tax levy there. The tax levy is

5 about \$200 million. Is that right?

6 MR. STINSON: Yes.

7 MR. NEFF: Under the circumstances I'll

8 move this one. Somebody want to second it.

9 MS. RODRIGUEZ: I'll second it.

10 MR. NEFF: Take a roll call.

11 MS. MC NAMARA: Mr. Neff?

12 MR. NEFF: Yes.

13 MS. MC NAMARA: Mr. Avery?

14 MR. AVERY: Yes.

15 MS. MC NAMARA: Ms. Rodriguez?

16 MS. RODRIGUEZ: Yes.

17 MS. MC NAMARA: Mr. Blee?

18 (No response).

19 MS. MC NAMARA: Mr. Fox?

20 MR. FOX: Yes.

21 MR. JOHNSON: Thank you.

22 (Whereupon, Mr. Blee enters the Room).

23 MR. NEFF: Next up is Mount Holly

24 Township.

25 (Christina Chambers, Sherry Tracey,

STATE SHORTHAND REPORTING SERVICE, INC.

1 being first duly sworn according to law by the

2 Notary).

3 MS. CHAMBERS: Christina Chambers, Chief

4 Financial Officer, Mount Holly Township.

5 MS. TRACEY: Sherry Tracey, Pheonix

6 Advisors, financial advisor to the Township.

7 MR. STIEFEL: Jeanne Stiefel, Parker, Mc

8 Cay, bond counsel.

9 MR. SAPONARO: George R. Saponaro,

10 Saponaro & Sitzler, Township Attorney.

11 MS. TRACEY: Good morning. I wanted to

12 point out, in addition to having with me George

13 Saponaro, the Township's attorney, the Township's

14 CFO, bond counsel, we also do have with us both the

15 new administrator--the new manager for the

16 Township, Mr. Eric Berry. Also we have with us the

17 Chief of Police. Steve Martin was the acting

18 manager until October 1st. Both are here in

19 addition, if there are some additional questions.

20 The Township began to acquire some

21 properties in what's known as the Mount Holly

22 Gardens several years ago. They have accumulated--

23 currently they have notes outstanding of

24 \$10,430,000 to acquire those properties, to then

25 sell to a redeveloper for development.

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1 At this point they are locking to bond
2 \$3,650,000 million of those outstanding \$10 million
3 in notes. And looking to issue that through a
4 nonconforming schedule to match with the revenues
5 that will come from the PILOTs on those apartments.

6 The land of the first phase, Phase IA,
7 where the apartment complex will be built,
8 approximately 224 units, was sold to a redeveloper
9 in November of 2012. The Township received money
10 for that land. Construction is currently underway
11 and is expected to close on the first unit in

12 February.

13 So at this point the Township wanted to

14 move forward with permanently financing some of

15 this outstanding debt that has been accumulating

16 over the last several years, as expected PILOT

17 revenues are expected to begin next year in '14,

18 with construction, as I mentioned, currently

19 underway.

20 The Township looks, again, to issue the

21 nonconforming maturity schedule to match with what

22 are escalating PILOT revenues and over a time

23 period in the Township.

24 The bonds are estimated to amortize in

25 twenty-five years. The PILOT revenues on the

STATE SHORTHAND REPORTING SERVICE, INC.

1 apartments will go through thirty.

2 The Township, after the pay down--

3 after the bonds are issued, the Township will be

4 making an additional pay down on the notes and then

5 rolling the balance of \$6,610,000.

6 The Township has made about \$120,000 to

7 \$145,000 in annual pay downs on the ordinances, on

8 the BANs that are currently outstanding. Because

9 some of the newer ones will now begin to have

10 payments, to have annual pay downs beginning in

11 2014, with the nonconforming schedule, they are

12 going to still continue to make just about the same

13 amount of pay downs on the outstanding notes

14 because of the new ordinances that will now require

15 annual pay downs.

16 Even after next year, they are looking

17 to pay down about \$135,000.

18 MR. NEFF: Are you finished?

19 MS. TRACEY: Yes.

20 MR. NEFF: Anybody else?

21 MS. CHAMBERS: I know that you had

22 requested yesterday that we give you a break down

23 of the payments that we had for the notes that are

24 on this bond issue. And I did take the out of the

25 audit of the amount of pay downs that we had each

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1 year. I do have copies if you need them.

2 The total that we paid down for this

3 bond issue was \$970,000 in total. I didn't have

4 the audits from 2005 to 2008 in my office, but the

5 amount that was paid down for that period of time

6 was \$154,710.

7 In 2009 we paid down \$80,000

8 . In 2010 it was \$120,000. In 2011 it was

9 \$120,290. In 2012 it was \$145,000. And this past

10 year because we've had an additional payment that

11 we made with the monies from the redeveloper, in

12 2013 we did pay down \$350,000. I do have the

13 copies if you want for all of the audits. I do

14 have that.

15 MR. NEFF: We will take a copy

16 afterwards. Just let me-- the Board staff met or

17 discussed the matter yesterday with Mount Holly

18 officials. So on the one hand this is a good

19 proposal because it is converting bond anticipation

20 notes into permanent debt at a time when interest

21 rates are low.

22 While the interest rates, at least in

23 the short term will go up from what they have been

24 under BANS, at least it will allow for some

25 permanency and some security. If there is a future

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1 problem with short term debt and interest rates go
2 up, we'll be locking in the both the lower long
3 term financing rates now, so that's a good thing.

4 One item that was of some concern to
5 staff, was that in the past, the municipality had
6 issued debt to buy property and then turned around
7 and sold the property for the purposes of
8 redevelopment, which is fine. But the money from
9 the proceeds of the sale rather than being used to
10 retire the debt that was issued to buy the property
11 in the first place, some of it was used for that

12 purpose. There is a still a large chunk. I think

13 it's about \$800,000 that remains.

14 One thing that the Division does not

15 want to see is those monies being used to just

16 artificially provide one shot revenue sources for

17 Mount Holly's budgets in 2014, 2015 or what have

18 you.

19 So what we're recommending at the staff

20 level is that the approval be conditioned on-- you

21 should condition that-- the approval should be

22 conditioned on whatever funds were made from that

23 sale being placed in a reserve that can only be

24 used with the Division's approval. We would

25 expect, as a general rule, that those monies only

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1 be used to pay down principal or-- to pay down
2 principal or one time capital needs related to this
3 project. That they not be used to pay down either
4 the principal or the interest that's being
5 reflected in the amortization schedule that's part
6 of the proposal that we're receiving today.

7 Tina Zapichi is here and she's
8 listening. She'll work with you to make sure that
9 in 2014 and beyond, that those funds are used for
10 those purposes and not for artificial budget
11 relief for the municipality in the short term.

12 We would just, too, that the
13 nonconforming maturity schedule that's part of this
14 project is-- you know, it is on the more extreme
15 end. I guess the principal payments go from
16 \$25,000, whereas the municipality has been paying
17 down more than that every year for the last few
18 years. It goes up to something north of \$500,000.
19 It is a pretty dramatic nonconforming maturity
20 schedule.

21 Then on the flip side, I would note
22 that the total payment the municipality makes
23 toward debt service, is the same under this as it
24 is under their BAN payments, if they were to do

25 conforming payments, because the interest rate is a

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1 little bit higher than a BAN. There more interest

2 than principal.

3 Finally, it is designed to conform to

4 what your estimates are for payments in lieu of

5 taxes that will be received on the apartments.

6 So we've approved RABs in the past that

7 have nonconforming maturity schedules that were

8 designed to link the PILOTs to the debt service.

9 This isn't being done as a RAB, which I actually

10 think is a good thing, because it gets a better

11 interest rate than if you were to do a RAB.

12 At the end of the day, even though it
13 is a nonconforming maturity schedule that's long, I
14 think it's probably worthwhile proposal. We think
15 it makes senses at the staff level, provided that
16 there is this check on the remaining sale proceeds
17 that are available.

18 That probably arguably should have been
19 used to write down the old debt to the land. We'll
20 make sure that it remains as a cushion that is
21 either used for that purpose above and beyond the
22 amortization schedule that the Board is provided,
23 or at the discretion of the Division financial
24 staff for other one time capital project type

25 needs.

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1 MS. TRACEY: I would only ask one
2 condition or sub-condition to that. In being that
3 the last page of Part C, Exhibit C in there, does
4 show the anticipated cash flow of revenues from the
5 PILOTS.

6 Even if the apartments do close as we
7 do expect them to in 2014, the Township is only
8 expecting revenue of just under \$50,000 from those
9 PILOTS.

10 While the Township Council has not made
11 any decisions, part of the reason of reserving

12 about half of the money they did get from the

13 redeveloper, that \$800,000 piece that is remaining

14 was to sort of help them bridge in doing the debt

15 service for the next couple of years.

16 So the debt service is expected to be

17 maybe \$250,000. Would that be something that the

18 Division would consider letting them use it?

19 MR. NEFF: We'll review it when it

20 comes to that, but, you know in the interest of

21 candor, I don't see. We're already allowing for a

22 rather very back-loaded debt service with a

23 maturity schedule that's very unusual.

24 We're already allowing for the

25 principal payments that are going toward retiring

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1 this debt to be reduced from what had been in the

2 past.

3 I don't see allowing money that really

4 should have been used to pay down all the debt,

5 being used to just provide budget relief.

6 Our financial staff make those calls

7 usually outside of my purview. They are reasonable

8 people. If that's something that for some reason

9 the municipality really needs next year, we would

10 consider it.

11 But I know something that we would be

12 looking for at the staff level is, we're going to

13 want to make sure it is necessary for the relief.

14 We're not going to want to see things

15 at a municipal level, like people getting pay

16 raises that are unusual or inappropriate, you know,

17 some of the perks that sometimes we see at

18 municipal levels.

19 I'm not saying they are in Mount

20 Holly. We'll take a look. If there are successes

21 in Mount Holly, the answer is going to be no. The

22 budget is tight. There is not a lot of room and

23 there is not a lot of other alternatives. If it is

24 not otherwise grossly inappropriate, then we would

25 afford some discretion. I would rather that

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1 discretion be with our Division financial staff

2 rather than just as a blanket position. So that

3 you can go ahead and do that.

4 MS. TRACEY: Thank.

5 MR. NEFF: Any other questions or

6 comments on this?

7 MR. BLEE: Motion to approve.

8 MR. RODRIGUEZ: Second.

9 MR. NEFF: Take a roll call.

10 MS. MC NAMARA: Mr. Neff?

11 MR. NEFF: Yes.

12 MS. MC NAMARA: Mr. Avery?

13 MR. AVERY: Yes.

14 MS. MC NAMARA: Ms. Rodriguez?

15 MS. RODRIGUEZ: Yes.

16 MS. MC NAMARA: Mr. Blee?

17 MR. BLEE: Yes.

18 MS. MC NAMARA: Mr. Fox?

19 MR. FOX: Yes.

20 MR. NEFF: Thank you.

21 MS. TRACEY: Next up is South Amboy.

22 (Camile Toker, Gary Higgins, being

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

24 (Camile Toker, Business Administrator,

25 City of South Amboy.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. LANZA: John R. Lanza, Law Director,

2 City of South Amboy.

3 MR. HIGGINS: Gary Higgins, auditor,

4 City of South Amboy.

5 The City is here this morning

6 requesting approval of a Refunding Bond Ordinance

7 in the amount of \$785,000.

8 This would be utilized to fund two

9 emergencies that were approved unanimously by the

10 City Council in June of 2013. One emergency in the

11 amount of \$575,000 was necessary for the payment of

12 the City's share of a judgment reached in the

13 Middlesex County Joint Insurance fund.

14 The other piece, roughly a \$171,000, is

15 to fund a second emergency that was required to pay

16 a supplemental insurance assessment also received

17 from the Middlesex County Joint Insurance Fund.

18 The City is requesting a five year pay

19 out, which the cost to an average home would be

20 approximately \$54 in each of the five years.

21 Last year alone or from '12 to '13, the

22 average tax bill in the City for municipal purposes

23 only, went up eleven cents or approximately \$300 to

24 an average home. If the city was required to fund

25 these emergencies in total in 2014, it would equate

STATE SHORTHAND REPORTING SERVICE, INC.

1 to approximately \$250 of an increase in the
2 municipal portion of the tax bill in '14. That is
3 not taking into account any other increases in
4 the '14 budget. So henceforth they are requesting a
5 five year payout to avoid a substantial impact to
6 the municipal tax bill in the 2014.

7 At this time if any anyone has as
8 question, regarding the matters, we'll be more than
9 happy to entertain them.

10 MR. NEFF: Does anybody have any
11 questions on this one?

12 (No response).

13 MR. BLEE: Motion to approve.

14 MR. NEFF: I'll second it. Roll call.

15 MS. MC NAMARA: Mr. Neff?

16 MR. NEFF: Yes.

17 MS. MC NAMARA: Mr. Avery?

18 MR. AVERY: Yes.

19 MS. MC NAMARA: Ms. Rodriguez?

20 MS. RODRIGUEZ: Yes.

21 MS. MC NAMARA: Mr. Blee?

22 MR. BLEE: Yes.

23 MS. MC NAMARA: Mr. Fox?

24 MR. FOX: Yes.

25

MR. HIGGINS: Thank you very much.

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1 MR. NEFF: Next up is Bayonne City.

2 (Jim Fagen, being first duly sworn

3 according to law by the Notary, testifies under

4 oath by the Notary.)

5 MR. FAGEN: Jim Fagen NW Capital, NW

6 Financial.

7 MR. JESSUP: Good morning. Matt Jessup,

8 Mc Manimon, Scotland & Baumann, bond counsel to the

9 City of Bayonne. To my right is Jim Fagen from NW

10 Capital.

11 This is an application by the City of

12 Bayonne as conduit issuer pursuant to Section 29A
13 of the Redevelopment Law, to sell not to exceed \$80
14 million of nonrecourse Royal Caribbean bonds at a
15 negotiated sale.

16 Quick bit of history, back in 2005 and
17 2006 the Bayonne Local Redevelopment Authority who
18 was then the redevelopment entity for the Bayonne
19 Peninsula Harbor, had designated Royal Caribbean as
20 the redeveloper of the Cape Liberty Cruise Port.

21 At that time the BLRA issued \$16.5
22 million of nonrecourse Royal Caribbean bonds, paid
23 solely from passenger revenues and the corporate
24 guarantee credit of Royal Caribbean.

25 Those bonds are not secured in any way

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1 by payments of the City of Bayonne or then the

2 BLRA.

3 Fast forward to 2013, as you all know

4 the BLRA has been dissolved. The City is the

5 successor in interest. Royal Caribbean has come to

6 the City and requested that the City, as conduit

7 issuer, issue not to exceed \$80 million to fund new

8 terminal improvements at the Cruise Port, a new

9 parking garage and some additional marine

10 improvements.

11 These new bonds, just like the 2006

12 bonds, were nonrecourse to the City. Obviously,
13 nonrecourse to the BLRA, which doesn't exist any
14 more, and will be paid solely from passenger
15 charges and from the corporate guarantee of Royal
16 Caribbean.

17 Royal Caribbean has requested that the
18 bonds be issued on a negotiated basis. This is a
19 corporate bond deal, not a public financed bond.
20 Corporate bonds are almost exclusively done on a
21 negotiated basis. To add to the challenge, Royal
22 Caribbean is right now a below investment grade
23 entity. That will make Jim's job a little bit
24 harder.

25 These bonds-- two series of bonds. One

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1 is taxable able and one is tax exempt. Even those

2 tax exempt bonds are still subject to the

3 alternative tax, which is not all that common.

4 So there are a variety of issues why

5 Royal Caribbean is asking that they be allowed to

6 issue these bonds under the Redevelopment Law at a

7 negotiated sale, having selected NW as the

8 Underwriter.

9 NW is also the underwriter of the 2006

10 bonds, so they are familiar with the corporate

11 credit, the existing bondholders and what needs to

12 be done to get to a successful sale.

13 All of the fees in connection with this

14 bond issue are being paid for Royal Caribbean.

15 There is no cost or expense being born by the City.

16 MR. NEFF: Just a couple of questions.

17 I know a portion of this is for, like, construction

18 of ramps, luggage, places for luggage--

19 MR. FAGEN: Parking facilities.

20 MR. NEFF: I get that piece of it.

21 There is some something like a \$16 million

22 reimbursement that is taxable for funds that were

23 already expended?

24 MR. JESSUP: Right.

25

MR. NEFF: What was that \$16 million--

STATE SHORTHAND REPORTING SERVICE, INC.

1 what was that money used for?

2 MR. MC MANIMON: The 2006 bonds

3 originally funded Phase 1 improvements and what at

4 the time Royal Caribbean had said were the Phase 2

5 improvements. In fact, those bonds only covered

6 the Phase I improvements and a portion of the Phase

7 2 improvements.

8 Those improvements were all of the

9 original improvements necessary to turn the former

10 Ocean Terminal into an actual Cruise Port that can

11 accept these Class I vessels.

12 Since Royal Caribbean did not borrow
13 enough plan, they paid for out of their own pocket,
14 they paid for the balance of those Phase 2
15 improvements. And they are now seeking to long
16 term finance their Phase 2 improvements through
17 their own bonds.

18 MR. NEFF: So what were Phase 1 costs,
19 were they all construction costs?

20 MR. JESSUP: Correct.

21 MR. NEFF: So there was nothing that
22 was part of that \$16 million, however much we're
23 talking about here, there is nothing that was part
24 of that, that was, like--to make this up, a \$5

25 million payment to Bayonne as part of the

STATE SHORTHAND REPORTING SERVICE, INC.

1 agreement, note financing, anything like that, that

2 was washing through these?

3 MR. JESSUP: Correct. This was all

4 physical improvements that was done. Back then the

5 Peninsula was not able at all to accept passengers,

6 cruise ships, et cetera. It was all improvements to

7 the facilities and to the docks in order to accept

8 a Class I Royal Caribbean cruise vessel.

9 MR. NEFF: What are the source of

10 payments for this? A little bit more specific, I

11 read the application. It says certain revenues

12 from the facilities will be used to pay the debt

13 service.

14 MR. JESSUP: It is principally berthing

15 tariffs and wharfage fees. Both of which are fees

16 that Royal Caribbean-- anybody who has purchased a

17 ticket on a cruise line, they have paid, within

18 their ticket, both a berthing tariff charge and a

19 wharfage fee charge.

20 Those charges are what are used to pay

21 debt service on the bonds.

22 MR. NEFF: It is no source of revenue

23 that would otherwise remain with the City?

24 MR. JESSUP: That's correct.

25

MR. NEFF: There is no PILOT here.

STATE SHORTHAND REPORTING SERVICE, INC.

1 There is no sort of fee that's being assessed like
2 an off-site development fee by the municipality of
3 some sort, nothing like that, that's part of this
4 transaction?

5 MR. JESSUP: Correct.

6 MR. NEFF: It's basically Royal

7 Caribbean's money?

8 MR. JESSUP: Absolutely.

9 MR. NEFF: Purely a conduit issuance?

10 MR. JESSUP: Correct.

11 MR. NEFF: The people who buy these

12 bonds have no right to ask anybody in Bayonne or

13 any tax paying entity to back these bonds?

14 MR. JESSUP: They can ask, but it is

15 not happening.

16 MR. NEFF: Okay. I'm not going to

17 belabor it. It is really-- to me if it is a

18 private sale-- well, it's between Royal Caribbean

19 and whoever is selling the debt.

20 But I think the per bond fee is \$7.50,

21 which struck me as being on the high side. Is that

22 just related to Royal Caribbean's current credit

23 rating in the difficulty marketing those bonds?

24 MR. FAGEN: It is a combination of

25 those things. To the extent it is a taxable deal

STATE SHORTHAND REPORTING SERVICE, INC.

1 and it is also AMT. They recently did a deal last
2 year for \$650 million on the corporate side. It was
3 a point and a half sales credit for ten years. So
4 we think this is actually a reasonable price for a
5 BA1BB credit.

6 MR. NEFF: But at end of the day that's
7 just a function of negotiation between your firm
8 and Royal Caribbean?

9 MR. FAGEN: That's correct.

10 MR. NEFF: Okay, all right. Any

11 questions on this one? No.

12 MR. RODRIGUEZ: Motion to approve.

13 MR. FOX: Second.

14 MR. NEFF: Roll call.

15 MS. MC NAMARA: Mr. Neff?

16 MR. NEFF: Yes.

17 MS. MC NAMARA: Mr. Avery?

18 MR. AVERY: Yes.

19 MS. MC NAMARA: Ms. Rodriguez?

20 MS. RODRIGUEZ: Yes.

21 MS. MC NAMARA: Mr. Blee?

22 MR. BLEE: Yes.

23 MS. MC NAMARA: Mr. Fox?

24 MR. FOX: Yes.

25

MR. NEFF: Wood-Ridge is deferred.

STATE SHORTHAND REPORTING SERVICE, INC.

1 Asbury Park was originally listed as a non-consent

2 item. But really all we're talking about here is a

3 refunding. It is A little bit less than three

4 percent present value savings, but it still saves

5 the municipality money. It is a flat funded

6 savings for them. It's not like an out of fund

7 savings or anything like that.

8 They have to be here for Qualified Bond

9 Ordinance purposes as well. They are saying they

10 are only doing it's if they get three percent.

11 In reality, other than the Qualified

12 bond Ordinance piece of it, they wouldn't have

13 needed to be here for that. They have adequate

14 coverages.

15 So I would make the motion for Asbury

16 Park's proposal.

17 MS. RODRIGUEZ: So moved.

18 MR. AVERY: Second.

19 MS. RODRIGUEZ: You moved it, I'm

20 sorry. I'll second it.

21 MR. NEFF: Roll call.

22 MS. MC NAMARA: Mr. Neff?

23 MR. NEFF: Yes.

24 MS. MC NAMARA: Mr. Avery?

25

MR. AVERY: Yes.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MS. MC NAMARA: Ms. Rodriguez?

2 MS. RODRIGUEZ: Yes.

3 MS. MC NAMARA: Mr. Blee?

4 MR. BLEE: Yes.

5 MS. MC NAMARA: Mr. Fox?

6 MR. FOX: Recuse.

7 MR. NEFF: Newark City. Springfield

8 Avenue Urban Renewal Company, Proposed

9 Redevelopment Area Bonds, \$6.6 million.

10 MS. TORROCK: Danielle Torrock, City of

11 Newark.

12 MR. RICH: I'm Jeffrey Rich, with
13 Genova, Byrnes, Giantomasi & Webster, representing
14 the redeveloper.

15 MR. FEARON: Jim Fearon, Gluck,
16 Walwrath. We're redevelopment counsel to the City
17 of Newark.

18 Good morning. I'm Jim Fearon from
19 Gluck, Walwrath. We're redevelopment counsel to the
20 City of Newark. Jeff Rich and Danielle Torock
21 already introduced themselves for the record.

22 Jim is from the law firm that
23 represents the redeveloper. Danielle works for the
24 City of Newark in the Economic Development

25 Department.

STATE SHORTHAND REPORTING SERVICE, INC.

1 This application is for approval of a
2 \$6.6million redevelopment area bond issue to be
3 issued by the New Jersey Economic Development
4 Authority to finance a project in the City.

5 For your information, the Economic
6 Development Authority approved this transaction
7 yesterday at its monthly meeting, subject to the
8 Local Finance Board's approval today.

9 The transaction is to finance a
10 proposed residential and anchor commercial project
11 in the City.

12 It is on a 11.6 acre parcel that had
13 been vacant for twenty-five years. This particular
14 tax abatement and the bonds it supported are
15 associated with a portion of that 11.6 acres of 7.9
16 acres, roughly.

17 That portion is going to include a
18 roughly 67,000 square foot anchor supermarket,
19 which is expected to be a Shop-Rite Supermarket,
20 and 150,000 understand of residential space, market
21 rate residential space.

22 This will be the only full service
23 supermarket in the City. The City has been trying
24 to develop this parcel for many, many years. It is

25 currently, until recently at least, has been City

STATE SHORTHAND REPORTING SERVICE, INC.

1 owned. This is the financing vehicle to finally

2 fill the remaining project financing gap.

3 The project overall is a \$90,750,000

4 project. The portion that will be receiving this

5 tax abatement has a project cost of roughly \$72

6 million. The project will generate 240

7 construction jobs, 300 permanent jobs at the

8 supermarket and housing for 324 residents.

9 The duration of the abatement and the

10 bonds issue is twenty years. As we indicated, it

11 will finance up to \$6.6 million worth of bonds.

12 Which when you take out the reserve fund and

13 capitalized interest, and costs of issuance, it

14 will generate \$5.5 million in project costs.

15 We'll be happy to answer any questions

16 that you have.

17 MR. NEFF: I'll just note that our

18 staff who reviewed this, didn't find anything out

19 of the ordinary, only had positive things to say

20 about facilitating a supermarket in Newark and

21 otherwise found it to be a positive project, I

22 guess so did the EDA.

23 MR. FOX: Motion to approve.

24 MR. NEFF: Second it. Roll call.

25

MS. MC NAMARA: Mr. Neff?

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. NEFF: Yes.

2 MS. MC NAMARA: Mr. Avery?

3 MR. AVERY: Yes.

4 MS. MC NAMARA: Ms. Rodriguez?

5 MR. RODRIGUEZ: Recusing.

6 MS. MC NAMARA: Mr. Blee?

7 MR. BLEE: Yes.

8 MS. MC NAMARA: Mr. Fox?

9 MR. FOX: Yes.

10 MR. FEARON: Thank you very much.

11 MR. NEFF: Next up is

12 Merchantville-Pennsauken Water Commission.

13 (Michael Saricini, Richard Spafford,

14 being first duly sworn according to law by the

15 Notary.

16 MR. SARICINI: Michael Saricini, Chief

17 Operating Officer for Merchantville-Pennsauken

18 Water.

19 MR. SPAFFORD: Richard Spafford,

20 Director of Engineering, Merchantville-Pennsauken

21 Water.

22 MR. STIEFEL: Good morning. I'm Jeanne

23 Stiefel, with the law firm of Parker, Mc Cay. We're

24 bond counsel to the Merchantville-Pennsauken Water

25 Commission.

STATE SHORTHAND REPORTING SERVICE, INC.

1 The application before the Board this
2 morning seeks project financing approval for an
3 amount not to exceed \$2,180,000 of municipal
4 guaranteed project notes, Series 2013. The
5 proceeds of which are being used to refinance
6 certain outstanding project notes which temporarily
7 finance the construction of an office building for
8 the Commission.

9 The original project notes were issued
10 in the principal amount of \$3.4 million and have
11 been subsequently renewed each year upon notice to

12 the Board.

13 To date, \$620,000 has been paid against

14 the principal and an additional \$600,00 of

15 principal paydown will be made.

16 We are seek LFB approval for these

17 project notes. This is the fourth year of renewal

18 and the original approval only goes for three

19 years.

20 The project notes are also entitled to

21 the benefits of municipal guarantees from both the

22 Borough of Merchantville and the Township of

23 Pennsauken. It is anticipated that there will be a

24 private placement bank purchase of these notes.

25 If there are any questions we're happy

STATE SHORTHAND REPORTING SERVICE, INC.

1 to answer them?

2 MR. NEFF: I think this probably will

3 have wound up on consent, but there is a law that

4 requires a web site for all authorities, to be in

5 place to disclose basic information. Your web site

6 is still not operating.

7 MR. SARICINI: No, it is in place, Mr.

8 Chairman applies. It just hasn't been fully

9 compliant with the statutes, that we're working on

10 now.

11 MR. NEFF: When is that going-- I think

12 the deadline for being compliant was, like, six

13 months ago or something like that, under the law.

14 So what's the plan for getting it in place?

15 MR. SARICINI: The plan is to complete

16 it ASAP. Once I became aware of it, as I said--and

17 it is not an excuse, but once I became aware of it,

18 it became a priority. There are just a few things

19 that are left to do, to be posted.

20 MR. NEFF: I would make a

21 recommendation that we approve this conditioned on

22 the web site being in compliance before the debt is

23 actually issued.

24 MS. STIEFEL: I would just like to seek

25 some clarification, because we do have this note

STATE SHORTHAND REPORTING SERVICE, INC.

1 maturing. I'm wondering--the maturity date-- the
2 current note that is coming due is maturing early
3 in November.

4 MR. SARICINI: I thought it was the end
5 of October.

6 MS. STIEFEL: I apologize then. I don't
7 know what the-- I'm hearing that it is a
8 conditional approval. I'm wondering how the
9 mechanics of this is going to affect the maturing
10 note.

11 MR. NEFF: So within sixty days, just

12 being in compliance with the law that you are

13 already six months over overdue, is that okay?

14 MR. SARICINI: That's more than fair.

15 MS. STIEFEL: You'll send follow-up

16 correspondence to indicate?

17 MR. SARICINI: Yes.

18 MR. STIEFEL: Thank you, I do

19 appreciate that.

20 MR. NEFF: I'll make that motion.

21 MS. RODRIGUEZ: Second.

22 MR. NEFF: Roll call.

23 MS. MC NAMARA: Mr. Neff?

24 MR. NEFF: Yes.

25

MS. MC NAMARA: Mr. Avery?

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. AVERY: Yes.

2 MS. MC NAMARA: Ms. Rodriguez?

3 MS. RODRIGUEZ: Yes.

4 MS. MC NAMARA: Mr. Blee?

5 MR. BLEE: Yes.

6 MS. MC NAMARA: Mr. Fox?

7 MR. FOX: Yes.

8 MS. STIEFEL: Thank you, appreciate it.

9 MR. NEFF: Next up is Bloomfield

10 Parking Authority.

11 (Karen Hochman, Michael Hanley, being

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

13 MR. MC MANIMON: Good morning. Kevin

14 Mc Manimon from Mc Manimon, Scotland & Baumann,

15 bond counsel to the Bloomfield Parking Authority.

16 In this application the Parking

17 Authority seeks the Board's approval pursuant to

18 40A:5A-24 and positive findings pursuant to

19 40A:5A-6, in connection with the issuance of a

20 project note not to exceed \$3.4 million.

21 The purpose of the notes will be to

22 refund the Parking Authority's \$3.4 million note

23 which it issued in January of 2013.

24 For a more detailed history of the

25 issuance of the Parking Authority's prior project

STATE SHORTHAND REPORTING SERVICE, INC.

- 1 notes, I direct your attention to Exhibit C to the
- 2 Local Finance Board application.
- 3 The Parking Authority-- the project
- 4 note here will be secured by the Parking
- 5 Authority's revenues as well as a guaranty already
- 6 adopted by the Township of Bloomfield after the
- 7 Board issued positive findings for that in 2004.
- 8 The proceeds of the notes over the
- 9 years have been used to finance, among other
- 10 things, a parking garage which the Parking
- 11 Authority recently completed.

12 The parking garage is part of a larger
13 project in Bloomfield which I think many of you
14 have heard about several times by now that will
15 include retail and residential improvements.

16 Those improvements will actually be
17 wrapped around the garage directly across from the
18 train station in Bloomfield.

19 Those improvements are just about to
20 begin, the retail and the residential pieces.

21 At this time the Parking Authority
22 seeks to renew the note until such time as those
23 components of project are completed. Because PILOT
24 revenues from those parts of the project will be

25 pledged by the Township to pay the debt on these

STATE SHORTHAND REPORTING SERVICE, INC.

1 notes.

2 In addition to that, the Parking

3 Authority expects to complete the preparation of

4 remedial action work plan to address environmental

5 contamination on and around the site.

6 So at that point in time it will have

7 finally determined the cost for the garage. And it

8 will issue only as much bonds as are necessary to

9 permanently finance the notes after having used

10 some unspent proceeds presumably to pay down some

11 of the principal on the notes then.

12 At that time as well the revenues
13 associated with the components of the project that
14 have not yet been completed will be on-line. We
15 will be fully utilizing the revenues from the
16 garage itself and will be fully realizing PILOTs
17 from the other components of the project.

18 So at this time the Parking Authority,
19 when they issued the January 2013 note, it made a
20 principal pay down in the amount of \$130,000.

21 We had a discussion with the staff and
22 the Board here. The Parking Authority understands
23 that to the extent that the Board approves this
24 financing it will do so subject to the condition

25 that the Parking Authority agree to make a

STATE SHORTHAND REPORTING SERVICE, INC.

1 principal pay down in 2014, in an amount
2 essentially equal to \$130,000. So the Parking
3 Authority can and will agree to that condition.

4 So at this point we ask you to grant
5 the Parking Authority's application and we're happy
6 to answer any questions you may have.

7 MR. NEFF: I think we would agree with
8 the pay down requirement as you just stipulated it.
9 But also that this be a one year note, not a two
10 year note.

11 MR. MC MANIMON: Understood.

12 MR. NEFF: So it is continuing rolling

13 over, at least annually. Any other questions or

14 comments on this one.

15 MR. BLEE: Motion.

16 MR. FOX: Second.

17 MR. NEFF: Roll call.

18 MS. MC NAMARA: Mr. Neff?

19 MR. NEFF: Yes.

20 MS. MC NAMARA: Mr. Avery?

21 MR. AVERY: Yes.

22 MS. MC NAMARA: Ms. Rodriguez?

23 MS. RODRIGUEZ: Yes.

24 MS. MC NAMARA: Mr. Blee?

25

MR. BLEE: Yes.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MS. MC NAMARA: Mr. Fox?

2 MR. FOX: Yes.

3 MR. MC MANIMON: Thank you very much.

4 Monmouth County Improvement Authority.

5 (Douglas Bacher, being first duly sworn

6 according to law by the Notary).

7 MR. BACHER: Douglas Bacher, with NW

8 Financial, financial advisor to the Improvement

9 Authority.

10 MR. DRAIKIWICZ: John Draikiwicz, from

11 Gibbons, PC, bond counsel to the Improvement

12 Authority.

13 The Monmouth County Improvement

14 Authority proposes to issue notes in an amount not

15 to exceed \$111,074,000. Of which, \$55,537,000 of

16 its notes will be issued to the public and

17 \$55,537,000 of its notes will be issued to the

18 trustee, held by it as security for the notes

19 issued to the public.

20 Each of the notes held by the trustee

21 will be secured by a guarantee from the County of

22 Monmouth. In addition, the notes will be secured

23 by a general obligation pledge of each

24 municipality.

25 The purpose of the transaction is to

STATE SHORTHAND REPORTING SERVICE, INC.

1 provide a pooled project note financing program for
2 municipalities that were impacted by Superstorm
3 Sandy. In this particular program there are
4 sixteen municipalities that are participating bar
5 decision.

6 The purpose would be to fund the
7 municipalities' emergency notes, special emergency
8 notice and capital ordinances that were issued in
9 connection with Superstorm Sandy related projects.

10 Those projects included various capital
11 improvements as well as debris removal, that were

12 issue under those ordinances.

13 Each of the projects is expected to be

14 reimbursed by FEMA by ninety percent for the cost.

15 The amount of each loan to the municipality will be

16 reduced by an amount of FEMA that will be

17 received. Some of which FEMA monies has been

18 received currently and some of which will be

19 received after-- currently through the proposed

20 funding date at the end of November of this year.

21 The primary benefits for municipalities

22 will be better market access, especially for those

23 municipalities impacted by the storm in a very

24 severe way. As well as an interest rate that will

25 benefit from the County of Monmouth's AAA credit

STATE SHORTHAND REPORTING SERVICE, INC.

1 rating.

2 If you have any questions we'll be

3 happy to answer them at this time?

4 MR. NEFF: I just really quickly note

5 that I know almost a year ago I had recommended

6 that the County look into this. Because I know

7 that Hudson County does pooled BANS for their

8 municipalities. It made sense for them in the same

9 way, that they get a better interest rate in Hudson

10 County when they do their pooled BANs. You can get

11 a better rate for the pooled emergency notes that

12 are being refunded this way,, it just makes sense

13 to get a better interest rate for everybody.

14 But we did at the staff level, we had

15 some concerns when we were looking at the sixteen

16 different municipalities who were participating, we

17 would see, for example, some municipalities were

18 being listed for rolling over their entire original

19 note issuance, which they shouldn't be doing.

20 What they should only be rolling over

21 is either eighty percent of what they had issued,

22 because they have a one fifth requirement to pay

23 down those notes. Or if they received the

24 reimbursement already from FEMA, then whatever that

25 reimbursement was, should be charged to reducing

STATE SHORTHAND REPORTING SERVICE, INC.

1 the outstanding note amount. They shouldn't be

2 rolling it over, the amount they issued minus

3 fifteen.

4 I think the motion should be that we

5 approve this, but conditioned on municipalities

6 only rolling notes over in amounts that equal

7 either eighty percent or what they issued minus

8 what they really got from FEMA. Our staff will

9 work with you to make sure that those are actually

10 amounts that are financed.

11 MR. BACHER: We're talking to Tina.

12 We're working through a couple of towns that we're

13 trying to reconcile numbers. But other than that,

14 we're good.

15 MR. DRAIKIWICZ: Just please note that

16 the amounts that I just noted are higher than were

17 set forth in the agenda. It was set forth in the

18 letter that was submitted by the financial advisor

19 in terms of the not to exceed amounts.

20 MR. NEFF: What do you anticipate

21 interest rates to be on this?

22 MR. BACHER: We're hoping to yield

23 somewhere between twenty-five and thirty basis

24 points on the yield, on the note. We had towns

25 last year that were well over one percent when they

STATE SHORTHAND REPORTING SERVICE, INC.

1 did their first note.

2 MR. NEFF: You really think .3 percent?

3 MR. BACHER: On a yield to debt.

4 MR. NEFF: That will be a big help,

5 pending the receipt of FEMA money. Sometimes FEMA

6 can be slow. Any questions on this one?

7 MR. BLEE: Motion to approve.

8 MR. FOX: Second.

9 MR. NEFF: Roll call.

10 MS. MC NAMARA: Mr. Neff?

11 MR. NEFF: Yes.

12 MS. MC NAMARA: Mr. Avery?

13 MR. AVERY: Yes.

14 MS. MC NAMARA: Ms. Rodriguez?

15 MS. RODRIGUEZ: Yes.

16 MS. MC NAMARA: Mr. Blee?

17 MR. BLEE: Yes.

18 MS. MC NAMARA: Mr. Fox?

19 MR. FOX: Yes.

20 MR. DRAIKIWICZ: Thank you.

21 MR. NEFF: Next up is Camden County

22 Improvement Authority.

23 (Jennifer Edwards, Jim Blanda, David Mc

24 Peek, being first duly sworn according to law by

25 the Notary).

STATE SHORTHAND REPORTING SERVICE, INC.

1 MS. EDWARDS: Jennifer Edwards, Acacia

2 Financial Group, financial advisor to the Camden

3 County Improvement Authority.

4 MR. BLANDA: Jim Blanda, Camden County

5 Improvement Authority..

6 MR. MC PEEK: David Mc Peek, Camden

7 County.

8 MS. STIEFEL: Jeanne Stiefel, Parker, Mc

9 Cay, bond counsel to the Camden County Improvement

10 Authority.

11 Good morning. The application before

12 the Board this morning seeks two approvals. First
13 of all a project financing approval pursuant to
14 40A:5A-6, for the issuance by the Authority in an
15 amount not to exceed \$43 million of County
16 guaranteed loan revenue bonds, County Capital
17 Program Series 2013.

18 In addition, we are seeking approval of
19 adoption of a County guarantee ordinance pursuant
20 to 40A:37A-80. The proceeds of the bonds will be
21 used to finance the costs of the County's annual
22 Capital Improvement Program, which consists this
23 year of two tranches.

24 The first is the traditional County Cap

25 program, which consists of approximately, I believe

STATE SHORTHAND REPORTING SERVICE, INC.

- 1 it is approximately \$23.4 million of various
- 2 capital equipment and various infrastructure
- 3 improvements for the County.

- 4 The second piece is the continuation of
- 5 a multi year acquisition and installation of an
- 6 emergency 911 radio tower and communication
- 7 equipment for the county wide emergency system.

- 8 The financing structure that's
- 9 presented in the application contemplates a fifteen
- 10 year amortization, even though the combined average
- 11 useful life of the projects being financed exceed

12 seventeen years.

13 We're happy to answer any questions you

14 might have about the application. Thank you.

15 MR. NEFF: I just have one comment. I

16 didn't find anything out of the ordinary with the

17 application. I think it is fine. But one issue

18 and I've had it before with Camden County is, there

19 is a \$215,000 financing fee for this for the

20 Authority. It's essentially \$200,000 that comes

21 into the Authority to pay for salaries. Like, I

22 don't get it, why we need to keep borrowing to pay

23 operating expenses. I just don't understand it.

24 Especially when the issuance is only

25 for the County itself. It's a County authority and

STATE SHORTHAND REPORTING SERVICE, INC.

- 1 it's borrowing money for the County. Why then do
- 2 we have to put money into the borrowing to make the
- 3 borrowing even larger to pay the operating expenses
- 4 that are employees of the County?

- 5 I'm not going to make an issue of it
- 6 today, in the sense that I'm prepared to vote to
- 7 approve this. But are you going to keep coming in
- 8 every year borrowing money to pay the Authority's
- 9 employees operating expenses?

- 10 MR. BLANDA: If I could? The
- 11 Improvement Authority's role is a little

12 different--and I've worked in Mercer as well, than

13 normal improvement authorities. In that the County

14 through attrition has eliminated its project

15 management staff. We're doing a lot more project

16 management at the Improvement Authority.

17 One of the things that we do and we

18 replaced the County's role, is doing the estimating

19 and the capital budgets going forward. So we're

20 very active in putting together the semblance of

21 the capital plan for the year. Doing a five year

22 plan for the County. Dealing with potential

23 subcontractors to get some estimates on what costs

24 will be, including doing the internal estimates. So

25 it is a little different, I guess than the normal.

STATE SHORTHAND REPORTING SERVICE, INC.

1 But I just want to throw that out there, that
2 through the process the County was able to
3 eliminate a number of individuals that fulfilled
4 this role.

5 MR. NEFF: Yeah, I just--I really don't
6 want to belabor it. But at the end of the day the
7 County taxpayers wind up paying operating expenses
8 of the Authority today, twenty years from now when
9 the bonds will still be being paid off. I just--
10 it is not like-- I don't know. It just seems
11 excessive to me to borrow \$200,000 for operating

12 expenses.

13 My recommendation is that we may want

14 to look at some sort of shared service agreement

15 with the County, where there is an understanding

16 that this is a service that's being provided for

17 the County.

18 If you are going to have these

19 financings every year and every other year, why

20 doesn't the County just pay \$100,000 to the

21 Authority for the service, instead of borrowing an

22 extra amount every year to pay operating expenses?

23 It is just a friendly suggestion. I'm, like, out

24 of gas so I'm not fighting this today.

25 It may be--maybe we'll put you in the

STATE SHORTHAND REPORTING SERVICE, INC.

1 beginning of the meeting next time. It is just a
2 recommendation and the next time that you come
3 before the Board you may need to discuss this
4 more. I keep seeing every year a \$200,000
5 borrowing for operate expenses. It doesn't seem
6 necessary.

7 With that, I'll make a motion to
8 approve the application, that I just browbeated you
9 on.

10 MR. BLEE: Second.

11 MR. NEFF: Roll call.

12 MS. MC NAMARA: Mr. Neff?

13 MR. NEFF: Yes.

14 MS. MC NAMARA: Mr. Avery?

15 MR. AVERY: 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 MS. STIEFEL: Thank you.

23 MR. NEFF: Hudson County Improvement

24 Authority.

25

(Kurt Cherry, Michael Hanley, Richard

STATE SHORTHAND REPORTING SERVICE, INC.

1 Barsa, being first duly sworn according to law by

2 the Notary).

3 MR. MC MANIMON: Thank you. Ed Mc

4 Manimon, from Mc Manimon, Scotland & Baumann. This

5 is essentially a joint application buy the Hudson

6 County Improvement Authority in connection with

7 their continuing pooled loan program for the

8 challenged credits in the County.

9 Also, one of the borrowers from the

10 pool the Weehawken Parking Authority. They have an

11 obligation to file a separate application to get

12 positive findings in connection with any financing
13 they do. So this application is submitted on
14 behalf of the Hudson County Improvement Authority
15 and the Weehawken Authority. Rich Barsa and Matt
16 Jessup are here to discuss any issues you have with
17 regard to the Parking Authority and the continued
18 temporary financing.

19 This program has been described several
20 times before the Board. This is a rollover of a
21 series of obligations that have been in this
22 program, the Township of Weehawkin, the Town of
23 West New York, the City of Jersey City, Union City
24 and the Weehawken Parking Authority.

25

The savings are very substantial for

STATE SHORTHAND REPORTING SERVICE, INC.

- 1 both the Town of Weehawken and the Weehawken
- 2 Parking Authority. They are still not
- 3 insignificant for the other towns. But the
- 4 stand-alone borrowing opportunity for the other
- 5 towns if they didn't go through the program has
- 6 shrunk. But there are still benefits coming into
- 7 the program. So they prefer to stay in this program
- 8 as the source of borrowing.
- 9 I'll have Mike Hanley address any
- 10 issues you have. The application is very
- 11 comprehensive and contains the resolutions of the

12 borrowers as the reason they choose to go to this

13 program rather than opt on their own.

14 It shows a comparison between what we

15 think we believe a projecting stand-alone rate

16 would be if they did it on their own, versus a

17 program that's guaranteed by the County. We

18 believe this is a significant benefit overall, that

19 the County continues to provide to not every

20 community in the County, but those who have

21 otherwise difficulty accessing the market at rates

22 that make sense. I'll be happy to address any

23 questions you have.

24 MR. NEFF: I have a couple of question

25 about the participation of Weehawken and the

STATE SHORTHAND REPORTING SERVICE, INC.

1 Parking Authority. So for Weehawken, not the
2 Parking Authority, part of the rollover is for a \$3
3 million note I think that was first issued in 2009
4 or 2010, for the development of a park. For which
5 almost all \$3 million is supposed to come back to
6 the City. \$2.6 million out of \$3 million is
7 supposed to come back to the City from the DEP,
8 either as a grant, which is roughly \$1.4 million,
9 and some money in the form of a loan from the DEP
10 in about the same amount.
11 So it's been four years. You would

12 think that the grant alone would have come from the

13 DEP for this project. When I asked the Mayor the

14 other day why are we rolling over notes four years

15 later for a project that should been done?

16 He said, well, the project hasn't

17 really even started yet, there are RFPs out on it.

18 To which I asked, well, then why were notes ever

19 issued four years ago on something for they really

20 didn't need the money? Why are you just continuing

21 rolling cash around?

22 I just wanted some level of discussion

23 at this meeting about what is going on there and

24 why? Why should you just keep rolling this note

25 over? If the project is not going to get done for

STATE SHORTHAND REPORTING SERVICE, INC.

1 another four years, let's just pay it off with the

2 notes that are outstanding. Then when you really

3 need the money, come and issue it?

4 MR. BARSA: We just received actually

5 last moment from the Army Corps of Engineers, final

6 approval to able to go ahead with the project. The

7 Town has expended their matching share of \$400,000

8 for the engineering.

9 Now is the time that we are ready to go

10 for the pier project. We're asking for the loan

11 now, only because sometimes it takes a little bit

12 longer to get the grant or the \$1.2 million loan.

13 MR. NEFF: Why would the notes have

14 been issued three years if the project wasn't ready

15 to go?

16 MR. BARSA: We didn't know that it was

17 really going to take that long to get the

18 approvals, honestly.

19 MR. NEFF: Is it waterfront development

20 permits or something from DEP?

21 MR. BARSA: It's DEP waterfront

22 development. It's essentially--the project is a

23 pier that is going to go out to the Hudson River.

24 It took a little bit longer than anticipated.

25

MR. NEFF: But do you have all the

STATE SHORTHAND REPORTING SERVICE, INC.

1 permits for this thing to move forward now?

2 MR. BARSA: I think now we do, yes.

3 Which is the reason why we want to go through with

4 the financing.

5 MR. NEFF: All right. On the Weehawken

6 Parking Authority side, my understanding is that

7 four years ago this Board approved the project

8 financing for the Parking Authority, where a school

9 that was owned by the municipality, that had

10 previously been owned by the School Board-- so now

11 there was essentially a third purchase of the same

12 building by a public entity of Weehawken, the

13 Parking Authority.

14 The project was described to this Board

15 as being a project that would entail the Parking

16 Authority having office space in the building, the

17 Township having, I think Public Works space in the

18 building and the Weehawken School Board using it

19 for their own purposes.

20 When I think many same group of people

21 came before the Board, or similar group came before

22 the Board three years ago-- we have a transcript,

23 there were assurances that Union City leaving the

24 building. Union City had previously occupied the

25 building. Union City was leaving the building in a

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1 matter of months. That, yes, the project would be

2 used for three new tenants.

3 There is now-- four years later the

4 note is still rolling forward. I'm seeing that

5 one-sixtieth of the principal is being reduced on

6 the note. So there is, like, very little pay down

7 on the note.

8 So I asked your Mayor who is

9 making--like, if you are getting payments from

10 these three entities in terms of lease payments,

11 why isn't all of the lease payments going toward

12 paying down this debt?

13 They said, well, actually, Union City

14 is still in the school building. Nothing has

15 changed since this Board was told there would be a

16 different pyridine four years ago.

17 That leads me to wonder, how much is

18 Union City paying for the--or the School Board, how

19 much is the Union City School Board paying for this

20 building and why aren't those lease payments being

21 used to reduce this note?

22 So if we can just get a little bit of

23 discussion on the record as to what happened, why

24 things haven't moved forward? Why is there no pay

25 down on this BAN?

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1 It seems reasonable why
2 one-sixtieth--what is happening with lease payments
3 that are being made by the Union City School Board
4 in furtherance of this project?

5 MR. JESSUP: Director, your
6 recollection of the last three or four years is
7 pretty much spot on. This building was being used
8 for about ten years by Union City as a school.
9 They needed the school, the Township did not. So
10 Union City has been occupying the school.

11 They came to the Township and they said

12 we don't need it any more. As you described, the

13 Township, the Board of Ed and the Parking

14 Authority, had a plan for a shared services use of

15 the same facility.

16 We came before you. We put together a

17 financing where the Parking Authority would acquire

18 it. So that the long term debt would be paid for

19 by all three entities who are actually getting

20 beneficial use of the facilities.

21 Union City came back to the Township

22 and said no, no, we still need the building. The

23 building that we were building is not going to be

24 done. Now I understand they are actually

25 refurbishing a closed school versus building a new

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1 school. They have had issues in getting the new

2 school facility where children will ultimately go,

3 up and running.

4 So the Township has been accommodating

5 Union City, reluctant to evict the children. And

6 has been waiting to take-over the building and use

7 in the original shared service manner that we

8 presented to the Board and they all want to use

9 that for.

10 The approximately, between the \$250,000

11 pay down and the approximately \$200,000 in

12 interest, those payments are being made from the
13 lease payment that is being made by Union City to
14 the Township.

15 MR. NEFF: What is the annual lease
16 payment that Union City is required under whatever
17 agreements exist? What's their required payment to
18 Weehawken.

19 MR. BARSА: It is \$950,000.

20 MR. NEFF: \$950,000 each year?

21 MR. BARSА: Yes.

22 MR. NEFF: So for the last three years
23 there have been \$950,000 payments that were
24 supposed to be made, which would then total almost

25 \$3 million. Yet, the pay down on the principal on

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1 this note has been \$500,000 over the last--

2 MR. JESSUP: Half a million each of the

3 last two years, \$250,000 last year and \$250,000,

4 plus interest.

5 MR. NEFF: When Weehawken sold this

6 property three years ago, for whatever the price

7 was, presumably that money just went into their

8 budget, was used and now is gone. Or is it still

9 sitting around somewhere?

10 MR. HANLEY: It's been expended.

11 MR. NEFF: Okay. So I look at this as

12 being not exactly the most healthy type of scenario

13 up in Hudson County, where buildings get sold from

14 one public agency to another public agency, to

15 another public agency and it gets washed into the

16 budget. It disappears and things don't get paid

17 down.

18 I'm just telling you from my own

19 personal--and I understand you've got to roll this

20 BAN that's coming up. But next year there has got

21 to be a pay down on this debt. This just can't

22 continue to go on where the lease payment is being

23 made by Union City and there is no pay down of the

24 principal of this BAN. It is just like a Ponzi

25 scheme. You've got to pay this down at some point.

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1 Again, after much blow-gating, unless
2 anyone else has any comments on this one, I'm
3 prepared to vote for it, because you've got to roll
4 your BAN forward. But just an advance warning,
5 next year when the County Improvement Authority
6 comes before this Board for this proposal, it's not
7 happening again unless there is a significant pay
8 down of this debt.

9 MR. BARSA: What we're hoping is that
10 Union City, they should be moving out in two years.
11 Then the three agencies can use the school finally

12 and this wouldn't go for long term financing.

13 That's essentially what we're hoping. We're can't

14 kick the kids out of the school like Matt said.

15 MR. NEFF: I'm not-- look, things

16 happen, things change. My main point is we've got

17 a transaction here where there are three times the

18 same building has been purchased by the same

19 taxpayers and money just keeps getting washed into

20 the budget. It all facilitated to borrowings

21 instead of the pay down. I just want to see the pay

22 down, that's all. If there are no other questions--

23 MR. MC MANIMON: Can I just ask for the

24 record, there are two different sets of findings

25 being made. One with regard to the Improvement

STATE SHORTHAND REPORTING SERVICE, INC.

1 Authority's pooled program. The other with regard
2 to the Weehawken Parking Authority, which has a
3 separate but jointly submitted application.

4 Just for the record, there are two
5 separate actions taken in case there are findings
6 or recommendations you are making with regard to
7 one or the other.

8 MR. NEFF: We're just going to make the
9 approval of the application today without any other
10 findings. Now we've all got one year's notice as to
11 how to handle this for the next time. I'll just

12 ask for approval. I'll move it. Does anybody want

13 to second it?

14 MR. 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: Mr. Avery?

19 MR. AVERY: 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: Recusing myself.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. NEFF: All right.

2 MR. MC MANIMON: Thank you very much.

3 MR. NEFF: Passaic County Utilities

4 Authority.

5 (Michael Hanley, being first duly sworn

6 according to law by the Notary).

7 MR. MC MANIMON: Ed Mc Manimon, from Mc

8 Manimon, Scotland & Baumann, bond counsel for the

9 Authority. With me is Mike Hanley, who is the

10 underwriter in connection with the proposal to

11 issue \$9 million in refunding bonds on a taxable

12 basis to refund \$7,850,000 of taxable Solid Waste

13 Disposal Revenue Bonds that were issued in 2004.

14 Although it's an authority and not a

15 municipality, it meets the same criteria that this

16 Board has established for three percent present

17 value savings. There is \$450,000 projected

18 interest-- debt service savings, spread over each

19 of the remaining years relatively evenly.

20 This is an authority that was the

21 designated solid waste entity for the County. They

22 essentially don't exist any more. They have no

23 staff. It is run by the County, but there are a

24 number of reasons why the Authority exists. They

25 don't have engineers. They don't have an executive

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1 director. But they have stranded debt.

2 They are paying for that debt in the

3 way that has developed over the years, from the

4 County. We just want to take advantage of the

5 market and save some debt service if we can.

6 There is some litigation that's against

7 the Authority. They don't have any assets. So

8 it's certainly preferable for the Authority to

9 continue to be the entity that exists rather than

10 the County, in case there are any claims against

11 the assets for litigation. I'm happy to answer any

12 questions.

13 MR. NEFF: I think we're ordinarily

14 this would have been consent. But the Authority

15 hasn't-- we don't have any budgets for the last

16 couple of years from the Authority they don't.

17 They have don't have a staff, but clearly there are

18 expenses. So we didn't put it on consent for that

19 reason. So if you could relay the message back to

20 somebody. I don't know who that somebody will be.

21 MR. MC MANIMON: It's the County. It

22 would have to go to the County Administrator and

23 say you are looking for them, regardless of the

24 fact that it's a limited budget.

25

MR. NEFF: It is obviously going to be

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1 a very simple budget. Some things being paid to an
2 auditor, some things being paid to whoever. But
3 they need to give us a budget, comply with the
4 budget, if you can get that word back to them?

5 MR. MC MANIMON: Okay, will do.

6 MR. NEFF: But otherwise it is a pretty

7 simple matter. Any questions on this one?

8 MR. BLEE: Motion.

9 MR. NEFF: I'll second it. Roll call.

10 MS. MC NAMARA: Mr. Neff?

11 MR. NEFF: Yes.

12 MS. MC NAMARA: Mr. Avery?

13 MR. AVERY: Yes.

14 MS. MC NAMARA: Ms. Rodriguez?

15 MS. RODRIGUEZ: Yes.

16 MS. MC NAMARA: Mr. Blee?

17 MR. BLEE: Yes.

18 MS. MC NAMARA: Mr. Fox?

19 MR. FOX: Yes.

20 MR. MC MANIMON: Thank you very much.

21 MR. NEFF: The last matter is

22 Spotswood. It is an appeal of the Director's

23 decision. So I have to step down. We're going to

24 take a five minute break before we get to this.

25 Then I think Mr. Fox is going to chair this section

STATE SHORTHAND REPORTING SERVICE, INC.

1 of the meeting.

2 (Recess takes place).

3 (Whereupon, Mr. Neff removes himself

4 from the Chair).

5 MR. FOX: All right. We're now on the

6 last item on the agenda, an appeal of the

7 Director's decision in the Borough of Spotswood.

8 Chris, you want to--

9 MR. VAZ: Sure. For the record,

10 Christopher Vaz, Assistant Director, Division of

11 Local Government Services.

12 Just by way of a very brief procedural
13 background, the application that was originally
14 made to the Director was a complaint filed by the
15 Borough of Spotswood, called in some of the moving
16 papers as a tenure charge complaint, seeking
17 removal of their joint CFO/tax collector, Barbara
18 Petren.

19 Accompanying the complaint was a
20 request for interim relief seeking immediate
21 suspension without pay of Barbara Petren.

22 The moving papers were contested by the
23 employee's attorney. At some point probably I want
24 to say late August, the Director issued an order

25 denying the relief. That was appealed. Then a

STATE SHORTHAND REPORTING SERVICE, INC.

1 secondary motion seeking reconsideration was also

2 denied by Tom.

3 MR. COHEN: Jonathan Cohen--

4 MR. FOX: Can I have people introduce

5 themselves.

6 MR. COHEN: My name is Jonathan F.

7 Cohen, from Apruzzese, Mc Dermott, Mastro & Murphy.

8 We represent the petitioner, appellant, Borough of

9 Spotswood.

10 CAPTAIN ZARRO: Captain Michael Zarro,

11 Spotswood Police Department.

12 MR. CORRIGAN: Good afternoon. David F.

13 Corrigan, from the Corrigan Law Firm, for the

14 Respondent, Barbara Petren.

15 MR. FOX: I'm sorry. You can proceed.

16 MR. COHEN: I apologize. I was simply

17 interceding to clarify a statement that had been

18 made by Mr. Vas. I believe that the first decision

19 that was made by Director Neff with regard to the

20 application by the Borough, was dated August the

21 7th. Then there was a motion for reconsideration,

22 which is also on appeal. The decision had been

23 entered on that on September 10th.

24 So both of those issues, I believe are

25 on appeal before the Board today. But I apologize

STATE SHORTHAND REPORTING SERVICE, INC.

1 for that clarification.

2 MR. VAS: Essentially there are two

3 separate orders that Director Neff issued that are

4 the subject of today's appeal.

5 MR. NEFF: I'll just give a thirty

6 second overview. As has come before this Board in

7 the past, I haven't hesitated to allow a

8 municipality to terminate a licensed employee, a

9 CFO, tax collector, or somebody, if there was a

10 certain level of proof that was provided to our

11 office that an officer had violated their

12 responsibilities in their licensed capacity.

13 But in this particular case, the

14 materials that were provided to us that alleged

15 certain wrongdoings by Ms. Petren, were just

16 simply-- didn't rise to the level of proof that's

17 required to allow for somebody to be terminated

18 without pay.

19 Frankly, the material that was

20 providing to us was lacking in many respects. All

21 of which is set forth in the written documents that

22 you have with respect to the earlier findings that

23 I made.

24 They were done after careful

25 consideration and deliberation with attorneys from

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1 the Attorney General's Office who handled
2 employment matters and with Mr. Vaz, who is
3 formerly in a former life, a labor attorney with
4 labor experience and management experience at the
5 municipal level.

6 We took the matter seriously and I read
7 every document that's come through. I just can't
8 find in favor of what the municipality has been
9 proposing, and nothing has changed in that regard.

10 If you want to respond, all yours?

11 MR. COHEN: Thank you. First of all with

12 respect to what Director Neff has just said, I

13 think it brings to play a key item that what we

14 really have before the Local Finance Board right

15 now are very limited issues of appeal.

16 Specifically, if you look at the papers that were

17 submitted by the Borough of Spotswood, you'll see

18 that in both of the two appeal motions, neither one

19 of them contested Director Neff's decision to say

20 that Barbara Petren's termination, as he put it,

21 and/or suspension without pay pending the ultimate

22 resolution of the matter which was transmitted to

23 the Office of Administrative Law and is currently

24 before, I believe Judge Candido at this point.

25 Neither one of our applications seek to

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1 have that finding altered. Really what the Borough
2 presents is that the Local Finance Board should
3 consider, under the appropriate standard for
4 interim relief which is set forth by New Jersey
5 Administrative Code, Rule 1:1-12.6(a), which is
6 ultimately really the same standard that's familiar
7 to us in Crow Versus Di Gioia, 90 NJ, 126, a 1982
8 New Jersey Supreme Court case. Which sets forth
9 the four appropriate factors which should be
10 considered by any body or considered by the
11 Director.

12 We're really asking the Local Finance
13 Board in its appellate jurisdiction, to look at it
14 in a somewhat different light than the Director. As
15 was correctly stated by Mr. Vaz, in our initial
16 application we were seeking to have Barbara Petren
17 as the CFO and a tax collector, suspended without
18 pay pending this entire resolution of the
19 underlying charges.

20 At this point we're only contesting why
21 she should be-- now that she's been suspended with
22 pay and that portion of it has been put in effect,
23 why she should not be reinstated, okay, to the
24 positions of tax collector and CFO and be put back

25 in those positions right now.

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1 That's the application that we have
2 before the Local Finance Board. On appeal is not
3 the decision whether she should lose pay. That's
4 very important. Because what we have to then look
5 at are the Crow Versus Di Gioia factors. Why is
6 the Borough--and really, Crow Versus Di Gioia, I
7 would submit and you can interpret it differently,
8 really requires a balancing of the harms and who
9 has the equitable balancing of the harms here.
10 When you've got allegations that a CFO, tax
11 collector, contravened the Local Government

12 Supervision Act and, in essence we have numerous

13 charges against here.

14 But it boils down to the fact that we

15 have allegations that have been substantiated and

16 have been investigated by members of our sworn

17 police department. Who say that, in fact, Barbara

18 Petren became aware of information that members of

19 the-- that residents in the community, in the

20 Borough of Spotswood, were over billed.

21 Basically the way that it works and you

22 guys are probably more familiar with this than I

23 am. In the third quarter of 2012 there were

24 certain meter readings based on what the water

25 readings were for people who had lived in and had

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1 residences in the Borough of Spotswood.

2 Then for the fourth quarter when the

3 Borough of Spotswood does its sewer bills, they get

4 them back. They take a look and they say, wait a

5 section, how come we've got lower meter readings in

6 the fourth quarter than we did in the third

7 quarter, when the meters only go in one direction.

8 They go up. You can't go backwards on meter

9 readings.

10 So in essence, Barbara Petren who is

11 the CFO and the tax collector, gets this

12 information. The question is what does she do with

13 it? That's going to ultimately be determined at

14 the Office of Administrative Law. But there is

15 compelling evidence that what she did with it was

16 not something that if you are a resident of

17 Spotswood you would be comfortable with, in having

18 somebody acting as your tax collector and your CFO.

19 Instead of going to your residents and

20 say, whoa, we made a mistake. There is no way you

21 used 112,000 gallons in the third quarter-- excuse

22 me, you had 112,000 gallons of water on your meter

23 in the third quarter, you had 108,000 in the fourth

24 quarter. You went backwards 4,000 gallons, so

25 we're going to charge you X amount of dollars. That

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1 she did the wrong thing and didn't close that.

2 Whether or not we can ultimately prove

3 that is a separate question. However, the question

4 before the Local Finance Board is weighing the Crow

5 Versus Di Gioia factors; irreparable harm,

6 likelihood of success on the merits, whether or not

7 there is a settled legal issue.

8 And the balancing of the harms, whether

9 it is right and equitable to say to the Borough of

10 Spotswood, in I think what would be an

11 unprecedented decision in any sector of labor law,

12 with all due respect, to say you've got to take

13 this person back.

14 Notwithstanding the fact that you are

15 paying her. Notwithstanding the fact that she is

16 receiving health benefits, you've actually got to

17 put her in and let her be the CFO and let her be

18 the tax collector, when there are serious issues

19 that are still yet to be resolved, whether she

20 blatantly disregarded the amounts of money that

21 members and residents, the taxpayers of the Borough

22 are to pay the Borough relative to their sewer

23 readings and water meter readings.

24 So with respect to the issue of

25 irreparable harm, if you go over the papers and you

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- 1 look initially when the suspension was without pay,
- 2 Mr. Corrigan on behalf of his client submitted
- 3 papers saying well, we have to look at the health
- 4 benefits, the situation for Ms. Petren. She's got
- 5 health issues. She can't really survive without
- 6 getting her pay. Those are no longer on the board
- 7 at this point. Because she's getting her pay.
- 8 That's not before the Local Finance Board. She's
- 9 getting all her health benefits. That's not before
- 10 the Local Finance Board.
- 11 There were no arguments about

12 reputational harm. There were no arguments that she

13 needed to be there to be the CFO, to be the tax

14 collector.

15 Without making light of the situation,

16 if you wanted to pay me to continue to continue to

17 do my job--pay me the same salary and I don't have

18 to show up for work, I'd never argue reputational

19 harm, I'd never argue that I need to be doing my

20 job. I'll be happy to stay home and collect my

21 check while you figure out what's going to happen.

22 MR. FOX: Mr. Corrigan.

23 MR. CORRIGAN: Thank you. Listening to

24 Mr. Cohen I was thinking we must be in Russia.

25 Then I thought again, recognizing that Russia would

STATE SHORTHAND REPORTING SERVICE, INC.

1 never allow this. This is outrageous what Mr.

2 Cohen has just said.

3 Let me start preliminarily.

4 Preliminarily, nothing of what Mr. Cohen has said

5 should be considered by this Board. Under the

6 administrative regulation, this Board is only

7 permitted to consider what was argued below.

8 What was argued below was that Ms.

9 Petren should be suspended without pay. Now they

10 have changed their tune, arguing for the first time

11 before this Board, that she should be suspended

12 with pay.

13 Under the Rules, the citation that I

14 cited in my small letter brief, NJAC 5:30, 1.3B,

15 you only have authority to consider what was raised

16 below.

17 Even if you were to consider it, there

18 is a rather cynical argument raised here.

19 Suggesting that a public employee, as long as they

20 are getting paid, any justice to them has been

21 satisfied. But that's too cynical. Ms. Petren is a

22 tenured employee. I cited the cases. There is the

23 City of Asbury Park case, in which the Appellate

24 Division has already ruled that you can't strip an

25 employee of all their duties and responsibilities

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1 and keep them with pay. It violates the statute.

2 A tenured employee is entitled to

3 perform their duties. Beyond that, in terms of the

4 public interest, the public interest would benefit

5 by permitting a professional employee to remain on

6 the job.

7 But most importantly, I want to respond

8 to the assertion that there is compelling evidence

9 against Ms. Petren, she over billed residents, she

10 did this, she did that, she lied.

11 The fact of the matter is, there is not

12 one shred of evidence, of anyone with any personal

13 knowledge, supporting these naked outrageous

14 assertions.

15 Under those circumstances, they haven't

16 met their burden of establishing irreparable harm.

17 In fact, I don't necessarily have to go through

18 every factor. But one of the factors is the

19 likelihood of success on the merits. They have no

20 likelihood of success on the merits.

21 They haven't submitted one shred of

22 anyone to support that. No certifications that

23 residents were overcharged, no certifications by

24 anyone with personal knowledge that Ms. Petren

25 acted in any way inappropriately.

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1 This is a charade. In fact, this is a
2 Borough which, number one, has acted lawlessly. We
3 know they acted lawlessly. One of the things Mr.
4 Vaz didn't mention, was back on May 31st, prior to
5 the Director even becoming involved, they simply
6 suspended Mrs. Petren without pay. That was in
7 violation.
8 They continue to be in violation of the
9 law. Then when they get a directive, an order from
10 the Director, they don't comply with it.
11 Ms. Petren is still sitting home.

12 Because they haven't complied with repeated orders,

13 we are now before the Superior Court seeking an

14 enforcement of the order. I'll be happy to answer

15 any of your questions.

16 MR. FOX: So the really the issue comes

17 down to, Tom, you believe that there was no

18 emergent evidence that this was something that

19 there was reason enough for removal. Is that

20 correct?

21 MR. NEFF: It was not even close to

22 being the sort of evidence that necessary to in any

23 way discipline a tenured employee.

24 MR. FOX: That is involved now in the

25 Court system; right?

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1 MR. CORRIGAN: Let me just tell you
2 where we are with respect to the various
3 proceedings. The matter was transferred by the
4 Director to the Office of Administrative Law. We
5 have hearings scheduled, two dates in October, two
6 dates in November. We, pursuant to the rules, we
7 have sought discovery, both in terms of a request
8 to produce documents and in terms of answers to
9 interrogatories to help us prepare. The Borough
10 has submitted nothing in response. Therefore, we
11 have filed a motion to dismiss the case because

12 they refused to make discovery.

13 Number two, we have filed a motion for

14 summary decision, because there are no facts in

15 dispute. We are entitled to a judgment as a matter

16 of law.

17 The Borough's response is due. Their

18 response is, we are not going to respond because

19 there is a, quote, "criminal investigation", end

20 quote.

21 Three, we have the motion for

22 enforcement of the Court's order--of the Director's

23 order that's returnable on October 16th.

24 In terms of this criminal

25 investigation, perhaps what is most relevant, they

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- 1 talk about we submitted all of this stuff to the
- 2 Middlesex county Prosecutor's Office, we're afraid
- 3 that if Ms. Petren is on the job she's going to do
- 4 who knows what, but she's going to do something.
- 5 Perhaps what's most telling is who's
- 6 not here, the Middlesex County Prosecutor's office
- 7 is not here. I'm not saying if they were it would
- 8 change the result. If they would have said she has
- 9 to stay off the job, this is dangerous, she may
- 10 tamper with the evidence, but they are not here.
- 11 They have nothing.

12 Therefore, we have another Superior
13 Court action because this is wrong.. But for the
14 purposes of today they haven't established the
15 emergent relief. We submit you should affirm the
16 director's order, ordering her to go back to work.

17 MR. FOX: This is clearly not a
18 courtroom. This is really coming down to a
19 question which I think we should take up now. As
20 to whether we should support the Director's
21 decision based on the facts presented before him
22 that she not be removed at this present time. I'll
23 take a motion on that.

24 MR. RODRIGUEZ: So move.

25

MR. BLEE: Section.

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1 MR. FOX: Roll call.

2 MS. MC NAMARA: Mr. Avery?

3 MR. AVERY: Yes.

4 MS. MC NAMARA: Ms. Rodriguez?

5 MS. RODRIGUEZ: Yes.

6 MS. MC NAMARA: Mr. Blee?

7 MR. BLEE: Yes.

8 MS. MC NAMARA: Mr. Fox?

9 MR. FOX: Yes. Thank you.

10 MR. CORRIGAN: Acting Chair, do you

11 have an order now or will you send it to us? I ask

12 because we have a proceeding that's Wednesday.

13 Will I get it before next Wednesday?

14 MR. MC NAMARA: We don't have it now.

15 MR. FOX: But you will get it.

16 MR. CORRIGAN: Thank you. Can you give

17 me some approximation? I'm in Court next

18 Wednesday. I just want to know if I'm going to

19 have it, maybe?

20 MS. MC NAMARA: Sure.

21 MR. COHEN: Just for clarification, that

22 was a unanimous order affirming the Director's

23 decision?

24 MR. FOX: That is correct.

25

MR. COHEN: I heard the word "remove"

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1 and I was a little bit confused.

2 MS. RODRIGUEZ: I said "so move".

3 MR. COHEN: That was my confusion,

4 sorry.

5 MS. MC NAMARA: All the members

6 participating.

7 MR. COHEN: All the members

8 participating, four members, right, got you.

9 MR. FOX: We have affirmed, supported

10 the Director's-- upheld the Director's decision.

11 MS. MC NAMARA: We need a motion to

12 adjourn.

13 MR. BLEE: Motion.

14 MS. RODRIGUEZ: Second.

15 MS. MC NAMARA: All in favor?

16 (Upon an affirmative unanimous

17 response, the matter concludes at 12:40 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: November 15, 2013

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