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STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS
LOCAL FINANCE BOARD

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MONTHLY MEETING AGENDA *
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Conference Room No. 129
101 South Broad Street
Trenton, New Jersey
Wednesday, April 9, 2014

B E F O R E: THOMAS NEFF-CHAIRMAN
IDIDA RODRIGUEZ-MEMBER
ALAN AVERY-MEMBER
TED LIGHT-MEMBER
FRANCIS BLEE-MEMBER

ALSO PRESENT:
PATRICIA MC NAMARA-EXECUTIVE
SECRETARY
EMMA SALAY-DEPUTY EXECUTIVE SECRETARY

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

JOHN J. HOFFMAN, ACTING ATTORNEY GENERAL
BY: PATRICIA E. STERN, ESQ.
Deputy Attorney General For the Board

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STATE SHORTHAND REPORTING SERVICE, INC.

1 (Transcript of proceedings, April 9, 2014,
2 commencing at 10:45 a.m.)

3 MR. NEFF: We're going to get this
4 meeting started. We apologize for being a little
5 bit late. We had a longer than usual ethics
6 session upstairs, but we'll get back on track
7 quickly.

8 First up we have three
9 Environmental Infrastructure Trust applications.
10 They are all on consent. One is for Highlands
11 Borough, \$4.8 million Proposed Loan Program and
12 waiver of down payment. It is a \$4.8 million
13 Program and \$3,154,000 Proposed Waiver of Down
14 Payment.

15 Second we have Ewing-Lawrence
16 Sewerage Authority. It's a \$5.1 million Proposed
17 Environmental Infrastructure Trust Loan Program
18 and Project Financing.

19 Then we have Atlantic Highlands
20 Borough, which is a \$1,507,200 Program and
21 Nonconforming Maturity Schedule.

22 I'll take a motion on these three.

23 MR. AVERY: So moved

24 MS. RODRIGUEZ: Second.

25 MR. NEFF: Roll call.

1 MS. MC NAMARA: Mr. Neff?

2 MR. NEFF: Yes.

3 MS. MC NAMARA: Mr. Avery?

4 MR. AVERY: Yes.

5 MS. MC NAMARA: Ms. Rodriguez?

6 MS. RODRIGUEZ: Yes.

7 MS. MC NAMARA: Mr. Blee?

8 MR. BLEE: Yes.

9 MS. MC NAMARA: Mr. Light?

10 MR. LIGHT: Yes.

11 MR. NEFF: Next up is--we're

12 actually going to be skipping Lopatcong and

13 Belleville Township.

14 For tax appeal applications, in
15 order for the Board to move forward with them, we
16 need to first receive an introduced budget from
17 the municipalities. The deadline for introducing a
18 budget was last month.

19 MS. MC NAMARA: March 20.

20 MR. NEFF: We are still waiting for
21 their budgets. Which is why those matters are
22 being postponed.

23 So in the future, for anybody that
24 has clients that are looking for refundings or
25 other unusual financing requests, please make sure

1 that the municipalities have their budgets
2 introduced. Otherwise we're going to be delaying
3 their application for consideration.

4 The reason, so you know why we are
5 doing that, is, we want to make sure a
6 municipality is not coming to us and asking to
7 borrow money for something that most people don't,
8 and then we find out later that they are playing
9 some sort of game with their budget or otherwise
10 lowering their taxes and playing an election year
11 game. Come to us asking for special approval, then
12 turn around and they really didn't need it.
13 That's why we're delaying those items.

14 But next up that is not deferred is
15 Carlstadt Borough Tax Appeals. They also don't
16 have their budget introduced for 2014. But this is
17 an application that's been pending I think for six
18 months. From last year. So that's why we're
19 moving forward with Carlstadt.

20 Is Carlstadt in the room?

21 (Dominick J. Giancaseo, Carl
22 Gorbarini, Will Roseman, being first duly sworn
23 according to law by the Notary).

24 MR. RITCHIE: Dennis Ritchie,
25 R-i-t-c-h-i-e, Borough Attorney for Carlstadt.

1 MR. GIANCASEO: Dominick J.
2 Giancaseo, G-i-a-n-c-a-s-e-o, Chief Financial
3 Officer for the Borough of Carlstadt.

4 MR. ROGUT: Steve Rogut, Bond
5 Counsel.

6 MR. GORBARINI: Paul Gorbarini,
7 G-o-r-b-a-r-i-n-i, Auditor.

8 MR. ROSEMAN: Will Roseman,
9 R-o-s-e-m-a-n, Mayor.

10 MR. ROGUT: Good morning. The
11 Borough of Carlstadt is seeking the Local Finance
12 Board's approval of a \$4,150,000 Tax Appeals
13 Refunding Bond Ordinance, with a nine year
14 Maturity Schedule.

15 The annual tax impact to the
16 average household would be \$85.80 financed over
17 nine years, \$108.00 over seven years. And if we
18 had to raise it all in this year's budget it would
19 be \$695.00.

20 The Borough undertook a revaluation
21 in 2013 which should reduce further appeals going
22 forward. But I'd like to point out that we do
23 have quite a lot of pending commercial appeals.
24 This has been going on the for a multi year
25 period. There are many appeals that are currently

1 pending besides what we're down here for. Does
2 the Board have any questions?

3 MR. NEFF: So this matter originally
4 was delayed because the application from Carlstadt
5 really seemed to indicate, at least the
6 questionnaire from Carlstadt really seemed to
7 indicate that there wasn't a whole lot being done
8 to reasonably keep expenditures down in the
9 municipality.

10 We had asked the municipality a
11 series of questions about what they were doing to
12 keep their costs down. I have to say I'm still
13 looking at the application from Carlstadt as one
14 that's an outlier.

15 The municipality has a police chief
16 who's paid in excess of \$200,000. Other employees
17 in the police department are making close to
18 \$200,000. It looks to me like a municipality
19 where there hasn't been a whole lot of success,
20 for whatever reason, in terms of keeping the cost
21 down. Yet there is a need to come and borrow for
22 tax appeals. That's problematic.

23 We noticed for Carlstadt, as well,
24 that appeals were being settled. And rather than
25 being paid, interest expenses were being incurred.

1 Where the municipality could have passed an
2 emergency to at least pay the obligations that
3 were due and it racked up unnecessary bills with
4 respect to interest.

5 I believe the Borough has a
6 healthcare plan that is more expensive than the
7 State Health Benefits Plan. I know there are
8 contractual issues moving from one plan to
9 another. But there doesn't seem to be any real
10 effort by the municipality to get those costs
11 under control.

12 Camden, which is a municipality
13 that is under some state oversight, Asbury Park, a
14 municipality which is under some oversight, and
15 Harrison, all managed successfully to move their
16 employees to the State Health Benefits Plan to
17 save money over the last year and Carlstadt
18 hasn't.

19 It seems to me that there needs to
20 be a little more serious effort by Carlstadt to
21 start getting their expenditures down before they
22 keep coming to this Board and asking for relief
23 from things like tax appeals.

24 I also would note, I think and
25 correct me if I'm wrong, I may be thinking of

1 another application, but there is at least one
2 maybe more, part-time council members who are
3 receiving health benefits. And, you know, most
4 municipalities have gotten rid of things like
5 that. Health benefits are an expensive stipend
6 that seems to be an unreasonable level of
7 compensation for a Borough of that size.

8 With all of those things said, you
9 know, I recognize the municipality has a financial
10 problem, probably needs to get some sort of
11 approval for refunding its tax appeals. I think
12 I'd be comfortable with approving what's happening
13 here today or what's being asked for here for
14 today, with the exception of sort of irregular
15 payments with respect to the maturity of the
16 refunding notes.

17 I think there is some backloading
18 of payments for the refunding notes. I think we'd
19 prefer to see payments, which is what
20 municipalities--level payments, which is what
21 municipalities typically pay.

22 I'm particularly not inclined
23 personally to allow for backloading of debt
24 payments and things of that sort, when the
25 municipality appears to me to not be doing all it

1 can to keep its own costs down.

2 That would be my motion, to approve
3 for the number of years they requested, which is
4 also rather extreme, nine years. Which has an
5 \$85.50 average annual impact to the taxpayers.

6 I think that's pretty generous.
7 But I'm more than willing to entertain some
8 comments back from the folks from Carlstadt, whom
9 I'm sure would like to get their story out about
10 perhaps a different version of reality than what I
11 just discussed.

12 MR. ROGUT: Tom, we appreciate
13 everything that you are saying. Various people
14 will address your concerns. I think we made
15 progress in each of the areas that you identified
16 in your letter. We'd be glad to tell you what's
17 been going on.

18 MR. ROSEMAN: Mr. Chairman, if I
19 might comment on some of your concerns in regard
20 to the salary of our police chief, I just would
21 like the Board to know that in regards to the
22 police salaries in general, that we had gone
23 through a fair amount of arbitrations which we've
24 lost.

25 This is a situation that we've

1 inherited. However, it's under contractual
2 obligations. But we did discuss with the chief and
3 although contractually he is supposed to be
4 receiving a three and half percent increase, he
5 does not, even though his contract grants him
6 that.

7 In regard to some of your other
8 concerns, we have eighteen percent fewer employees
9 today than we did fifteen years ago. We're making
10 dramatic and substantial inroads in regards to
11 controlling finances with the municipality.

12 Our greatest problem is that in our
13 Meadowlands area, which was mostly developed
14 during the 1950s and 1960s, and comprises almost
15 eighty percent of our community and possibly
16 eighty-two to eighty-three percent of our tax
17 base.

18 Much of our industrialized base now
19 is obsolete. We had a lot of chemical companies
20 that people just aren't using any more. In fact,
21 in some degree we're happy. But we're losing
22 taxes there and we're hemorrhaging. People are
23 appealing their taxes and they're being
24 successful. We have no control over that.

25 As I mentioned in the past, we pay

1 \$1.5 million to the Meadowlands Commission and
2 receive nothing back from that. The State had
3 taken approximately two million dollars in tax
4 rateables--I'm sorry, we received approximately
5 two million dollars per year and given that land
6 to an environmental group. So we're losing about
7 three and a half to four million dollars every
8 single year. Which has a dramatic--a really
9 dramatic impact regarding our taxes and our tax
10 problems. But we've certainly done what we can to
11 lower our expenses.

12 You mentioned the state plan. We
13 desperately would love to go to the state plan.
14 In fact, our PBA and our DPW have been giving
15 the-- their contract expires in 2015 and they just
16 simply won't budge. We were, however, successful
17 in lowering our benefits and saving approximately
18 \$200,000 per year. But until that contract
19 expires, you know, the PBA just will not budge and
20 will not allow us to go to the state plan.

21 MR. NEFF: On the contracts issue,
22 for police it the goes through 2015?

23 MR. ROSEMAN: Yes.

24 MR. NEFF: When did the last one
25 expire and when was it extended or otherwise

1 renewed? Because it is my understanding that
2 there is no police currently, three years after
3 the healthcare reforms that were passed by the
4 legislature. There is no one in the police
5 force--I may have this wrong. The police force is
6 paying the percentage of premium toward healthcare
7 still?

8 MR. ROSEMAN: Yes. In fact, we
9 desperately--obviously, that helps our
10 municipality considerably. Our Borough
11 administrator who had negotiated the agreement, I
12 guess the--

13 MR. GIANCASEO: She negotiated a
14 agreement with the DPW and the PBA for medical, so
15 we could get that savings of \$200,000. But in
16 turn, extended their contracts four years, which
17 hurt me by a quarter of a million dollars of
18 charging them for their dependants for their
19 benefits.

20 MR. ROSEMAN: We let her go in part
21 because of that. In fact, right now we have no
22 Borough administrator.

23 MR. NEFF: Is the police chief's--
24 what is his structure contract? Does he have a
25 written contract?

1 MR. ROSEMAN: His contract expires
2 in 2015. They have one more year.

3 MR. NEFF: Is he paying toward his
4 health insurance?

5 MR. ROSEMAN: The way our contracts
6 state, when the Borough administrator extended
7 the contracts for the PBA, that automatically
8 extended the contracts for the SOA and the chief's
9 contract as well.

10 MR. GIANCASEO: It was done prior to
11 the July deadline. They did it in May, prior to
12 where you couldn't circumvent the system, which it
13 happened. So they extended it four more years.
14 They don't have to pay medical until 2016.

15 MR. ROSEMAN: What we've done, we
16 always had a complement of thirty-two police
17 officers. We now lowered that to, I think it is
18 twenty-four. We just simply are not hiring
19 additional personnel. We just can't afford it.

20 MR. GIANCASEO: The industrial
21 area, which comes under the Meadowlands
22 Commission, I mean, when a property owner goes in
23 for a permit for construction for something, they
24 charge \$1,500. If it was the Borough we charge
25 \$50.00. Yet they have no input with the

1 expenditure on the roads down there and the roads
2 are terrible. Thousands of dollars have got to be
3 spent down there to get-- the Meadowlands just
4 wash their hands of that. That's going on down
5 the line.

6 If we had that Empire tract, that
7 \$2 million dollars and we weren't paying the HMDC
8 its \$2 million dollars--this year it's \$1.5
9 million, but it was always \$2 million for the last
10 several years. That's four million dollars. We
11 just can't make it up.

12 MR. ROSEMAN: Every year we lose
13 that.

14 MR. GIANCASEO: The rate-- the
15 formula was created back in '78, which doesn't
16 hold water today, it truly doesn't. We're righting
17 it. We have several towns together legally trying
18 to change the formula. But that's four million
19 dollars. If we had that four million dollars we
20 wouldn't be here.

21 MR. ROSEMAN: Our Department of
22 Public Works people are retiring. We're now
23 replacing them with part-timers.

24 As I said, we have eighteen percent
25 fewer employees than we did fifteen years ago.

1 Unlike other municipalities that seem to be
2 increasing their staff, we're doing very much the
3 opposite. We're now looking into consolidating
4 our courts with other area municipalities.

5 It is disheartening, because when
6 you look, and certainly when you hear you the
7 things that you say, the impression that one could
8 easily get is that we're being irresponsible. But
9 I can tell you that we are being as diligent and
10 as conscientious as we possibly can be.

11 There is not a meeting that goes by
12 that the Department of Public Works or the police
13 department aren't up at our meeting requesting
14 additional help. We eliminated all Saturdays, all
15 Saturday work. We had our Department of Public
16 Works that would do the sports fields and
17 everything that needed to be done on Saturday.

18 We have-- we went from having two
19 Borough mechanics to one. We significantly reduced
20 the amount of vehicles that are our employees are
21 using. We're doing it out of necessity. We have
22 no choice. We don't have the luxury to do
23 otherwise.

24 MR. GIANCASEO: At one time our
25 industrial area, like the Mayor said, was

1 eighty-five percent of our rateables. Now they
2 went down to seventy percent. So the residents
3 are getting impacted by it.

4 Those are all the tax appeals. If
5 we gets one resident or two residents a year, that
6 would be plenty. Mostly it's one. You are
7 talking maybe \$500 or \$1,000. When the industrial
8 area does it, you are talking about \$200,000,
9 \$400,000 a hit. That's hard to take.

10 Mr. Neff, I'm telling you, we'll be
11 down here again, because there are over 200 tax
12 appeals sitting there yet that have no judgments
13 on them yet.

14 MR. NEFF: I feel like I'm
15 monopolizing time that I shouldn't. Does anyone
16 else have any questions or comments?

17 MR. LIGHT: I was just going to ask
18 when the next set of appeals are going to be
19 expected to be resolved? These that you are
20 talking about here, resolved, apparently 230 that
21 have been settled, if I'm reading this correctly?

22 MR. GIANCASEO: Yes.

23 MR. LIGHT: There is still 120, but
24 you said it is 200?

25 MR. GIANCASEO: Yeah.

1 MR. LIGHT: There are 200 pending?

2 MR. GIANCASEO: It is about 220 or
3 270--270.

4 MR. ROSEMAN: In part, if I
5 remember these numbers correct, our assessed
6 valuation and our industrial base at one point was
7 valued at over \$1.5 billion. It is now under a
8 billion. So we lost approximately \$400 to \$500
9 million in assessed valuation.

10 MR. GIANCASEO: Originally when we
11 started we were at \$2.1 billion and it went down
12 to \$950 million. Now we're back up.

13 MR. LIGHT: You are going to be
14 looking to finance additional appeals in the very
15 near future, I would assume?

16 MR. GIANCASEO: To be honest with
17 you, yes.

18 MR. ROSEMAN: Yes.

19 MR. LIGHT: That leads me to the
20 next question. As Tom said, nine years is-- I
21 don't think we've approved a nine year before.
22 Usually we're looking at three to five, seven at
23 the max. Could you got to the seven years, which
24 is \$28.00 or \$23.00 more than the nine year.
25 Because of the fact that you're probably going to

1 be back looking for another one in the future. I
2 mean, that raises it from \$85.00 to \$108.00. I
3 don't know if Tom heard that.

4 MR. GIANCASEO: Would the new ones
5 also be at seven?

6 MR. LIGHT: Instead of nine, because
7 they'll be back later on. It's a \$23.00 difference
8 to \$108.00 for seven years, instead of \$85.00 for
9 nine. I think you said you could do that?

10 MR. NEFF: They can do it, but--

11 MR. ROGUT: The appeals that are
12 pending, we don't know how quickly they are going
13 to settle. We do have a new tax appeal attorney
14 handling things and a new strategy dealing with
15 the appeals. So they promise to be much more
16 aggressive with the pending cases and also trying
17 to eliminate any payments of interest. Either
18 getting people to waive it or we'll do the
19 emergencies right away and make the refunds, so
20 the interest problem won't recur.

21 We don't know how long these cases
22 are going to--we can only finance them once they
23 have settled. So we don't know how this three or
24 four-- this amount that we have now, we don't know
25 how many years that's going to last.

1 MR. LIGHT: What is the annual tax
2 on an average home in Carlstadt now a year?

3 MR. GORBARINI: On the local level?

4 MR. LIGHT: Yes.

5 MS. MC NAMARA: \$2,900.

6 MR. NEFF: \$2,963.

7 MS. MC NAMARA: That's just the
8 local, not including schools or county.

9 MR. LIGHT: I don't want to throw a
10 boulder in the road, but I just think that
11 financially it would seem to me to be better to
12 finance this for seven years, which is \$23.00 per
13 year more, which brings it up to \$108.00 from
14 \$85.00. Knowing full well that next year or the
15 year after, you are going to be coming back in for
16 another refinancing. I'm just throwing that out
17 on the table.

18 MR. GIANCASEO: If we walk out of
19 here not taking the seven--

20 MR. NEFF: The flip side of that
21 comment, I was kind of thinking along the same
22 lines, but with a different outcome. Because I
23 was a little more amenable to giving the nine, but
24 strongly suggesting, you know, don't come back
25 here again next year unless some of these contract

1 issues have been dealt with really aggressively
2 and you can document it.

3 You need to be able to go back and
4 tell your unions that, sorry, times are difficult,
5 times are hard, we're in a financial jam and they
6 need to get back. I think this Board, going on
7 record as saying it is going to be unlikely, if
8 not impossible, but unlikely that we are going to
9 entertain these types of motions in the future.
10 They need to get back.

11 They can't be collecting \$200,000
12 to be a policeman and not be contributing to
13 health benefits and be receiving a health benefits
14 plan that's more expensive than everyone else in
15 the state is receiving from the State Health
16 Benefits Plan, while this is going on. It is not
17 appropriate.

18 I'm not closing the door and saying
19 you can never come back again next year. But I
20 want the record to be clear that it's not likely.
21 You should be able to tell an arbitrator if you go
22 to arbitration again, or just as you are otherwise
23 negotiating your contracts, that it is not a
24 guarantee that the town is going to be permitted
25 to keep doing this. It is not appropriate to do

1 it year after year, after year. Especially when
2 these type of contracts are out there it is just
3 like this.

4 I appreciate your comments, Mayor,
5 about attrition. I know last year when you were
6 here, maybe it was the year before, you had made
7 those points as well, that the town was doing it.
8 It is not like the town wasn't doing anything to
9 control costs, you were. I noted that my remarks
10 were sort of slanted the other way.

11 I can't-- it is very frustrating to
12 me. Maybe it is frustrating to you with these
13 contracts. These contracts were approved at the
14 local level, too. They weren't just negotiated by
15 the administrator then that was the end of the
16 day. These contracts have to be approved by a
17 governing body. So if they weren't appropriate
18 and not affordable, it just seems to me there
19 should be a more aggressive approach.

20 It's easy to Monday morning
21 quarterback, to sit up here and say do a better
22 job. But when I look at the results of these
23 contracts, that look exceedingly --I hope you take
24 this transcript today, which we'll make available
25 to you, share it with you, so you can share it

1 with the arbitrator when it comes to arbitration
2 again. Because, clearly, there are things going on
3 in this town where police are being given a level
4 of compensation that's just not appropriate,
5 sustainable or affordable. The notion that there
6 could even be a two percent increase when the
7 municipality's finances are in these conditions,
8 is just crazy.

9 So I hope the arbitrator gets the
10 message. I hope this hearing helps in that effort
11 as you push back.

12 MR. ROSEMAN: The paradox,
13 interestingly enough, is that the PBA particularly
14 has not been particularly cooperative. But now
15 that they see that they are coming to the end of
16 their contract and now that they'll be
17 contributing, now they are approaching us and
18 asking us about the state plan. Because once
19 they contribute, now all of a sudden--

20 MR. NEFF: Thirty-five percent,
21 which is what I'm imagining all of them are going
22 to pay toward their premiums. They should actually
23 care what their premiums are for once.

24 MR. ROSEMAN: Also, the fire
25 department has approached us for new vehicles. We

1 expressed to them that they will not be getting
2 those. We do, of course, have to buy Scott packs
3 and the like, which are mandatory items.

4 We really, although I know it
5 doesn't seem that way, we really run a very lean
6 municipality.

7 MR. NEFF: I hope the legislature
8 acts and extends the binding arbitration law that
9 just expired. I hope that the transcript of today
10 is something that you can use to push back and
11 help bring some sanity to those contracts, because
12 they are not even close to reasonable.

13 Just a last thing, I'm curious.
14 Did the police who are also making close to
15 \$200,000, are they entitled to accumulate and
16 accrue sick and vacation time?

17 MR. ROSEMAN: No.

18 MR. NEFF: They are not?

19 MR. ROSEMAN: No.

20 MR. NEFF: At least that's one
21 thing.

22 MR. ROGUT: If I may just add,
23 pending the pending the remaining term on these
24 contracts, I don't know how likely it is that
25 we're going to make significant changes with the

1 unions. Those contracts do run into 2015. So our
2 situation with tax appeals, you know, we will
3 probably be back. We're limiting in how quickly
4 we can implement some of these measures. We'll do
5 our best, but these people have contracts.

6 MR. LIGHT: I understand. But they
7 do have, as the Mayor was noting, that they do
8 have an incentive now to at least try and fix
9 things like an insurance system that is going to
10 wind up making them pay more if it doesn't
11 ultimately get fixed. At least you've got that.

12 There are issues-- as small as they
13 are, they are also symbolic. I would strongly
14 suggest--I don't know who the council members are
15 that have health insurance. It is something, it
16 seems to me, that somebody can recognize and fix
17 if they wanted to be flexible.

18 And there seems to be a recognition
19 that these are things that can't be afforded any
20 more, can't be sustained.

21 MR. ROGUT: In fact, so you know, we
22 also--and you have may have a read this in the
23 paper, we also entertain allowing our Bergen
24 County Police to take-over half our community, so
25 we could lower the amount of cops that we have.

1 And the County, subsequent to that, decided they
2 weren't going to do that. Now they are discussing
3 doing away with the County Police in Bergen
4 County. So that was one of the avenues. At
5 least we thought it was something that we could
6 hold over the police to say, you know, you need to
7 come with concessions. Otherwise you leave us no
8 choice but to take a different route.

9 MR. NEFF: With that-- I'm
10 comfortable with either seven or nine. It is not
11 a huge difference.

12 MR. LIGHT: I'll throw it open for
13 the Board. Personally I would have gone to the
14 seven. But if you want to go for the nine I won't
15 stand in the way.

16 MR. AVERY: Are you going to be back
17 in on more tax appeals this budget year? Is that
18 what I hear or will it be the next budget year?

19 MR. ROGUT: We don't know. It
20 depends how quickly the cases are settled. It is
21 possible.

22 MR. AVERY: If I thought you were
23 going to come back in this year I would be
24 comfortable with the nine, because you'll get
25 another hit there.

1 MR. LIGHT: If it is not this year
2 it is going to be next.

3 MR. ROGUT: We should be back in
4 the fall.

5 MR. LIGHT: Why don't we make the
6 motion for nine and we'll let it sit with that?

7 MR. NEFF: With level payments.

8 MR. LIGHT: Level payments.

9 Mr. Avery: Level payments.

10 MR. LIGHT: I'll make a motion to
11 approve the applications as submitted.

12 MR. NEFF: With level payments?

13 MR. LIGHT: Yes, right.

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

16 MS. MC NAMARA: Mr. Neff?

17 MR. NEFF: Yes.

18 MS. MC NAMARA: Mr. Avery?

19 MR. AVERY: Yes.

20 MS. MC NAMARA: Ms. Rodriguez?

21 MS. RODRIGUEZ: Yes.

22 MS. MC NAMARA: Mr. Blee?

23 MR. BLEE: Yes.

24 MS. MC NAMARA: Mr. Light?

25 MR. LIGHT: Yes.

1 MR. ROGUT: Thank you very much.

2 MR. GIANCASEO: Thank you so much.

3 MR. ROSEMAN: Thank you.

4 MR. NEFF: We're going to skip TO
5 Burlington County very quickly. Is Burlington
6 County here? You're up.

7 (Jennifer Edwards and Tom Hastie,
8 being first duly sworn according to law by the
9 Notary).

10 MR. NEFF: I think I can make your
11 life a little easier and faster.

12 MS. EDWARDS. Okay.

13 MR. NEFF: This is an item that is
14 just a simple refunding that had been approved
15 previously by the Board. The only reason this
16 wasn't on consent is because there was a
17 questionnaire that needs to be submitted along
18 with the application. There was a questionnaire
19 submitted last year, but we require it to be
20 submitted annually. We got that on Friday.

21 There was nothing new in it. It
22 wasn't a questionnaire from last year. It was
23 something that would have been on consent. You've
24 got a present value savings if interest rates go
25 below a certain rate.

1 So I don't really have any
2 questions or comments. If you want to say
3 something, because you took the time to be here?

4 MS. EDWARDS: No, that's okay.

5 MR. BLEE: Motion to approve.

6 MR. NEFF: I'll second it. Roll
7 call.

8 MS. MC NAMARA: Mr. Neff?

9 MR. NEFF: Yes.

10 MS. MC NAMARA: Mr. Avery?

11 MR. AVERY: Yes.

12 MS. MC NAMARA: Ms. Rodriguez?

13 MS. RODRIGUEZ: Yes.

14 MS. MC NAMARA: Mr. Blee?

15 MR. BLEE: Yes.

16 MS. MC NAMARA: Mr. Light?

17 MR. LIGHT: Yes.

18 MS. EDWARDS: Thank you.

19 MR. NEFF: Westwood Borough.

20 Woodcliff Lake Borough is another
21 one of those municipalities that hasn't introduced
22 their budget. So we'll go to Westwood Borough.

23 (Doreen Ayer, Robert Hoffmann, Gary
24 Vinci, being first duly sworn according to law by
25 the Notary).

1 MS. AYER: Doreen Ayer, A-y-e-r,
2 Chief Financial Officer.

3 MR. HOFFMANN: Robert Hoffmann,
4 H-o-f-f-m-a-n-n, Borough Administrator, Borough
5 administrator.

6 MR. VINCI: Gary Vinci, Auditor.

7 MR. FEARON: Jim Fearon, Gluck,
8 Walrath. We're bond counsel to the Borough.

9 Good morning. The application
10 before you is for a \$1.5 million of tax appeal
11 refunding notes to be repaid over a five year
12 period beginning this year, 2014, through 2018.

13 It relates to a single property,
14 the former Pascack Valley Hospital, for the tax
15 years 2009 through 2012, during which that
16 hospital had been closed.

17 We have a signed stipulation and
18 settlement agreement that provides for basically a
19 refund of \$1,456,523 on that property. Structured
20 so that it would be payable in installments, equal
21 installments, over the same five year period, 2014
22 to 2018.

23 Our proposal is to structure
24 probably a ladder of notes, taxable refunding
25 notes, that would be retired over that same

1 period. So the payments on the debt service would
2 track the same payment schedule as the payments on
3 the stipulation.

4 And the purpose of going through
5 this process is, frankly, that the Borough cannot
6 absorb this payment under its tax levy cap. But if
7 we do it through the mechanism of refunding notes
8 then we can. So the idea is, although the
9 application stated a numbers run that showed a
10 borrowing of \$1.5 million, it is not our
11 expectation to borrow the full amount this year.
12 It is our expectation that each year, if it is
13 necessary to use refunding notes to make the
14 payment, there will be a borrowing. The proceeds
15 of the notes will be used to pay the settlement
16 and the payment of the notes will be retired the
17 same year.

18 So the effect of this is that the
19 debt service would be paid in exactly the same
20 years as our settlement agreement requires us to
21 make payments.

22 I'll be happen to answer any
23 questions you have.

24 MR. NEFF: I'm a little bit
25 confused. You already have a payment schedule

1 from the hospital?

2 MR. FEARON: Yes, we do.

3 MR. NEFF: Why would you need to
4 issue any notes at all, just use the same
5 payments?

6 MR. VINCI: The Borough may not
7 issue the notes. They may raise it as a deferred
8 charge unfunded as part of the budget process. So
9 it gives them the flexibility should they, because
10 of cash flow issues, have a need.

11 MR. NEFF: It still doesn't make
12 any sense, if they can otherwise--

13 MS. ZAPICCHI: Because there is an
14 exclusion, that's why. They need the levy cap
15 exclusion.

16 MR. NEFF: There is an exclusion.
17 That's what I was kind of getting at. It sounds
18 to me like this is nothing but an orifice to avoid
19 the levy cap impact. If you do a tax anticipation
20 note for the purposes of making a payment, the
21 payment is due anyway. If you are making the
22 payment on the notes that you are issuing the same
23 year that you are issuing them, then, like, I'm
24 missing something here.

25 Is this just about getting out from

1 under the leave levy cap?

2 MR. VINCI: The issue the Borough is
3 facing this year is there are significant
4 increases in the budget. By having the deferred
5 charge unfunded, the Borough would then have the
6 ability to increase the cap. Once the five year
7 window is over, the cap goes back down. So it
8 does coincide with the agreement.

9 It is purely a there because of the
10 cap need. The Borough has lost surplus. They
11 settled almost a quarter of a million dollars of
12 appeals last year. They have a reval that is
13 taking effect this year to correct some of the
14 other issues. But there are significant increases
15 that they are dealing with in 2014's budget. The
16 budget has been introduced by the governing body.

17 So there will be an adjustment down
18 the road and the Borough is well aware of that.
19 This will adjust itself once the appeal has been
20 paid up in full.

21 MR. NEFF: I'm sorry, what is the
22 adjustment that you are referring to?

23 MR. VINCI: The deferred charge
24 unfunded. The year that it's no longer in the
25 budget they will have a cap decrease. So they're

1 aware of that.

2 MR. NEFF: Yeah, but levy cap
3 exclusions for debt service are permanent, they
4 are not rolled back.

5 MS. ZAPICCHI: Deferred charges in
6 our department are handled differently. It will a
7 deduction for debt service. It will be deducted.

8 MR. NEFF: Has Westwood been before
9 the Board before for tax appeals.

10 MR. VINCI: No, not that I'm aware
11 of. That goes back fifteen years.

12 MR. NEFF: I guess it is a one time
13 thing. They did a reval for 2014?

14 MR. VINCI: Yes.

15 MR. NEFF: Which is one of most
16 municipalities. I guess I'm --it is big impact.
17 It seems to be a one time thing, too, one large
18 property. It used to be Pascack?

19 MR. HOFFMANN: Correct.

20 MR. NEFF: They were purchased by
21 Hackensack?

22 MR. HOFFMANN: Yes.

23 MR. NEFF: It used to be a
24 not-for-profit hospital was it not, but they paid
25 taxes?

1 MR. HOFFMANN: When it was bought
2 in 2008 they started paying taxes on the property.
3 Hackensack paid taxes. Pascack Valley didn't pay
4 taxes on the property.

5 MR. VINCI: There was a payment in
6 lieu.

7 MR. HOFFMANN: There was a payment
8 in lieu and I guess Care One paid taxes.

9 MR. VINCI: There was an extended
10 litigation regarding the opening by other
11 neighboring hospitals which precluded the hospital
12 from opening. It just opened up last year.

13 MR. HOFFMAN: June 1st.

14 MR. VINCI: June of 2013.

15 MR. NEFF: Is it --how come they
16 owed--I just don't understand why they owed
17 property taxes at all if they were, like, a
18 not-for-profit?

19 MR. VINCI: They were sold in 2008
20 to a for-profit.

21 MR. FEARON: It was closed at the
22 time.

23 MR. NEFF: Anybody else?

24 Mr. LIGHT: I'll move the
25 application for approval.

1 MR. NEFF: I'll second it. But just
2 with the caution that I did note in the
3 questionnaire-- I hate to be the stick in the mud
4 again, but people sitting to my right haven't had
5 a raise in eight years because of the State's
6 fiscal condition. I haven't had a raise since I
7 took this job five years ago. I took a pay
8 decrease when I took it.

9 I noticed that non-contractual
10 employees were all receiving increases in pay in
11 2014 and 2013. When times are tough and times are
12 hard, sometimes you have to say no. I just sort
13 of throw that out there. You know, I'll second
14 the motion and we'll take a roll call. I would
15 just ask, if you are going to be coming back to
16 this Board again I kind of don't want to see
17 things like that in the application.

18 Take a roll.

19 MS. MC NAMARA: Mr. Neff?

20 MR. NEFF: Yeah.

21 MS. MC NAMARA: Mr. Avery?

22 MR. AVERY: Yes.

23 MS. MC NAMARA: Ms. Rodriguez?

24 MS. RODRIGUEZ: Yes.

25 MS. MC NAMARA: Mr. Blee?

1 MR. BLEE: Yes.

2 MS. MC NAMARA: Mr. Light?

3 MR. LIGHT: Yes.

4 MR. FEARON: Thank you.

5 MR. NEFF: Camden City?

6 (Richard Ricardelli, David
7 Thompson, Kevin Frenia, Glenn Jones, being first
8 duly sworn according to law by the Notary).

9 MR. RICARDELLI: Richard Ricardelli,
10 State Fiscal Monitor for Camden City.

11 MR. THOMPSON: David Thompson,
12 financial advisor to the City of Camden.

13 MR. FRENIA: Kevin Frenia,
14 F-r-e-n-i-a, Auditor.

15 MR. WINITSKY: Jeffrey Winitsky,
16 Parker, Mc Cay, Bond Counsel.

17 MR. JONES: Glenn Jones, Director of
18 Finance, City of Camden.

19 MR. NEFF: Obviously, you can say
20 whatever you want to say, but I'm going to try and
21 help out here.

22 MR. WINITSKY: Please.

23 MR. NEFF: Legislation was passed
24 that asks for a certain surcharge for parking?

25 MR. WINITSKY: Correct.

1 MR. NEFF: The legislation then
2 allows that money to be used to demolish buildings
3 that are problematic and need to be razed.

4 The City has availed itself of that
5 legislation. They are in the process of imposing
6 the fees and collecting them. This is just a
7 proposal consistent with the legislation to allow
8 you to monetize those funds and begin knocking
9 down buildings. You will, obviously, knock down
10 as many you can. You'll get the best interest
11 rate you can when you go to market so you can get
12 the most money possible. Whatever principal you
13 can get you will use to knock down as many
14 buildings as you can.

15 That's the proposal. I know our
16 monitor is working with the City to implement
17 this. It is part of an economic development
18 effort in Camden. It exists as an opportunity in,
19 I think, Trenton, Paterson and one other
20 municipality, I forget who.

21 But regardless, Camden is out in
22 front on this, as they always are on these sorts
23 of things. I think they are the first
24 municipality availing themselves of the bill. This
25 is why it's here.

1 I don't mean to steal your thunder.
2 It seems like a common sense proposal and
3 something that we would be supportive of. I think
4 this would be your first date issuance in a long
5 time.

6 MR. WINITSKY: A very long time,
7 yes.

8 MR. NEFF: I know that the Division
9 is going to work with the municipality to try to
10 go to Wall Street and get the best rating
11 possible.

12 Ironically, Camden is in a position
13 to probably get sort of an upgrade or more
14 favorable view from Wall Street, ironically, than
15 places like Detroit and other places, where they
16 decided that filing Bankruptcy is a good idea and
17 then they get creamed with nasty interest rates.

18 So Camden is sort of a success
19 story on this, which we continue to audit.
20 Anything you want to add, obviously? I'm sorry to
21 steal your thunder?

22 MR. WINITSKY: You've done a
23 wonderful job, thank you.

24 MR. BLEE: Motion to approve.

25 MR. WINITSKY: Mr. Chairman, before

1 there is a vote there is one item that was not
2 specifically included in the application. Because
3 the City is going to be issuing bonds, we would
4 need a waiver--excuse me, a nonconforming maturity
5 schedule. That's not specifically included in the
6 application. We would like consideration for that
7 as well.

8 MR. NEFF: Nonconforming and a
9 waiver of a down payment, which is designed to
10 sort of track what the collection of the monies
11 are?

12 MR. WINITSKY: Right, you got it.

13 MS. MC NAMARA: The maturity
14 schedule is in here?

15 MR. WINITSKY: Yes, it is.

16 MR. NEFF: We would be supportive of
17 that. We've been supportive of those things in the
18 past, where the source of the payment for the
19 bonds is something that's just not readily
20 available. It is sort of a self funded debt
21 issuance.

22 MR. WINITSKY: It is Exhibit D, I
23 believe. It is level debt service, which is why
24 it would be nonconforming.

25 MS. MC NAMARA: New Jersey Demo

1 Law, is that the legislation?

2 MR. WINITSKY: My financial advisor
3 corrected me and said it will likely be
4 conforming.

5 MR. THOMPSON: It is projected to
6 be conforming.

7 MR. NEFF: I actually would make a
8 motion to approve the application with a
9 nonconforming maturity schedule, to the extent
10 that it is needed for revenues that are
11 anticipated, to track the payments.

12 MR. BLEE: Second.

13 MR. WINITSKY: That's better, to be
14 safe. Thank you.

15 MR. NEFF: It is conforming. It is
16 intended to be conforming.

17 MR. WINITSKY: If for some reason
18 it's not, we would ask for a nonconforming --

19 MR. NEFF: If your financial
20 analyst determines that it may not be able to be,
21 only because of the anticipation of present
22 revenues from the implementation of the Act, I
23 don't think we'd have a problem with the revenues
24 from this particular source tracking the debt
25 service payments.

1 MR. WINITSKY: Correct.

2 MR. NEFF: Only for that reason. It
3 seems highly unlikely.

4 MR. WINITSKY: Correct.

5 MR. NEFF: If the flexibility is
6 needed, the flexibility is needed. I don't have a
7 problem with that.

8 MR. WINITSKY: We have a motion and
9 a second, I think, on this.

10 MS. MC NAMARA: Mr. Neff?

11 MR. NEFF: Yes.

12 MS. MC NAMARA: Mr. Avery?

13 MR. AVERY: Yes.

14 MS. MC NAMARA: Ms. Rodriguez?

15 MS. RODRIGUEZ: Yes.

16 MS. MC NAMARA: Mr. Blee?

17 MR. BLEE: Yes.

18 MS. MC NAMARA: Mr. Light?

19 MR. LIGHT: Yes.

20 MR. WINITSKY: Thank you.

21 MR. NEFF: Chesterfield Township.

22 (Wendy Wulstein, John Malley, being
23 first duly sworn according to law by the Notary).

24 MS. WULSTEIN: Wendy Wulstein,
25 W-u-l-s-t-e-i-n, CFO, Township of Chesterfield.

1 MR. MALLEY: John Malley, Auditor,
2 Chesterfield Township.

3 MR. NEFF: Go ahead.

4 MR. MALLEY: Good morning. I'm
5 John Malley, Auditor for Chesterfield Township.
6 With me is Wendy Wulstein, the Certified Financial
7 Officer for Chesterfield Township.

8 We are here requesting a 1977 cap
9 appropriation for \$504,000, in a year when the
10 budget is relatively level, at least the operating
11 side of the budget is level.

12 The tax rate will be increasing by
13 some 4.8 cents. And on the average house in
14 Chesterfield that would equate to \$694 in taxes.

15 MR. NEFF: This is something that
16 we would have contemplated putting on consent. We
17 approved it every year for many years.

18 I did want some discussion on the
19 record about what's going on with the tax levy in
20 Chesterfield. Because I want to say three years
21 ago-- I'm going to get these numbers wrong, you
22 can correct me. It went from, like, \$500,000 to
23 \$2 million, to \$1 million, to \$1.4 million. It is
24 like ping-ponging back and forth. I just want some
25 discussion on the record as to what's happening.

1 If you can explain that and also give assurances
2 to the Board that because of going up and down and
3 use of surplus and rate of use of surplus, that
4 Chesterfield understands and realizes that it
5 won't need to come to this Board or to the
6 Division for transitional aid grant at any point
7 in the future, that their books are going to be
8 able be balanced. That this varying use of surplus
9 isn't going to otherwise get the municipality in a
10 jam which they come looking for assistance from
11 the state.

12 Because I want to go on record as
13 saying, I know it is deliberative on the local
14 level, I know there are various reasons for it.
15 But I want to be very clear that these sorts of
16 modifications and changes every year are not going
17 to be looked kindly on the municipality if the
18 municipality gets itself to a point where it's
19 looking for assistance.

20 MR. MALLEY: That spike in the tax
21 rate, I think it was 2012. What had happened, the
22 Township had a considerable amount of surplus as
23 they had for several years. At that time the
24 governing body looked at it and said how do we
25 want to use this surplus? Throw it all in now and

1 keep the tax rate low or maybe, because this was
2 the time when construction had dwindled, maybe we
3 hang onto it and kind of use it like a rate
4 stabilization fund for the tax rate. Not a bad
5 idea, which they decided to do.

6 Unfortunately, the amount of the
7 surplus they used in that first year of 2012 was
8 rather low, comparatively speaking and the tax
9 rate spiked that year.

10 With the human cry that followed
11 from the residents, in the next year the governing
12 body backed off of that plan of rate stabilization
13 and started using more surplus to keep the tax
14 rate at a lower level.

15 In 2013 the tax rate is 12.9 cents.
16 And this year they are holding onto \$2.6 million
17 in surplus at the end of the year. They are going
18 to use 1.4 of that to balance this budget. Which
19 would take the local purpose tax rate up by 4.8
20 cents, to 17.7 cents.

21 Going forward, you are just going
22 to just see more increases in the local tax rate.
23 The surplus is dwindling. Unless something
24 happens with construction in Chesterfield
25 Township, they will not be generating the kinds of

1 surpluses that they used to.

2 Our projections are you will see
3 more increases in tax rates. And before long
4 we're going to have to take advantage, I'm sure,
5 of the referendum process for both the cap
6 application and the levy referendum.

7 MR. NEFF: Levy referendums aren't
8 terribly successful. So is there a different
9 model that this municipality could be using to
10 maybe not put itself in that position? Because
11 here's my forty thousand foot view of what
12 happened in Chesterfield two years ago when the
13 tax rate spiked.

14 It spiked because the local
15 governing body realized that it needed to go up
16 high enough when it could for the year that it was
17 below ten cents, when it wasn't otherwise applied
18 to the cap. So they could get to a level where it
19 would be self-sustaining for the municipality.

20 If the governing body there--to be
21 to be real clear on the record--if the governing
22 body there has made a decision that they want to
23 manipulate the tax rate with surplus and that's
24 otherwise the reason they wind up having a
25 problem, they need to understand very clearly--and

1 please bring this back to them, don't come to the
2 Division and ask to be bailed out, when they made
3 a conscious decision to put themselves in that
4 spot. So levy elections almost never win. I think
5 there have been about fifteen of them over the
6 last ten years.

7 I'd be willing to bet, that
8 Chesterfield's tax burden on the homeowner is
9 probably one of the lowest around, it is extremely
10 unlikely it is ever going to pass.

11 If the municipality wants to go
12 down this path, that's their choice, but don't
13 come to the state and ask for a bailout when the
14 voters say no. Because we're not going to
15 turnaround and say yes with transitional aid.

16 I just want to be very clear on the
17 record and that's why we asked you to come here
18 today, so there is no confusion two years from now
19 or three years from now about what the position of
20 the Division is with respect to how the
21 municipality is handling its finances right now.

22 MR. MALLEY: We'll be happy to pass
23 that information on to the governing body.

24 MR. NEFF: With that, people want
25 to--anybody want to make a motion to allow the use

1 of a surplus or does anybody have any other
2 questions?

3 MS. RODRIGUEZ: I make a motion.

4 MR. AVERY: I'll second it.

5 MR. NEFF: Roll call.

6 MS. MC NAMARA: Mr. Neff?

7 MR. NEFF: Yes.

8 MS. MC NAMARA: Mr. Avery?

9 MR. AVERY: Yes.

10 MS. MC NAMARA: Ms. Rodriguez?

11 MS. RODRIGUEZ: Yes.

12 MS. MC NAMARA: Mr. Blee?

13 MR. BLEE: Yes.

14 MS. MC NAMARA: Mr. Light?

15 MR. LIGHT: Yes.

16 MR. MALLEY: Thank you.

17 MR. NEFF: I guess next we're up to
18 Cumberland County Improvement Authority.

19 (Gerard Velazquez, Gerald Selesky,
20 David Thompson, being first duly sworn according
21 to law by the Notary).

22 MR. VELAZQUEZ: Gerard Velazquez.

23 MR. SELESKY: Gerald Selesky.

24 MR. MAYER: Bill Mayer, DeCotiis,
25 Fitzpatrick & Cole, Cumberland County Improvement

1 Authority.

2 MR. THOMPSON: David Thompson,
3 Pheonix Advisors, financial advisor.

4 MR. WINITSKY: Jeffrey Winistsky,
5 Parker, Mc Cay, Bond Counsel.

6 MR. THOMPSON: I was going to say
7 good morning. I'm not sure it still is.

8 Obviously, you've seen us before.
9 We have followed up as promised with an appraisal
10 on the property that's being purchased. It comes
11 in within a decent golf shot of being exactly what
12 we're paying. And we trust that is sufficient.

13 We also want to make-- point out
14 that we are making a change in some of the
15 documentation, that does not fundamentally change
16 the credit aspects on the bonds that are being
17 issued.

18 The County has a guarantee
19 ordinance that will back the bonds in the
20 marketplace. It has come to light that it is
21 probably not appropriate to have the Social
22 Services Board in a direct lease relationship in
23 this transaction with the County. So to solve that
24 we're going to move--the leases will be with the
25 Improvement Authority. It will be a direct lease

1 between the Improvement Authority and the tenants
2 of the building. That transaction will then be
3 backed by the County guarantee.

4 The County is obviously going to
5 be one of the tenants through some programs they
6 have. Social Services will be a tenant. There
7 will be additional tenants that will come in as
8 space is made available from the Employment-- what
9 is the proper title?

10 MR. VELAZQUEZ: Employment Training.

11 MR. THOMPSON: The Employment
12 Training will be moving out when their facility is
13 completed, then additional tenants will come in at
14 that point. This is in the process of being
15 negotiated.

16 This came to light only very
17 recently, that this structure should be utilized
18 rather than the structure that was contemplated.
19 That is, the County being the lessor and then have
20 sub-leases to the tenants. This makes a more
21 straight line between the Improvement Authority
22 and the tenants.

23 The County never wanted to be in
24 the landlord business. But it was structured that
25 way initially. And now we realize that we find

1 that--I'm not going to say it's illegal. It
2 creates problems to have the Social Services be
3 the tenant under a lease with the County.

4 MR. SELESKY: If I can jump in? We
5 have a couple of grants with the MBT and Social
6 Services. It really--if we are the owner of the
7 property and we're the landlord of the property,
8 we're setting leases payments and charging that
9 over to grant programs. You can't do them both.

10 It has always been the intent of
11 the Freeholder Board to have the Improvement
12 Authority be the owner and the landlord. For
13 twenty-five years it stays with the Improvement
14 Authority. It does not refer back to the County as
15 a lease purchase would.

16 Under the lease purchase the County
17 would have been on the hook for the entire
18 principal and interest through the life of the
19 program. It would have been responsible for the
20 subletting any space. The Freeholder Board never
21 really had an interest in real estate property
22 management business either.

23 So the reason this came up at the
24 eleventh hour is the Freeholders really weren't
25 really aware of the structure that was moving

1 forward. When they became aware they are now
2 insisting that it be modified to meet their
3 desires.

4 MR. THOMPSON: There will be a
5 rescinding of the ordinance that approved the
6 lease between the County and the Improvement
7 Authority. And the other leases will now be in
8 place direct with the Improvement Authority.

9 There will be, I think, a tweaking,
10 of one sort or another. Counsel will explain that
11 other actual guarantee ordinance.

12 MR. SELESKY: There are two
13 ordinances that were actually presented to Pat,
14 were sent over to the Board. One was a lease
15 ordinance that was structured at that point as a
16 traditional GO license, a finance lease if you
17 would, for the County. I expect that ordinance
18 will be tabled.

19 The second ordinance is the
20 guarantee ordinance that's been introduced. I
21 expect that that will be amended at the next
22 meeting to show a mild tweak of the structure.
23 Instead of the County acquiring it under a finance
24 lease, it will be the Improvement Authority as the
25 owner.

1 The County Board of Social Services
2 and the County Office of Employment and Training
3 will be the true lessees. The Improvement
4 Authority will be the owner. So there will be a
5 minor amendment of the guarantee ordinance, just
6 in the description of the property.

7

8 MR. LIGHT: Will the amendment
9 require republication?

10 MR. MAYER: It will. But as an
11 amendment to a bond ordinance it could proceed
12 expeditiously. They could have the second reading
13 seven days after. But we're going to keep it
14 pretty much on track, assuming all goes well.

15 MR. SELESKY: The Public Hearing is
16 set for April 22nd. We have a Special Meeting
17 scheduled for April 30th for the 2014 budget.
18 We're adding that to the agenda. So we'll be
19 finished by April 30th. Closing is scheduled for
20 May 15th. We're still within our time frames.
21 Excuse me, closing is May 22nd, it was pushed back
22 a week.

23 MR. NEFF: So the County guarantee
24 ordinance is going to be amended?

25 MR. MAYER: There will be a minor

1 amendment. I was looking at it this morning.
2 Just in the description of the project to reveal
3 the Improvement Authority ownership.

4 MR. SELESKY: We will still
5 guarantee the debt. We will still provide a full
6 guarantee on the debt. The difference is, we're
7 not going to be the lessor. There is not going to
8 be a capital lease. We also have the full leasing
9 responsibility of the debt. It is going to be
10 revenue bonds, where the tenants' rents are one
11 form of backing for the debt. The second guarantee
12 would come from the County guarantee.

13 MR. NEFF: So ordinarily we expect
14 to see what ordinances we're being asked to
15 endorse or approve and we don't have it. We just
16 have assurances that we'll amend it. This is what
17 we'll do. Some of the lease documents are going
18 to change. We don't have any of these things.
19 That's one concern.

20 The second concern, just to put
21 this back in context, the last time that this
22 group was here, the real concern that was
23 expressed by not only me, but I think other
24 members of the Board. I remember Mr. Avery
25 talking about it, too and everybody essentially

1 being in agreement, was, we had the application
2 before us when it first came here, where there was
3 nothing to show us that what was being proposed
4 was reasonable. And, you know, the concern we had
5 was that there was the eight point whatever
6 million dollar purchase price for a building that
7 seems to have materialized out of thin air.

8 There hadn't even been an appraisal
9 done of the property to determine what was being
10 proposed worked. It sort of cast aspersions, from
11 our point of view or vantage point who came up
12 with that number? Isn't it just standard business
13 practice to do your appraisal first, make sure
14 that guides you in terms of what you are offering,
15 make sure you are getting a good deal?

16 There didn't seem to be anything up
17 front in terms of a process of looking for an
18 appropriate building to buy for the space that the
19 County needed. And that's a question that I have.
20 Was there ever a process that it solicited
21 publicly proposals to sell the property? Did the
22 County ever hire a realtor or somebody to try to
23 find the most appropriate building for them?

24 Because I'm looking at a lot of
25 material now that suggests to me that all the due

1 diligence was done on the back end after the
2 decision was made to buy this guy's building. It
3 makes me real uncomfortable.

4 Whereas if we had received a report
5 from somebody that suggests that the building was
6 worth far less than what was being paid for it,
7 which wasn't the case, I would have voted no. I
8 think everybody else would probably would have
9 voted no. We don't have that.

10 I still done have this comfort
11 level that the cost of this project is reasonable
12 in light of what the services are for the real
13 estate that's needed by the County. Because I'm
14 not seeing a real process of determining up front,
15 here's our needs and then publicly going out and
16 trying to identify the building or real estate
17 that would best suit the needs. I see it from the
18 back end. Let's just buy this building, it is
19 the easiest.

20 That may be fine. Am I wrong, was
21 there any kind of process up front? Was there a
22 committee, like, a small subcommittee that the
23 Freeholders put together to say, hey, go get the
24 best deal you can to meets our needs? Was there a
25 real estate agent hired to help find the right

1 property and it was determined this was one was
2 the best one? What was the process up front to
3 determine this was the most cost efficient or
4 reasonable price to pay for the product that was
5 needed?

6 MR. VELAZQUEZ: In this particular
7 case we are kind of dictated by the fact that
8 we're already in the building. It is a hundred
9 thousand square foot building that is occupied.

10 In order for us to find a building
11 that would have worked, we would have to find a
12 similar size building.

13 When we were here last time we
14 talked about what we did and you wanted us to put
15 that in writing and we put that together.

16 Initially the Freeholders wanted to
17 build a new building and relocate all of these
18 folks into another building. We took a look at
19 the cost to do that. The cost to do that was
20 about fifteen million dollars. Obviously,
21 significantly more than the \$8.2 million to
22 acquire.

23 Then we took look at --

24 MR. NEFF: If I can stop you. Who
25 made the decision that was the best approach, as

1 opposed to going to out trying to buy an
2 existing--or lease an existing building?

3 MR. VELAZQUE: That was one
4 approach. At the same time, we were looking for
5 other buildings that we could move into.

6 Now, keep in mind that the lease
7 terminates in August. So this has been an on going
8 process trying to find a space.

9 MR. NEFF: What was the process
10 that was used to try and find the most effective
11 property? Was a realtor hired? Was there a
12 committee? Who was responsible for trying to find
13 the best deal?

14 MR. VELAZQUEZ: A lot of different
15 folks, the Freeholders, the Economic Development
16 folks, the business administrator, the Improvement
17 Authority, since I've gotten here a year ago.

18 MR. NEFF: Was it an organized
19 process? Was it just, hey, everybody sort of out
20 looking on their own and seeing if they could--

21 MR. VELAZQUEZ: No. There was a
22 committee put together of Freeholders, folks on my
23 Board, the business administrator, the staff of
24 the County, the staff of the Office of Employment
25 and Training, the staff of the Board of Social

1 Services.

2 MR. SELESKY: If I can jump in? I'm
3 at a disadvantage because I came in during the
4 middle of the project, toward the end. I came in
5 just before the first rejection from here first.
6 But, of course, I read the papers, I did the
7 histories, talked to people.

8 The original proposal was to build
9 a building in the center of downtown Bridgeton.
10 Bridgeton is an incredibly depressed city, while
11 Vineland is not. There was somewhat of a regional
12 political-- I'm not saying political in a bad way
13 here, but desire to bring jobs into Bridgeton,
14 bring people into Bridgeton, to utilize their
15 merchants and whatever. Basically put a real
16 office building in there in hopes to spur off
17 other economic activity in Bridgeton.

18 With that, there was rebuttal from
19 the residents in Vineland that just went crazy
20 over the idea of leaving Vineland. There were
21 many discussion and debates which I was not part
22 of. I wasn't working there at this time, so I
23 don't know how the final decision was made. But
24 the Freeholders then backed off the idea to build
25 in Bridgeton.

1 Now, parallel with that, what
2 really helped them change their minds, is, as
3 Gerry mentioned, the new building was going to be
4 built for \$15 million in downtown Bridgeton. When
5 the landlord found he was losing his tenant
6 anyway, he offered that building at \$8.2 million.
7 Which they looked at and said, hey, okay. It's
8 cheaper than what we were going to build over here
9 and it will quiet the people that are complaining
10 over here and then went in that direction.

11 MR. THOMPSON: If I might add
12 briefly here? An analysis done that at the time
13 of the fifteen million dollar price we were
14 looking at, was juxtaposed to the rent escalation
15 that was scheduled for the existing building and
16 it was going to be essentially within about
17 \$20,000 or \$30,000, a push, to move into the new
18 building versus renting at the higher rent that
19 was scheduled within the lease.

20 MR. VELAZQUEZ: We also looked at--
21 we did look at sites in and around Bridgeton,
22 Vineland and Millville. Keep in mind it's the
23 Office of Employment and Training and it's the
24 Board of Social Services. The folks need to be
25 able to get there, a lot of clients now on a daily

1 basis.

2 There is a property that's directly
3 adjacent to this property, 77,000 square feet. We
4 took a look at acquiring that. The renovations and
5 the acquisition would have been about \$8 million,
6 not including the move. And we only had 77,000
7 square feet as opposed to 100,000 square feet.

8 There was a 103,000 square foot
9 building that was available in Vineland, but it
10 was near the industrial park. Trying to get folks
11 out to the industrial park or on welfare, that
12 need job training, would make it difficult, would
13 not have been possible for services.

14 We took a look at alternative sites
15 in all the cities to find a building of this
16 magnitude, of this size, within public
17 transportation, where the clients could get to,
18 that made sense for the program, really didn't
19 work.

20 It wasn't haphazard. It was really
21 trying to fit a square hole in a round peg--or a
22 round peg in a square hole, trying to figure out
23 where we could put this facility that made the
24 most sense for the operation, for the cost and for
25 the program.

1 MR. SELESKY: It's been successful
2 in its current location for many years.

3 MR. NEFF: At the end of the day, I
4 think everybody knows, we don't approve or
5 disapprove of authority proposals. All we do is
6 provide a review, then we give our findings. We
7 have certain statutory findings that we're
8 supposed to address as part of our review.

9 I'm fine with giving positive
10 findings on most of it, just because I know at the
11 end of the day there is a County guarantee for
12 this. So this deal is going to work and bond
13 holders are going to get paid. It is not going to
14 break the City's or the County's bank if for some
15 reason the lease payments aren't otherwise
16 covering the debt service which is the intent.

17 I think it is okay to move forward
18 with this, to give positive findings for
19 everything. But I'm still uncomfortable with this
20 process where this thing was brought here. First
21 we're going to build a building. Then it's, no,
22 we're just going to buy a building. We're going to
23 buy this building even though we didn't do any
24 kind of assessment as to what it is worth, by a
25 licensed professional where that's their

1 profession.

2 I'm uncomfortable giving a
3 resolution that says-- at least that I would, that
4 I found that this is a reasonable cost of the
5 project itself, not necessarily the finances, but
6 the project itself.

7 So for that reason my inclination
8 would be to conclude today and just adopt a
9 resolution that finds positive findings with all
10 the aspects of what we look for, with the
11 exception of the reasonableness of the cost of the
12 project. That's not not to say that the cost of
13 the project is unreasonable either. Like, I'm
14 just not comfortable with the way this came to us.

15 For that reason, that's why I would
16 recommend would recommend that. It shouldn't
17 interfere with your ability to move forward with
18 financing with the Social Services project. The
19 other project we don't have to choose.

20 But that would be my
21 recommendation. I'm open to what other people
22 think.

23 MR. AVERY: As I read this, at the
24 end of the day you're simply changing who owns the
25 building. People that are there are going to stay

1 there. And the Improvement Authority is going to
2 own the building instead of privately owned.

3 MR. SELESKY: The profits from the
4 rents will go to a government agency rather than a
5 private owner.

6 MR. VELAZQUEZ: We will also avoid a
7 twenty-five percent increase in the rent as of
8 September 1st.

9 MR. AVERY: And you don't have to
10 relocate the Social Services Board?

11 MR. VELAZQUEZ: Correct.

12 MR. SELESKY: Correct.

13 MR. AVERY: You are accepting the \$9
14 million appraisal done by the seller and your
15 appraisal is slightly less than the acquisition
16 price. Saying that you are close enough to meet
17 in the middle or the ten percent rule? How did
18 you get to the slightly higher than fair market
19 value?

20 MR. THOMPSON: The purchase price
21 is just slightly under-- pardon me, over what the
22 appraisal that came in that we have.

23 In any commercial transaction, if
24 someone has a unique selling proposition, which
25 that particular person does, in that they have the

1 building that we're currently in, and there are a
2 number of additional costs for us to move
3 somewhere else. There is a small-- and without it
4 in front of me I don't want to use it, but if one
5 can use \$100,000 as being a small number, it's a
6 big number to all of us, but in terms of overall
7 context it is better transaction.

8 Being in this building is a better
9 transaction by about five million over the life of
10 the transaction, than building a new one that was
11 the original plan that actually had been approved.
12 So we're saving five million dollars for the
13 County residents.

14 The process in getting to where it
15 was is one that takes some culpability in not
16 anticipating that there should have been a more
17 formal process, documented formal process to get
18 where we needed to be. I can understand where you
19 would want to say where you would have wanted to
20 have a more coordinated process to arrive at the
21 decision. But we think the decision--and
22 strongly, that the decision is the correct one.

23 MR. LIGHT: I think that Alan made
24 some good points. If you weren't particularly
25 comfortable with the process of the price, rather

1 than make it sound negative in the resolution, I
2 would suggest that you just find positive findings
3 for the rest of it and don't address that part of
4 the question at this time.

5 MR. NEFF: I'm fine with that. We
6 won't express an opinion one way or the other
7 about the project financing or about the project
8 costs itself.

9 MR. LIGHT: Do you want to make a
10 resolution?

11 MR. AVERY: Go ahead, you've got
12 the language in your mind.

13 MR. LIGHT: I would say with those
14 thoughts, I would make a motion to approve, based
15 on findings, positive findings as you had
16 mentioned.

17 MR. AVERY: For the findings portion
18 of the application.

19 MR. NEFF: The findings portion of
20 the application, the project. The portion of the
21 total -- only the project that we're discussing
22 now. With respect to the other, we're not having
23 findings on.

24 MR. SELESKY: As far as the
25 documents, obviously, we have to amend that. So I

1 don't know if you want to have a contingency in
2 there as your findings.

3 MR. NEFF: Obviously, the
4 resolution will state that the approval is
5 conditioned on documents being amended, as has
6 been reflected on the record. We're doing this a
7 little bit on the fly here. I'm still not pleased
8 with this whole process. But, again, it is a
9 review and approval and it is --you know the
10 resolution will reflect that these amendments as
11 reflected on the record are going to be made. That
12 at the end of the day it will be an absolute
13 guarantee from the County that they will make good
14 on this debt service.

15 MR. AVERY: I make a motion, that we
16 approve the financial portion of the application
17 by Cumberland County, subject to the completion of
18 the documentation as represented.

19 MR. NEFF: Okay, a second?

20 MR. LIGHT: I second it.

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.

1 MS. MC NAMARA: Ms. Rodriguez?

2 MS. RODRIGUEZ: Yes.

3 MS. MC NAMARA: Mr. Blee?

4 MR. BLEE: Yes.

5 MS. MC NAMARA: Mr. Light?

6 MR. LIGHT: Yes.

7 MR. THOMPSON: We learned something,
8 with good guidance, as we move other projects, to
9 make sure there is a more formal pathway. Thank
10 you.

11 MR. NEFF: Jersey City, proposed
12 dissolution.

13 Nobody is here from the Port
14 Authority, Salem Port Authority?

15 (No response).

16 No, okay.

17 (Mike Hanley, Robert Kakoleski, Tim
18 Eismeier, being first duly sworn according to law
19 by the Notary).

20 MR. WINITSKY: Jeffrey Winitzky,
21 Parker, Mc Cay, bond counsel for the City.

22 MR. HANLEY: Mike Hanley, NW
23 Financial.

24 MR. KAKOLESKI: Robert Kakoleski,
25 Businesss Administrator, Jersey City,

1 K-a-k-o-l-e-s-k-i.

2 MR. EISMEIER: Tim Eismeier, NW
3 Financial. The last name is E-i-s-m-e-i-e-r.

4 MR. HAK: Brian Hak. That's H-a-k,
5 from the law firm of Weiner, Lesniak, special
6 counsel to the City.

7 MR. NEFF: Okay. Would you walk us
8 through the proposal one more time, some of the
9 documents that you've submitted since we met last
10 time and what they said, for the record?

11 MR. HANLEY: The City of Jersey
12 City, as you know from last time, is looking to
13 dissolve its parking authority. We believe that
14 there are significant savings resulting from
15 overlapping services that the City can provide.

16 On behalf of the Parking Authority,
17 we received an analysis as it relates to the
18 number employees that we think are not necessary.
19 We think that there are-- there has been a lack of
20 innovation and lack of ability for the City and
21 the Parking Authority to work together to improve
22 Jersey City's parking system.

23 This will bring the entity inside
24 the City, largely under the head of public safety
25 and will produce better parking services for the

1 residents of Jersey City.

2 MR. NEFF: Just a couple of
3 questions. One of the main concerns statutorily is
4 the Board has to make sure that the services that
5 are provided by the Authority will continue to be
6 provided by the City.

7 We had, since the last meeting,
8 received documentation from the City-- may even
9 had received it, like, the night before our last
10 meeting. I don't remember.

11 That indicated, you know, what the
12 titles of the Civil Service employees would be,
13 who would be hired by the City and what
14 essentially their pay scale would be, how much it
15 would cost.

16 It didn't look unreasonable to me
17 in terms of the City continuing to be able to
18 provide the service. I'm not so sure that the cost
19 savings were as thoroughly described or justified
20 as would give me comfort that the savings are as
21 real as represented. But that's not our role. At
22 the Board level we don't make a decision as to
23 will it save money or not save money, not a
24 finding on that. We're finding that the services
25 can continue to be provided and the City is

1 otherwise going to assume the liability of the
2 Authority, which seems to be the case.

3 But I did have a couple of
4 questions. I did read the transcript of the
5 public hearing that was held in Jersey City on
6 this proposal. And very early on in the
7 transcript it was noted in that the City was going
8 to be tabling the ordinance that was being
9 discussed.

10 Which would to me, if I were an
11 audience member or somebody coming to testify, I
12 would think, oh, no action is being taken tonight,
13 maybe I can come back another day if I had
14 something to say. So I'm not sure if all the
15 issues got vetted. People testified and there
16 weren't a lot of answers given to people who did
17 testify about what was happening. It was more of a
18 listening tour. There were some comments by the
19 governing body officials who were saying things
20 like we're going to put together a working group
21 to figure out we're going to treat current
22 employees and shift them over to the new
23 Authority.

24 Leading me to believe that there
25 are still a number of questions that are are out

1 there about how will the actual transfer of
2 employees take place.

3 I'm still a little bit concerned
4 about moving from a non Civil Service situation
5 which exists now, where you can use employees more
6 flexibly, to a Civil Service position where you
7 may wind up having people in narrower job titles
8 who can say that's not my job to do whatever it is
9 you want them to do, but you don't have it for the
10 Authority.

11 I'm not a had a hundred percent
12 convinced that the staffing levels that are set
13 forth in the table of organization that was
14 provided by the City are going to be accurate.
15 You may have to hire more people, I don't know.

16 But that said, I'm sure these are
17 issues that can be worked through to provide the
18 parking services. But I'm interested in hearing
19 from somebody from the City as to, what are the
20 issues as you still see them, in terms of what
21 needs to be done to determine how the current
22 employees are going to be treated?

23 The governing body members are
24 suggesting there is still a lot of work to be
25 done, hearings need to be held and plans need to

1 be put together for how current employees are
2 going to be treated. What's the City's position on
3 that?

4 MR. KAKOLESKI: Since we last were
5 here, that subcommittee formed by the City Council
6 has met. It included officials from the Parking
7 Authority. It included the Chairman of the Parking
8 Authority. Gentlemen up here were at that meeting
9 as well.

10 We discussed all the issues. You
11 know, we're ironing out and finalizing that TO.
12 It is very similar to what was presented at the
13 last meeting. You know, one or two people shifted
14 here or there.

15 We have also met again with Civil
16 Service, to get them on board with what we're
17 trying to do. And they have made some
18 recommendations on how we should approach it.

19 Our plan is to, if the Board takes
20 action today, to submit our Civil Service plan to
21 them within the next couple of days. It might be
22 the worse case scenario within a week, identifying
23 how we want to handle that.

24 You know, our goal has always been,
25 the enforcement functions would come over as a

1 whole, you know, the operational issues, you know,
2 the mechanics, you know, some of the lot workers.
3 You know, they would be kind of absorbed within
4 our Public Works. It is more of the
5 administrative functions that we see there is
6 duplicity there, that would not have to come over
7 as they currently are.

8 So our Council has heard all of
9 this. They have listened and they have not
10 opposed any action that we've taken so far.

11 MR. NEFF: Could you, for the
12 record-- one of the other things you provided to
13 the Board was an old --it is entitled "draft
14 memo", of August 29th of 2012. Presumably it was
15 prepared by somebody at the Parking Authority who
16 prepared an analysis or a paper saying that
17 subsuming the Parking Authority functions within
18 the City government didn't make sense, it wasn't
19 recommended. Could you, just for the record--

20 MR. KAKOLESKI: I'm not entirely
21 sure who prepared that. I think it was someone
22 within the City, not necessarily the Parking
23 Authority. I think it was a summary of everything
24 that was in the report prepared by Weiner,
25 Lesniak. I think some conclusions, you know, were

1 similar to what we're addressing now. It was more
2 of the pension issues, which we have addressed by
3 having some changes to our pension system made.
4 So the employees from the Parking Authority would
5 not be harmed by coming over. They would not lose
6 pension credit. Any other issue out there, I think
7 was identified as more the Civil Service. Again,
8 it's an issue that we're addressing with them as
9 we speak. That was provided by the Parking
10 Authority. That document could not be found
11 within the City.

12 MR. NEFF: Okay. Is there any
13 concern about the existing titles that are
14 available through Civil Service for employees that
15 would be placed? Are they flexible enough for you
16 to get the savings that the City thinks it will
17 get so that they can use the employees in a
18 broadly enough manner as they are used now with
19 the Authority?

20 MR. KAKOLESKI: Primarily the
21 enforcement division are the parking enforcement
22 officers. We don't see that function changing at
23 all. They currently have a structure of captains,
24 sergeants, lieutenant. You know, that's not going
25 to work within our organization. We're looking

1 more of a supervisory, a parking enforcement
2 officer title. Then some other, you know, generic
3 management title for people overseeing those
4 supervisors.

5 You know, based on the layoffs of
6 2011, we think the titles that will be used for
7 these employees will allow the transfer of these
8 employees to come over.

9 In terms of the administrative, you
10 know, we're still working with getting the Civil
11 Service people on that. We're looking more in
12 terms of permits, collections. There are titles
13 available that will hopefully-- that should allow
14 that to be, again, a smooth transition.

15 It is more, again, the
16 administrative stuff that might be problematic.
17 But our minimal administrators are needed in the
18 division of enforcement, because we have the
19 administration of the Public Safety Director's
20 office to assist the division director there.

21 MR. NEFF: Will the employees who do
22 enforcement, assessing fines, collecting fines,
23 does anything change when it goes from the
24 Authority to the City, but the same enforcement
25 powers, abilities, access to the court systems,

1 you know, the meter readers that use the
2 Ticketron, does anything change with that? Are
3 there powers that the Authority had that the city
4 won't have?

5 MR. KAKOLESKI: We don't believe
6 so. There might be an issue in terms of a change
7 in the computer system. Which I asked the
8 director of the Parking Authority now to look into
9 for us. They are governed by a different rule.
10 So we want make sure when that occurs there is a
11 smooth transition for use. She hasn't gotten back
12 to us on that aspect yet, so I can't give you a
13 definitive answer. It's something that we are
14 aware of and that we have to address.

15 MR. NEFF: So part of the transition
16 may require a change of the computer system?

17 MR. KAKOLESKI: Correct.

18 MR. NEFF: Which presumably, it
19 takes a long time to change computer systems, we
20 all know that.

21 MR. KAKOLESKI: I think it's more
22 access to the information that may be different.

23 MS. RODRIGUEZ: That technology,
24 the with the proper--the technology for parking
25 time with the proper consultants, it is not as

1 in-depth or as complex as it seems. I know that
2 personally for a fact.

3 MR. NEFF: Presumably the consultant
4 used would actually be a parking consultant?

5 MS. RODRIGUEZ: That's exactly
6 right. We have specialists in the parking
7 industry.

8 MR. NEFF: What is the effective
9 date that's proposed for the dissolution?

10 MR. KAKOLESKI: They are a fiscal
11 year, so they end June 30th. In a perfect world it
12 would be July 1st.

13 MR. NEFF: You would have at
14 least--

15 MR. KAKOLESKI: A little less than
16 three months.

17 MR. NEFF: Thanks. I'm having
18 trouble with my math, my abacus was broken.

19 There is no intent to try and ask
20 Civil Service to give new titles that are more
21 flexible than the titles that already exist?

22 MR. KAKOLESKI: We are going to
23 propose titles. Then they are going to review
24 them. They are going to make recommendations
25 that work best for us.

1 MR. NEFF: They wouldn't necessarily
2 be sort of existing titles that are out there?
3 They could potentially be new ones?

4 MR. KAKOLESKI: We've been talking
5 about creating at least one new title. Right now
6 there is no senior enforcement officer. We've
7 been talking internally about creating one as
8 another level of supervision, maybe, for the
9 younger or the junior--

10 MR. NEFF: That can take a fair
11 amount of time. That's not critical to moving
12 forward?

13 MR. KAKOLESKI: It's not critical.

14 MR. AVERY: Tom, if I may, in terms
15 of your enforcement effort, the supervisory
16 personnel, they are going to be civilians, they
17 are not going to be law enforcement; correct?

18 MR. KAKOLESKI: That's correct. It
19 is strictly--

20 MR. AVERY: No extra duty to your
21 law enforcement side?

22 MR. KAKOLESKI: Correct. There are
23 no plans to have a uniformed officer in that
24 division.

25 MR. AVERY: No captain, no

1 generals, no admirals?

2 MR. KAKOLESKI: Not at all.

3 MR. AVERY: Commanders of the fleet?

4 MR. KAKOLESKI: It does not make
5 sense. We need them on the streets.

6 MS. RODRIGUEZ: I never heard of
7 such a thing. How many employees are we talking
8 about?

9 MR. KAKOLESKI: They currently have
10 eighty-six. Our proposed TO brought it down to
11 seventy-one. We've already been told that if this
12 is to happen, a number of existing employees are
13 going to retire. So maybe through attrition we can
14 achieve that seventy-one, for the most part.

15 MR. NEFF: I did want to just share
16 for the record with the other Board members, but
17 we did receive a letter that was sent to
18 Commissioner Richard E. Stabile and later it went
19 to Commissioner Constable. I didn't know I had a
20 new boss.

21 He complains that Senator Ray
22 Lesniak's law firm was the consultant that did the
23 study. Other than just complaining about it, he
24 doesn't really give much background on it. And he
25 requests the Commissioner to do a review about

1 what's happening there.

2 And for the record, I just want it
3 to be clear that this is the review on behalf of
4 the Commissioner. I'm not so sure I'm following a
5 lots of things that are in this gentleman's record
6 or letter. I just want to at least let you know
7 it is out there. I don't know if you have a copy
8 of it. There is nothing even in it to address
9 that we haven't already asked you to address.

10 MR. KAKOLESKI: We've seen it.

11 MR. NEFF: That's all I've got by
12 way of questions. I think I would be comfortable
13 with this. Although I do note also, we generally
14 would require a signed statement from the
15 Treasurer of the Authority attesting to the
16 liabilities and assets. But we are aware that the
17 only bonded debt that exists really is held by the
18 City and not the Authority itself.

19 Obviously, we're not going to allow
20 the Authority to simply conduct a veto of their
21 dissolution just because they don't feel like
22 producing a letter that is fairly routine and easy
23 to provide.

24 So our approval today would be with
25 the full disclosure and understanding that hat

1 letter hasn't been provided, but that it could be
2 provided. And that we're approving it
3 notwithstanding that deficiency for today. And
4 provided the assets and liabilities are set forth
5 in the audit of the Authority. That should
6 suffice for our understanding of what the
7 liabilities are.

8 Do we have an up-to-date audit for
9 the Authority?

10 MR. KAKOLESKI: I was given a copy
11 of it last week. If you don't have it we can get
12 it to you.

13 MR. NEFF: It is up-to-date. I
14 believe we have it. If we don't have it, we'll
15 have it soon.

16 MR. KAKOLESKI: Okay.

17 MR. NEFF: Any other questions on
18 this?

19 MR. BLEE: Motion to approve.

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.

1 MS. MC NAMARA: Ms. Rodriguez?

2 MS. RODRIGUEZ: Yes.

3 MS. MC NAMARA: Mr. Blee?

4 MR. BLEE: Yes.

5 MS. MC NAMARA: Mr. Light?

6 MR. LIGHT: Yes.

7 MR. KAKOLESKI: Thank you.

8 MR. NEFF: Salem Port Authority

9 Budget. I think it's the Salem City Port
10 Authority.

11 Ann, can you come up to the table
12 and introduce yourself?

13 (Ann Zawartkay, being first duly
14 sworn according to law by the Notary).

15 MS. ZAWARTKAY: Ann, A-n-n,
16 Zawartkay, Z-a-w-a-r-t-k-a-y, Chief of
17 Authorities.

18 MR. NEFF: So this is just A routine
19 approval of the Port Authority budget for Salem
20 City. We have some archaic laws dating back to I
21 think the '60s that require the Board to adopt the
22 port authority budgets, as opposed to the
23 Division. Although the Division approves \$50
24 million budgets from other authorities, we still
25 have to come to the Board for the approval of

1 minor port authorities like this.

2 I just wanted Ann to verify that
3 she reviewed the Authority's budget that was
4 otherwise compliant with the various laws
5 governing authority budgets and that there is
6 nothing out of the ordinary. If anyone has any
7 questions for her, fire away.

8 MR. LIGHT: I just had one, because
9 I don't understand it. What is "unrestricted net
10 assets, \$50,363", on the last page?

11 MS. ZAWARTKAY: That's their net
12 reserve. Are you looking at the SS9?

13 MR. LIGHT: It is the last page. I
14 don't know what the SS9 is.

15 MS. ZAWARTKAY: Line thirteen, is
16 that the page you are looking at, at the bottom?

17 MR. LIGHT: I'm looking at that last
18 page.

19 MS. ZAWARTKAY: Right. That's their
20 ending--sort of like a retained earnings balance
21 to carry forward.

22 MR. LIGHT: At the end of the 2013
23 year?

24 MS. ZAWARTKAY: Yes. This is
25 projected at the end of this year.

1 MR. LIGHT: Okay. I've got it.
2 Thank you.
3 MR. NEFF: Okay.
4 MR. LIGHT: I'll move the approval
5 of the budget.
6 MS. RODRIGUEZ: I'll second it.
7 MR. NEFF: Roll call.
8 MS. MC NAMARA: Mr. Neff?
9 MR. NEFF: Yes.
10 MS. MC NAMARA: Mr. Avery?
11 MR. AVERY: Yes.
12 MS. MC NAMARA: Ms. Rodriguez?
13 MS. RODRIGUEZ: Yes.
14 MS. MC NAMARA: Mr. Blee?
15 MR. BLEE: Yes.
16 MS. MC NAMARA: Mr. Light?
17 MR. LIGHT: Yes.
18 MR. NEFF: I think that concludes
19 our meeting. Is there a motion to adjourn?
20 MR. BLEE: Motion to adjourn.
21 MR. NEFF: I second it.
22 MS. MC NAMARA: All in favor?
23 (Upon a unanimous response, the
24 matter stands adjourned at 12:28 p.m.)
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C E R T I F I C A T E

I, CHARLES R. SENDERS, a Certified Shorthand Reporter and Notary Public of the State of New Jersey, do hereby certify that prior to the commencement of the examination, the witness was duly sworn by me to testify to the truth, the whole truth and nothing but the truth.

I DO FURTHER CERTIFY that the foregoing is a true and accurate transcript of the testimony as taken stenographically by and before me at the time, place and on the date hereinbefore set forth, to the best of my ability.

I DO FURTHER CERTIFY that I am neither a relative nor employee nor attorney nor counsel of any of the parties to this action, and that I am neither a relative nor employee of such attorney or counsel, and that I am not financially interested in the action.

C:\TINYTRAN\Charles Senders.bmp

CHARLES R. SENDERS, CSR NO. 596

DATED: April 11, 2014

STATE SHORTHAND REPORTING SERVICE, INC.

