

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

3

4 REGULAR MEETING AGENDA, *

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5 *

6

7 Conference Room No. 129
101 South Broad Street
8 Trenton, New Jersey
Wednesday, November 13, 2013

9 TIME: 10:55 p.m.

10

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

TED LIGHT-MEMBER

12 IDIDA RODRIGUEZ-MEMBER

ALAN AVERY-MEMBER

13

14 ALSO PRESENT:

PATRICIA PARKIN MC NAMARA-EXECUTIVE SECRETARY

15 EMMA SALAY-DEPUTY EXECUTIVE SECRETARY

16 APPEARANCES:

17

18 JOHN J. HOFFMAN, ESQ.

ACTING ATTORNEY GENERAL

19 BY: DONALD PALUMBI, ESQ.

Deputy Attorney General

20 For the Board

21

22

23 STATE SHORTHAND REPORTING SERVICE, INC.

P.O. Box 227

24 Allenhurst, New Jersey 07711

732-531-9500

STATE SHORTHAND REPORTING SERVICE, INC.

1 (Transcript of proceedings November

2 13th, 2013 commencing at 10:30 am).

3 MR. NEFF: We are going to continue the

4 public portion of the meeting. The first item of

5 business, we're going to adopt meeting dates and

6 application due dates as set forth in the handout,

7 which is available in the corner table, for 2014.

8 It will be a part of the record as well.

9 Essentially it generally follows the

10 same meeting day, second Wednesday of every month,

11 meeting with the exception of January and July the

12 third Wednesday. Then applications are due three
13 weeks before the meeting dates, with the exception
14 of the two meetings in which they are due four
15 weeks before. Do we have a motion.

16 MR. LIGHT: So moved.

17 MR. NEFF: I'll second it.

18 MR. NEFF: Roll call.

19 MS. MC NAMARA: Mr. Neff?

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. Light?

25

MR. LIGHT: Yes.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. NEFF: Let me just take this out of
2 time, too. Is there there anybody from the public
3 who is going to be testifying on any applications
4 today?

5 (No response).

6 The first item up are four consent
7 items, Environmental Infrastructure Trust items.
8 There is a \$3.7 million Environmental
9 Infrastructure Trust Loan program project financing
10 for Berkeley Township Utilities Authority.

11 We have a \$4.5 million Raritan Township

12 Municipal Utilities Authority Infrastructure Trust

13 Loan Program and Project Financing; a \$7,907,000

14 repossessed Infrastructure Trust Loan program for

15 Phillipsburg Town, proposed nonconforming maturity

16 schedule and repossessed waiver of down payment,

17 consistent with the EIT program parameters;

18 Hamilton Township MUA, from Atlantic County, \$3.9

19 million proposed Infrastructure Trust Loan program

20 and proposed project financing. Do we have a

21 motion on those.

22 MR. AVERY: So moved.

23 MS. RODRIGUEZ: Second.

24 MR. NEFF: Can we have a 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 MS. RODRIGUEZ: Yes.

6 MS. MC NAMARA: Mr. Light?

7 MR. LIGHT: Yes.

8 MR. NEFF: Next up we have three items

9 on consent. Two are purely authority refunding,

10 which meet the savings requirement for refunding,

11 present savings of at least three percent. The

12 third item is concerning a mixture of refunding
13 that meets the standards of conduit financing for
14 monies financing for a municipality that would not
15 otherwise need to come before the Board for this
16 financing if taken on its own.

17 There is an \$18,015,000 proposed
18 Project Financing and project guarantee for the
19 Burlington County Bridge Commission. There is also
20 a county guarantee that goes with it that is
21 related to the Wrightstown Municipal Utilities
22 Authority, \$1.3 million Proposed Project Financing.

23 The second item for that consent
24 portion of the agenda is a \$59 million Essex County

25 Improvement Authority Refunding bond and a county

STATE SHORTHAND REPORTING SERVICE, INC.

1 guarantee, and a Bergen County Improvement

2 Authority, \$13,500,000 refunding and associated

3 guarantee.

4 Take a motion on that.

5 MS. RODRIGUEZ: So moved.

6 MR. LIGHT: Second.

7 MR. NEFF: Second by Mr. Light. Take a

8 roll call.

9 MS. MC NAMARA: Mr. Neff?

10 MR. NEFF: Yes.

11 MS. MC NAMARA: Mr. Avery?

12 MR. AVERY: Yes.

13 MS. MC NAMARA: Ms. Rodriguez?

14 MS. RODRIGUEZ: Yes.

15 MS. MC NAMARA: Mr. Light?

16 MR. LIGHT: Yes.

17 MR. NEFF: The next case we have six

18 additional items of consent. One is a waiver of a

19 down payment for \$3.609 million, Atlantic City

20 Sandy related repairs, consistent with past

21 approvals for down payments for Sandy issues.

22 We have four items on consent for Fire

23 District financings. One for is Dennis Township

24 Fire District Number 2. It is \$490,000 proposed

25 project financing. There is a \$400,000 proposed

STATE SHORTHAND REPORTING SERVICE, INC.

1 project financing for Buena Vista Township Fire

2 District Number 2. We also have \$750,000 for

3 Woodbridge Township Fire District Number 8,

4 Proposed Project Financing.

5 We also have East Brunswick Township

6 Fire District Number 1, \$750,000 Proposed Project

7 Financing. That is done through the municipality

8 so there is also a waiver of down payment. For

9 East Brunswick Township Fire District Number 1,

10 which will be issuing on their behalf, so a waiver

11 of down payment goes with that.

12 Finally we have tax appeal matter which
13 is on consent that met the three requirements for
14 consent where they have not been in previously.
15 They have transferred a reval or reassessment of
16 their funding over a three year period. That's
17 East Rutherford Borough, for \$940,000. Take a
18 motion on those six items of consent.

19 MR. LIGH: Move they be approved.

20 MS. RODRIGUEZ: Second.

21 MR. NEFF: Take a 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. Light?

4 MR. LIGHT: Yes.

5 MR. NEFF: Next case up on the agenda

6 is Downe Township, Fire District Number 1. They

7 were not listed as consent, but they are not here

8 today. Initially they were not listed as consent

9 because they had failed to have their web site

10 complying with the statutory law which requires

11 certain disclosures. But over the last several

12 days they actually managed to get the web site up

13 and otherwise comply. The staff in the Division

14 reviewed their application and there are no issues.

15 They have a competitive interest rate

16 for their project financing, they met all the

17 appropriate bidding and collection criteria.

18 So with respect to Down Township Fire

19 District Number 1, they are not here to explain or

20 answer questions, but we can take a motion on that,

21 which otherwise would have been on consent.

22 MR. AVERY: So moved.

23 MR. LIGHT: Second.

24 MR. NEFF: Take a 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 MS. RODRIGUEZ: Yes.

6 MS. MC NAMARA: Mr. Light?

7 MR. LIGHT: Yes.

8 MR. NEFF: Okay. Neptune Township Fire

9 District Number 2.

10 (Richard Cuttrell, Robert Mc Ewan,

11 being first duly sworn according to law by the

12 Notary).

13 MR. CUTTRELL: Richard Cuttrell,

14 Financial Officer.

15 MR. MC EWAN: Robert Mc Ewan, Financial

16 Officer.

17 MR. HUNDLEY: Robert Hundley, Board

18 attorney. Good morning.

19 MR. NEFF: As I said, one of the issues

20 with your application is also a web site compliance

21 issue. Steps are being taken to bring yourself into

22 compliance. If you can just briefly address that.

23 MR. HUNDLEY: I submitted a remediation

24 action plan yesterday. We now have all the

25 financials, the audits for the three last years,

STATE SHORTHAND REPORTING SERVICE, INC.

1 the contact information and the business statement

2 responsibilities. By November 27th we will have

3 the minutes of the last three years of the Board of

4 Fire Commission meetings and the rules and

5 regulations.

6 MR. NEFF: I don't think there are any

7 other staff issues related on the report. But I

8 did wants to ask if you had discussions with the

9 neighboring municipality, Asbury Park. As far as

10 Asbury Park is under state transitional aid and

11 we're always looking for ways for them to do things

12 more efficiently and otherwise trying to get their

13 budgets in-line.

14 They tell me when I speak to them that

15 they had talked to surrounding communities about

16 potentially entering into agreements to provide

17 fire services. I've never heard from the

18 surrounding communities about what those

19 negotiations entail. I always hear one side of the

20 story.

21 I was just wondering for the record if

22 you can tell us what meetings have you had with

23 them, what sort of discussions were there to share

24 services or provide mutual fire response?

25

MR. MC EWAN: We do mutual aid.

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1 MR. HUNDLEY: There is a mutual aid
2 plan that's established with Asbury Park as far as
3 the responding community mutual aid plan. In terms
4 of discussions beyond that for services, there have
5 not been any discussions about fire fighting being
6 allied. They may have some with Neptune Fire
7 District Number 1, but not ours.

8 MR. NEFF: Okay we'll leave more
9 discussions about that. I'll go back and see what.
10 They tell me one thing that doesn't appear to be
11 entirely accurate.

12 MR. MC EWAN: Mr. Chairman, just so you
13 understand, Ocean Grove had been almost a separate
14 municipality and we're now Neptune Fire District
15 Number 2, although we're much older than Neptune
16 Fire District Number 1. But we were second in line
17 for those roles. So they may very well have been
18 talking to Neptune Fire District Number 1.

19 But I know we've had two very large
20 fires in Ocean Grove in the last four years and
21 Asbury Park has given us mutual aid. We also give
22 them mutual aid.

23 MR. NEFF: Okay, all right. Any other
24 questions on this application?

25

MR. MC EWAN: This is a replacement of

STATE SHORTHAND REPORTING SERVICE, INC.

1 a forty year old pumper. We think it is

2 appropriate.

3 MR. LIGHT: What do you do with the old

4 one, sell it.

5 MR. MC EWAN: Usually what we've been

6 doing is donating them. We get a lot of rural fire

7 departments. I think our last one went down to

8 Kentucky. One of problems you have with a-- you

9 know, in a small district like ours, we don't put

10 much mileage on. But trying to get replacement

11 parts and also for rating for fire insurance, they

12 do not rate an apparatus that's over thirty years

13 old. It does not count for the purposes of fire

14 insurance rating.

15 So actually I think the last time we

16 bought a piece of equipment we found out that what

17 the residents of the district would save in

18 insurance in one year outweighed the cost of the

19 apparatus.

20 MR. NEFF: I'm not advocating not being

21 a good neighbor. I'm just curious what would a

22 truck like that cost if you were just to scrap it?

23 MR. MC EWAN: Usually because of its

24 age, really not that much, because you have such

25 difficulty getting replacement parts.

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1 MR. NEFF: All right.

2 MR. LIGHT: I'll move the application.

3 MS. RODRIGUEZ: I'll second it.

4 MR. NEFF: Roll call.

5 MS. MC NAMARA: Mr. Neff?

6 MR. NEFF: Yes.

7 MS. MC NAMARA: Mr. Avery?

8 MR. AVERY: Yes.

9 MS. MC NAMARA: Ms. Rodriguez?

10 MS. RODRIGUEZ: Yes.

11 MS. MC NAMARA: Mr. Light?

12 MR. LIGHT: Yes.

13 MR. NEFF: Thank you.

14 MR. HUNDLEY: Thank you very much.

15 Have a good day everyone.

16 MR. NEFF: Saddle Brook Township. We

17 had initially listed them on non consent, but their

18 application is such where they have a reval that

19 was done in 2009, recently had a reassessment.

20 Their proposal is to just have enough years on the

21 refunding for their taxes appeals. So it would

22 bring the average impact, average assessment, to

23 fifty dollars, which is the Board's parameters for

24 being reasonable.

25 It is all for the prior year's tax

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1 appeals. They haven't been before the Board
2 previously. Ordinarily it's something that would
3 have been on consent, but it is just my mistake.
4 It is a seven year maturity, but that's the level
5 of years that's needed to bring them down to the
6 fifty dollar average impact, average assessment.
7 So that's why they are not on here. Ordinarily
8 they would have been on consent.

9 MR. AVERY: So moved.

10 MR. NEFF: I'll second it. Take a roll

11 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. Light?

19 MR. LIGHT: Yes.

20 MR. NEFF: Okay. Toms River.

21 (Chris Manoli, Paul Shives, being first

22 duly sworn according to law by the Notary)

23 MR. MANOLI: Chris Manoli, M-a-n-o-l-i,

24 CFO.

25

MR. SHIVES: Paul Shives, S-h-i-v-e-s,

STATE SHORTHAND REPORTING SERVICE, INC.

1 business administrator.

2 MR. FEARON: Jim Fearon, F-e-a-r-o-n,

3 Gluck, Walrath, bond counsel to the Township.

4 Good morning. This is an application

5 for \$1,345,000 tax appeal refunding notes. We're

6 seeking an amortization over a three year period.

7 Roughly half of the amount relates to current year

8 County Tax Board judgments. These were only issued

9 within the past month, on October 17th.

10 The story behind that is that the

11 Township had been engaged in a reassessment when

12 Sandy hit and there was delay in the completion of
13 the reassessment, which didn't happen until the end
14 of April of this year.

15 Accordingly, the deadlines for the
16 filing of appeals was shifted back into, I think
17 late June. That led to the delay in the Tax Court
18 rendering its judgments this year for the Township.

19 The balance, roughly a quarter, is prior year Tax
20 Court judgments, the final quarter is prior and
21 current year stipulations. All but two of those
22 stipulations came after September 18th. Again,
23 they were too late to be included in this year's
24 tax bill.

25

In sizing this issue, we went with a

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1 hundred percent of everything except for those two

2 stipulations that came in July. We went with

3 seventy-five percent on that, of those two. Again,

4 we're asking for a three year period.

5 The differential in the tax hit is, it

6 reduces the \$100 of assessed valuation from \$28.15

7 down to \$9.38.

8 Finally, we are asking that the Board

9 relax its requirement for approvals of all new

10 hires. This is a request we also made last year.

11 It is because of the situation that it is a coastal

12 community with significant amounts of seasonal

13 hiring that they undertake.

14 I'm going to answer any questions that

15 you may have.

16 MR. NEFF: This is the second year we

17 haven't heard your tax appeal.

18 MR. FEARON: Yes.

19 MR. NEFF: I'm very well familiar with

20 Toms River's situation. I've had many

21 discussions. I'm not terribly comfortable with the

22 current year tax appeals being done without the

23 town abiding by the same condition that every other

24 town abides by. I usually don't make exceptions.

25 We did last year because it was so close to the

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1 storm, but it was a year ago and there has been a
2 lot of assistance from the State CDBG Grant with
3 assistance facilitating aid, disaster loans. There
4 will be another round of those things where there
5 will be grants in 2014.

6 I'm comfortable with giving approvals
7 today in light of everything else that happened,
8 but I don't want to make an exception for the rule
9 that the LGS approves hires going forward. So you
10 want us to approve this still conditioned that
11 hires-- if you so chose not to refund a portion

12 that's current year tax appeals you would have to

13 then seek approvals for new hires so to speak, for

14 the town.

15 MR. FEARON: We don't have any

16 objection, Mr. Director, to that.

17 MR. NEFF: It is just for the 2014

18 budget.

19 MR. SHIVES: In light of the

20 communication we seem to have in any case, we'll be

21 happy to.

22 MR. NEFF: I do note, just for the

23 record, that if there was no refunding the tax

24 appeals could have an impact on the average

25 assessed home of \$28, but refunding it over three

STATE SHORTHAND REPORTING SERVICE, INC.

1 years it is \$9.38. Which is far lower than the
2 Board usually approves. But in light of everything
3 else from Toms River, I don't have a problem with
4 granting this. Does anyone else have any questions.

5 MR. LIGHT: Quick question. There are
6 approximately sixty pending appeals. Is that
7 because of the storm?

8 MR. SHIVES: Yes.

9 MR. LIGHT: Most of them are over in
10 the Ocean Beach area, I would guess?

11 MR. SHIVES: Yes. Just to clear up, we

12 also have another reassessment that's just been
13 approved and in the works. So we're hopeful to try
14 to get this finally-- call it the final bottom of
15 this. But the reassessment was just approved by the
16 State, the State Division of Taxation. Our
17 assessors are able to do that in-house. We're
18 trying to cut down the appeals as much as possible.

19 MR. NEFF: All right.

20 MR. AVERY: I move approval.

21 MS. RODRIGUEZ: Second.

22 MR. NEFF: Take a 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. Light?

5 MR. LIGHT: Yes.

6 FEARON: Thank you.

7 MR. SHIVES: Thank you very much.

8 MR. NEFF: Wayne Township, Tax Appeals.

9 (Heather Reeves, R-e-e-v-e-s, Rob Mc

10 Millan, Gary Higgins, being first duly sworn

11 according to law by the Notary).

12 MS. REEVES: Heather Reeves,

13 R-e-e-v-e-s.

14 MR. MC MILLAN: Rob Mc Millan, M-c

15 M-i-l-l-a-n.

16 MR. HIGGINS: Gary Higgins, auditor for

17 the Township, on behalf of the Township of Wayne.

18 We're here this morning seeking

19 approval of a \$4,450,000 tax appeal refunding to

20 refund settled tax appeals for various commercial

21 properties throughout the Township.

22 The Township has been able over the

23 past decade to fund appeals that have been

24 presented to them and settled through either the

25 operating budget, the reserve for tax appeals or

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1 surplus. In 2013 they budgeted \$990,000 for tax

2 appeals. That was fully utilized by early spring.

3 So they went ahead did an emergency

4 appropriation to deal with the settled appeals

5 between that date and today. At this point we're

6 seeking a four year approval of the payout, which

7 is roughly \$52.00, well within the parameters set

8 by the Board.

9 If the application was denied it would

10 result in \$191 increase to an average home, which

11 is \$229,000, if it was to have to be budgeted in

12 the 2014 budget.

13 Does anyone have any questions??

14 MR. NEFF: Just two quick points. One,

15 you have about \$140,000 of the request for pending

16 appeals that haven't been adjudicated yet. So we

17 would have to reduce the amount for that?

18 MR. HIGGINS: Right. It is about a

19 dollar. We've already adjusted that down. It would

20 still be about \$51.00 versus \$52.00. But we will

21 cancel that amount once we settle up all the other

22 ones.

23 MR. NEFF: So the approval is for

24 \$4,310,000?

25 MR. HIGGINS: We'll cancel the balance,

STATE SHORTHAND REPORTING SERVICE, INC.

1 that's correct.

2 MR. NEFF: According to my records the

3 last time there was a valid lien was 1992?

4 MR. HIGGINS: Right, that's correct.

5 Like most of the communities in Passaic County,

6 they are not ordered by the County to do a reval.

7 One thing to note over the past five to six years,

8 the equalized valuation percentage has gone from

9 forty-five up to almost fifty-five percent. So it

10 was only a twenty percent increase over the past

11 five years. Which indicates, obviously, values are

12 coming back closer to true value.

13 In addition to that, we're modifying

14 our redevelopment plan for the Township to try to

15 attract new ratables. But at this point in time it

16 is approximately fifty-five percent of equalized

17 value.

18 MR. NEFF: There is no plan for

19 reassessment or a reval any time soon even though

20 it's been twenty-one years?

21 MR. HIGGINS: Right. There is nothing

22 currently stipulated by the governing body. They

23 are well aware of it. Like I said, there is a trend

24 that the equalized has been coming down, but they

25 haven't addressed a revaluation.

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1 MR. NEFF: So it is just clear, I'm not
2 so sure we're going to be charitable going through
3 this every year, if the town is not going to do a
4 reassessment, do a reval or otherwise, to have the
5 properties in-line.

6 Just get back to your council that they
7 can start planning for paying for the tax appeals
8 on an ongoing basis. So do either a reassessment
9 or a reval at some point. They just can't go for
10 ever.

11 Anybody have any comments or

12 questions?

13 MR. LIGHT: I have a question.

14 According to this there is still 165 pending

15 appeals. Are they mostly residential, commercial.

16 MR. HIGGINS: I believe most of the

17 residential for this year have been settled. They

18 do have various large appeals that are still

19 pending. The biggest one being Willowbrook Mall of

20 \$156 million value. That goes back multiple years.

21 In the application there is the top

22 five listed and they total about a quarter of a

23 billion dollars, just those five, in assessed

24 values. The ultimate outcome, obviously, is we

25 don't know at this point in time. But there is a

STATE SHORTHAND REPORTING SERVICE, INC.

1 probability that they cannot handle it in the 2014

2 budget, with the normal approximate one million

3 dollar appropriation that's been put in for

4 appeals. That they might have to seek out

5 alternatives in '14 again if the large ones come to

6 fruition in settlement.

7 MR. LIGHT: You are not out of the well

8 yet.

9 MR. HIGGINS: Absolutely not.

10 MR. NEFF: No plans for a reval or

11 reassessment?

12 MR. HIGGINS: We will bring that back
13 to the governing body at the meeting when they
14 adopt the ordinance, I believe on December 9th.

15 MR. NEFF: Four year maturity to bring
16 them--

17 MS. RODRIQUES: I'll move the
18 application.

19 MR. LIGHT: Second.

20 MR. NEFF: Ted seconded it. Roll call.

21 MS. MC NAMARA: Mr. Neff?

22 MR. NEFF: Yes.

23 MS. MC NAMARA: Mr. Avery?

24 MR. AVERY: Yes.

25

MS. MC NAMARA: Ms. Rodriguez?

STATE SHORTHAND REPORTING SERVICE, INC.

1 MS. RODRIGUEZ: Yes.

2 MS. MC NAMARA: Mr. Light?

3 MR. LIGHT: Yes.

4 MR. HIGGINS: Thank you.

5 MR. NEFF: South Hackensack is

6 deferred. Next case up is Brigantine.

7 (Margaret Gorman, Jennifer Blumenthal,

8 David Thompson, Michale Cesaro, being first duly

9 sworn according to law by the Notary)

10 MS. GORMAN: Margaret Gorman.

11 MS. BLUMENTHAL: Jennifer Blumenthal,

12 CFO.

13 MR. FLEISCHMAN: Good morning, Mr.

14 Chairman, members of the Board. Joel Fleischman

15 appearing this morning on behalf of the City of

16 Brigantine. This morning we're appearing before

17 you to request approval to issue \$1,465,000 of tax

18 appeal peal refunding notes, specifically under the

19 normal Local Finance Board option number two. The

20 goal being to absorb substantial revenue losses

21 that resulted from the settlement of about 1,300

22 tax appeals in Brigantine in 2013. With tax credits

23 being given in the forth quarter creating this

24 substantial revenue loss.

25

Basically, the background to this

STATE SHORTHAND REPORTING SERVICE, INC.

1 situation is that the City experienced a
2 considerable number of tax appeals in 2012 with a
3 prior reval having been done in 2006. So the City
4 commenced a revaluation program in 2012. The early
5 part of '12, approximately the spring, it started.

6 In October the hurricane hit. The
7 hurricane hit pretty hard the City of Brigantine.
8 Out of about 8,500 homes in the City or 8,700
9 homes, 2,500, roughly, experienced damage and about
10 200 experienced substantial damage, compromising
11 any kind of reassessment, reval program that was

12 underway.

13 The program is back up and running. It

14 is anticipated to be completed either by the end of

15 this year or by the early part of 2014. So that

16 the new tax assessment will be on the books for

17 2014, hopefully eliminating this problem happening

18 again.

19 According to Michael Cesaro, if this

20 application would have been denied it would

21 probably represent about a five and a half cent

22 impact on the tax rate in the City, just for this

23 alone. So we're seeking a five year repayment.

24 We were before the Board last year with

25 the same type of financing. But, unfortunately,

STATE SHORTHAND REPORTING SERVICE, INC.

1 again, with the hurricane and the damage that
2 resulted, we could not get this reval done this
3 year.

4 MR. NEFF: On the questionnaire that we
5 received there is, I think, approximately \$10,000
6 paid for Council members, plus health benefits. Is
7 that right, what's the compensation?

8 MS. BLUMENTHAL: It ranges between
9 \$5,000 and a little over \$10,000. That's
10 annually. They can have health benefits, but they
11 have to pay for the health benefits. I believe we

12 have one council person at this time that does

13 that.

14 MR. NEFF: You say they have to pay for

15 the health benefits. What does that mean?

16 MR. FLEISCHMAN: They pay a hundred

17 percent of the premium.

18 MR. NEFF: They pay a hundred percent of

19 the premium?

20 MR. FLEISCHMAN: That's with the

21 application. When I read the application it was

22 confusing. It does say for premiums, they can pay

23 it, but the fact is it is a hundred percent.

24 MR. NEFF: They pay a hundred percent of

25 the premiums? MS. BLUMENTHAL: They do. In the

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1 past years they did not. They paid a portion and

2 that was changed.

3 MR. NEFF: What was the percentage of

4 your ratable base that was lost because of Sandy,

5 reductions because of Sandy?

6 MS. BLUMENTHAL: I don't know because

7 of Sandy. I know with the tax appeals it w as

8 about \$4.3 million. Sandy it was hard to determine

9 because being a shore community, the bulk of our

10 assessed values actually were the land rather than

11 the structure. The structures that were damaged,

12 without the real estate sales market it's hard to

13 tell at this point.

14 MR. NEFF: It wasn't a trick question.

15 I looked at your assessor's data and I think it was

16 something like .48 percent was the reduction.

17 MS. BLUMENTHAL: I can't say.

18 MR. NEFF: Okay. I think I personally

19 would make a motion to approve, but with a four

20 year maturity, which is more than is traditionally

21 used to bring the average assessed-- the average

22 impact in an assessed home to \$50.00 from \$55.00.

23 It is not a major change. I don't see dramatically

24 mitigating factors. It is a standard that we

25 usually do without causing a hardship.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MS. BLUMENTHAL: To do the four years?

2 MR. FLEISCHMAN: Four years would be

3 acceptable.

4 MR. LIGHT: The difference is

5 approximately eight dollars.

6 MR. FLEISCHMAN: I'm sorry?

7 MR. LIGHT: I said the difference is

8 approximately eight dollars.

9 MR. FLEISCHMAN: I know with four

10 years-- I think we have it projected about \$44.00

11 on the average assessed home. That would be fine.

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

13 approve with the four year maturity.

14 MS. RODRIGUEZ: Second.

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. Light?

23 MR. LIGHT: Yes.

24 MR. NEFF: These are for current year

25 tax appeals?

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. FLEISCHMAN: Yes, they were.

2 MR. NEFF: The condition with current

3 year tax appeals, new hires would need the approval

4 of the Division.

5 MR. FLEISCHMAN: Correct. The

6 resolution will be adopted by the Council at the

7 next meeting this month and I'll submit that.

8 MR. NEFF: Okay. The contact for the

9 town will be Don Shuber from our office.

10 MS. BLUMENTHAL: Actually, we worked

11 very closely with him.

12 MR. NEFF: Last year?

13 MS. BLUMENTHAL: Yes.

14 MR. NEFF: Galloway Township. I can

15 kick it off for you, if you want. It probably will

16 make this less painful.

17 MR. FLEISCHMAN: Joel Fleischman,

18 again.

19 (David Thompson, Leon Costello, Arch

20 Liston, Marilyn Dolcy, being first duly sworn

21 according to law by the Notary).

22 MR. THOMPSON: David Thompson.

23 MR. COSTELLO: Leon Costello,

24 C-o-s-t-e-l-l-o.

25

MR. LISTON: Arch Liston, L-i-s-t-o-n.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MS. DOLCY: Marilyn Dolcy, D-o-l-c-y.

2 MR. NEFF: I was going to say to kick

3 it off for you, I looked at your questionnaire. It

4 wasn't the typical questionnaire that we get. There

5 were a lot of--what, nine layoffs. Your police

6 have gone from something close to eighty, to the

7 mid forties. Public Works has gone from, like,

8 fifteen to nine over a period of years.

9 Right off the bat it is one of those

10 situations where clearly you are doing what you can

11 to avoid the things like this. It is not going to

12 take a lot of convincing.

13 MR. FLEISCHMAN: That's because I don't

14 have the Hurricane Sandy card.

15 MR. NEFF: Do you want to proceed?

16 MR. FLEISCHMAN: Do you want me to

17 introduce-- to my right Marilyn Dolcy, CFO, Arch

18 Liston, the Township Manager, Leon Costello,

19 distinguished auditor, Dave Thompson, Pheonix

20 Advisors, financial advisor.

21 Essentially, we're seeking \$2,145,000

22 tax appeal refunding notes. Again, under the

23 option two, Local Finance Board option number two,

24 to absorb the taxes credits, again, for cases that

25 were settled in 2013.

STATE SHORTHAND REPORTING SERVICE, INC.

1 This is a similar situation to
2 Brigantine in the sense that the reval is underway
3 now but it is not completed. The last reval was in
4 2009. So in 2012 we had approximately, I think
5 1,500-- over 1,500 settled tax appeals that year,
6 for which we got financing last year here.

7 We had another-- with 3,000 tax appeals
8 settled this year, as you see in the next
9 application we had a bunch of settled matters for
10 which we had to pay cash refunds.

11 In essence, we've got \$2,799,000 in tax

12 appeal credits being given. It is still estimated,

13 I think, 300 roughly. We think there might be 300

14 appeals that are pending or going to Tax Court. We

15 know about 130 are already going. We anticipate

16 about another 170 based on notices that we got.

17 Obviously it is a serious financial

18 burden on the Township. They have done what they

19 can do as shown on the supplemental questionnaire.

20 I think we asked for three years on the repayment

21 if this should be approved.

22 MR. NEFF: On the current year tax

23 appeals. You said you have an application for the

24 current year tax appeals-- I'm sorry, the prior

25 year tax appeals.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. FLEISCHMAN: That's the next
2 application. I'd just like to mention that you
3 don't have a this in your package, because I just
4 have Mr. Thompson run this last night. We were
5 seeking on that one and I'm jumping a little bit,
6 but on the cash settlement portion, we're seeking a
7 two year because of holding the minimum impact to
8 \$50.00 on the averaged assessed home.

9 If you abrogate together three years
10 for the \$2.145 million, what I had was a new
11 schedule done with three years on the \$1.580

12 million, which is the next application.

13 The \$1.580 million would produce \$34.58

14 on the average assessed home. This produces-- I

15 have the number handy, but I think it was about

16 \$50.000. So together for these two it is about

17 \$85.00 to \$86.00.

18 I'd like to see if we can do--when we

19 get to that three years on both, if you will, is

20 what I'm leading to.

21 MR. NEFF: That's fine.

22 MR. LIGHT: Motion to approve.

23 MR. LISTON: The reval, they are

24 scheduled to meet today, too.

25

MR. NEFF: Three years for both.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. FLEISCHMAN: Yes, sir.

2 MR. NEFF: You need approval for the
3 hires in the current years. Ted has made a motion
4 for that.

5 MR. AVERY: Second.

6 MR. NEFF: Take a roll call.

7 MS. MC NAMARA: Mr. Neff?

8 MR. NEFF: Yes.

9 MS. MC NAMARA: Mr. Avery?

10 MR. AVERY:.

11 MS. MC NAMARA: Ms. Rodriguez?

12 MS. RODRIGUEZ: Yes.

13 MS. MC NAMARA: Mr. Light?

14 MR. LIGHT: Yes.

15 MR. NEFF: Thank you.

16 MR. FLEISCHMAN: For a point of

17 information, was that for both matters?

18 MR. NEFF: That was for both. Next

19 up-- we're deferring Ocean Township. We're

20 deferring Carlstadt. So we're up to Allentown--we

21 are actually right on time.

22 (Michael Cesaro, June Madden, being

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

24 MR. CESARO: Michael Cesaro,

25 C-e-s-a-r-o, Borough auditor.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MS. MADDEN: June Madden, CFO.

2 MR. DRIGGERS: Donald S. Driggers,

3 D-r-i-g-g-e-r-s, attorney for the Borough of

4 Allentown.

5 Thank you, Mr. Chairman. The Borough of

6 Allentown got caught with a judgment on a summary

7 motion from Judge Lawson that we were a little

8 surprised with. We have now passed a bonding

9 ordinance to pay \$97,000 on the judgment.

10 We're asking this Board if they will

11 approve a three year pay back. We're a small

12 municipality. To try to pay this back in one year

13 it is going to be very difficult. I got a big red

14 flag that came from the person who got the

15 judgment. It looked like they were going to try to

16 execute on this judgment immediately.

17 I advised the Borough that they needed

18 to pay this before you are missing a police car or

19 something out of your bank account here. That's

20 why the application is being made. We are asking

21 that we get the relief to payback over a three year

22 period of time. So that the burden is not as

23 substantial as it would be if we had to pay it

24 immediately.

25

Mike Cesaro, who is our Borough

STATE SHORTHAND REPORTING SERVICE, INC.

1 auditor, June Madden is our CFO, if there is any

2 other information that you need.

3 MR. NEFF: I have a funny feeling

4 everybody on this Board everybody on this Board

5 probably knows more about this than I do.

6 So as I was reading the application,

7 essentially Allentown was providing garbage pickup

8 to residents in town but not apparently to

9 apartment complexes?

10 MR. DRIGGERS: That's correct.

11 MR. NEFF: Then something happened that

12 made the town have to either, I guess, provide the

13 garbage pickup service or pay them for it?

14 MR. DRIGGERS: We were in negotiations

15 with the town. This is a small apartment complex

16 with the potential to change some zoning, the

17 potential to pay them directly. They kept making

18 proposals, but the municipality, we couldn't do

19 that.

20 Ultimately-- we were having a difficult

21 time getting information from them as to exactly

22 when they were doing. As an example, we collect

23 garbage once a week in Allentown while they were

24 collecting it twice a week. The statute is pretty

25 clear that you get what everybody else gets, but

STATE SHORTHAND REPORTING SERVICE, INC.

1 you don't get extra.

2 Well, when Judge Lawson figured out a

3 way to do that on summary judgment. I was a little

4 surprised he entered this judgment, especially on

5 summary judgment. But we're not going to go to an

6 appellate situation and expend that kind of money

7 to do that.

8 We now have contracts in place. We are

9 providing the service for picking up the garbage

10 that occurred in 2012. But when they start with

11 litigation we were finally able to get the

12 information as to exactly what they were doing out

13 there.

14 One of the critical factual issues was

15 that they were collecting the garbage twice a week

16 and we were collecting it once a week. Frankly, I

17 think that Judge Lawson made a mistake, but that's

18 not relevant.

19 MR. NEFF: I'm curious. The Court case

20 rested on a bill or a law that was passed in 2001?

21 MR. DRIGGERS: Right.

22 MR. NEFF: I think that was enacted

23 after the state mandated, the state aid

24 constitutional amendment. Did the municipality

25 review whether a sense to file a state mandate,

STATE SHORTHAND REPORTING SERVICE, INC.

- 1 state aid claim, with the State Mandate's Council
- 2 as well as the Superior Court or no? Because the
- 3 State Mandates Council has the ability to say if
- 4 your costs are attributable to the law that passed
- 5 in 2001, that was really the only reason why you
- 6 have to pay this amount, if the State Mandates
- 7 Council says it is a state mandate, state pay
- 8 issue, either A, the stated will have to pay it or
- 9 B, the State Mandates Council could nullify the
- 10 law. That's the issue. I was just curious if you
- 11 had brought up it before the State Mandates Council

12 or that was something--

13 MR. DRIGGERS: I would say no, I don't

14 know that. And I think I would know about it.

15 Mike, I don't know if you would know. I would tell

16 you, Mr. Chairman, I'm sure we did not. Frankly, I

17 didn't think they were going to sue us on this. I

18 was very surprised.

19 We were having pretty amicable

20 negotiations with them. When we realized, you're

21 servicing these people twice a week, the residents

22 of Allentown are only serviced once a week, the

23 ability to negotiate fell apart at that point.

24 Unfortunately, one of the principals of

25 the law firm was also a principal in this Town

STATE SHORTHAND REPORTING SERVICE, INC.

1 Muse. As I say, the judgment, when they got the
2 judgment they immediately docketed that judgment.
3 That gives my a red flag, as soon as I saw that I
4 said be careful, they are going to try to execute
5 on this judgment and levy a bank account.
6 I advised the Borough here to do
7 something here to try to pay this. Before we--we
8 laughed about. It is not funny, though. I said
9 before we're missing a police car or two that's
10 something that somebody might try to execute on.
11 MR. NEFF: I just throw it out there

12 for your consideration. But you might want to have

13 somebody to take a look at whether it is worth

14 filing statement or claim with that council. They

15 are not filed that often. They are filed maybe

16 once a year, once every two years.

17 MR. DRIGGERS: We certainly would

18 take-- I certainly will advise the Borough

19 Council. We will look at that.

20 MR. NEFF: That may very will be

21 something that will benefit them.

22 MR. DRIGGERS: Anything that we can do

23 with a small municipality and a two percent cap.

24 MR. NEFF: For all we know this is

25 going on somewhere else out there. That may be

STATE SHORTHAND REPORTING SERVICE, INC.

1 worth looking into.

2 I don't have any other questions or

3 comments. Anybody else have any issues?

4 MR. LIGHT: I'll move the application.

5 MS. RODRIGUEZ: Second.

6 MR. NEFF: Take a roll call.

7 MS. MC NAMARA: Mr. Neff?

8 MR. NEFF: Yes.

9 MS. MC NAMARA: Mr. Avery?

10 MR. AVERY: Yes.

11 MS. MC NAMARA: Ms. Rodriguez?

12 MS. RODRIGUEZ: Yes.

13 MS. MC NAMARA: Mr. Light?

14 MR. LIGHT: Yes.

15 MR. DRIGGERS: Thank you very much.

16 Thank you for that information, too, Mr. Chairman.

17 MR. NEFF: Weehawken is deferred. Next

18 up is North Bergen.

19 (Neil Grossman, Robert Pitfield, Chris

20 Pianese, being first duly sworn according to law by

21 the Notary).

22 MR. GROSSMAN: Neil Grossman,

23 G-r-o-s-s-m-a-n.

24 MR. PITFIELD: Robert Pitfield, CFO.

25

MR. PIANESE: Chris Pianese,

STATE SHORTHAND REPORTING SERVICE, INC.

1 P-i-a-n-e-s-e, town administrator.

2 MR. LANGHARDT: Good morning. The

3 Township has come before you for approval-- Chris

4 Langhardt, Mc Manimon, Scotland & Baumann, Bond

5 Counsel to the Township.

6 The Township has come before you for

7 approval for the adoption of a refunding bond

8 ordinance for the payment of settled tax appeals.

9 We are requesting a period of three years.

10 You may recall we came before you in

11 April for the same approval. We received approval

12 for the settlement-- for the payments of settled

13 tax appeals of approximately \$1.1 million.

14 We received approval to pay that over

15 two years. At that time we stated that we

16 anticipated coming back before you before the end

17 of the year, as we thought we'd have about another

18 \$2 million of tax appeals to pay.

19 That's pretty much where we are right

20 now. We've been mindful of the focus that you put

21 on the revaluation for some of the prior

22 applicants.

23 Most of these settled tax appeals come

24 from commercial properties. It is one part of the

25 Township. But I'll let Chris Pianese, the business

STATE SHORTHAND REPORTING SERVICE, INC.

1 administrator, address that if you so desire.

2 MR. PIANESE: In terms of the reval, we

3 definitely have had that discussion internally that

4 we are considering. We have upwards of 13,000 line

5 items that. The volume of total appeals filed is

6 clearly down. Again, they are commercially based.

7 And the cost of the reval, quite honestly, it is

8 what's stopping us at this point, looking at it at

9 a cost estimate of upwards of \$800,000 potentially.

10 Our ratio is up significantly. We

11 bottomed out 2009 at about forty-two percent of

12 true and value it is up to about fifty-five at this

13 point. Again, I think with this application we seem

14 to have weathered the storm. We're looking at

15 maybe \$500,000 to a million in appeals over the

16 next year. Hopefully that will be the end of this

17 bad period that we've experienced.

18 MR. MC MANIMON: Ed Mc Manimon. Let me

19 point out one other thing. In April, when they

20 presented the application to you, they had about

21 \$1,100,000 of tax appeals that had been in a prior

22 emergency appropriation. They funded that in their

23 budget. They didn't borrow the money for that. So

24 it isn't like they haven't been paying in the

25 current budget for a large amount of tax appeals.

STATE SHORTHAND REPORTING SERVICE, INC.

1 They went with a two period with the tax appeals
2 that are in questioned, because we were coming back
3 for more.

4 I think the expectation at that time
5 was that we were going to put this tax appeal
6 amount on top of that and extend it out. They are
7 not even asking for that. They are going to do it
8 in a three year period from this point, as opposed
9 to a three year period from the end of the prior
10 two year one.

11 They have done everything they can to

12 try to be aggressive and conservative, for lack of

13 a better term, so that they can present these all

14 the way that I think you wanted them to do when

15 they were here in April.

16 MR. NEFF: So when you were here in

17 April, I think one of the issues that had come up

18 was, there were a number of vehicles that were

19 assigned. You gave us a letter to separate

20 vehicles. How did the town do go about doing that?

21 MR. PIANESE: We actually, in the

22 last-- in July of this past year we reduced a fleet

23 of what we can refer to as take-home vehicles, in

24 half in half, from twenty-five when we came before

25 this Board to approximately twelve or thirteen that

STATE SHORTHAND REPORTING SERVICE, INC.

1 are now being taken home.

2 We just went back and based on your

3 valuation situation, we brought it back to the

4 Board. We sent them a letter. We had a number of

5 meetings and decided to take away those vehicles.

6 MR. NEFF: There was also an issue

7 raised about that there were raises being given out

8 to nonunion staff. Were still raises being--

9 MR. PIANESE: No raises have been given

10 since the last time that we appeared before the

11 Board.

12 MR. NEFF: Any other questions from

13 anybody else?

14 MS. RODRIGUEZ: Move.

15 MR. LIGHT: Second.

16 MR. NEFF: Take a roll call.

17 MS. MC NAMARA: Mr. Neff?

18 MR. NEFF: Yes.

19 MS. MC NAMARA: Mr. Avery?

20 MR. AVERY: Yes.

21 MS. MC NAMARA: Ms. Rodriguez?

22 MS. RODRIGUEZ: Yes.

23 MS. MC NAMARA: Mr. Light?

24 MR. LIGHT: Yes.

25

MR. LANGHARDT: Thank you.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. NEFF: Next up is South Brunswick

2 Township Board of Education.

3 (Brian Bradley, Anthony Tonzini, being

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

5 MR. BRADLEY: Brian Bradley, RBC.

6 MR. TONZINI: Anthony Tonzini, from the

7 South Brunswick Board of Education.

8 MR. MC MANIMON: Thank you. Ed Mc

9 Manimon, from Mc Manimon, Scotland & Baumann. Our

10 firm is the bond counsel to the South Brunswick

11 Board of Education.

12 They are asking for this Board to
13 approve a refunding bond issue of \$23,300,000. It
14 is designed to refinance on a current
15 basis--advance refunding of \$22,117,000 of bonds
16 that come due after 2015. They are callable at par
17 in 2014, in August.

18 When the application was submitted it
19 presented a schedule that had level savings of
20 about \$40,000 a year, with the exception of one
21 year which is 2017, which was \$900,000.

22 That was done to avoid a spike that is
23 in their current debt service between 2016 and
24 2017. Since that submission, we discussed this

25 matter with Anthony and with Brian Bradley.

STATE SHORTHAND REPORTING SERVICE, INC.

1 There were two different schedules that
2 were presented earlier this week. One was a level
3 debt service savings the way you prefer every year,
4 which is about \$95,000 a year. All of these
5 savings produce a very substantial actual savings
6 of almost a million and a half dollars. They are
7 all about the same.

8 Then there was a third schedule that
9 took, instead of \$900,000 in one year, it took
10 three of the years in the middle where there was
11 \$500,000, \$300,000 and \$200,000 of savings and the

12 rest of it was level at about \$10,000 to \$15,000 a

13 year.

14 What that did was, it avoids the spike

15 completely. So it makes the debt service even out

16 from now through the period when it actually

17 reduces anyway.

18 Now, normally I wouldn't come down here

19 and say to have other than level debt service

20 savings. But this is more-- it is trying to take

21 level debt service this year-- I mean, take a spike

22 in the savings this year and figure what they are

23 going to do.

24 They took it based on a year later, you

25 know, in 2017 when the savings is designed to even

STATE SHORTHAND REPORTING SERVICE, INC.

1 out the debt service.

2 So we ask you to consider that. If you

3 don't we are prepared to take the level debt

4 service savings every year. But their view is that

5 this has a value other than what you are usually

6 concerned about, of taking all of the savings at

7 once, taking them now trying to be a hero, we saved

8 your tax dollars and how do you deal with it next

9 year?

10 Either of the savings that are not

11 completely level are designed to take the existing

12 debt service schedule and balance it out in a

13 better way in the future years, which is in 2017

14 and later. Whatever your preference is we will do,

15 but that's what we are asking the Board to

16 consider.

17 MR. NEFF: So just a couple of things.

18 I don't know when the alternatives came in, but I

19 mean, I haven't had a chance to review them. I'm

20 sure the staff don't have any idea what the options

21 are out there. Going to this spike in 2017 under

22 existing debt service or '16, how did this debt

23 service spike get created in the first place? I

24 thought that all debt that was issued by schools

25 had to be essential set to pretty strict schedules.

STATE SHORTHAND REPORTING SERVICE, INC.

1 So how did it happen?

2 MR. MC MANIMON: There are three bond

3 issues, the one in 2004, one in 2007 and one in

4 2012. When you put them together. When you try to

5 do-- for reasons that we talked about here, if you

6 don't do a nonconforming maturity schedule, what

7 you wind up with is years where you put one bond

8 issue on top of another bond issue, you wind up

9 with years when you have a disproportionate amount

10 of debt service because a new bond issue kicks in

11 that didn't exist before.

12 I mean, again, you know, the way-- in

13 the schedule that was in the application, I think

14 it shows, you know, how that would play in.

15 MR. NEFF: I just didn't understand how

16 debt service would go two years, three years out,

17 in 2016 to 7.9 and jump up to 8.7 the next year.

18 MR. BRADLEY: Just a structure of the

19 prior bond issues.

20 MR. NEFF: They were all the previous

21 debt were conforming securities?

22 MR. BRADLEY: For that money, yes.

23 MR. NEFF: Okay.

24 MR. BRADLEY: You can see the spike.

25 You have it there. You can see the spike in '17,

STATE SHORTHAND REPORTING SERVICE, INC.

1 that jumps to approximately 8.8.

2 MR. MC MANIMON: Again, I know you

3 don't like to weigh alternate schedules on the fly

4 at a meeting. This is why we sent them, at least

5 in writing. The one which goes-- which was

6 presented in an e-mail, there is a schedule that

7 instead of it going from \$7.8 million to \$8.770

8 million, if you take the savings in the three

9 years, the higher savings in the three years,

10 everything just goes from \$7.9 million up to \$8.2

11 million and everything stays the same for the next

12 three years. Then the debt service drops anyway.

13 So I didn't want to not present that.

14 Because it makes senses to take it in the three

15 years rather than all at once.

16 MR. BRADLEY: Would you like to see the

17 schedule that Ed is referring to?

18 MR. NEFF: If you were to do level

19 savings you wouldn't need Board approval at all.

20 MR. MC MANIMON: Well, if we did level

21 savings in three percent we wouldn't have to be

22 here. Which is why they presented essentially level

23 savings, with the exception of that one year. Or

24 in the alternative, the three years, that makes it

25 a little bit different. Yes, we would have been on

STATE SHORTHAND REPORTING SERVICE, INC.

1 the consent agenda. But, you know, they--

2 MR. NEFF: You wouldn't even need to be

3 here; right?

4 MR. MC MANIMON: Correct.

5 MR. NEFF: It just struck me as really

6 odd, why going back to the application and

7 non-alternative scenarios, it just struck me as

8 really odd that all of the savings would be taken

9 in one year. The net effect on the debt service

10 schedule in the aggregate was the \$800,000, about

11 ten percent spike of debt service just moved from

12 2016 to 2017.

13 It just made--then that makes this debt

14 issuance being more exotic or-- I don't usually put

15 things on agendas and vote no, but I don't see the

16 need to have this sort strange savings schedule for

17 what should be a vanilla refunding.

18 MR. MC MANIMON: There is not a need

19 to--

20 MR. NEFF: You are shifting an \$800,000

21 spike from one year to the next. I mean--is there

22 anything that went into, gee, we prefer to have the

23 spike in 2016 instead of '17? I mean, what's the

24 magic of 2017 that no one wants the debt service

25 spike that year, anything?

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. BRADLEY: There is no magic.

2 That's just the peak year. Then there is a

3 refunding in that 2007 bond issue which occurs in

4 2017. I'm not making an assumption about interest

5 rates, but they will have another bite to take down

6 some of these '18 savings on a uniform basis. So

7 that's why they went to reduce that spike.

8 MR. MC MANIMON: Just one more shot.

9 To be candid, in looking at the application before

10 coming here to prepare for this, it was the same

11 reaction that you have, I had in looking at it.

12 Which is why I suggested to them that they look at

13 a schedule that instead of doing the spike that

14 goes from 2016 to 2017, if they did '16, '17 and

15 '18, with amounts that were not \$900,000, but

16 \$500,000, \$300,000 and \$200,000, then you don't

17 have a spike at all. You go from basically \$7.9

18 million to \$8.2 million, in all of the years.

19 Whether it is exotic or not, you still

20 have savings in every year that are more than

21 \$10,000. In the years 2016, 2017 and 2018, instead

22 of \$900,000 of savings in one year, you have

23 \$500,000 in 2017, \$390,000 in the following year

24 and about \$211,000 in the year after that.

25

I think that's what Brain Bradley just

STATE SHORTHAND REPORTING SERVICE, INC.

- 1 gave you in a sheet. It levels out the debt
- 2 service in a way that I think was their intent when
- 3 they submitted the application. But all this would
- 4 shift--the that was submitted to you, shifted the
- 5 spike just to another year. If that becomes too
- 6 difficult to digest in this presentation, they are
- 7 prepared to take the level debt service savings.
- 8 Which would have meant that they didn't even have
- 9 to be here. It was almost \$100,000 a year but they
- 10 still wind up with a spike. It is just \$100,000
- 11 less in the year that they hit that. But maybe

12 they'll be back with a refunding in 2016. That

13 will take care of that, I don't know.

14 MR. NEFF: Do you have a copy-- I just

15 want to try to get this done. It is either I'm

16 going to vote no or--

17 (Pause in proceedings).

18 MS. MC NAMARA: There is no comparison,

19 in other words, there is no savings analysis on

20 this new--

21 MR. BRADLEY: There is.

22 MR. MC MANIMON: In the far right

23 corner.

24 MS. MC NAMARA: "Difference".

25

MR. BRADLEY: Yes, yes.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. MC MANIMON: That's the savings.

2 Did you give them the level debt as well?

3 MR. BRADLEY: I did.

4 MR. MC MANIMON: There is also the

5 level debt, which would have been just whatever

6 that is.

7 MR. NEFF: What's the deadline for this

8 refunding?

9 MR. MC MANIMON: Well, it's just that

10 the market works now, that's all.

11 MR. NEFF: I'm sorry to do this, but I

12 mean if you want to shoot for the--I would not be

13 in favor of a strange \$800,000 shift, \$800,000

14 spike to another year.

15 If you want to pursue the three year,

16 take it up when there is time to actually look at

17 these documents, digest them and discuss them with

18 staff, just get it done.

19 MR. MC MANIMON: I think they will be

20 prepared to take a level debt service saving, just

21 take it and not-- because you can get it in this

22 market and they would take the level debt service

23 savings without the spike.

24 MR. NEFF: In which you don't even need

25 our approval for.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. MC MANIMON: Is that true for a

2 Board of Ed?

3 MR. NEFF: Why would you need approval

4 from this Board?

5 MR. MC MANIMON: You still submit Board

6 of Ed-- they have to do refundings if they meet the

7 three percent present value savings. But they

8 still get submitted here for approval.

9 MS. MC NAMARA: No, there has been a

10 difference.

11 MR. NEFF: School refundings don't

12 require approval if they are level savings.

13 MR. MC MANIMON: Okay, all right.

14 MR. NEFF: So why don't we do-- we'll

15 defer action today. Then if you want to move

16 forward with the level savings, you can do it. If

17 you decide you want to come back in December for

18 whatever reason, with the three year schedule we'll

19 take a second look at it.

20 MR. MC MANIMON: Thank you.

21 MR. NEFF: Next up is West New York.

22 MR. MAYER: The CFO is not here yet.

23 She is close. She'll be in here in ten or fifteen

24 minutes, then we'll letter her catch her breath.

25 MR. NEFF: Since she is already coming

STATE SHORTHAND REPORTING SERVICE, INC.

1 we'll wait until maybe she gets here, but at the
2 end of the day this is actually something that
3 would have been on consent because it is a debt
4 issuance that's only here because of the Qualified
5 Bond Act requirements. But there is adequate
6 debtor aid coverage to pay the debt service. We
7 ordinarily would put it on consent. The only reason
8 why it wasn't on consent is because it is West New
9 York. We get a volume of complaints about what
10 goes on in West New York. So we wanted to make sure
11 there is an opportunity for somebody to testify

12 from the public if they came.

13 So if there is some reason as we go

14 through this and she is not here, we will just

15 approve that.

16 MR. LIGHT: You want to take now?

17 MR. DE MARCO: I'm the town

18 administrator.

19 MR. NEFF: Why don't we just take care

20 of it now?

21 Joseph De Marco, being first duly sworn

22 according to law by the Notary).

23 MR. MAYER: Joseph De Marco, D-e

24 M-a-r-c-o, Town Administrator for West New York.

25 Good morning, Mr. Chairman, members of

STATE SHORTHAND REPORTING SERVICE, INC.

1 the Board. The Town of West New York is asking for
2 approval for a \$2,650,000 Qualified Bond Ordinance
3 for improvements to Veterans and Donnelly Parks.
4 Any questions we'll be glad to answer it. I'm Bill
5 Mayer from De Cotiis, Fitzpatrick & Cole. This is
6 Joe De Marco.

7 MR. NEFF: I have no other question.

8 MR. AVERY: Move approval.

9 MS. RODRIGUEZ: I'll second it.

10 MR. NEFF: Take a roll.

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. Light?

18 MR. LIGHT: Yes.

19 MR. MAYER: Thank you very much.

20 MR. NEFF: Wood-Ridge Borough,

21 Wood-Ridge.

22 (James Fagan, Christopher Neilert,

23 being first duly sworn according to law by the

24 Notary).

25

MR. FAGAN: James Fagan, NW Financial,

STATE SHORTHAND REPORTING SERVICE, INC.

1 financial advisor.

2 MR. NEILERT: Christopher Neilert,

3 N-e-i-l-e-r-t, Borough Administrator.

4 MR. JESSUP: Matt Jessup, bond counsel.

5 MR. NEFF: Let me just give, like, a

6 two second background before you start. This was

7 initially going to be on last month's agenda or the

8 month before.

9 MR. JESSUP: Last month.

10 MR. NEFF: But we postponed it because

11 there was a lot of confusion with the documentation

12 with both staff, as to whether or not the bonds

13 that were being sold here were RAB bonds backed by

14 PILOTs or whether they weren't backed by PILOTs.

15 What's really--all that's really being

16 asked for here is existing BANs will be diverted to

17 permanent financing. All you are asking is that

18 they be permitted to be done on a negotiated basis

19 rather than competitive?

20 MR. JESSUP: Correct.

21 MR. NEFF: We received a letter, I

22 think over the course of the last week from the

23 independent third party financial advisor who

24 suggested it was appropriate to do it that way,

25 that you would get better rates no matter what you

STATE SHORTHAND REPORTING SERVICE, INC.

1 find, gave some explanation as to why negotiated

2 instead of competitive.

3 So I don't think, on that narrow aspect

4 of the application, I don't think we'll wind up

5 having any issues. But just for the record, what's

6 backing these bonds?

7 MR. JESSUP: Sure. Matt Jessup, Mc

8 Manimon, Scotland & Baumann, bond counsel to the

9 Borough. To my right, Chris Neilert,, the

10 administrator and Jim Fagan from NW Capital. The

11 bonds are secured \$16.5 million, not to exceed,

12 issued under the Urban Redevelopment Housing Law,

13 are secured by the general obligation pledge of the

14 Borough of Wood-Ridge. So they are GO bonds on the

15 credit of Wood-Ridge.

16 The Borough is secured by a mortgage

17 and a note on the redevelopment area property and a

18 letter of credit equal to maximum annual debt

19 service, the highest one year's debt service once

20 the bonds are sold.

21 That letter of credit is being issued

22 by a rated bank, financial institution that will

23 provide a letter of credit. That letter of credit,

24 of course, will in the event that the redeveloper

25 were not to pay the debt service, that letter of

STATE SHORTHAND REPORTING SERVICE, INC.

1 credit would pay debt service and would give the
2 Borough a year's time to either remedy whatever the
3 default is or to foreclose on the mortgage and the
4 note that it has on the redevelopment area from the
5 redeveloper.

6 The redevelopment area-- this is a
7 sixty acre parcel. It is a former airport
8 facility. This redevelopment project is 1,100
9 homes. It's 120,000 square feet of retail,
10 athletic fields and parks. It's a massive project
11 in the Borough.

12 It increases ratables by I think thirty
13 percent. It is looked at so favorably that S&P last
14 month gave a very rare upgrade to the Borough from
15 an AA minus to a AA credit rating as a result of
16 the progress with the redevelopment.

17 These bonds are only being used for two
18 pieces of the project. One a new school that is
19 necessary as a result of 1,100 new housing units
20 and a new train station, a New Jersey Transit train
21 station.

22 So \$8 million of the bonds are going to
23 build an NJ Transit train station and \$8 million of
24 bonds are going to build a Borough school.

25

Notwithstanding that the school is

STATE SHORTHAND REPORTING SERVICE, INC.

1 going to be owned and run by the Borough, the
2 developer is paying eleven years of the fifteen
3 years debt service.

4 MR. NEFF: I don't--it is a complicated
5 redevelopment project and I don't really want to
6 get into the merits of the project itself or what
7 it entails. Because the bottom line is, the
8 payments are already outstanding are being
9 financed.

10 MR. JESSUP: For some of it, yes.

11 MR. NEFF: The main question that I

12 care about is what's the backing of the bonds? You

13 are telling me that the backing of the bonds was

14 just solely the GO pledge; right?

15 MR. JESSUP: The backing of the bonds

16 to the investor who buys them, is solely the

17 general obligation pledge of the Borough, but the

18 Borough is secured from the developer.

19 MR. NEFF: I understand that. But the

20 people who are buying bonds, the only right--the

21 right they have is just GO pledge?

22 MR. JESSUP: Correct, yes.

23 MR. NEFF: Regular old tax bonds. It

24 is not, like--it raised confusion with us. Because

25 when we read the public it was suggesting that the

STATE SHORTHAND REPORTING SERVICE, INC.

1 first eleven years of debt service will be paid for

2 by the developer. It is sort of like semantics.

3 But it is not the case that the

4 developer is paying the debt service. The

5 developer is just paying the payment to the

6 municipality, which is equal to the debt service.

7 That payment is not going to the bondholder

8 itself?

9 MR. JESSUP: They are not exempt from

10 taxes. It is not like they are making a PILOT

11 payment or something. This is a contractually

12 obligated payment that they have to make under the

13 redevelopment agreement, which is equal to debt

14 service.

15 MR. NEFF: Beyond and beyond ordinary

16 taxes?

17 MR. JESSUP: Correct. That's exactly

18 right. They are paying a hundred percent of local

19 taxes circumstances as these projects come on line.

20 It is \$400 million in ratables, I think. They are

21 paying all of that. On top of that they have to

22 pay what amounts to the first eleven years of

23 whatever that debt service number is when we sell

24 the bonds.

25

MR. NEFF: I got it. I just wanted to

STATE SHORTHAND REPORTING SERVICE, INC.

1 clarify that for the record. You've got two things
2 here. You have debt being issued by the town. And
3 who is paying that, which is the town.

4 Then over here you've got this other
5 agreement, which is essentially reimbursing the
6 town for the payments that are being made on the
7 debt service?

8 MR. JESSUP: That's right. The payments
9 are made in advance of debt service. But yes,
10 that's correct.

11 MR. NEFF: Okay, got it.

12 MS. RODRIGUEZ: This is the project

13 where the aircraft was.

14 MR. EILERT: That's correct, the

15 Curtis-Wright airplane factory.

16 Mr. Chairman, if I might add, the town

17 already renovated the school, are in possession of

18 the school. The children are in the school. The

19 train station is being built and managed by New

20 Jersey Transit. So the absolute worst case.

21 MR. SENESKY: Here is that the State

22 will still have its asset, the town will still have

23 its asset. And we would be the owner of a

24 redevelopment project that's worth a heck of a lot

25 more than the \$16 million that's in question here.

STATE SHORTHAND REPORTING SERVICE, INC.

1 So we really feel we have belts and suspenders in

2 this deal.

3 MR. NEFF: At the end of the day all

4 we're really being asked approve is the negotiated

5 sale as opposed to competitive.

6 MR. JESSUP: That's correct, under the

7 Redevelopment Law, yes.

8 MR. NEFF: We have the letter from

9 the--

10 MR. JESSUP: Powell Capital Markets.

11 MR. NEFF: Powell Capital, saying that

12 it makes sense to do it for negotiated as opposed

13 to competitive, because of the credit of the bonds,

14 okay.

15 MR. AVERY: I'll move for approval.

16 MS. RODRIGUEZ: I'll second it.

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. Light?

25

MR. LIGHT: Yes.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. JESSUP: Thank you.

2 MR. NEFF: All right.

3 Middlesex County Utilities Authority is

4 deferred for lack of quorum because of recusal. So

5 we'll deal with that at the next meeting.

6 Next up is Cumberland County

7 Improvement Authority.

8 (Jerry Senesky, Jerry Velasquez, David

9 Thompson, being first duly sworn according to law

10 by the Notary).

11 MS. STIEFEL: Jean Stiefel, Parker, Mc

12 Cay, Steve, bond counsel to the Cumberland County

13 Improvement Authority.

14 MR. SENESKY: Jerry Senesky CFO,

15 Cumberland County.

16 MR. VELASQUEZ: Jerry Velasquez,

17 Improvement Authority Executive Director,

18 Cumberland County.

19 MR. THOMPSON: David Thompson,

20 financial advisor.

21 MR. NEFF: Just for the record the

22 improvement authority is separate entity from me.

23 MR. SENESKY: This application is a

24 resubmission, slightly changed, from the one that

25 was heard by the Board in July and approved.

STATE SHORTHAND REPORTING SERVICE, INC.

1 The essential difference here is that
2 rather than build a new facility for the social
3 services operation, they are going to be buying the
4 building in which they are currently located.

5 Originally looking at a significant
6 rent increase from their current location, they saw
7 significant value in moving and building something
8 new.

9 Negotiations were entered with the
10 landlord, in my opinion, when he saw was going to
11 have an empty building, he came to the table and

12 the discussions pursued. The Improvement Authority

13 and the County then determined it would be wise to

14 buy that building. The net effect in the

15 transaction is a savings of about \$5 million in

16 doing that.

17 The underwriter has gone through the

18 local public process and those costs come in about

19 \$35,000 less than was originally projected in this

20 application size.

21 The County financing fee is also going

22 to be reduced by about \$20,000, given the reduced

23 size of the transaction. I think it is fairly

24 straight forward, so I'm going try to field

25 questions rather than go on with a lot of detail.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. NEFF: So the Cumberland County
2 Improvement Authority is going to buy the building
3 that is currently owned by a private party?

4 MR. SENESKY: That's correct.

5 MR. NEFF: For use of the County, which
6 is in it now?

7 MR. SENESKY: That's correct.

8 MR. NEFF: Was there any kind of
9 process or solicitation of other buildings to buy,
10 that could have served the same purpose or no?

11 MR. SENESKY: There was a

12 solicitation-- not a solicitation, there was a
13 review. The problem is that we have two hundred
14 folks that are located in the building now. So when
15 you take into account the cost of relocating them
16 to another adjacent building, we took a look at
17 that. The renovations, acquisition and relocation
18 to move the folks where we are to that building was
19 going to be more than the acquisition of this
20 particular facility.

21 MR. NEFF: There is a written report
22 somewhere that says that this makes sense?

23 MR. SENESKY: Yes.

24 MR. NEFF: Do we have a copy of that?

25

MR. SENESKY: No.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. NEFF: Okay. Is there another

2 project in addition to that?

3 MR. SENESKY: That continued from the

4 original application, a construction of a facility

5 for the vocational training.

6 MR. VELASQUEZ: The initial application

7 was the development of two separate buildings, one

8 in Bridgeton, one on College campus. The revised

9 application is the acquisition of the existing

10 building that we're in and the construction of the

11 original building that was conceived in the

12 original application that was approved. There are

13 two still two buildings one is being acquired and

14 one is being built.

15 MR. NEFF: I was curious how the tax

16 rate-- does the owner of that building with the

17 County lease, do they pay property taxes on it?

18 MR. SENESKY: Yes.

19 MR. NEFF: Now if the County

20 Improvement Authority buys the property there will

21 no longer be taxes paid on that property; correct.

22 MR. SENESKY: That's correct.

23 MR. NEFF: So what's the annual amount

24 of taxes that are being paid on that property now.

25 MR. SENESKY: Off the top of my head, I

STATE SHORTHAND REPORTING SERVICE, INC.

1 don't know.

2 MR. NEFF: Presumably that will all be

3 reflected in whatever written analysis exists as to

4 why this makes sense, this building, as opposed to

5 another building.

6 MR. SENESKY: From our purpose, from

7 our prospective, it doesn't make a difference

8 because we are not paying taxes. That's really a

9 municipality of the municipality rather than our

10 view.

11 MR. NEFF: To collect taxes. The

12 County collect taxes on the property. Does it

13 exist now?

14 MR. VELASQUEZ: It's a \$9 million

15 ratable. On a county wide prospective, it is very

16 diminimous.

17 MR. NEFF: The municipality will lose

18 that \$9 million ratable?

19 MR. SENESKY: The town will lose the \$9

20 million ratable in the process. If they purchased

21 the ultimate next door building, I'll call it,

22 there would have been the same kind of impact on

23 the local unit in that occasion.

24 So either of the purchase options would

25 have resulted in something coming off of the tax

STATE SHORTHAND REPORTING SERVICE, INC.

1 rolls for the City of Vineland. The question came

2 in, was there negotiation with the current owner

3 with regard to the purchase of this?

4 Yes, there was. The current owner had

5 a--has an appraisal. And the purchase price came

6 in about three quarter's a million dollars under

7 the current owner's appraisal.

8 MR. AVERY: It is not an eminent domain

9 action?

10 MR. VELASQUEZ: No.

11 MR. NEFF: Okay. On the one hand I

12 have confidence that you are doing what you think

13 is the right thing. But I'm a little weary of

14 having an application with no explanation as to why

15 it makes sense to buy this building. It would have

16 been nice to have something like that when we asked

17 for positive findings.

18 One of the things we're asked to do is

19 to give findings that say that the cost of the

20 project is reasonable.

21 MR. SENESKY: The cost of the project

22 versus the original is a \$5,000,000 savings. The

23 primary valuation--

24 MR. NEFF: The building when we said it

25 was reasonable, that is a different. In buying a

STATE SHORTHAND REPORTING SERVICE, INC.

1 building, why this building? Why not another

2 building? You know, is there an appraisal, you

3 know, that sort of thing? We don't have anything.

4 MR. SENESKY: The decision process was

5 perhaps a little more simplistic in that when we

6 were moving forward with the construction with the

7 new facility, when the opportunity to buy the

8 building that they are currently in and have been

9 in for quite some time, was there at a very

10 significant savings versus the plan that was moving

11 forward. That's why.

12 MR. NEFF: I understand. You have

13 Option A and Option B. This one is cheaper, so do

14 this one. I get that. What I-- for all I know-- I'm

15 not saying this is the case, but for all I know

16 we're buying a building that's owned by the brother

17 of the mayor and we're buying it for more than it's

18 really worth. We did an assessment or appraisal of

19 the property and it is really worth fifteen, but

20 we're paying eighteen and a half? But who cares

21 because it is less than--but we don't have anything

22 in writing explaining that or giving us assurances

23 sure that those aren't issued to be concerned

24 about, that's all. So we don't have a lot to go

25 on, that's my point.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MS. RODRIGUEZ: You know, in terms of
2 the acquisition, the price that's being paid by the
3 Improvement Authority, am I correct, is it at the
4 original appraisal or at the current appraisal? I
5 mean, at the original cost for acquisition or at
6 the current-- you know, what it is actually
7 appraised now?

8 MR. SENESKY: It is about three
9 quarter's of a million dollars below the appraisal
10 on the building.

11 MS. RODRIGUEZ: So the acquisition is

12 about three quarter's of a million--

13 MR. SENESKY: Below the appraised

14 value.

15 MR. VELASZQUEZ: This sales agreement

16 also allows us to eliminate six months of the

17 existing lease. There is a ten year lease. This

18 would eliminate the lease in the beginning or the

19 end of February. The lease runs from up through

20 August. So we can eliminate that payment as well.

21 There is an additional \$600,000 in payments that

22 would not be made to the private owners as a result

23 of this transaction.

24 MR. AVERY: Did the County prepare an

25 appraisal or just the property owner?

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. SENESKY: The property owner. Then
2 we have the tax assessment is higher as well for
3 the acquisition.

4 MR. LIGHT: Under what time pressures
5 are you seeking approval? If this were deferred to
6 December, would that affect you in an adverse way
7 and if so how much?

8 MR. SENESKY: It would have an adverse
9 impact on the schedule for the new construction of
10 the other facility, yes. I'm not sure what it
11 would do in terms of the.

12 MR. LIGHT: How does it affect that, I

13 don't understand?

14 MR. SENESKY: The plan is to have that

15 building done by next September.

16 MR. LIGHT: So that what you want to do

17 on the building that you occupy now that you want

18 to buy, that doesn't--

19 MR. SENESKY: We are negotiating with

20 the current land owner.

21 MR. LIGHT: That doesn't affect then

22 the new building or the building that's being built

23 right now?

24 MS. STIEFEL: Excuse me one second

25 here. To the extent that the Authority can't take

STATE SHORTHAND REPORTING SERVICE, INC.

- 1 any official action to adopt the bond resolution,
- 2 obviously, there can't be any commitment to start
- 3 letting contracts to do the new second project.
- 4 I think that these projects are
- 5 subsumed under one integrated financing. So the
- 6 Authority's hands would be tied and it would not
- 7 have any statutory authority under the Public
- 8 Contracts Law to sign contracts on the new
- 9 facility, in the absence of a bond resolution.

- 10 MR. LIGHT: Was it previously
- 11 approved?

12 MS. STIEFEL: Different project.

13 MR. LIGHT: Pardon me?

14 MS. STIEFEL: It is a different project.

15 The are both for the County, just so we're clear.

16 MR. AVERY: There are two projects, but

17 one bond financing?

18 MS. STIEFEL: One bond financing;

19 correct.

20 MR. AVERY: So you don't have to go into

21 the market twice?

22 MR. LIGHT; okay.

23 MS. STIEFEL: Two projects.

24 MR. LIGHT: The project was approved,

25 but the financing was not.

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. AVERY: Do you think that you have
2 sufficient existing documentation that you could
3 submit that would satisfy some of the concerns
4 expressed today about the priority of this, the
5 purchase process?

6 MR. VELASQUEZ: Yeah. I'm not sure-- at
7 the end of the day what we said is what we have.
8 Which is, we have a building that's 100,000 square
9 feet, 110,000 square feet, that we paid \$8.2
10 million. We have of an existing lease that runs
11 through August. We eliminated six months of that

12 lease. That's \$110,000 payment each month for six

13 months.

14 We have a building that we're acquiring

15 for \$8.2 million that's assessed for \$9 million--or

16 assessed at \$8.35 million, that's appraised at \$9

17 million. I mean, the information that you are

18 seeking is what we've already provided.

19 MR. NEFF: Who did the appraisal?

20 MR. VELASQUEZ: Off the top of my head,

21 I don't know.

22 MR. SENESKY: I assume we can get a

23 copy of that appraisal to the Board. I think it

24 was the landlord.

25 MR. NEFF: The current property owner

STATE SHORTHAND REPORTING SERVICE, INC.

1 did an appraisal. But the municipality never did

2 or the County never did their own appraisal? If I

3 were selling a building I'll give you an appraisal,

4 too.

5 With this agenda I didn't think I was

6 going to have any issues with this, I really

7 didn't. I hate to spring things on people. But you

8 know what, one of the findings we're asked to give

9 is that the cost of the project is reasonable.

10 I can't in good faith sit here and say

11 that paying \$9 million for that building is

12 reasonable without an appraisal in front of me. I

13 don't have anything to base that decision on.

14 MR. SENESKY: May I respectfully

15 suggest that what we would do, if you wish, is get

16 an appraisal and submit it. Have the-- if you

17 would, approve it conditionally upon receiving the

18 appraisal that would be-- that would demonstrate it

19 as an economically sound decision.

20 MR. NEFF: I mean the other option is

21 to just--we can give you findings of the Board that

22 just don't speak to the reasonableness of that

23 portion of the project and move ahead with the

24 financing.

25

But it is just-- because you don't need

STATE SHORTHAND REPORTING SERVICE, INC.

1 our approval to move forward, being that it is an
2 authority financing. We are not putting our stamp
3 of approval on the cost of the project. We just
4 don't have the information to verify whether it is
5 reasonable or not.

6 I'm not saying it is unreasonable. We
7 just don't know, I don't have enough.

8 MR. SENESKY: We always feel as though
9 it is good to have the approval, although it is not
10 a required approval, the judgment of the Board that
11 it is reasonable financing. So certainly we want

12 that and would be very happy to, I think get an

13 appraisal and provide that.

14 MR. NEFF: If that's what you would

15 prefer, then maybe we can meet again in December

16 prove it if we get that information in front of us.

17 In the alternatively I'll be glad to provide all

18 positive findings with the exception of the cost of

19 the sale of the purchase of the building itself.

20 MR. VELASQUEZ: Mr. Chairman, whatever

21 your preference.

22 MR. SENESKY: If you would give us just

23 a moment?

24 (Pause in proceeding).

25 Counsel feels as though we should move

STATE SHORTHAND REPORTING SERVICE, INC.

1 forward and defer until December, get positive

2 findings if you want to, or conditioned that we

3 submit it and it works, if it can't be conditional.

4 MR. SENESKY: What exactly are you

5 looking for?

6 MR. NEFF: I'd like to see an appraisal

7 that says this is what the building is really

8 worth.

9 MR. SENESKY: Okay. Is that what you

10 are looking for?

11 MR. NEFF: Yes. Obviously not an

12 appraisal from the other building, the one that's
13 don by an independent third party. It is the same
14 as saying it is a reasonable price for the
15 building.

16 MS. RODRIQUEZ: Exactly.

17 MR. SENESKY: We'll work toward that
18 and get that, with the request that it would be the
19 submission of that separately and be considered as
20 old business.

21 MR. NEFF: Yes. Let's get the
22 appraisal and then we'll figure out what the agenda
23 looks like.

24 MR. SENESKY: Thank you.

25

MR. NEFF: Monmouth County Improvement

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1 Authority.

2 (Douglas Bachar, being first duly sworn

3 according to law by the Notary).

4 MR. DRAIKIWICZ: John Draikiwicz, from

5 Gibbons, PC, bond counsel to the Improvement

6 Authority.

7 MR. BACHAR: Doug Bachar with NW

8 Financial, financial advisor to the Monmouth County

9 Improvement Authority.

10 MR. DRAIKIWICZ: The Monmouth County

11 Improvement Authority proposes to issue its bonds

12 not to exceed \$86 million. The proceeds of which

13 will be utilized to provide loans to eleven

14 municipalities in Monmouth County.

15 The structure of the transaction will

16 be that it will be similar to what's been done over

17 the last twenty years. It is a two tier bond

18 structure. Where \$43 million of its bonds will be

19 sold to the public. Not to exceed \$42 million of

20 bonds will be sold to the bond trustee who will use

21 those bonds as security for the public bonds.

22 The bonds will be secured by general

23 obligation payments from general obligation bonds

24 from each of the participants. Each series of

25 Monmouth Improvement Authority bonds will be

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1 secured by a county guarantee in a collective

2 amount not to exceed \$40,840,334.

3 In connection with the program, we will

4 also provide cost certifications as to the

5 reasonableness of the cost of the project and the

6 economic benefit of going to the Improvement

7 Authority as we have recently done in the past. If

8 there are any questions, we'll be happy to answer

9 them at this time.

10 MR. NEFF: Just one general comment. I

11 mean, I know,.

12 Like for example, my own hometown of
13 Lake Como is on here for \$734,000. And I look
14 through the application itself and the only
15 explanation for Lake Como's expenditures was that
16 it was for, I think, miscellaneous capital. There
17 was, like, I have no way of knowing whether it was
18 for sort of the same issue that we just had. I have
19 no idea whether it was for \$750,000 fire hydrant or
20 if it is a road repaving, whatever it is.

21 I know that you are going to be
22 submitting, as you just said, you know, something
23 to attest to the reasonableness of the project
24 costs. But I just-- I am prepared to vote for this.

25 But I need something that's a little bit more

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1 detailed as to what it is these places are

2 borrowing the money in furtherance of.

3 I know a lot of these things are just

4 rolling over payments where the money has already

5 been planned, the bond ordinances have already been

6 passed, you are already out, things are already

7 spent. It is not like you are going to wind things

8 back.

9 But I would--my recommendation would be

10 on improving this that we condition it on receiving

11 what you referenced, but with also a little bit of

12 area of explanation.

13 MR. DRAIKIWICZ: What we can provide is

14 the cost certification in conjunction with the bond

15 ordinance, if so desired.

16 MR. NEFF: If the bond

17 ordinance--sometimes the bond ordinance only says

18 miscellaneous capital also.

19 MR. BACHAR: In this case I think

20 that's the case. I think you have the--

21 MS. MC NAMARA: There is a schedule.

22 MR. BACHAR: One we'll be happy to go

23 back and get better information. I think we put

24 down on here exactly what they put on there.

25

MR. NEFF: Right. That's more of a

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1 global issue. It is a phase, it is an application

2 that we need to know what these things are.

3 MR. DRAIKIWICZ: Typically the bond

4 ordinances are a little more specific.

5 MR. NEFF: Most of these are. I know

6 Colts Neck was a little more specific and the vast

7 majority of them are. I just happened to look, you

8 know, like this is what everybody does. I looked

9 at my own town. I looked at it and said what the

10 hell did they buy? It is less than a square mile

11 town, they spent \$750,000 on something and the

12 ordinance just says miscellaneous capital.

13 MR. DRAIKIWICZ: Since you already have

14 the bond ordinances on that particular cost

15 certification, we will attach a schedule that will

16 include the items, that particular one. The other

17 ones you already have.

18 MR. NEFF: There may be, like, one or

19 two that are, like, similar. Any other issues on

20 this point?

21 I do note that we annually get your

22 report of how much less expensive this is in terms

23 of interest rates as opposed to places like my own

24 town and Loch Arbour, where they have to go out and

25 get that.

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1 I think I saw that my own town's BAN is

2 1.85 percent. They are waiting the worst rate.

3 I'm sure you will be saving them.

4 MR. AVERY: I'll move the approval.

5 MS. RODRIGUEZ: I second it.

6 MR. NEFF: Roll call.

7 MR. LIGHT: So I'm clear what we're

8 voting on. If we voted to approve it, they are

9 going to provide information to us afterwards

10 concerning the individual items that are more

11 specific?

12 MR. DRAIKIWICZ: I think there are
13 particular items that are labeled only as various
14 miscellaneous items. I think the ordinances that
15 have been included for all of the participants are
16 unclear.

17 MR. LIGHT: Quite a few of them are
18 that way what, if I look at what I have here,
19 especially the smaller towns.

20 MR. BACHAR: The ordinances for all of
21 them have been submitted. I think in Lake Como's
22 case the ordinance itself is a little unclear.

23 MR. DRAIKIWICZ: But in the executive
24 summary, you are right Commissioner, some of the

25 ordinances are labeled as various capital, but the

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1 ordinance that backs up that amount is specific.

2 MR. NEFF: It's already on record. We

3 actually have the ordinances for most

4 municipalities, because they file the supplemental.

5 MR. LIGHT: Not as many as I expected

6 this year.

7 MR. NEFF: It is maybe two or three.

8 The only reason I really truly I want to see them

9 is, I want to make sure that whatever is being

10 funded here is appropriate and being funded in for

11 long term debt. There are occasions when we get the

12 supplemental debt statements, we will catch a

13 supplemental debt statement for something and

14 somebody says they are borrowing \$500,000 for boats

15 or something. We have to say try to get more

16 specific.

17 I'm ninety-nine percent sure that won't

18 be the case. But we want to verify what's going

19 on.

20 MR. BACHAR: We'll get the explanation

21 to you.

22 MR. DRAIKIWICZ: Especially pay

23 particular attention to the commissioner's

24 hometown.

25

MR. NEFF: We have a motion and a

STATE SHORTHAND REPORTING SERVICE, INC.

1 second; all right. Roll call.

2 MS. MC NAMARA: Mr. Neff?

3 MR. NEFF: Yes.

4 MS. MC NAMARA: Mr. Avery?

5 MR. AVERY: Yes.

6 MS. MC NAMARA: Ms. Rodriguez?

7 MS. RODRIGUEZ: Yes.

8 MS. MC NAMARA: Mr. Light?

9 MR. LIGHT: Yes.

10 MR. NEFF: Okay.

11 MR. DRAIKIWICZ: Thank you. We'll have

12 a two minute recess before we go to Newark.

13 (Whereupon, a recess takes place).

14 MR. NEFF: Lastly but not least, Newark.

15 (Susan Jacobucci, being first duly

16 sworn according to law by the Notary).

17 MS. JACOBUCCI: Susan Jacobucci. I am

18 Director of Finance for the City of Newark.

19 MR. FEARON: Good afternoon. Jim

20 Fearon from Gluck, Walrath, bond counsel for the

21 City of Newark.

22 This application is a combination of an

23 amending and reappropriation ordinance for roughly

24 \$7 million of capital items. Roughly \$560,000 of

25 that has already been funded and set for

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1 reappropriation. That being \$6.4 million that is

2 not refunded, so it is characterized as an

3 amendment.

4 We are here under your jurisdiction

5 because of the status of the Municipal Qualified

6 Bond Act, as well as the requirements of the

7 memorandum of understanding that we're currently

8 under with respect to approval of capital projects.

9 What we're basically doing is taking

10 the roughly \$7 million for purposes that we don't

11 need funding for and reallocating it to purposes

12 that we do.

13 The only other story to add to it is

14 that since the time of the introduction of the

15 ordinance, which was I believe in July, it came to

16 light that a grant was received for one of the

17 projects, which were improvements to property at

18 111 Mulberry Street, that apparently had received a

19 CDBG grant.

20 So what the Council has done has

21 amended the ordinance in process to reallocate that

22 \$400,000 to building improvements at various City

23 owned buildings. So that paperwork has been

24 provided to the Board.

25

We're happy to answer any questions

STATE SHORTHAND REPORTING SERVICE, INC.

1 that you may have.

2 MR. NEFF: So there is nothing--

3 nothing in the ordinance now that's otherwise

4 supporting that Mulberry project?

5 MR. FEARON: Correct. The \$400,000 that

6 was earmarked toward it, which was a new project,

7 was de-earmarked and directed instead toward the

8 other improvements.

9 MR. NEFF: And the project itself would

10 need still a grant to be approved by our monitor

11 who is sitting in back of the room.

12 MR. FEARON: I suppose.

13 MS. JACOBUCCI: I'm sorry, I'm deaf in

14 one ear.

15 MR. NEFF: It's a side issue.

16 MR. FEARON: If there is a budgetary

17 action required to appropriate that grant to the

18 111 Mulberry Street, then that action would be

19 subject to them.

20 MS. JACOBUCCI: That's being taken.

21 Actually, the first part has already occurred.

22 MR. NEFF: All right. We'll deal with

23 them separately.

24 Ordinarily this wouldn't have been--we

25 would put something like this under consent. But

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1 because it is Newark and they are under
2 supervision, under the terms of the transitional
3 aid agreement we would not put it on consent in
4 case there was somebody who wanted to come and
5 testify, which they have not.

6 MS. JACOBUCCI: This is also part of a
7 larger plan. This is the second part of a
8 reappropriation. When we did an analysis, we found
9 that some of our bonds were not funded in the
10 appropriate time period. And also that we had some
11 money there that needed to be reappropriated.

12 As you recall, I think it was last
13 June, we came before you for the first
14 reappropriation. This is the second part of that
15 and it's part of the bigger plan to get the capital
16 program new money on a regular schedule.

17 MR. NEFF: Okay. Anybody want to make
18 a motion?

19 MR. AVERY: So moved.

20 MS. RODRIGUEZ: 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. Light?

4 MR. LIGHT: Yes.

5 MR. NEFF: Last up is Newark. We have

6 a Redevelopment Area Bond, \$1.5 million.

7 MR. FLANNERY: I'm an attorney, Peter

8 Flannery, representing the developer.

9 MR. FEARON: Again, I Jim Fearon from

10 Gluck, Walrath, redevelopment counsel to the City

11 of Newark.

12 So this is a redevelopment bond issue.

13 As is the case with all of our other transactions,

14 the bonds will be issued by the Economic

15 Development Authority. They are meeting this

16 Friday to approve the bond issue. They are already

17 considering the applicant's application for Urban

18 Transco tax credits. So they are well familiar

19 with the transaction.

20 It is for a twenty-two story

21 residential and ground floor retail project that

22 will be built adjacent to the New Jersey Performing

23 Arts Center. It is a \$106 or \$108 million

24 project. It will have 244 residential units, ten

25 percent of which are low income, retail space,

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1 common space and approximately 542 parking spaces.

2 A significant portion of those are

3 going to be long term leased to Prudential, which

4 as you are probably aware, is in the process of

5 developing an office building complex along Broad

6 Street, to relocate away from the Gateway complex.

7 This will provide some daytime parking for them as

8 well.

9 The land under which this building is

10 built, had been, until recently, owned by the State

11 of New Jersey and leased in effect to NJ PAC but

12 never developed. NJ PAC now--yes, NJ PAC--the EDA

13 now is the owner of the property and will deed the

14 property to the NJ PAC as a condition of the

15 closing of this transaction. NJ PAC will then enter

16 into a ninety-eight year ground lease with the

17 developer.

18 Just so you understand, the property is

19 currently off the taxes rolls. This will be adding

20 taxes onto to the tax rolls, as well as everything

21 is.

22 The PILOT payments will be securing a

23 bond issue approximately \$1.5 million. That is

24 part of the overall project cost, as I indicated of

25 over \$6 million.

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1 I'm not quite sure if there is anything
2 else that I need to be addressing at this point,
3 but we'll be happy to answer any questions you may
4 have.

5 MR. NEFF: I just note for the record
6 that we did get comments from EDA, who are under a
7 statutory requirement to do so. And their comments
8 were favorable to the project.

9 I'll read their conclusion. It
10 says: "The 2 Center Street Urban Renewal Project
11 improves the quality of life of City and State

12 residents and assists in the redevelopment of

13 Newark, because it returns the site to a productive

14 use, provides jobs to local and surrounding

15 residences, increases the site's property tax

16 revenue due to the higher use and, four, creates

17 approximately 200 construction and ten permanent

18 jobs. In addition, because the site is within a

19 half mile of a light rail stop and is currently

20 serviced by public transportation, the author

21 concludes that the proposed RAB project promotes

22 approaches and concepts to reduce congestion and

23 enhance mobility".

24 I don't have have any questions, if

25 anybody else does?

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1 MR. LIGHT: I'll move the application.

2 MS. RODRIGUEZ: Second.

3 MR. NEFF: Roll call.

4 MS. MC NAMARA: Mr. Neff?

5 MR. NEFF: Yes.

6 MS. MC NAMARA: Mr. Avery?

7 MR. AVERY: Yes.

8 MS. MC NAMARA: Ms. Rodriguez?

9 MS. RODRIGUEZ: Yes.

10 MS. MC NAMARA: Mr. Light?

11 MR. LIGHT: Yes.

12 MR. FEARON: Thank you very much.

13 MR. NEFF: Motion to adjourn?

14 MS. RODRIGUEZ: So moved.

15 MR. LIGHT: Second.

16 MS. MC NAMARA: All in favor?

17 (Unanimous affirmative response.

18 Whereupon, the matter stands adjourned at 12:30

19 p.m.)

20

21

22

23

24

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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: December 18, 2013

STATE SHORTHAND REPORTING SERVICE, INC.

