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STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS
LOCAL FINANCE BOARD

Department of Community Affairs
Conference Room #129/235A
101 South Broad Street
Trenton, New Jersey 08625
October 8, 2014

B E F O R E: TOM NEFF, Chairman
DAN PALOMBI, Deputy Attorney General
PATRICIA McNAMARA, Executive Secretary
EMMA SALAY, Deputy Executive Secretary
FRANCIS BLEE, Member
IDADA RODRIGUEZ, Member
ALAN AVERY, Member
TED LIGHT, Member

STATE SHORTHAND REPORTING SERVICE, INC.
P.O. BOX 227
ALLENHURST, NEW JERSEY 07711
732-531-9500 FAX 732-531-7968
ssrs@stateshorthand.com

STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. NEFF: We're going to continue the
2 open session of today's Local Finance Board Meeting.
3 First up we have one consent item for Atlantic City.
4 It's an environmental infrastructure trust loan
5 program, \$9.65 million. Proposed non-conforming
6 maturity schedule. Waiver of down payment and proposed
7 qualified bond ordinance. Take a motion on that one.

8 MR. AVERY: So moved.

9 MR. LIGHT: Second.

10 MR. NEFF: Roll call.

11 MS McNAMARA: Mr. Neff?

12 MR. NEFF: Yes.

13 MS McNAMARA: Mr. Avery?

14 MS AVERY: Yes.

15 MS McNAMARA: Ms Rodriguez?

16 MS RODRIGUEZ: Yes.

17 MS McNAMARA: Mr. Blee?

18 MR. BLEE: Recuse.

19 MS McNAMARA: Mr. Light?

20 MR. LIGHT: Yes.

21 MR. NEFF: And then we have ten
22 additional environmental infrastructure trust items
23 that are on consent. South Orange Township Village,
24 \$520,000. Non-conforming maturity schedule, waiver of
25 down payment and proposed self-liquidating status.

1 East Orange City, \$520,000. Proposed environmental
2 infrastructure trust loan program, proposed
3 non-conforming maturity schedule, waiver of down
4 payment, proposed qualified bond ordinance and proposed
5 self-liquidating status. Union Township, \$1,790,000.
6 Proposed environmental infrastructure trust loan
7 program and non-conforming maturity schedule. Hillside
8 Township, \$780,000. Proposed environmental
9 infrastructure trust loan program, non-conforming
10 maturity schedule and proposed waiver of down payment.
11 Irvington Township, \$1,900,000. Proposed environmental
12 infrastructure trust loan program, non-conforming
13 maturity schedule, proposed waiver of down payment,
14 proposed qualified bond ordinance and self-liquidating
15 status. The Jersey City Municipal Utilities Authority,
16 \$116 million. Proposed environmental infrastructure
17 trust loan program, proposed project financing. Stone
18 Harbor Borough, \$6 million. Proposed environmental
19 infrastructure trust loan program, non-conforming
20 maturity schedule and waiver of down payment.
21 Brigantine City, \$8.58 million. Proposed environmental
22 infrastructure trust loan program, non-conforming
23 maturity schedule, proposed waiver of down pavement.
24 Brigantine City, \$3,450,000. Proposed environmental
25 infrastructure trust loan program, non-conforming

1 maturity schedule, waiver of down payment. And
2 finally, Cape May County Municipal Utilities Authority,
3 \$9,500,000. Proposed environmental infrastructure
4 trust loan program and proposed project financing.
5 Take a motion.

6 MR. BLEE: Motion to approve.

7 MS RODRIGUEZ: Second.

8 MR. NEFF: Take a roll call.

9 MS McNAMARA: Mr. Neff?

10 MR. NEFF: Yes.

11 MS McNAMARA: Mr. Avery?

12 MS AVERY: Yes.

13 MS McNAMARA: Ms Rodriguez?

14 MS RODRIGUEZ: Yes.

15 MS McNAMARA: Mr. Blee?

16 MR. BLEE: Yes.

17 MS McNAMARA: Mr. Light?

18 MR. LIGHT: Yes.

19 MR. NEFF: We also have one consent item
20 that is a refunding by the Authority, Improvement
21 Authority, Cumberland County Improvement Authority,
22 \$17 million proposed project financing and county
23 guarantee revenue refunding bond. Take a motion on
24 that.

25 MR. LIGHT: So moved. I'll move it.

1 MR. BLEE: Second.

2 MR. NEFF: Roll call.

3 MS McNAMARA: Mr. Neff?

4 MR. NEFF: Yes.

5 MS McNAMARA: Mr. Avery?

6 MS AVERY: Yes.

7 MS McNAMARA: Ms Rodriguez?

8 MS RODRIGUEZ: Yes.

9 MS McNAMARA: Mr. Blee?

10 MR. BLEE: Yes.

11 MS McNAMARA: Mr. Light?

12 MR. LIGHT: Yes.

13 MR. NEFF: North Wildwood.

14 MR. McMANIMON: I expected Ted Burkey
15 here. I don't know whether you have issues with him or
16 not. There's been a lot of questions back and forth.
17 For the record, Edward McManimon from McManimon,
18 Scotland and Baumann, bond counsel for the City of
19 Wildwood.

20 MR. NEFF: Is the tax collector coming?

21 MR. McMANIMON: Well, I expected Ted
22 Burkey, the chief financial officer, to be here. If
23 you want to wait and I'll contact him. But your
24 correspondence back and forth with regard to the
25 questionnaire and others indicated that you wanted him

1 to be here. And so I just expected them to be here. I
2 don't see them.

3 MR. NEFF: Can we just defer this for
4 now?

5 MR. McMANIMON: Yes.

6 MR. NEFF: And then hopefully somebody
7 will be here because the underlying issue is there was
8 a strange tax lien that was sold. I guess it has to be
9 refunded. We wanted to hear from the tax collector as
10 to why they sold a lien that probably shouldn't have
11 been sold. We just wanted an explanation from them.

12 MR. McMANIMON: I know that answer, but
13 it was because it was a PILOT. And there were issues
14 about the PILOT that got litigated. And therefore, the
15 tax needed to be valid. And so they sold something
16 that was an invalid lien and had to pay the tax back.

17 MR. NEFF: I think we want to hear --

18 MR. McMANIMON: Fine. Thank you.

19 MR. NEFF: Defer North Wildwood for a
20 little bit. Next up is Jersey City. Jersey City
21 initially had submitted an application to us for a
22 refunding that included a portion of the refunding that
23 was for a negative savings. And we had asked the city
24 to be present here to discuss that part of their
25 application if they really wanted that. And they

1 withdrew that part of their application. So they're
2 only -- all they're applying for is a refunding which
3 had been approved by the Board previously which won't
4 have any negative savings associated with it. They've
5 had one small portion of the refunding that would have
6 a less than three percent present value savings. But
7 it's at least a savings at a time when interest rates
8 are low. So they weren't required to be here.
9 Something we've approved in the past. And it doesn't
10 have the negative savings aspect to it.

11 MR. LIGHT: Motion to approve, then.

12 MR. NEFF: I'll second it.

13 MS McNAMARA: Mr. Neff?

14 MR. NEFF: Yes.

15 MS McNAMARA: Mr. Avery?

16 MS AVERY: Yes.

17 MS McNAMARA: Ms Rodriguez?

18 MS RODRIGUEZ: Yes.

19 MS McNAMARA: Mr. Blee?

20 MR. BLEE: Yes.

21 MS McNAMARA: Mr. Light?

22 MR. LIGHT: Yes.

23 MR. NEFF: Okay. Old Bridge Township.

24 It's a \$4 million proposed refunding bond ordinance,
25 proposed energy savings improvement program.

1 MR. DRAIKIWICZ: John Draikiwicz from
2 Gibbons, bond counsel to the township.

3 MR. SHAH: Himanshu Shah, chief
4 financial officer, director of finance for the
5 township.

6 MR. COSTELL: Josh Costell representing
7 Tozour Energy.

8 MR. KEENAN: Kevin Keenan representing
9 Tozour Energy.

10 MR. LAVEN: Brian Laven representing
11 Tozour Energy.

12 MR. DRAIKIWICZ: The township of Old
13 Bridge proposed issue bonds in an amount not to exceed
14 \$4 million. The proposed issue which would be utilized
15 to finance capital equipment toward energy savings
16 improvement program pursuant to the ESIP law. In
17 accordance with the ESIP law the township has conducted
18 an energy audit, prepared an energy savings plan, had a
19 third-party review of the energy savings plan and
20 received approval of its energy saving plan from the
21 Board of Public Utilities. The debt obligations will
22 be structured on a level debt service basis which will
23 produce energy savings sufficient to cover the cost of
24 the improvements. The township respectfully requests
25 the approval of this refunded bond ordinance in

1 connection with the ESIP project. If you have any
2 questions we'd be happy to answer them at this time.

3 MR. NEFF: The Board of Public Utilities
4 approved this?

5 MR. DRAIKIWICZ: They did.

6 MR. NEFF: When did the approval come
7 through?

8 MR. DRAIKIWICZ: Last Thursday. We sent
9 an e-mail down to the secretary.

10 MR. NEFF: And the debt service schedule
11 basically reflects the savings that come in from the
12 proposed efficiencies?

13 MR. DRAIKIWICZ: That is correct.

14 MR. NEFF: There was no issues raised by
15 staff in the review of the report. So take a motion on
16 this one or if anyone has any questions.

17 MR. BLEE: Motion.

18 MR. LIGHT: Second.

19 MR. NEFF: Roll call.

20 MS McNAMARA: Mr. Neff?

21 MR. NEFF: Yes.

22 MS McNAMARA: Mr. Avery?

23 MS AVERY: Yes.

24 MS McNAMARA: Ms Rodriguez?

25 MS RODRIGUEZ: Yes.

1 MS McNAMARA: Mr. Blee?

2 MR. BLEE: Yes.

3 MS McNAMARA: Mr. Light?

4 MR. LIGHT: Yes.

5 MR. DRAIKIWICZ: Thank very much.

6 MR. NEFF: Is anybody here from Asbury
7 Park?

8 MR. GARTZ: Yes. Ricky Gartz, chief
9 financial officer.

10 MR. NEFF: I can probably help expedite
11 this one.

12 MR. GARTZ: Okay.

13 MR. NEFF: The only reason Asbury Park
14 is here at all is because they're transitionally a
15 recipient from the state. So we ordinarily post these
16 sorts of applications not for consent in case there's
17 somebody from the municipality that would like to come
18 and be heard. And since there's no one here we
19 probably don't need a lot of testimony. The staff who
20 is the monitor assigned to Asbury Park and reviewed
21 this Qualified Bond Act proposal, it's all for routine
22 sorts of improvements that are needed in the
23 municipality. There's no non-conforming maturity
24 schedule here. There are no other unusual requests.
25 That's the sort of thing no other municipality would

1 have to get an approval but for the Qualified Bond Act
2 process. And you have adequate coverage to make the
3 debt service on the issuance. So with that I think I
4 can help you out.

5 MR. BLEE: Motion to approve.

6 MR. AVERY: Second.

7 MR. NEFF: Okay. Take a roll call.

8 MS McNAMARA: Mr. Neff?

9 MR. NEFF: Yes.

10 MS McNAMARA: Mr. Avery?

11 MS AVERY: Yes.

12 MS McNAMARA: Ms Rodriguez?

13 MS RODRIGUEZ: Yes.

14 MS McNAMARA: Mr. Blee?

15 MR. BLEE: Yes.

16 MS McNAMARA: Mr. Light?

17 MR. LIGHT: Yes.

18 MR. NEFF: Appreciate you being here to
19 answer any questions.

20 MR. GARTZ: Sure. Have a good day.

21 MR. NEFF: Next up is Union City.

22 MR. NORCROSS: Philip Norcross, Parker
23 McCay, bond counsel.

24 (Witnesses sworn.)

25 MR. MARINIELLO: Daniel Mariniello,

1 financial advisor to the City of Union City.

2 MR. TOMKINS: Fred Tomkins, city
3 auditor.

4 MAYOR STACK: Brian Stack, Mayor of
5 Union City.

6 MR. NORCROSS: Good morning. This is an
7 application under the Qualified Bond Act for the
8 adoption of a bond ordinance in the amount of 35,000 --
9 \$35 million along with a waiver of down payment. This
10 is a culmination of a process that I say started about
11 60, 90 days ago between meetings of the city and its
12 representatives and DCA staff given the large nature of
13 the bond ordinance and the various projects. We've had
14 obviously a number of meetings and followup
15 communication. Hopefully have answered most if not all
16 those, but I obviously have the mayor here to address
17 any open issue publicly as it might relate to any open
18 questions. And Dan is here to answer any questions
19 about the financing alternatives presented.

20 MR. NEFF: Any other comments? No?
21 Mayor?

22 MAYOR STACK: If I could, Mr. Neff.
23 Brian Stack, Mayor of Union City. Thank you to all the
24 Board members for hearing the application this morning.
25 We haven't done a lot of bonding. In the time almost

1 14 years I've been Mayor of Union City we haven't done
2 a lot of bonding. We've been very successful in trying
3 to secure grants and using -- basically work with what
4 we have. We're at the point right now with many of the
5 items that are here, if you look down the list. And
6 I'd go into any detail with any member that would like
7 to go over them whether it's in the street improvements
8 we're looking to do, whether it's in equipment for the
9 police department, police radios which basically we
10 have about 18 dead spots in the city right now. And
11 the system needs to be updated. It's an antiquated
12 system. The police chief is also here with us today.
13 He can go into details on the police radios. Some park
14 improvements. It's a very -- Union City's a very poor
15 community. 27 percent of the people live in poverty.
16 The parks are well used. It's the most densely
17 populated city in America. When you -- public works
18 equipment. We haven't purchased garbage trucks
19 probably in about 25 years. We try to make due with
20 what we have. The Elgen sweepers that we're using
21 right now, when you do a repair on an Elgen sweeper
22 you're looking at \$20, \$25,000 a repair. After a while
23 it doesn't really make sense to make repairs to the
24 equipment that we have. We need some new equipment.
25 We're doing a lot of street

1 improvements. Many of the streets in Union City
2 haven't been paved in 60, 65 years. We're doing
3 improvements on various streets. We had to close down
4 the police precinct at 27th Street and Bergenline due
5 to the poor condition of the DPW facility. That
6 facility we're operating. It extends two blocks long.
7 It's an old New Jersey Transit facility. Two blocks
8 long by a block wide. We're down to basically three
9 bays in that building because of violations that we
10 have there. We're looking for a new site right now for
11 the DPW garage. We're looking even out of Union City.
12 We're looking in Jersey City. We've looked in portions
13 of North Bergen for that facility. So we're taking the
14 police precinct. We're trying to move it to another
15 neighborhood in the midtown area. I'll entertain any
16 questions anyone may have.

17 MR. NEFF: I would just add for the
18 record that the monitor assigned to Union City to work
19 with the city and their finances has reviewed the
20 proposal and has found all of the expenditures and
21 purposes for which bonds are being issued to be
22 appropriate and to be essentially of a routine nature.
23 The only unusual aspect of this application is the
24 waiver of the down payment request. And it's our
25 understanding that not all \$35 million is going to be

1 issued at once. That it would be presumably something
2 in the closer area of \$20 million in the beginning.
3 And that that would otherwise have required about a
4 \$500,000 down payment. And our recommendation at the
5 Division level is that we approve the waiver of down
6 payment here today but that we would work with the city
7 in implementing its fiscal year 2015 budget to try and
8 accommodate as much as we can toward a down payment or
9 otherwise offsetting the need to borrow funds up to
10 \$500,000 if we can. But we would work together on
11 that. And if it's reasonable we'll do that. If we
12 can't, we can't. And we also acknowledge that the
13 municipality has already submitted I believe introduced
14 a budget --

15 MAYOR STACK: Yes. Yes, we have.

16 MR. NEFF: -- for 2015. And we have
17 that. And our understanding is the transitional aid
18 application will be coming in relatively soon. And
19 that it will either be a flat funded request for a
20 small reduction. So the city's headed in the right
21 direction.

22 The other point I would make is the city
23 has made strides in improving its financial situation
24 so that it doesn't have a deficit from 2014. That's
25 been eliminated. So there's some positive direction

1 there. So the recommendation from the Division staff
2 is that unlike which would be a sort of a standard of
3 requiring a down payment that we technically approve a
4 waiver of the down payment today but with an effort to
5 make the down payment through the '15 budget as we go
6 through the transitional aid process if we can achieve
7 it.

8 MAYOR STACK: Thank you. Thank you very
9 much.

10 MR. BLEE: Motion to approve.

11 MR. NEFF: One last quick item. There
12 was one thing that's being funded through the debt.
13 It's a Public Works garage?

14 MAYOR STACK: Yes.

15 MR. NEFF: And the other recommendation
16 from the Board is just that whatever either
17 construction project or plans for the Public Works
18 garage that are ultimately implemented that that
19 receive the approval of the monitor before it moved
20 forward. I know she's been working with you on those
21 things already.

22 MAYOR STACK: Yes, she has.

23 MR. NEFF: But we just want to make sure
24 that whether it's a new building or a leased building
25 that we have some understanding of what that's for.

1 There's a portion of the debt that's being issued I
2 think that's possibly taxable.

3 MR. NORCROSS: Depends, again, on those
4 negotiations. So obviously, the monitor will have
5 access to everything and will have to sign off on it.
6 And as you indicated, we're going to take this in a
7 very measured step because the objective in the
8 long-term is to permanently finance. And what we're
9 trying to do is measure out the cash needs as you
10 indicated over the next couple years with capital
11 improvement projects. And then once the city's
12 position is improving enables us to access bond market
13 on whatever you call comfortable terms. Our intent is
14 to obviously permanently finance as soon as we can.
15 And we'll be back obviously for that approval as soon
16 as possible.

17 MAYOR STACK: Also, on the Public Works
18 facility, we sat down with the county, the County of
19 Hudson. There's a site possibly in Jersey City where
20 we can do a joint venture between the county and Union
21 City. So we're studying that also right now. And
22 there was school development property on Fifth Street
23 which is not being used by the School Development
24 Authority. They entered into a short term lease with
25 us to put up, if you will, temporary tent structures so

1 we can keep our garbage trucks and our snow equipment
2 there over the wintertime. And we'll store salt at the
3 old facility which is three bays is still operational
4 to get us through the next two years.

5 MR. NEFF: Okay. Any other questions?

6 MS RODRIGUEZ: As a comment, I think
7 this is a very prudent way to do good business. We
8 commend you.

9 MAYOR STACK: Thank you. Thank you very
10 much.

11 MR. BLEE: Motion to approve.

12 MR. NEFF: I'll second it with the
13 monitor and working toward a down payment if we can
14 achieve it. I'll second it.

15 MS McNAMARA: Mr. Neff?

16 MR. NEFF: Yes.

17 MS McNAMARA: Mr. Avery?

18 MS AVERY: Yes.

19 MS McNAMARA: Ms Rodriguez?

20 MS RODRIGUEZ: Yes.

21 MS McNAMARA: Mr. Blee?

22 MR. BLEE: Yes.

23 MS McNAMARA: Mr. Light?

24 MR. LIGHT: Yes.

25 MR. NEFF: Thank you. Next up was

1 scheduled to be East Orange but they have deferred
2 until the next meeting. So that brings us to Bergen
3 County Improvement Authority.

4 (Witnesses sworn)

5 MR. PEARLMAN: Steve Pearlman,
6 P-E-A-R-L-M-A-N. Steve Pearlman, Pearlman and Miranda.
7 Good morning, everybody. I'm bond counsel for the
8 Bergen County Improvement Authority on this advanced
9 refunding of a 2006 Saddle River deal. I have with me
10 Mauro Raguseo who is the deputy executive director of
11 the BCIA. John Glidden, financial advisor. Steve
12 Rogut is the bond counsel for Saddle River. Saddle
13 Brook. I apologize. And Ray Carnevale, the CFO. I
14 apologize.

15 So I think right now from the latest
16 number that we've seen we have over nine percent
17 present value savings. This deal is a bonds bonds
18 deal. So we try to make it easier by having a
19 refunding agreement instead of having them go through a
20 whole new para organization. Pretty standard deal.
21 Happy to take any questions.

22 MR. NEFF: Ordinarily this is the kind
23 of thing we would have put on consent. The only reason
24 we didn't is because there's some I think what staff
25 would characterize as very what appear to us to be high

1 fees associated with this. And I just want to get some
2 discussion on the record about the fees. On one page
3 of the application there's a page that says Proposed
4 Issuance Costs. And it comes up to total of \$303,000.
5 And the Authority general counsel. There seems to be a
6 lot of fees that are being collected by a whole lot of
7 people for this. And there is later an explanation in
8 the application of Cost of Issuance that totals
9 \$220,000. And I don't know why one says 220 and the
10 other says 303. And then there's apparently some
11 \$50,000 authority fee that's being charged or perhaps
12 more over time for something that's a simple refunding.
13 I don't understand why the Authority is charging a fee
14 for something as simple as a refunding. It doesn't --
15 again, and this is like a recurring theme with this
16 particular authority. It just seems like the fees are
17 very high.

18 MR. GLIDDEN: The Authority financing
19 fee of 25 basis points is charged on every transaction
20 regardless of whether it's a refunding or new money
21 issue. That has been going back at least for the past
22 ten years. Maybe it's somewhat of a misnomer here, the
23 fee under that, a \$75,000 fee which is called the
24 Annual Fee, let me explain that if I could. The
25 Authority charges a ten basis point annual fee on the

1 outstanding principal balance of the issue. On a
2 declining outstanding principal balance of the issue.
3 We offer to -- the BCIA has a policy of offering to the
4 borrower, in this case Saddle Brook, the opportunity to
5 pay that up front out of bond proceeds at a discounted
6 present value basis. And that's what that 75,000
7 represents over time. So it's not a cost of issuance.
8 Normally we put it down as a notation. So it shouldn't
9 be considered a cost of issuance.

10 In this particular case what we do on
11 refundings is that we compare the new fee to the fee
12 that is being paid on the original deal. And if that
13 fee being paid on the original deal is lower we have
14 the borrower pay that fee. That fee is lower. I don't
15 have the numbers in front of me in terms of how much.
16 But that fee would be substantially less than the
17 75,000. So that was put in here as an absolute
18 maximum.

19 MR. NEFF: So that the amount that the
20 underlying municipality that benefits from this deal is
21 paying to the Authority is what? There's a one-time
22 fee of something.

23 MR. GLIDDEN: There's a one-time fee of
24 25 basis points.

25 MR. NEFF: Right. Which is how much

1 money?

2 MR. GLIDDEN: 39,000.

3 MR. NEFF: So \$40,000 almost. And then
4 an ongoing annual fee that ultimately will cost them
5 \$75,000 over time?

6 MR. GLIDDEN: It would be substantially
7 less than that, but.

8 MR. NEFF: Okay. But the \$40,000 fee is
9 to me it's the underlying municipality's being told pay
10 \$40,000 if you want to save money on your debt service
11 so we won't be refunding your debt for you. All the
12 professionals who are actually doing the work with
13 respect to the refunding are being paid through this
14 issuance. So this \$40,000 fee for the Authority which
15 just strikes me as inappropriate. And there's a whole
16 bunch of, you know, 5,000 here, 7,000 there, \$10,000
17 here for which should be a relatively simple refunding
18 agreement. I would note that the township general
19 counsel appears to have the same counsel as the
20 Authority general counsel. So the township and the
21 Authority have the same attorney working on a deal that
22 probably shouldn't be working on opposite ends of a
23 deal. I don't know if that's --

24 MR. GLIDDEN: There's a separate
25 attorney for the township.

1 MR. NEFF: Okay. But the township's
2 attorney is a partner at the firm that handles the
3 general counsel for the Authority?

4 MR. ROGUT: I think that's wrong.

5 MR. NEFF: That's not right?

6 MR. ROGUT: No, it's not.

7 MR. NEFF: So there would be no -- the
8 last name -- I'm trying not to get into personalities.
9 The last name that's involved with the law firm that's
10 the general counsel is not the same attorney who's the
11 Authority general counsel?

12 MR. PEARLMAN: We have a blank under the
13 name for township general counsel. You have a name?

14 MS McNAMARA: We have a name.

15 MR. NEFF: Oh, I'm looking at the
16 application.

17 MS McNAMARA: We have a name.

18 MR. ROGUT: It's the wrong name. Unless
19 the town attorney changed firms within the last couple
20 days. It's a different firm that represents the
21 township.

22 MR. NEFF: Okay. That's not what's
23 reflected in the proposed issuance that we have in
24 here. That's why I'm asking.

25 MR. PEARLMAN: We'll update that.

1 MR. NEFF: Okay. Recommendation as
2 we've had in the past from the staff is that, you know,
3 we obviously don't approve or deny authority
4 applications. All we do is provide our findings. And
5 once again, I would suggest that we provide positive
6 findings with the deal itself but to not provide
7 positive findings with respect to the fee structure
8 which just seems to be high. But it obviously can move
9 forward.

10 MR. PEARLMAN: Okay. Thank you.

11 MR. AVERY: I'll make that motion.

12 MR. NEFF: Any other questions?

13 MR. BLEE: Second.

14 MR. NEFF: Roll call.

15 MS McNAMARA: Mr. Neff?

16 MR. NEFF: Yes.

17 MS McNAMARA: Mr. Avery?

18 MS AVERY: Yes.

19 MS McNAMARA: Ms Rodriguez?

20 MS RODRIGUEZ: Yes.

21 MS McNAMARA: Mr. Blee?

22 MR. BLEE: Yes.

23 MS McNAMARA: Mr. Light?

24 MR. LIGHT: Yes.

25 MR. NEFF: Next up is Camden County

1 Improvement Authority.

2 MR. NORCROSS: Good morning. Philip
3 Norcross, Parker McCay, bond counsel.

4 MR. NYIKITA: Josh Nyikita, Acacia
5 Financial Group, financial advisor.

6 MR. BLANDA: I'm Jim Blanda, executive
7 director, Camden County Improvement Authority.

8 MR. McPETE: And Dave McPete, chief
9 financial officer for Camden County.

10 MR. NORCROSS: This is an application
11 for findings and approval of a Section 80 guarantee for
12 the county's annual Capital Improvement New Money Loan
13 program in the amount of up to \$17 million. We're now
14 into I think our second decade of this program. The
15 county's capital list is not untypical for their annual
16 program with a minimal variety of buildings and
17 operations, public safety road improvements. And that
18 list has been vetted with county counsel and bond
19 counsel as well. Josh Nyikita is here, the financial
20 advisor, to outline and answer any financial questions.
21 And Dave McPete, CFO of the county, can articulate any
22 county questions or project items. And Jim Blanda is
23 here as executive director of the issuer.

24 MR. NEFF: This is the kind of
25 application we receive many times in the past. Just a

1 conduit financing. We really didn't list it on consent
2 because for all we knew there could have been somebody
3 who wanted to testify on it. I don't think there's
4 anybody here who wants to testify on Camden County's
5 debt issuance.

6 MR. NORCROSS: Fred, you want to say
7 anything?

8 FRED: No.

9 MR. NEFF: Unlike the prior application
10 this is not a refunding. It's the initial debt
11 issuance. And the fee that's being charged I think is
12 one percent or one basis point on behalf of that.

13 MR. NORCROSS: And that also includes
14 the actual project development because under a shared
15 service agreement between the Improvement Authority and
16 the county the Improvement Authority actually acts as
17 project manager for these. That includes that cost.
18 So it's not just a financing.

19 MR. NEFF: So it's not as simple as a
20 simple refunding. And there's no point in charging a
21 fee because with the last application there's a basis
22 for this and it's a reasonable fee. I just wanted to
23 distinguish it in case somebody questions and thought
24 we were picking on Bergen County. Anybody have
25 questions on this on?

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

2 MR. BLEE: Second.

3 MR. NEFF: Motion. Or roll call.

4 MS McNAMARA: Mr. Neff?

5 MR. NEFF: Yes.

6 MS McNAMARA: Mr. Avery?

7 MS AVERY: Yes.

8 MS McNAMARA: Ms Rodriguez?

9 MS RODRIGUEZ: Yes.

10 MS McNAMARA: Mr. Blee?

11 MR. BLEE: Yes.

12 MS McNAMARA: Mr. Light?

13 MR. LIGHT: Yes.

14 MR. NORCROSS: Thank you.

15 MR. NEFF: Hudson County.

16 MR. McMANIMON: Thank you. Ed McManimon

17 from McManimon, Scotland and Baumann, bond counsel for

18 the Hudson County Improvement Authority. To my left is

19 Dan Mariniello from NW Financial. His firm serves as

20 the financial advisor to the Authority. I have Kurt

21 Cherry who is the executive director and chief

22 financial officer of the Authority. This is the

23 continuation of one of the county guaranteed local unit

24 pulled notes which provides low cost loan on short-term

25 for the credits in the county that are very low and

1 have more difficulty accessing the credit market by
2 having a county guarantee on these obligations that
3 reduces the interest rate. This is a program that's
4 been running since 2009. They've aggregate issued over
5 1.4 billion. And in their own what they believe are
6 conservative estimates they've saved these towns over
7 \$30 million in interest cost because of the very low
8 interest rates. They get the borrowers from this
9 particular pool out of the township of Weehawkin in the
10 amount of \$7,298,000. That's all a rollover. There is
11 no new money. And that was an issue raised about
12 Weehawkin the last time we were here of future
13 borrowings of new monies. West New York, \$5,350,000.
14 That's also a rollover. There are paydowns on all of
15 these that are the amounts that would be required under
16 the local bond law under the ordinances that they roll
17 these notes over. The City of Jersey City for
18 \$10,692,000. Union City for \$31,931,000. That
19 includes new money of \$280,000 for various projects.
20 And then there's the Weehawkin Parking Authority. I
21 know you have a separate listing of the Weehawkin
22 Parking Authority because there's findings that need to
23 be made with regard to that financing by the Parking
24 Authority which is separate from combining with the
25 other municipalities.

1 But again, this is a rollover of the
2 existing program where the notes are coming due.
3 They're making the paydowns. There are significant
4 savings that are reflected in the application in terms
5 of the benefit of the county's credit on the short-term
6 notes. Other borrowers who have been in this program
7 whose credit has increased like Hoboken have fallen out
8 of this program because they will borrow on their own
9 without the county's credit. Happy to answer any
10 questions you have with regard to this. The total
11 amount is \$71 million for all of those borrowings which
12 includes the separate 14,900,000 for the Weehawkin
13 Parking Authority.

14 MR. NEFF: So the only recommendation
15 from staff really is that the approval be granted but
16 conditioned on the fiscal staff here in reviewing the
17 municipal budgets ensuring that they really are paying
18 what would have been required had they issued a
19 conforming maturity schedule debt. So we'll work with
20 the individual towns to that end. So the
21 recommendation is approval contingent on DLGS ensuring
22 that there's adequate appropriations in the municipal
23 budget in forming maturity schedules.

24 MR. AVERY: I'll make a motion to that
25 effect.

1 MS RODRIGUEZ: Second.

2 MR. NEFF: Any other questions? Take a
3 roll call.

4 MS McNAMARA: Mr. Neff?

5 MR. NEFF: Yes.

6 MS McNAMARA: Mr. Avery?

7 MS AVERY: Yes.

8 MS McNAMARA: Ms Rodriguez?

9 MS RODRIGUEZ: Yes.

10 MS McNAMARA: Mr. Blee?

11 MR. BLEE: Yes.

12 MS McNAMARA: Mr. Light?

13 MR. LIGHT: Yes.

14 MR. McMANIMON: Thank you very much.

15 MR. NEFF: Bloomfield Parking Authority.

16 MR. K. McMANIMON: Good morning. To my
17 left is Dan Mariniello from NW Financial, financial
18 advisor to the Parking Authority. In this application
19 the Parking Authority is seeking positive findings
20 pursuant to 40A:5A-6 and approval pursuant to 40A:5A-24
21 for the issuance of a note in the amount not to exceed
22 \$6.22 million. Purpose of the note is to refund an
23 outstanding note that was issued in November of 2013 in
24 the amount of \$6.4 million. Parking Authority used the
25 proceeds of the prior notes along with other funds from

1 the Authority and from the Township of Bloomfield to
2 finance a parking garage which is part of a larger
3 project. It will be enveloped by 224 residential units
4 and 6500 square feet of retail space. The construction
5 of those components of the project is well under way.
6 We expect it to be completed in late 2015 or early
7 2016. Pursuant to financial agreements and special
8 assessment agreements between the redevelopers and the
9 township the project will generate an annual service
10 charge and special assessment payment which the
11 township has assigned to the Parking Authority. The
12 Parking Authority has pledged to pay the debt service
13 on the Parking Authority's debt associated with the
14 garage.

15 We're prepared at this point to make a
16 paydown of the outstanding principal in the amount of
17 \$180,000 which is more than would be required had the
18 Parking Authority issued bonds now. And then to roll
19 the note over. We think that this is -- given the
20 status of the project we think this is a reasonable and
21 responsible proposal. And we ask the Board to issue
22 positive findings and approval. With that, if you have
23 any questions we're happy to answer any.

24 MR. NEFF: Anybody have questions or
25 concerns on this one? The only point I'd make from

1 staff perspective is we do want to sit down with the
2 Authority and make sure that what is otherwise being
3 paid down is what would be required had there been a
4 conforming maturity schedule. So just subject to
5 verification that it's the appropriate amount at that
6 level our recommendation is to approve this.

7 MR. K. McMANIMON: Very well.

8 MR. NEFF: Motion?

9 MR. BLEE: Motion to approve.

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

11 MS McNAMARA: Mr. Neff?

12 MR. NEFF: Yes.

13 MS McNAMARA: Mr. Avery?

14 MS AVERY: Yes.

15 MS McNAMARA: Ms Rodriguez?

16 MS RODRIGUEZ: Yes.

17 MS McNAMARA: Mr. Blee?

18 MR. BLEE: Yes.

19 MS McNAMARA: Mr. Light?

20 MR. LIGHT: Yes.

21 MR. NEFF: We're going to skip a little
22 bit. I'm going to go a little bit out of order and
23 jump past Paterson City and Orange and I'd like to
24 bring up to the table the Mayor of Newark and his team.

25 MS BROWN: Good morning. City of Newark

1 is here with regard to one of the items on the agenda
2 is the consideration for placing the city under
3 supervision in accordance with N.J.S.A. 52:27BB-56.
4 I'm not sure if you're in receipt of the consent order
5 that was signed by both the city as well as the Deputy
6 Attorney General with the certification of yourself,
7 Mr. Neff, as well as Danielle Smith who's our acting
8 financial director and CFO. So if you have -- I don't
9 know if you have any questions or if you would like me
10 to go through the consent order.

11 MR. NEFF: No, I would just add for the
12 record that the city and the state jointly filed for
13 permission from the judge to place this -- for the
14 Local Finance Board to place the city under supervision
15 substantively for reasons that have been discussed by
16 this Board in the past. And it was an amicable,
17 uncontested filing. And a big part of the reason for
18 supervision is so that the city can lawfully avail
19 itself of a budget option to spread the impact of a
20 2013 deficit over a period of years which we're
21 recommending be provided funded over ten-year period
22 beginning with \$2014, 3,000,000 payment, that would
23 then continue for ten years. And that otherwise would
24 not be an option that would be available to Newark
25 under the local budget law. So I think the filings

1 with the court speak for themselves. And that's where
2 we are. Any questions or comments or concerns? No?
3 Okay. Mayor, I appreciate your time coming here today.
4 On something like this it's only done -- I think it's
5 been done twice in the last four years, Atlantic City
6 and -- no, I take it back. Irvington as well. And the
7 mayors are always here to answer questions should
8 somebody from the public be here to ask a question or
9 one of the members, but we don't have that today. So
10 if we can -- I'll make the motion. If somebody would
11 like to second.

12 MR. BLEE: Second.

13 MR. NEFF: Take a roll call.

14 MS McNAMARA: Mr. Neff?

15 MR. NEFF: Yes.

16 MS McNAMARA: Mr. Avery?

17 MS AVERY: Yes.

18 MS McNAMARA: Ms Rodriguez?

19 MS RODRIGUEZ: Yes.

20 MS McNAMARA: Mr. Blee?

21 MR. BLEE: Yes.

22 MS McNAMARA: Mr. Light?

23 MR. LIGHT: Yes.

24 MR. NEFF: Okay. The next item that's
25 up on the agenda is for spreading of tax appeals.

1 MR. FEARON: Good morning. Jim Fearon
2 from Gluck Walrath Law Firm, bond counsel to the city.
3 The application before you is to fund tax appeals for
4 the City of Newark. The application went in at a total
5 borrowing amount of \$8,420,000. We have subsequently
6 revised that number down to 8,054,000. And we have
7 provided all of the detail of the individual tax
8 stipulations and judgments to your office. That number
9 was derived from approximately 9,208,000 of signed and
10 approved stipulations debited against that hold back of
11 about 1,356,000 for charges against the property that
12 are in current delinquency. So we're not going to
13 refund those amounts. So the net amount is 7,852,000.
14 And we added on top of that the judgments that were
15 also provided of 145,000 and change and some cost of
16 issuance. And that's the 8,054,000 number.

17 The city has previously applied for tax
18 appeal refunding notes in 2008 and 2011. Those were
19 each approved by this Board with a seven year
20 amortization schedule. We have applied for a ten-year
21 scheduled but we have provided the Board with backup
22 schedules showing the impact on properties for each of
23 five, six, seven and ten years. The -- trying to see
24 if I left anything out. In the application we
25 indicated that the tax appeals are for charges that

1 were due during the years 2006 through present. There
2 are no amounts being funded for 2014. In our review we
3 discovered that one property actually has charges going
4 back to 1995, but that was one of the roughly 700
5 stipulations. And I'm sure there was a history for
6 that. But basically the bulk around 2011, a year or
7 two on the other side of 2011 is the basic range of
8 these. And again, we are here for approval under the
9 statutes governing refunding bonds as well as Municipal
10 Qualified Bond Act and the covenants that we are bound
11 by under prior MTA approval. Happy to answer any
12 questions you have.

13 MR. NEFF: I think the only issue here
14 is the maturity level that's proposed for the town. I
15 think as you know this Board has pretty regularly
16 approved a five-year maturity schedule that would bring
17 the annual impact of the debt service to \$50 on an
18 average assessed home. And in light of the fact that
19 there's quite a bit of other maturities with respect to
20 deferral that we just discussed, to remain in the
21 standard policy of the Board we would recommend that
22 the maturity level be five years which is what it would
23 be for anyone else rather than the ten.

24 MR. FEARON: Thank you.

25 MR. LIGHT: You still have outstanding

1 appeals pending?

2 MR. FEARON: There are still appeals
3 being worked on. We have brought to the council for
4 approval all that have been agreed upon by the other
5 side and that were ripe for you to finance.

6 MR. LIGHT: Roughly how many or how much
7 dollar value is still pending? Do you know?

8 MS SMITH: It's not significant.

9 MR. LIGHT: It's not significant. What
10 might be significant to you is not significant to me.
11 It's hundreds of thousands of dollars?

12 MS SMITH: I would say it would be about
13 500,000 right now.

14 MR. LIGHT: 500. So five years, Tom?

15 MS RODRIGUEZ: I'll move. I make a
16 motion.

17 MR. LIGHT: I'll second it.

18 MR. NEFF: And Ted seconded it.

19 MR. NEFF: Take a roll call.

20 MS McNAMARA: Mr. Neff?

21 MR. NEFF: Yes.

22 MS McNAMARA: Mr. Avery?

23 MS AVERY: Yes.

24 MS McNAMARA: Ms Rodriguez?

25 MS RODRIGUEZ: Yes.

1 MS McNAMARA: Mr. Blee?

2 MR. BLEE: Yes.

3 MS McNAMARA: Mr. Light?

4 MR. LIGHT: Yes.

5 MR. NEFF: Just for the record, there
6 was an additional Newark item on the agenda which I
7 believe was determined by Newark to not be necessary
8 for its budget for 2015. So for the record, that
9 matter's not being considered. It was a \$9,972,000
10 proposed refunding bond ordinance and issue of
11 qualified bonds. And just for the record, the city
12 would like to withdraw that application?

13 MR. FEARON: Yes.

14 MR. NEFF: I think that concludes our
15 issue for Newark. And also, for the record, there will
16 be further action with respect to Newark. And that
17 will entail consideration of the adoption of Newark's
18 budget. And that will be held at Tuesday at 9 o'clock.
19 It's a public meeting. It's a public hearing. Anyone
20 who wishes to be here heard on that matter can speak
21 before the Board at that time. And that's this coming
22 Tuesday at 9 o'clock. Thank you.

23 Let's go back on the agenda. I take it
24 North Wildwood's still not here?

25 MR. McMANIMON: I did speak to the chief

1 financial officer. And he misunderstood the
2 correspondence between your staff and him in terms of
3 whether they had questions that required him to be
4 here. I told him I read that to say they required him
5 to be here. He did not get that. He wanted me to
6 refer you to it. So he will not be here. You can
7 defer it. I do know the answer to your question, but
8 you can decide whether you don't want me to be the
9 party to answer it and defer. I'll attempt to answer
10 it. However, you would prefer.

11 MR. NEFF: I think we prefer to defer
12 it. Okay. We'll defer it. We'll consider it at the
13 next meeting.

14 MR. McMANIMON: Fine. Thank you.

15 MR. NEFF: I would add, if they're able
16 to come here on Tuesday we could potentially hear it
17 then. And if not, we'll just hear it in November.

18 MR. McMANIMON: I will let Ms McNamara
19 know if he's available Tuesday. I think I am.

20 MR. NEFF: All right.

21 MR. McMANIMON: Thank you.

22 MR. NEFF: Now we go back to Paterson,
23 proposed dissolution of Municipal Utilities Authority.
24 Dissolution. Next item on the agenda.

25 MR. McMANIMON: Thank you. Ed

1 McManimon, McManimon, Scotland and Baumann. We serve
2 as bond counsel to the City of Paterson. To my far
3 left is Matt Jordan who is the assistant corporation
4 counsel for the city. To my immediate left is Fred
5 Tomkins who is the city's auditor. Bruce Ackerman will
6 make his own representation.

7 MR. ACKERMAN: Bruce Ackerman from
8 Pashman Stein for the Paterson Municipal Utilities
9 Authority. To my right is Erik Lowe, vice chairman of
10 the Authority.

11 MR. McMANIMON: I wasn't really sure how
12 to proceed because this was fully presented two months
13 ago. There were some issues with regard to some
14 requests that Mr. Ackerman had made through OPRA. And
15 I guess he has since also raised an issue about the
16 appropriateness of our firm representing the city in
17 this transaction. And he's actually referred to it as
18 ultra vires which I think is obviously incorrect. If
19 anything, it's unauthorized. But I think it's pretty
20 clear that our role that we play on behalf of the city
21 is to advise it in connection with the matters that are
22 related to bonds. One of the requirements this Board
23 has in any dissolution is that an analysis be made with
24 regard to the debt that would be assumed. And while
25 there is no debt here, it's all part of the analysis

1 that needed to be done, which is why they called us in.
2 We did not prepare this application. We were brought
3 in subsequent to the event. So I don't believe that
4 there's an issue at all. But even if there were, you
5 could certainly ratify unauthorized actions as opposed
6 to ultra vires actions. This is certainly not illegal.
7 And I believe that it's pretty clear. And if it is an
8 issue at all it would relate to whether the city can
9 pay us.

10 So the second item which is of
11 substantive issues relates to OPRA. The city has a
12 full OPRA compliance person. And they represented to
13 me that they have complied with all requests. If
14 there's information that hasn't been provided it's
15 because it does not exist. There's positions with
16 regard to our invoices. There isn't an invoice yet
17 with regard to this work because we bill when we're
18 completed. So I think there's -- all -- most -- I
19 don't want to represent for Mr. Ackerman, but his
20 letter in September and his letter in October and his
21 submission that opposed to this dissolution reflects a
22 view that to the extent that it would be more costly
23 for the city to take over these services, which I
24 believe is not true at all. But if there were for
25 purposes of argument that his view is that it ought to

1 be denied. And he references a language from 40A:5A-20
2 that says: "No such assumption of responsibility for
3 the payment of the obligations of the dissolved
4 authority shall be effective, however, until the local
5 unit or units or the existing authority proposing to
6 undertake such assumption determines, by resolution of
7 the governing body that constitutes the basis for the
8 determination, that the assumption will be a cost
9 effective means of meeting those obligations." That
10 language is not relevant legally to this application.
11 That relates only to whether a decision is made by the
12 municipality when it dissolves an authority, issues new
13 bonds, or assumes the existing bonds. If there's a
14 determination made that you're going to issue new bonds
15 rather than simply assume the existing bonds you have
16 to make this determination. I've done this many times.
17 I've also been on the side of representing authorities.
18 So I completely respect the Authority and Mr.
19 Ackerman's desire to resist this dissolution because
20 they believe that they are in a better position to
21 provide the services in the city if they took them
22 over.

23 If the reason relates to finances, and
24 if you assume just for argument that it would cost
25 more, that's not an element of the determination that

1 the Board makes in the context of a dissolution.
2 That's the price you pay for accountability. That's
3 the price you pay. They have the right and the power
4 as a municipality to decide how to convey the services
5 to the constituents. And if it's being done by an
6 authority and they prefer it to be done another way, I
7 don't mean simply, but the statute provides the basis
8 for them to come forward having identified the services
9 and having identified any debt. If there is any debt
10 then they have to either assume the debit with a bond
11 ordinance or they have to issue new bonds. And if they
12 issue new bonds then the reference that's made here in
13 in that statute is clear that you have to make that
14 determination. It's not a determination that has to be
15 made in the context of the dissolution itself. I'm not
16 suggesting these issues are irrelevant, but they're
17 relevant politically. As you know, you approved the
18 dissolution off the Lower Township MUA two meetings
19 ago. And that township decided not to dissolve the
20 Authority for the reasons that the people who opposed
21 it were successful in convincing that governing body
22 not to do it. So if the MUA and Mr. Ackerman want to
23 have this MUA preserved that's an issue for the city
24 council and the mayor. It's not an issue for this
25 Board if the reason for it relates to the cost.

1 Now, with regard to the cost, this
2 Authority has less than a \$400,000 operating budget.
3 And it produces revenues in connection with a lease of
4 a hydroelectric facility. And it uses those revenues
5 to pay all their costs. Those costs are paid through
6 contracts as opposed to through personnel. And whether
7 or not the city is able through its personnel to take
8 all that money in and just make it a revenue of the
9 city and, you know, whether it's through law or Public
10 Works provide those services at cost that are less than
11 those revenues so then they would save money. If it's
12 more than those revenues, which is unlikely because
13 they have the ability to simply assume the contracts
14 that exist now until they make independent
15 determinations going forward whether they should renew
16 those contracts or they should provide those services
17 themselves.

18 Now, lastly, one of the other elements
19 that's been raised by Mr. Ackerman is that the city
20 hasn't really said that's what they would do, but I
21 just want to point out that in the application it's
22 very clear in the ordinance that they state: "Whereas
23 in an effort to create a more efficient and economic
24 governing practices all agreements, contracts or
25 employees deemed to be unnecessary or superfluous can

1 be reevaluated and if necessary voided by the city."
2 They say the same thing with regard to their assets and
3 their leases. This amends their administrative code.
4 It provides for compliance with the local authorities
5 fiscal control. And then it provides for an inventory
6 of the services and the parties. They have broadly
7 provided for how to do this. And as you know, that's
8 pretty much what you have to do because most of the
9 authorities when they are sought to be dissolved are
10 resistant to that. And there's not cooperation. I'm
11 not even saying that's inappropriate, but we haven't
12 even received a certification from the Authority that
13 this Board directed that to be provided of what those
14 services are. So to the city's credit they have, you
15 know, provided and analyzed all of those things. It's
16 a very small budget that in view of the city is easily
17 in the 101 level as opposed to 202 or 303 level easily
18 assume by the city for all these services. And they
19 should have the right to decide how to use those
20 services and how to provide for them. And they believe
21 that with the assistance of Fred Tomkins they'll set up
22 a utility. The revenues will come in. Obligations
23 will be paid. It will not have an impact on the
24 Paterson taxpayers. These revenues as they have paid
25 for the services will pay for them again. There is

1 also a large fund balance. There is obligations that
2 reflected in the city's audit that the MUA owes the
3 city which hasn't been paid. They're not treated that
4 way on the MUA's audit. They're treated as a capital
5 contribution by the city. And all of that in my view
6 is irrelevant or not relevant because of the ability
7 that the city has to make these decisions and to use
8 its discretion as how to operate it. And I know it's
9 always viewed by the authorities who are being
10 dissolved as pejorative and that their view is not
11 having done a good job. And it's certainly not a
12 requirement to represent or to reflect that they did a
13 poor job.

14 Now, this started with a requirement
15 that this Board imposed on the city as part of its
16 transactional aid application to dissolve this
17 authority. They hadn't considered it before. At least
18 they hadn't officially considered it. And once that
19 started I think it's a bit unnerving for the mayor and
20 the city dealing with one of its agencies largely
21 through OPRA requests. It's untenable for an agency of
22 the city to basically be communicating through OPRA.
23 And so it's reached a level where while this was
24 imposed on the city to start, they certainly feel that
25 this agency is of the view that they are larger than

1 the city or better than the city or more significant
2 and they ought not to be answering the city and should
3 be the other way around. So with respect, I suggest
4 that the application by the city be approved.

5 There's one item open, is the FERC
6 license which originally was granted to the city.
7 Conveyed over to the MUA. Then the MUA in a joint
8 matter conveyed it to the entity that's running this
9 hydroelectric facility. So it remains as a joint
10 license held. So there is presumably an application
11 that needs to be made to do that. We don't have
12 standing to ask for that yet unless you provide the
13 Authority with that dissolution subject to that grant.
14 Subject to that determination. And then it would give
15 standing to present that. And the cost to do that will
16 add a cost. I guess it depends on whether it's going
17 to be resisted or objected to, contested because it's
18 basically an administrative proceeding or whether they
19 have the ability to just proceed in a different
20 fashion. That could range from \$15 to \$25,000. That's
21 not a small number. That adds to costs here but that's
22 a determination that the city is prepared to do. So,
23 thank you. Appreciate it.

24 MR. NEFF: Just by way of clarification,
25 the Division has never ordered the city to dissolve

1 it's MUA. All we have ever required is that the city
2 determine whether it makes sense to move forward with
3 dissolution. And either do so or give us a reason why
4 they would not. And the previous administration, just
5 by way of historical background, at one point the
6 Division approached the prior mayor and asked have you
7 considered this as an option. And the response back to
8 us from the prior mayor was, no, and I'm not going to
9 consider it. Which to us was a wholly inappropriate
10 suggestion that they didn't want to consider something
11 like this and see whether it made sense or not. And
12 now we have a new mayor. And the new mayor has come to
13 the conclusion that it does make sense to get rid of
14 the MUA. And again, the Division's not ordering this
15 to happen, but if it's something that the mayor feels
16 is appropriate and makes sense, as we believe makes
17 some sense, then it's okay for this to move forward at
18 least from the Division staff perspective in the
19 transitional aid program. So we never ordered them to
20 dissolve this authority.

21 All that being said and all of the
22 record that we have, I think Mr. McManimon stated it
23 pretty accurately, our role is really two-fold. To
24 make sure that the debts and liabilities of the
25 Authority would be assumed by the municipality and that

1 they be able to provide the service. And if those two
2 tests are met the statute actually requires this Board
3 to approve the dissolution as requested in the
4 ordinance. And that's not to say that if this Board
5 were to vote today that the MUA goes away. There would
6 still be a hearing at the local level and action on the
7 ordinance itself. They would still need to pass a
8 resolution that provides that this could be done in an
9 efficient manner which they haven't done yet but which
10 could be done. So at the staff level we think it makes
11 some sense to do this for a whole variety of reasons.
12 And we are confident that the municipality is able to
13 provide the same level of cost effectiveness on the
14 services that are currently provided by the MUA.
15 Whether the city decides to continue the current
16 contracts that are in place or whether in the future
17 they determine that they can absorb the
18 responsibilities that the MUA has provided in the past
19 through their own Public Works department or their
20 administrative offices we think are capable of doing
21 that. Our monitor, Erin Nedler, has spoken with the
22 Public Works director and folks in the administration.
23 She's confident from the Division's perspective that
24 those things can happen. So at the staff level we
25 don't see any impediments to the MUA dissolution moving

1 forward at the local level if that's what they decide
2 they want to do. And our recommendation would be that
3 we approve this today tentatively. We haven't heard
4 from the MUA's counsel yet, but I did want to clarify
5 that we have never ordered that the municipality
6 dissolve this MUA. We've ordered or directed that it
7 be considered and that it be considered seriously. And
8 I think that's been done here. So with that, I want to
9 give some time to the MUA's counsel to present their
10 argument.

11 MR. ACKERMAN: Thank you, Mr. Chairman.
12 And as you have clearly stated before, your position is
13 clear. And we did not accuse you that you ordered or
14 directed the dissolution ever. In fact, you recited it
15 exactly what you asked for. And that's essentially our
16 argument before the Board is that the Board is being
17 asked to be a rubber stamp instead of a decision making
18 authority. The statute is clear despite Mr.
19 McManimon's argument. It doesn't say bond obligation.
20 It says obligations should the obligations be cost
21 effectively assumed. And the current administration
22 has submitted an application to this Authority. And
23 its application says it will incur zero cost for each
24 element broken down for every element of the services
25 and obligations that the MUA incurs. And calling a

1 spade a spade, the Chairman wrote a Memorandum of
2 Understanding to the prior mayor. And he said we'll
3 give you a choice; either dissolve the MUA or show us
4 why you should keep it in place, what it's doing for
5 you, et cetera. So rather than anybody ever
6 undertaking what it's doing for you and what it costs,
7 what it saves, you got an application which was kind of
8 a knee jerk application, well, this is easier. Let's
9 just put zero in each category. It's going to cost us
10 zero and the Board will approve it anyway.

11 And that's really what our position is
12 because we're the heart and sole of the Paterson
13 taxpayers who are going to incur ultimately any added
14 cost. We believe the MUA authority, Chairman and
15 members, believe that they perform the services far
16 more cost effectively than any city agency employees
17 can do so. We've pointed it out in the documents.
18 We've done some basic analysis. You have nothing but
19 our analysis. We brought this up two months ago. And
20 in the two months you have received nothing beyond what
21 you had originally from the city in terms of any
22 analysis, any cost effectiveness. And if anything,
23 we've proven the opposite. We've shown you that you
24 should be skeptical because you have no analysis. No
25 one has determined what it would cost at the city level

1 for these employees to take on these responsibilities.

2 In terms of very briefly OPRA and our
3 need to make OPRA requests, the city actually rather
4 than sit down with us originally submitted an OPRA
5 request to me for documents of the MUA. You could meet
6 with us anytime. You can come to the office. We'll
7 open our books and records to the city. We always
8 have. Mayors come to our meetings and have
9 discussions. In this case it didn't happen. And
10 that's unfortunate. But it's not an indication of a
11 broken system or broken communications because the
12 Chairman and the vice president have been at all the
13 city council meetings since. And you are correct, the
14 city council may still vote no, don't dissolve, but
15 what we're submitting, and I've already submitted the
16 data to this Board, is that this application should not
17 be granted yet unless it's proven to you that it would
18 be cost effective, which means it would be denied
19 without prejudice or denied or deferred asking the city
20 for the data that they have kind of punted to you and
21 said, well, if we give you nothing you're going to
22 approve it anyway because you said you want to. So we
23 do as little as possible. So that's why it should be
24 denied.

25 MR. NEFF: I certainly appreciate those

1 arguments. Our own monitor who is not unfamiliar with
2 how Paterson works, what their capacity is through the
3 Public Works to provide services or their ability to
4 provide services through contracting as the MUA does
5 now through certain services. And in her professional
6 judgment after discussions with the Public Works
7 department and others is convinced that the services
8 can be provided at the same or less cost. That's her
9 professional judgment. Notwithstanding that, and we
10 could be wrong. We're not right every time. I don't
11 think that we are. I have confidence in our monitor.
12 But that notwithstanding, again, the statutory standard
13 here for the Board is once we receive an application
14 says: "The Local Finance Board shall approve
15 dissolution if it finds that the ordinance or
16 resolution makes adequate provision in accordance with
17 the bond resolution or otherwise for the payment of all
18 creditors or obligees of the Authority and that
19 adequate provision is made for the assumption of those
20 services provided by the Authority which are necessary
21 for the health, safety and welfare of the recipients of
22 the services." So I mean, I think people of good faith
23 could differ on whether or not the dissolution of the
24 MUA would be more cost effective once services are
25 provided by the city or if it were to be left as it is.

1 And I think that's an appropriate discussion, debate to
2 happen within city council. At the Division staff
3 level we're confident that as I stated that those
4 services could be provided at the same or lesser cost.
5 And again, maybe we're wrong, but at the end of the day
6 that's not the statutory review of this Board. That's
7 something that was more before the Division itself and
8 before the city as to whether or not they move forward
9 with the ordinance or not.

10 And I want to be clear today, again, I
11 know you've never misrepresented this, but we're not
12 ordering the city to get rid of the MUA. So I would
13 just ask that the city in discussing this with its
14 council be clear that we have not ordered that the MUA
15 be dissolved. All we've asked for is that a very good
16 faith discussion be held about how to provide those
17 services and whether it makes sense to dissolve the MUA
18 or not. And at the end of the day if the city decides
19 it wants to keep the MUA, we're not going to forcibly
20 dissolve the MUA. If they go through that process and
21 determine to get rid of the MUA, then I think our role
22 in that would be moot at that point if this Board has
23 authorized the municipality to move forward. And I
24 hope the two sides do sit down and talk to each other
25 about what is an appropriate manner of effectuation of

1 transferring those services. If the dissolution is to
2 occur I would hope that would happen. We would expect
3 that to happen. But the question before us is I think
4 pretty simple. And we have some limited parameters
5 under which we review these sorts of things. So I
6 don't have further questions. I don't have further
7 comments.

8 MR. LOWE: Mr. Chairman, if I may. As a
9 city resident and probably the longest serving
10 commissioner on the MUA I do have some concerns. I
11 worked very closely with the previous administration
12 when we got the Memorandum of Understanding asking for
13 either the dissolving or if you're going to keep it
14 what's your role for it. We were totally blind sided
15 when the current administration put forth this
16 resolution. We found out about it the morning after
17 the first initial reading. But we've been working our
18 minds to figure out, number one, why should we save the
19 MUA and what would be it's new role. We've reached out
20 to Jersey City as well as Plainfield's MUA as a
21 blueprint of what it is that we're looking to do to try
22 to save our city. As you know, city that receives
23 distressed city funding is under the thumb to do things
24 that are necessary to clean up their fiscal house.
25 We've shown that we were able to do

1 that. We are in a position as an MUA to remove certain
2 liabilities from the city and to help the citizens to
3 receive some quality service. Not that DPW can't
4 provide that now. But, again, we're removing certain
5 liabilities from the city to help the city. The MUA is
6 in a position to be the perfect partner for getting the
7 city where she needs to be. We have bonding capacity.
8 And if we're dissolved that bonding capacity goes away.
9 And one of the things that is synonymous with the
10 meetings that I've gone to with city council and from
11 citizens as well as council members themselves is that
12 our Department of Public Works has inadequate
13 equipment. When are we going to get new equipment?
14 And that argument reared it's head more ferociously
15 during the hearing for the \$35 million bond ordinance
16 that the city just completed. We are a tax strap city.
17 But the MUA has the wherewithal to, again, can be the
18 perfect partner to getting Paterson back to where she
19 needs to be. It's unfortunate that we have not had an
20 opportunity to sit down with the current mayor in
21 regard to a plan that would salvage the MUA and give it
22 a new meaning. Nor have we been afforded a full
23 council meeting with the president and the entire
24 council to echo that same concern. And we're willing
25 to do that. We've been always willing to help the

1 city. As counsel stated, many mayors have come before
2 us. And this current mayor actually appointed me in
3 2005. And he's come before us. Mayor Jones has come
4 before us. And counsel's been here little longer than
5 me and other mayors have come. So we've always had an
6 open door policy in terms of what exactly it is that
7 they need. So I would take all of that in
8 consideration.

9 I know the inner workings of our DPW
10 department. And they are very efficient. However, I
11 don't want certain services to get lost in translation.
12 Right now if someone wants to have an event at the park
13 or to have a wedding at the park it was easier to come
14 directly to the MUA to get those things approved than
15 try to weave its way through DPW or another department,
16 if you will. Right now we pay the insurance on the
17 building. We pay the utilities on the building. And
18 we have a tenant who pays nothing, Natural Park
19 Services. They've been there almost three years now.
20 And when we engaged conversation with them in regard to
21 paying -- helping alleviate some of the bills on the
22 MUA's part their argument back to us is that because
23 it's not federally owned they're not obligated to pay.
24 So the city is going to have to deal with that. In
25 addition to the power plant. If you're not on top of

1 their meetings every month or receiving their payment
2 every month those things can get lost in translation.
3 And they have the potential to do so. I could have our
4 counsel send them a letter and it's done like that. I
5 do see loopholes in this getting the proper staff to
6 understand what we've been doing for over 25 years.
7 And I think it's going to affect the citizens of
8 Paterson in a negative way at the end of the day. And
9 that's not only my concern, that's the concern of our
10 Board and some citizens.

11 MR. NEFF: Just for the record, I don't
12 think we've received any correspondence from citizens
13 on this particular application. The only citizens I've
14 heard from, there are very few, have indicated that
15 they believe the MUA should be dissolved. That
16 notwithstanding, again, our legal review of the
17 application that's before us is can the services be
18 provided, and will the liabilities of the Authority be
19 assumed by the city? And I think the answer to those
20 two legal questions before us is yes. And so like I
21 said, I appreciate all the comments you're making. I
22 do. And I think you could argue, again, back and forth
23 as to whether this makes sense or doesn't make sense.
24 I respectfully fall on the opposite side of the fence
25 on that question. But I do think it's something that

1 is most appropriately in the end addressed by the
2 elected officials in Paterson. And this is a debate
3 they should have when they consider this ordinance.
4 And if they want to move forward and dissolve they
5 have. If they're convinced by you and others that it
6 doesn't make sense they don't have to. And at the end
7 of the day I think that's the appropriate place for the
8 debate and real check on whether it makes sense or not
9 to move forward to occur. Us at the Division staff
10 level having performed our due diligence through a
11 monitor who's there several times a week discussing
12 these sorts of matters with folks there, we've done our
13 diligence at the staff level. And now I think it's
14 time for the city to do their's and decide whether they
15 want to move forward. Unless there's further comment
16 from the attorney or from the city I think I'd be
17 prepared to make a motion to approve the advancement of
18 the ordinance.

19 MR. BLEE: Second.

20 MR. NEFF: Take a roll call.

21 MS McNAMARA: Mr. Neff?

22 MR. NEFF: Yes.

23 MS McNAMARA: Mr. Avery?

24 MS AVERY: Yes.

25 MS McNAMARA: Ms Rodriguez?

1 MS RODRIGUEZ: Yes.

2 MS McNAMARA: Mr. Blee?

3 MR. BLEE: Yes.

4 MS McNAMARA: Mr. Light?

5 MR. LIGHT: Yes.

6 MR. ACKERMAN: Thank you.

7 MR. NEFF: I think we have one more
8 matter on the agenda. It's a matter of an appeal from
9 Mr. Feld on an order of the Director to allow for the
10 adoption of a budget. I'm going to step down for this.

11 MR. FELD: Good morning. My name is
12 Jeffrey Feld. I'm going to give a brief introduction
13 who I am. I think many of you received letters over
14 the last three or four years from me and various other
15 citizens from the City of Orange Township. I am an
16 attorney. I'm dually licensed to practice. I'm in a
17 family business about 20 years. I do have a background
18 in municipal finance because I was an associate at
19 (inaudible) and bond counsel. So there is a background
20 I do have. I first of all want to thank the Local
21 Finance Board for posting their minutes. I think you
22 started doing that in July because a lot of my comments
23 are based on your June minutes, your July, August and
24 September minutes, and even discussions that were made
25 earlier today. The first real issue is like an alchemy

1 issue is how under state law a municipality can
2 introduce a budget, start having public hearings on the
3 budget and discover all of a sudden they forgot to
4 adopt a cap ordinance, rescind the original introduced
5 budget, amend the budget without giving the general
6 public an opportunity to comment on that process? And
7 I think if you look at case law and some formal
8 Attorney General opinions that came out regarding Local
9 Finance Board the statute's fairly clear what happens.
10 There's a process. Says if you introduce a budget
11 which means, you know, approve a budget. You amend a
12 budget. Then you adopt a budget. Nowhere has the
13 state legislature ever said oops, we made a mistake.
14 We can rescind and go back to the beginning. And
15 especially when we're talking about the notices here
16 that you look at chronology in November 2013 the
17 Division issued local finance notice and talked about
18 the process about cap notices. Says before you even
19 introduce your budget you had to do your cap ordinance.
20 There are deadlines. Remember, the city did not
21 introduce its budget until April 15th. It was a
22 walk-on resolution. No one -- the public did not get a
23 chance to look at the document. The document didn't
24 even have a budget message in it. It was missing. It
25 was deficient. If you look at May 20th the staff

1 issues like a four page memo to the city, you have to
2 correct it. What does the city have? They have a
3 special meeting to rescind it. There's questions as to
4 whether the notice was proper as to rescinding and then
5 to adopt a cap ordinance after the deadlines that this
6 legislature and this body, the Division of Local
7 Government Services, has approved.

8 But you also have to put this into
9 context. Earlier today I've been listening and you
10 kept using the word monitor. I think the real issue
11 that we're getting to is if the city does not
12 voluntarily submit to a monitor what does taxpayers and
13 residents have to show for the Local Finance Board to
14 put appoint an involuntary monitor? That's where I
15 think the issue is coming to. Because they haven't
16 complied with the law. And we were here -- when they
17 were before you in June and had a meeting about
18 ordering the bond ordinance they had disclosed to Local
19 Finance Board that the city hadn't paid unemployment
20 taxes to the state for ten years. They owe a
21 contractor \$1.2 million for a water infrastructure
22 deal. And I'm going to discuss that a little bit more
23 because of what was disclosed last night.

24 How do you get a monitor? If you
25 remember, the city has not had a real BA since

1 September 2011 when John Mason fell ill. If you look
2 at the audit there's no thing. No business
3 administrator. That's a statutory requirement. We
4 have not had a municipal clerk since January 1st of
5 this year. The new municipal clerk has been absent.

6 MR. LIGHT: May I just interrupt you for
7 a moment, if I may? I would like to ask you to let us
8 know, the Board, you've asked us to reconsider --
9 you've asked the Board to reconsider an action that the
10 Director has taken. And I would like to know exactly
11 what you're asking this Board to do today. You're
12 talking about different things that pertain to the
13 budget. Just tell me exactly what you're asking for us
14 to do.

15 MR. FELD: The key is to let them comply
16 with the local budget law. The local budget law says
17 when you introduce the budget you amend the budget.
18 You don't rescind the budget and adopt a cap ordinance.
19 Because this Division of Local Government Services
20 said, and even the state legislature said, there are
21 certain dates you had to approve a cap ordinance. If
22 you fail to meet those dates it's lost for the year.
23 And this body said it in the local finance notice 2013,
24 203. Before that goes in the process of approving the
25 budget is that a city introduces and approves a budget

1 but cannot adopt a budget until it's signed off by the
2 Director. And we can look at the Director's
3 certification that was signed by -- on behalf of him by
4 Christine Capicchi. She's assistant director. Dated
5 August 6th. It says she certifies that the approved
6 budget as amended complies with requirements of the law
7 and approval is given pursuant to N.J.S.A 40A-479. How
8 did the Division of Local Government Services say it
9 complies with the law because there's a local budget
10 process? Where does the statute allow a municipality
11 to rescind the budget and start anew? And then you go
12 to questions that there's changes to the budget. Line
13 item changes. The public had no idea how to compare
14 it. Because typically when people -- when
15 municipalities amend the budget there's usually like a
16 two-page line that says this line item's changed to
17 this line item. That never occurred. We're talking
18 about transparency. That's what we're talking about.
19 There's a process.

20 When we talk about municipal law it's a
21 cookbook. It's says you go through the steps. And
22 this agency, the Division of Local Finance Board, is
23 supposed to make sure that municipalities comply with
24 the law. And no one's showed me especially when you
25 look at the hearings no city attorney attended the

1 special hearing, the special meeting to rescind it
2 because he couldn't answer whether the notice that was
3 given to the public was proper because it was given on
4 short notice. It didn't even say in the newspaper, by
5 the way, guys, we're going to have a hearing where
6 we're going to rescind the original budget. There's a
7 question of due process, equal protection of the law.
8 You know, I mean, I see you're looking at me.

9 MR. LIGHT: Because I still don't have a
10 clear definition --

11 MR. FELD: The definition is the
12 Attorney General opinions that --

13 MR. LIGHT: Sir, what I'm asking of you
14 is apparently the Director signed off on the budget and
15 you're asking us to reverse the fact that he signed off
16 on the City of Orange budget. Is that correct?

17 MR. FELD: Yes. One of the things we're
18 doing. Because one of the things is this -- a state
19 agency has certified to the citizens, the taxpayers of
20 Orange, New Jersey that the process that the city
21 applied with complied with law. And we're saying show
22 us how you can rescind a budget that's after it's
23 introduced. Show us a case. Show us an Attorney
24 General opinion how you can do it. How can you
25 June 25, 2013 adopt a cap ordinance after you already

1 introduced the budget on April 15th? How do you do it?
2 Is it magic where you say, oops, we just rip up the
3 pages and history doesn't occur? That's the question
4 that myself and various other residents and taxpayers
5 are asking. That there's law. There's law to how you
6 that approve the budget. There's law as to
7 disclosures. There's laws to get answers. But I mean,
8 you could say that's what we're asking for today. But
9 I also as an officer of the court have to tell you what
10 happened last night because you have a bigger problem
11 coming down the road.

12 MR. LIGHT: Don't get off the subject
13 that we're supposed to rule.

14 MR. FELD: No, it ties into this because
15 you're asking about approving of the budget. And the
16 budget they're talking about to approve there's a
17 question because in February a contractor appears and
18 says, I'm owed \$1.3 million for two years ago. And
19 that hasn't appeared on a budget. Hasn't appeared on
20 an audit for two or three years. And as the tax lawyer
21 said, you're owed \$1.2 million; how we gonna pay for
22 it? Because the lawyer I'm talking about is from
23 Orange. You're talking about the financial statement.
24 The financial statement that was originally submitted
25 to the state was false. It did not disclose that the

1 revaluation occurred in October of 2013. That the tax
2 base declined \$200 million. The local governing body
3 approves the issuance of estimated tax bills. They say
4 it's 4.46 percent, but the county approves the final
5 bill in August at 4.49 percent. All we're saying
6 taxpayers, residents, help. We need help. We've been
7 writing to you for years.

8 Earlier today you heard a hearing where
9 the Director talked about conflicts. We've got a big
10 problem that goes back to last night where you have the
11 local redevelopment counsel representing a redeveloper
12 on the same transactions. And last night finally one
13 council member recognized the dilemma here. When
14 properties are bought by a housing authority those
15 properties go off the tax rolls. We have to subsidize.
16 There's no tax abatements. We need help. We
17 discovered that two long term tax abatements were
18 issued by the HMFA. Those mortgages were paid off
19 under law that the local Division of Local Government
20 Services is supposed to be monitoring all PILOTS. The
21 PILOTS's expired by its term. When the underlying FMHA
22 mortgage is paid off the tax abatement goes. But who
23 has to pay it? These two people. My family has to pay
24 the taxes. We're saying to you, help. There's no BA.

25 We heard all today we need monitors.

1 You're asking the process. We have a problem here. We
2 can't even compare the line items that were originally
3 introduced in the budget to what the amended -- you
4 have to remember, there was an introduced budget.
5 Rescinded budget. The rescinded budget was then
6 amended. We never had an opportunity to understand,
7 compare the introduced budget to the reintroduced
8 budget to the amended budget. And the question is are
9 taxpayers just to take it on the chin? Where do they
10 go? Because you have to remember we can't go to court
11 when it comes to a budget. The only recourse I have or
12 we have is to go challenge the determination and
13 someone to explain to us how the DLGS --

14 MR. LIGHT: All right. Then let us try
15 to do that if you don't mind for a moment. Let me turn
16 to Mr. Neff as the Director and ask him, if I
17 understand correctly this gentleman is objecting to the
18 fact that you have signed off on approval of the Orange
19 Township budget. On what basis do you look for to
20 approve the budget when you make that type of decision?

21 MR. NEFF: Our fiscal staff through the
22 Bureau of Fiscal Regulation through Tina Capicchi
23 reviews introduced budgets. And they review them
24 primarily to make sure that appropriations are adequate
25 to cover statutory requirements like debt service and

1 pensions. And we review budgets to make sure that the
2 revenues that are anticipated in those budgets are
3 reasonable and not overinflated. And I guess you all
4 know the basic core mission of the Division is to make
5 sure that municipal governments aren't going bankrupt
6 and they're not otherwise defaulting on payments that
7 they're obligated to make. And so they review
8 introduced budgets for that primary purpose. And they
9 review budgets to make sure that surpluses from the
10 prior year aren't being oversubscribed. They try to
11 make sure that the annual financial statement and the
12 audited -- the annual audit, all the numbers jive and
13 are appropriate. And they will frequently write back
14 to the municipalities where they see problems with an
15 introduced budget and ask that those municipalities
16 correct those things before we'll give an approval for
17 a municipality to adopt their budget. We'll also look
18 for what would be obvious procedural problems with the
19 adoption of a budget. We may advise them as to matters
20 like public hearings.

21 In this particular instance our staff
22 determined that the introduced budget that had been
23 advanced by the municipality could be adopted. And I
24 recognize and I hear what Mr. Feld is saying. His
25 interpretation of the law is that once a budget

1 ordinance has been introduced that the municipality
2 can't start the process over with a new introduced
3 budget. That's his legal interpretation that that's
4 not permitted. And that if the cap ordinance had not
5 been passed prior to the first introduced budget that
6 it can't then turn around and pass a new cap ordinance,
7 appropriation cap ordinance prior to the adoption of
8 the second ordinance. That was not our understanding
9 when they introduced a new budget ordinance and started
10 their process anew. And we can go back and look at
11 that issue and seek guidance from our Attorney
12 General's office as to whether that is something that
13 is appropriate or not. I think that we should do that.
14 And it may well be that our Attorney General's office
15 looks at that and agrees with Mr. Feld that what we
16 approved should not have been approved. It may well be
17 that that's their guidance.

18 With respect to the budget that we
19 approved, we approve as you know probably 300 budgets a
20 year in a compressed budget cycle from March to June,
21 typically. And sometimes we have budgets that are
22 late. And it can be quite a challenging time for staff
23 here. And we only have so many staff to review so many
24 budgets. We make a lot of decisions every day. And
25 this, frankly, strikes me as one that we should revisit

1 and see whether -- get guidance from the Attorney
2 General's office whether we made the appropriate
3 decision or not. And going forward maybe we adopt a
4 more formal policy and position that what happened here
5 shouldn't happen in the future. Or maybe our Attorney
6 General's office reviews what happened and says, no, it
7 was absolutely appropriate and lawful. And we would be
8 guided by that opinion, formal opinion going forward.
9 But to be clear, our staff receives complaints about
10 many, many, many items in every budget every year from
11 many, many municipalities. And we don't ask for a
12 formal legal opinion with respect to every issue that
13 comes before us. And I think maybe this is one that we
14 should look at again. And we will.

15 With that said, I don't know how
16 overturning the Director's decision to allow the
17 municipality to go ahead and approve the budget can
18 serve anything at this point other than to throw that
19 municipality's budget into absolute and total chaos.
20 There's two months left in the year. They've issued
21 tax bills. They're obviously not going to just simply
22 say, oh, you don't have pay to the tax bill because of
23 this technical procedural issue. That's just not
24 reasonable to expect that to happen. And if it were to
25 happen it would violate all sorts of laws on the books

1 that required debt services to be paid and for
2 municipalities to be financially solvent. So my
3 suggestion to you is that, yes, the Board take a look
4 at the underlying issue that Mr. Feld is raising and
5 that we get official guidance from the Attorney
6 General's office over as to whether what happened was
7 appropriate or we should have taken a different
8 approach going forward. But as to the matter of this
9 particular appeal pending before the Board today, I
10 think it's pretty clear that the Division met in good
11 faith. Its obligation is to review a budget. Approve
12 it. We did so based on what we thought was appropriate
13 at the time. What we continue to think was appropriate
14 under the circumstances. We'll get guidance from our
15 Attorney General moving forward, but I don't know what
16 remedy Mr. Feld is looking for at this point. Other
17 than that, I don't know what we can do.

18 MR. LIGHT: Question that I just wanted
19 to ask so that the Board understands, the approval of
20 the budget and the action that Mr. Feld is asking
21 occurred after the approval of the initial budget from
22 actions that the township took after you approved that
23 budget. Is that correct?

24 MR. NEFF: I'm sorry. Restate that.

25 MR. LIGHT: You approved the form of the

1 budget when it came in. And there's a procedure that
2 you go through of checking for approving that. And
3 then apparently Mr. Feld indicates there's some changes
4 that were made after that where a budget was -- no?

5 MR. NEFF: I can't speak on his behalf,
6 but I think that really the core issue here is should I
7 as Director have been permitted to allow a budget to be
8 adopted that allowed for an appropriation cap exception
9 that he would argue was unlawfully adopted because it
10 was adopted after the initial introduction of a budget
11 which was later reintroduced.

12 MR. LIGHT: I understand. You disagree
13 with that?

14 MR. FELD: I think we agree. It's a
15 question of introduction and reintroduction, but I
16 think just be very careful with the choices of words.
17 I think we're talking about the same thing, that
18 there's a process. We just need guidance as to you
19 introduce a budget. You miss the cap. Can you go back
20 later. This is going in the future. The other
21 question that I would like if you're going ask for
22 legal advice from the Attorney General is the necessity
23 of a municipality to have a municipal clerk and a
24 business administrator. Because we are struggling. We
25 have not had an administrator, a real licensed business

1 administrator since September 1, 2011. And we haven't
2 had a municipal clerk who resigned as of December 31,
3 2013. But he hasn't been -- wasn't in -- at work since
4 December 8, 2010 because he was on his way to the Local
5 Finance Board and was involved in an accident.

6 MR. LIGHT: That is outside of the scope
7 of what we're looking at here. I mean, we can ask the
8 advice of the Attorney General.

9 MR. FELD: But I might also give you a
10 heads up as to statements that were made last night.
11 This is really a heads up. The finance director last
12 night said that there was an error in prior audits
13 supplied to the state. That they discovered \$3 million
14 in excess bond proceeds from a 2002 issue. I'm putting
15 you on heads up on that. And there was questions as
16 how can you use bond proceeds from 2002 to pay off an
17 obligation that there's questions whether this
18 obligation exists because there was no change order or
19 if it's a settlement. I'm just giving you a heads up.
20 This is a really large issue out there. It goes as to
21 the need how do you get an involuntary monitor
22 appointed to a municipality? Because we're talking
23 about a municipality whose tax rate for the average
24 person is 4.49 percent. The tax -- people are just
25 making a decision. You talked about this in Atlantic

1 City in August and September. The average homeowner
2 now is looking at their houses and saying my tax bill
3 is larger than my mortgage. What am I getting for
4 this? This goes back to the process that we can't even
5 challenge things because even based on the monthly
6 reports we're seeing some of the salary and wage line
7 items for certain departments already have exceeded
8 what was approved and appropriated. We have a problem
9 in Orange. I'm telling you we have problem.

10 MR. LIGHT: I don't think, sir, that
11 Orange falls within the qualifications for a
12 transitional aid monitor.

13 MR. FELD: Because they didn't apply for
14 it. It's a voluntary decision.

15 MR. NEFF: There's only two times a
16 monitor gets appointed. One is if the municipality
17 voluntarily comes and asks for a transitional aid. The
18 other is through the Supervision Act. And the
19 Supervision Act is very clear about what standards a
20 municipality could be placed under supervision and
21 receive a monitor. And there's six statutory
22 provisions. And five of them are fairly bright line
23 standards where you have to not be collecting taxes by
24 a certain amount or you have to run a cash deficit of a
25 certain amount for several years in a row. And this

1 particular municipality doesn't meet any of those five
2 bright line standards. And then there's a judgment
3 call as to whether they meet the sixth. And the sixth
4 is the standard under which Newark was just placed
5 under supervision where you have to be in, quote, gross
6 non-compliance with the local budget law and the local
7 district affairs law within their local budget. And I
8 think in our view at the Division level certainly no
9 municipality is in 100 percent compliance with all of
10 those laws. That would be rare. That's why they get
11 audit findings from time to time. And it's quite a
12 high burden to show that a municipality is in gross
13 noncompliance with these laws. And you know, it's
14 something that every time Mr. Feld or somebody else
15 writes to our Division we review their letters. I
16 usually personally review them myself. And I give them
17 to appropriate staff who review the budgets that come
18 into our office for approval. They review the concerns
19 that are raised by Mr. Feld if there are things that we
20 have jurisdiction over, if they relate to the budget
21 where we try and make sure they're budgeting
22 appropriately.

23 I think one of the things Mr. Feld
24 brought to our attention first prior to anybody else
25 was this issue of certain Department of Labor payments

1 not being made by the municipality for ten years. It's
2 crazy. And we appreciate his comments. And we review
3 them. And we take them seriously. And we follow up
4 with the municipality make sure that they're budgeting
5 appropriately to the extent that we can and we have
6 authority to do so, but. And you know, we will to
7 review the concerns we get. And if we at the staff
8 level ever reach a point where we feel the municipality
9 is such an outlier in terms of its noncompliance with
10 various laws we very well could ask for the Attorney
11 General to seek a judicial declaration of gross
12 noncompliance such that we then place the municipality
13 under supervision if it was appropriate. I don't think
14 we're there yet. And we'll continue to listen -- to
15 read and to listen to anything that folks have to say
16 with respect to this municipality or any of the other
17 564 municipalities that we oversee, but we're not there
18 yet. So there's no monitor there.

19 And so all I can commit to is we'll
20 double check with the Attorney General's office on the
21 issue of law that he's raised with us which I think is
22 a fair one to review. And we'll continue to hear the
23 concerns that are raised. And if the Division ever
24 believes it's appropriate to bring to this Board for
25 possible supervision the Board will ask for that, but

1 we're not there yet.

2 MR. FELD: The question is when you say
3 outlier status, what we've been asking you don't pay
4 your pension. You don't pay a contractor \$1.2 million
5 that there's no change order for now. You let PILOTS
6 expire, not collect taxes on it when you had the
7 documentation on it. You let people that have titles
8 not to get their payment for two years. (Inaudible)
9 installed for \$1 which are worth millions of dollars.
10 What point is the outlier status -- I mean, where --
11 where's the bright line? How much more do we have to
12 show? It's when the city is -- when everyone moves out
13 of the city then you say, well, guess what? That's the
14 outlier status?

15 MR. LIGHT: Sir, I appreciate all of
16 those and the number of comments that you made. The
17 question that's asked before us is did the Director
18 appropriately --

19 MR. FELD: We can hear from the Attorney
20 General.

21 MR. LIGHT: I'm going to ask the members
22 of the Board if they approve that. Why do you keep
23 turning around? Do you have anything new that you
24 wanted to --

25 MR. FELD: I think I put you on notice

1 what happened last night. You're on notice what's
2 going on in Orange.

3 MR. AVERY: I just wanted to make sure I
4 understand your role here, sir. You're here as a
5 citizen of the township?

6 MR. FELD: My family owns a business.
7 We own a business.

8 MR. AVERY: But you're a citizen or a
9 taxpayer?

10 MR. FELD: I'm a taxpayer. I'm not a
11 citizen.

12 MR. AVERY: You don't represent a group?

13 MR. FELD: I'm an Essex County taxpayer
14 because --

15 MR. AVERY: You're here as a citizen.
16 That's all I want know.

17 MR. LIGHT: I would suggest to the Board
18 that we don't take official action at this time. I'm
19 looking to the members who are still here to see if you
20 nod in approval that we do seek through our attorney
21 the question that was asked of the Attorney General's
22 office as to whether the approval that was made was in
23 the proper procedure. I think that summarizes it in a
24 nutshell unless you have any further questions.

25 MR. AVERY: I just want to ask the

1 Director one question. Make sure that I understand
2 what question we're asking the General Attorney.

3 MR. LIGHT: Absolutely.

4 MR. AVERY: My understanding is that
5 Orange started a budget process and rescinded the
6 budget process that they started. And then
7 reintroduced -- or introduced a new, totally new
8 budget. And as a result of that introduction they
9 missed certain dates and so forth that would be
10 required -- that would normally be required?

11 MR. NEFF: A little bit different. But
12 they reintroduced the budget. Between their first
13 introduction and their second introduction or
14 reintroduction or whatever you want to call it they
15 adopted an appropriation cap ordinance which the law
16 requires be adopted prior to the budget being
17 introduced. And it's that middle step that was taken
18 where they adopted an appropriation cap ordinance which
19 is in question.

20 MR. FELD: It was in connection with the
21 reintroduced budget.

22 MR. LIGHT: How would the Township of --
23 City of Orange Township correct that problem given the
24 circumstances that they face because --

25 MR. NEFF: At this point they couldn't.

1 And you know, looking backwards in the rearview mirror
2 I don't see what -- I mean, I can't speak for Mr. Feld.
3 I don't know what -- I don't know what action is being
4 asked that be taken as a practical matter to give
5 remedy here. So what I would suggest is that we ask
6 for an opinion that looks forward that looks at this
7 law and gives us guidance on it looking forward. Not
8 so much an opinion as to whether the action that was
9 taken with respect to this particular instance was
10 appropriate or not, but going forward what does that
11 law mean and is it permissible to reintroduce a budget
12 or introduce a new budget and be permitted to adopt an
13 appropriation cap ordinance after there's already been
14 one introduction.

15 MR. FELD: The proper notice you're
16 supposed to give the taxpayer.

17 MR. AVERY: I understand all the notice.
18 But it seems to me that just based on my experience in
19 government for three decades or so the judicial basis
20 they rule that you have to allow a governing body do
21 its job as best it can in compliance with the laws.
22 And I think that's what I hear happened here, but if we
23 want to ask the Attorney General to verify that, that's
24 fine with me.

25 MR. FELD: Well, when you say in

1 accordance with the law it says you issue local finance
2 notices and it tells you the process to do it and it's
3 never done. I don't want to argue.

4 MR. AVERY: I understand there's a lot
5 of municipalities in the state. Not every municipality
6 every year meets every requirement of every deadline
7 and statute that applies to them. Just doesn't happen.

8 MR. FELD: But there's a question as
9 what point -- we're talking about what is the tipping
10 point? We're talking about a tipping point.

11 MR. AVERY: I understand. And we have
12 statutes that deal with that, too.

13 MS RODRIGUEZ: Let me just ask you a
14 question, Mr. Feld, because I'm trying to look at the
15 timelines and the fact that there's been a significant
16 change in -- we're talking about Orange. You got a new
17 administration a couple of years ago?

18 MR. FELD: Few years ago.

19 MS RODRIGUEZ: Okay. I'm sorry. I was
20 thinking about -- we're talking about Orange. We're
21 not talking about Irvington. All right. No. I think
22 Mr. Neff answered the question. I think taking it up
23 to the Attorney General I think it's a good step. I
24 think it behooves us to look at this looking forward.
25 I think your points are well taken that, you know,

1 there are people watching and getting informed and
2 getting engaged. I think that's very important. But I
3 think there is a limit to what we're able to do. But I
4 appreciate you coming here and bringing up that
5 information.

6 MR. FELD: I'm just putting everyone on
7 notice. When an audit -- when people are told in a
8 public hearing last night at 11 o'clock that there's
9 mistakes in prior audits and that they discovered
10 \$3 million sitting in an account that no one's found
11 for a few years that's something that someone -- I'm
12 saying the staff needs to look at. Not the Board. The
13 staff is now on notice what happened last night.

14 MS RODRIGUEZ: Well taken. Point's well
15 taken.

16 MR. NEFF: Somebody sends us
17 documentation on it be happy to look at it.

18 MR. LIGHT: Anything else? Will you be
19 able to get an opinion next meeting?

20 MR. PALOMBI: Sure.

21 MR. FELD: Can I have a copy of that?

22 MR. PALOMBI: We will give first to our
23 client and then after that a decision will be made.

24 MR. FELD: I appreciate that. Thank
25 you.

1 MR. LIGHT: Are the members of the Board
2 in agreement with that, that we will not take any
3 action at this time and defer it to the next meeting
4 where we will expect to get some recommendation from
5 our attorney --

6 MS RODRIGUEZ: Absolutely.

7 MR. LIGHT: -- on the matter? Anything
8 else?

9 MR. FELD: Thank you for your time and
10 indulgence.

11 MR. LIGHT: Thank you for coming.

12 MR. NEFF: The next item that we wanted
13 to quickly just consider is for fiscal year budgets.
14 We were asking the Board to extend the deadline to
15 introduce through the end of October. There's a number
16 of municipalities that are a little bit late in the
17 fiscal year process. And it has to do with timing
18 issues with their AFS. And they are actually much more
19 accelerated than their calendar year which is even much
20 later. So it's a simple one month delay they're asking
21 for.

22 MR. LIGHT: Do you need any official
23 motion for that?

24 MR. NEFF: Need an official vote, yeah.

25 MR. LIGHT: Okay. I'll so move.

1 MS RODRIGUEZ: And I'll second.

2 MR. NEFF: Take a roll call on extending
3 the date of introduction.

4 MS McNAMARA: Mr. Neff?

5 MR. NEFF: Yes.

6 MS McNAMARA: Mr. Avery?

7 MS AVERY: Yes.

8 MS McNAMARA: Ms Rodriguez?

9 MS RODRIGUEZ: Yes.

10 MS McNAMARA: Mr. Blee?

11 MR. BLEE: Yes.

12 MS McNAMARA: Mr. Light?

13 MR. LIGHT: Yes.

14 MR. NEFF: Okay. And then the second
15 item, the meeting dates for next year. I just on
16 Tuesday at 9 o'clock we have Newark coming in to adopt
17 a budget. I just wanted to make sure people will be
18 able to make it.

19 MR. LIGHT: I can't. I already told
20 Patty in the morning I can't. You said you were
21 covered. Right?

22 MS RODRIGUEZ: I'll be here.

23 MR. AVERY: I'll be here.

24 MR. NEFF: Okay. I just want to make
25 sure because that's a critical.

1 MS McNAMARA: It's 9 o'clock in this
2 room.

3 MR. AVERY: That's the only thing on the
4 agenda unless Wildwood shows up. Right.

5 MR. NEFF: Yeah, that's the only thing
6 on the agenda.

7 MS RODRIGUEZ: We're going to approve or
8 -- just approve or disprove the budget?

9 MR. NEFF: The Newark budget. We'll be
10 considering the budget as Newark has proposed it.
11 We'll be considering that adoption. And the staff may
12 or may not have a few recommendations for tweaks to the
13 budget. Just for the record, too, we've advertised the
14 meeting for Tuesday. We've let people know it's a
15 public meeting. It's up on our website. And it's been
16 advertised by Newark as well. So there's plenty of
17 advertisement that the hearing is going to take place.

18 And then I guess our last action that we
19 need to vote on is we have circulated a list of the
20 meeting dates for 2015. I think it's the same
21 schedule. Just every second Wednesday of every month.

22 MS McNAMARA: Except in November. The
23 11th is a holiday, state holiday. So we moved it to
24 the next day, Thursday.

25 MR. LIGHT: The only problem I might

1 have is I normally teach Thursday mornings, but that's
2 a year away. So let's not worry about it now.

3 MR. NEFF: So can we take a vote on our
4 regular meeting?

5 MR. LIGHT: Make a motion.

6 MR. BLEE: Second.

7 MR. NEFF: Roll call.

8 MS McNAMARA: Mr. Neff?

9 MR. NEFF: Yes.

10 MS McNAMARA: Mr. Avery?

11 MS AVERY: Yes.

12 MS McNAMARA: Ms Rodriguez?

13 MS RODRIGUEZ: Yes.

14 MS McNAMARA: Mr. Blee?

15 MR. BLEE: Yes.

16 MS McNAMARA: Mr. Light?

17 MR. LIGHT: Yes.

18 MR. NEFF: Motion to adjourn.

19 MS RODRIGUEZ: So moved.

20 MR. LIGHT: Seconded. All in favor?

21 Aye.

22

23 (Whereupon the matter is adjourned at

24 12:40 p.m.)

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CERTIFICATE

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I, CARMEN WOLFE, a Certified Court Reporter and Registered Professional Reporter and Notary Public of the State of New Jersey hereby certify the foregoing to be a true and accurate transcript of the proceedings as taken stenographically by me on the date and place hereinbefore set forth.

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