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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  
June 10, 2015

B E F O R E:   TIM CUNNINGHAM, Chairman  
                  MELANIE WALTER, Deputy Attorney General  
                  PATRICIA McNAMARA, Executive Secretary  
                  EMMA SALAY, Deputy Executive Secretary  
                  FRANCIS BLEE, Member  
                  ALAN AVERY, Member  
                  TED LIGHT, Member

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

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1                   MR. CUNNINGHAM: This meeting having  
2 previously been opened to the public upstairs we can  
3 dispatch with anything in that regard and go  
4 immediately into the financing portion of the Board's  
5 agenda. The first matter before the Board is a matter  
6 on Consent Agenda coming out of Califon Borough in  
7 Hunterdon County. This is a \$1.4 million financing  
8 proposed to be done through the environmental  
9 infrastructure trust loan program requiring both an  
10 approval of that along with a proposed nonconforming  
11 maturity schedule and waiver of down payment. Again,  
12 we have handled any number of these EIT applications on  
13 consent. And we're doing so again. So unless any of  
14 the members have any questions or concerns, I would ask  
15 for a motion to approve.

16                   MR. LIGHT: Motion to approve.

17                   MR. BLEE: Second.

18                   MR. CUNNINGHAM: Roll call.

19                   MS McNAMARA: Mr. Cunningham?

20                   MR. CUNNINGHAM: Yes.

21                   MS McNAMARA: Mr. Blee?

22                   MR. BLEE: Yes.

23                   MS McNAMARA: Mr. Light?

24                   MR. LIGHT: Yes.

25                   MR. CUNNINGHAM: The next matter is also

1 being considered on a Consent Agenda. It arises from  
2 the Little Egg Harbor Township Fire District Number  
3 Three. It's a proposed project financing of \$486,000.  
4 We moved this to Consent Agenda because the district  
5 has undertaken a ballot question, sought bids and is  
6 going with the lowest bid. All their paperwork was  
7 complete. And there were no issues with it. So again,  
8 unless there's any questions by members of the Board,  
9 we can -- I can ask for a motion and second on this as  
10 well.

11 MR. BLEE: Motion.

12 MR. LIGHT: Second.

13 MR. CUNNINGHAM: Thank you, gentlemen.

14 Roll call, please.

15 MS McNAMARA: Mr. Cunningham?

16 MR. CUNNINGHAM: Yes.

17 MS McNAMARA: Mr. Blee?

18 MR. BLEE: Yes.

19 MS McNAMARA: Mr. Light?

20 MR. LIGHT: Yes.

21 MR. CUNNINGHAM: The last matter that  
22 the Board is hearing on Consent Agenda is a request by  
23 the Morris County Improvement Authority to extend the  
24 county guaranteed leasing program for an additional  
25 year through July 31st of '16. There's no changes to

1 the program. Nor are there changes to the program  
2 amounts. So this is merely an extension of the term of  
3 the program. So I think this was right for  
4 consideration on the Consent Agenda. And I would ask  
5 for a motion and second on this as well.

6 MR. BLEE: Motion.

7 MR. LIGHT: Second.

8 MR. CUNNINGHAM: Thank you, gentlemen.

9 Roll call, please.

10 MS McNAMARA: Mr. Cunningham?

11 MR. CUNNINGHAM: Yes.

12 MS McNAMARA: Mr. Blee?

13 MR. BLEE: Yes.

14 MS McNAMARA: Mr. Light?

15 MR. LIGHT: Yes.

16 MR. CUNNINGHAM: For those following  
17 along on the agenda and playing at home, the matter  
18 that was listed for 10:15 from the Lower Township Fire  
19 District was pulled from the agenda. So the Board will  
20 not be hearing that matter today which leads us to the  
21 first full action of the day which is Monroe Township  
22 Fire District Number two.

23 (All parties sworn.)

24 MR. CUNNINGHAM: Gentlemen, good  
25 morning.

1 MR. STALKER: Morning.

2 MR. CARBON: Good morning.

3 MR. CUNNINGHAM: I know you're here  
4 regarding an \$800,000 proposed project financing. The  
5 Board just had a couple of questions in terms of kind  
6 of the referendum process. And I think we have a  
7 little better clarity, but would you just mind walking  
8 the Board through the application including the  
9 chronology of it?

10 MR. STALKER: Sure. The fire district  
11 they advertised an election at their -- before their  
12 May 13th meeting. Passed resolution approving a ballot  
13 form. Posted at the appropriate public locations and  
14 published notice in the local paper regarding the  
15 election. Election was held at their regular meeting  
16 on May 13th. Vote was I believe 9 to 1.

17 MR. CARBON: Yes.

18 MR. STALKER: 9 to 1 in favor.

19 MR. CUNNINGHAM: Really got the public  
20 out on that one, huh?

21 MR. LIGHT: Just want to know who the  
22 one was.

23 MR. CUNNINGHAM: Wasn't a fire fighter.  
24 But going back a little bit further, one of the  
25 concerns that this Board had was that you were

1 undertaking the referendum and the financing in the  
2 same year. But when staff looked a little closer it  
3 wasn't necessarily clear in the application. I just  
4 want to confirm that in 2014 it's my understanding that  
5 the Board also took -- the district I should say took  
6 action to authorize at least a down payment. \$150,000  
7 as I recall.

8 MR. STALKER: Correct. There was a  
9 special election in October authorizing \$150,000 down  
10 payment so that it could be applied in this current  
11 year. So we used to off set the purchase price.

12 MR. CUNNINGHAM: So you're purchasing  
13 this off of the money down putting \$150,000 and then  
14 you're purchasing this off the Houston Galveston Co-op?

15 MR. STALKER: Correct.

16 MR. CUNNINGHAM: Yeah, we just want to  
17 point out that the matter, this was the 2410 matter,  
18 was actually a special meeting. It wasn't a special  
19 election.

20 MR. STALKER: Correct. Yes.

21 MR. CUNNINGHAM: My two concerns with  
22 this application are as follows: Number one,  
23 considering one was a special meeting and then the  
24 other one was a, you know, 9 to 1 vote there really  
25 wasn't a lot of public participation in this process

1     which is concerning to me. Also of concern, and I  
2     would like you to respond to this, is you didn't  
3     solicit competitive proposals for the financing. I'm  
4     just curious why that is.

5                     MR. STALKER: Well, it's been financed  
6     through Oshkosh Capital who are the parent company of  
7     Pierce. And they offer substantial discounting for  
8     financing through them. After speaking with your staff  
9     member last week we did call around to see if the rate  
10    could be matched and it was not able to be matched.

11                    MR. CUNNINGHAM: I think that's the one  
12    reason why this application is still on the agenda  
13    today. And it's for the fact that the rate that the  
14    district is receiving on this purchase is a fair and  
15    competitive rate. But again, I will caution the  
16    district just in terms of, you know, applications that  
17    come before the Board in the future pay particular  
18    regard to the public participation. And in the future  
19    I would ask that you shop for competitive rates. Do  
20    any of the members have the Board have any questions?  
21    Then if that's the case, then I'll make the motion to  
22    approve this financing.

23                    MR. BLEE: Second.

24                    MR. CUNNINGHAM: Thank you, Mr. Blee.  
25    Roll call.

1 MS McNAMARA: Mr. Cunningham?

2 MR. CUNNINGHAM: Yes.

3 MS McNAMARA: Mr. Blee?

4 MR. BLEE: Yes.

5 MS McNAMARA: Mr. Light?

6 MR. LIGHT: Yes.

7 MR. CUNNINGHAM: Thank you, gentlemen.

8 Next matter before the Board is Woodbridge Township  
9 Fire District Number Four.

10 (All parties sworn.)

11 MR. CUNNINGHAM: Gentlemen, good  
12 morning. You actually got the last application beat  
13 because you had 10 votes in favor of and only one  
14 against. You got them beat by one vote. So you're  
15 ahead of the game. So gentlemen, you're before the  
16 Board today, again, with a respect to a proposed  
17 project financing of \$400,000. You want to just walk  
18 the Board through it quickly.

19 MR. BART: Absolutely. Back in November  
20 of 2014 the district seeing the need for a new  
21 apparatus to replace an old aging apparatus sought the  
22 approval from the legal voters of the district through  
23 a duly advised special election by which they asked for  
24 permission to finance a new apparatus in an amount not  
25 exceeding \$400,000. On an election held on



1 November 14, 2014 the district did acquire ten votes in  
2 favor of this proposed financing. No votes against the  
3 proposed financing. At that point they reached out to  
4 Pierce Manufacturing who is owned by Oshkosh Capital  
5 and sought to get rates and prices for apparatus. They  
6 sought three bids for financing altogether. One from  
7 Oshkosh Capital which would finance this apparatus over  
8 a ten year period at 3.53 percent. They also spoke  
9 with two local banks in the area, one bank at which  
10 they work with and has used as a depository of the  
11 district which quoted them approximately four and a  
12 half to 4.7 percent over a seven year loan with a  
13 20 percent down payment. And another bank locally  
14 quoted them a seven year rate at 5.25 percent.

15           Upon looking at Oshkosh Capital was the  
16 best rate that they could acquire and agreeing to  
17 contribute \$100,000 of their reserves, they seek  
18 permission to enter a lease finance agreement with  
19 Oshkosh Capital for the purchase of a Pierce pumper in  
20 an amount not to exceed 400 -- \$394,000. \$400,000  
21 overall. Their project cost at this point looks to be  
22 about \$394,000.

23           MR. CUNNINGHAM: Thank you very much for  
24 that. The one thing that staff noted wasn't in the  
25 application and won't hold the vote up today but I

1 would ask you to provide if you haven't already is  
2 proposed amortization schedule for the financing.

3 MR. BART: Yeah, I could provide that to  
4 you.

5 MR. PAWOL: I have it here.

6 MR. CUNNINGHAM: Thank you very much.  
7 The only thing I would just counsel the district on is  
8 I know that you sought competitive financing, but the  
9 solicitations from the local banks were done verbally.  
10 It would be better practice to have them committed to  
11 writing in the future. But again, I think that the  
12 rate that you're getting through the proposed financing  
13 through Oshkosh is certainly acceptable. Again, you  
14 know, like I did the applicant before you, I just  
15 caution you going forward again trying to maximize a  
16 public participation in the process. But all in all, I  
17 think that the financing as set forth seems to be  
18 perfectly reasonable. I would just ask whether any of  
19 the other colleagues on the Board have any questions or  
20 concerns.

21 MR. LIGHT: No. I move the application.

22 MR. CUNNINGHAM: Thank you. Mr. Light.

23 MR. BLEE: Second.

24 MR. CUNNINGHAM: Mr. Blee seconds. Roll  
25 call, please.

1 MS McNAMARA: Mr. Cunningham?

2 MR. CUNNINGHAM: Yes.

3 MS McNAMARA: Mr. Blee?

4 MR. BLEE: Yes.

5 MS McNAMARA: Mr. Light?

6 MR. LIGHT: Yes.

7 MR. CUNNINGHAM: Thank you, gentlemen.

8 Next matter on the agenda is Cherry Hill Township Fire  
9 District Number 13. We've actually waived the  
10 appearance for this matter. So I just will read into  
11 the record that this would have been on consent given  
12 that it's a refunding. We did initially put it on  
13 consent because not all the documents had been  
14 provided. They have since been received and reviewed  
15 by staff. In this particular refinancing the applicant  
16 expects to receive net present value savings of  
17 3.625 percent. So we do need to take a vote on it.  
18 But again, because of the nature and the amount of the  
19 savings on this deal we waive the appearance. So I  
20 will make a motion for positive findings in this regard  
21 and ask for a second from one of my colleagues.

22 MR. BLEE: Second.

23 MR. CUNNINGHAM: Mr. Blee seconds.

24 Thank you. May I have roll call?

25 MS McNAMARA: Mr. Cunningham?

1 MR. CUNNINGHAM: Yes.

2 MS McNAMARA: Mr. Blee?

3 MR. BLEE: Yes.

4 MS McNAMARA: Mr. Light?

5 MR. LIGHT: Yes.

6 MR. CUNNINGHAM: Okay. That brings us  
7 to the Borough of Seaside Park.

8 (All parties sworn.)

9 MR. CUNNINGHAM: Good morning.

10 MS CLARK: Good morning.

11 MR. CUNNINGHAM: Counsel, you're before  
12 the Board today with your client's it's a proposed USDA  
13 funding. You just want to give a brief introduction to  
14 the Board about the nature of the financing?

15 MS CLARK: Absolutely. This a proposed  
16 funding through the USDA for their phase two of the  
17 sanitary sewer and water distribution project.  
18 Majority of this project was financed. And we received  
19 approval from the Board in 2012 through the NJ EIT.  
20 The remainder of the funds -- the remainder of the  
21 project as we said in 2012 is now requested to be  
22 funded through the USDA.

23 MR. CUNNINGHAM: So there's grant funds  
24 of approximately \$340,000 in grant funds coming from  
25 the USDA. And as was stated, there's about 4.2 million

1 being financed through EIT.

2 MS CLARK: Correct.

3 MR. CUNNINGHAM: Which leaves the  
4 balance to be financed through USDA. So you're before  
5 the Board for request of approval of a nonconforming  
6 maturity schedule. I guess the only question I had is  
7 with the USDA deals the amortization can go out for  
8 40 years. And I was just curious whether the applicant  
9 may want to speak to my only concern is are the  
10 improvements that would be financed is the useable life  
11 going to be such that it matches that 40 year  
12 amortization?

13 MS CLARK: I actually have -- I have Mr.  
14 Contreras here. He's our engineer. He could speak to  
15 that.

16 MR. CUNNINGHAM: Please. Thank you.

17 MR. CONTRERAS: Thank you, Mr. Chairman.  
18 The useful life of the project is for 75 to 100 years.  
19 All materials that are used that we're using in the  
20 project were selected for the specific soil conditions.  
21 Under regular water and sewer project the plan is to  
22 replace two percent of the network every 50 years. So  
23 taking that into consideration we're way over the term  
24 of the loan just for that matter.

25 MR. CUNNINGHAM: Okay. Thank you very

1 much. Gentlemen, have any questions?

2 MR. BLEE: No.

3 MR. LIGHT: No. I watched the project.

4 MR. CUNNINGHAM: What's that?

5 MR. LIGHT: I watched the project.

6 House is just so close to it. I'll move the  
7 application.

8 MR. CUNNINGHAM: Okay. We a motion.

9 MR. BLEE: Second.

10 MR. CUNNINGHAM: We have a second. Take  
11 roll call, please.

12 MS McNAMARA: Mr. Cunningham?

13 MR. CUNNINGHAM: Yes.

14 MS McNAMARA: Mr. Blee?

15 MR. BLEE: Yes.

16 MS McNAMARA: Mr. Light?

17 MR. LIGHT: Yes.

18 MR. CUNNINGHAM: Board will now hear an  
19 application from the Borough of Brooklawn.

20 (All parties sworn.)

21 MR. CUNNINGHAM: Good morning.

22

23 MR. WINITSKY: Good morning. How are  
24 you?

25 MR. CUNNINGHAM: I'm doing well. You're

1 also here for an application through financing through  
2 the USDA? Would you mind just walking the Board  
3 through the application.

4 MR. WINITSKY: Just quickly to my right  
5 is Ryan Giles who's CFO and to his right is Mayor  
6 Theresa Branella.

7 MR. CUNNINGHAM: Mayor, welcome.

8 MS BERTRAM: Thank you.

9 MR. WINITSKY: The borough's here for  
10 three reasons. One of which you mentioned was with  
11 respect to USDA. We're also here seeking a waiver of  
12 down payment and seeking exception from our debt  
13 limitation. Essentially what the borough is going to  
14 be doing is issuing two series of bonds for an  
15 aggregate principle amount of \$2,678,000. The proceeds  
16 of those bonds together with certain grants to be  
17 provided by the USDA are going to be used to finance  
18 various improvement to the borough's water and sewer  
19 system including hydrant valve replacements, manhole  
20 covers, sewer lining, slip lining, the whole cadre of  
21 much needed improvements for the borough.

22 The bonds will be issued pursuant to the  
23 USDA's Road Development Program with an amortization of  
24 40 years and a fixed rate of 3.25 percent. The impact  
25 of that debt for the borough is about \$42 a quarter for

1 user fees, rate fees which is about \$168 a year per  
2 household. That number will be mitigated probably very  
3 quickly because when the grant comes it will offset  
4 some of the money that we're borrowing up front which  
5 is also why we're over the debt cap. We couldn't  
6 otherwise be over it. We would not be over it  
7 otherwise.

8                   And on the waiver of down payment side,  
9 we're actually looking for one waiver. The water  
10 utility is self-liquidating. The sewer utility is not  
11 because of this. So that is if you have any questions  
12 specifically with respect to the application we're here  
13 to answer them.

14                   MR. CUNNINGHAM: I do. Thank you. I  
15 just want to go back to the exceeding the debt  
16 limitation. And as I read the application, the debt  
17 would swell to 3.66 percent.

18                   MR. WINITSKY: Correct.

19                   MR. CUNNINGHAM: But as I further read  
20 the application I would just ask you to confirm on the  
21 record that it looks like it would go back down under  
22 the debt limit in 2017.

23                   MR. WINITSKY: That's correct.

24                   MR. CUNNINGHAM: That's accurate. Okay.  
25 Thank you.



1 MR. LIGHT: What is the limit now, 3.5.

2 Correct?

3 MR. WINITSKY: Yes.

4 MR. CUNNINGHAM: Again, I asked the  
5 applicant before you and I would ask the same with the  
6 USDA going out for 40 years are you prepared to -- your  
7 testimony today that the improvements are going to last  
8 for that duration?

9 MR. WINITSKY: Based on discussions with  
10 their engineer, yes, I believe all of that will be at  
11 least that useful life. These are big sew and water  
12 improvements that should be in ground for use quite  
13 sometime. We can make that representation, yes.

14 MR. CUNNINGHAM: I think the one thing  
15 that we didn't have, and I still don't think we have,  
16 the staff had asked for a copy of the ordinance that  
17 would adjust the fees. Would you be able to --

18 MR. WINITSKY: Certainly. If it was not  
19 provided previously we will do so.

20 MR. CUNNINGHAM: Thank you. Mayor, was  
21 there anything else you wanted to add to the  
22 application?

23 MAYOR BRANELLA: No. We're just very  
24 grateful to be able to improve our water and sewer.  
25 Thank you for all your considerations.

1                   MR. CUNNINGHAM: Gentlemen, do you have  
2 any other questions for the applicant?

3                   MR. BLEE: No.

4                   MR. CUNNINGHAM: Hearing none, I'll make  
5 a motion to approve.

6                   MR. BLEE: Second.

7                   MR. CUNNINGHAM: Roll call, please.

8                   MS McNAMARA: Mr. Cunningham?

9                   MR. CUNNINGHAM: Yes.

10                  MS McNAMARA: Mr. Blee?

11                  MR. BLEE: Yes.

12                  MS McNAMARA: Mr. Light?

13                  MR. LIGHT: Yes.

14                  MR. CUNNINGHAM: Thank you very much.

15 We're going to move to the Borough of Paulsboro.

16                   (All parties sworn.)

17                  MR. CUNNINGHAM: Okay. So once again,  
18 Borough of Paulsboro also in for a USDA project. Jeff,  
19 did you want to just like you did just walk the Board  
20 through eye level?

21                  MR. WINITSKY: Sure. As was the case  
22 with Brooklawn this is again USDA project to be issued  
23 in the principle amount of \$558,000 and change for the  
24 purposes of construction of a half a million gallon  
25 elevated water storage tank for the borough. The bond

1 will be issued for 40 years at a rate of 2.125 percent  
2 fixed rate which equals approximately 21,000 and change  
3 in debt service. The net debt of the borough is not  
4 going to change. It's a self-liquidating utility. So  
5 this will have no impact. There will be a small  
6 increase in user fees about \$9. It's not a big impact.  
7 It's relatively small. The reason we're here is  
8 looking for the waiver of the maturity schedule  
9 limitations.

10 MR. CUNNINGHAM: You got a significant  
11 amount of the cost of the project grant funded.  
12 Correct?

13 MR. WINITSKY: Correct. Which is why  
14 the borough --

15 MR. CUNNINGHAM: Three quarters?

16 MR. WINITSKY: Almost that, yes. It's a  
17 very small amount.

18 MR. CUNNINGHAM: Gentlemen, have any  
19 questions?

20 MR. LIGHT: Is this to replace an  
21 existing water storage or is this just the fact that  
22 you had none and this is going to be a new storage  
23 tank?

24 MR. WINITSKY: There is an existing.  
25 This will be a new to eventually replace.

1 MR. LIGHT: Eventually replace.

2 MR. WINITSKY: Eventually replace.

3 Because of the timing, one will remain and it will sort  
4 of -- it's out lived useful life.

5 MR. LIGHT: You're getting the new one  
6 because the other one is on the verge of going out?

7 MR. WINITSKY: That is correct.

8 MR. CUNNINGHAM: You answered my  
9 questions already. I just want to talk about the  
10 self-liquidating nature of the utility. With the rate  
11 I saw I think the interest rate is attractive for grant  
12 funds to go along with it. So Mr. Blee, if you don't  
13 have any other questions then I'm supportive, I'll make  
14 a motion to move the application.

15 MR. BLEE: Second.

16 MR. CUNNINGHAM: Thank you. Roll call.

17 MS McNAMARA: Mr. Cunningham?

18 MR. CUNNINGHAM: Yes.

19 MS McNAMARA: Mr. Blee?

20 MR. BLEE: Yes.

21 MS McNAMARA: Mr. Light?

22 MR. LIGHT: Yes.

23 MR. CUNNINGHAM: Thank you very much.

24 MR. WINITSKY: Thank you.

25 MR. CUNNINGHAM: Board will now hear

1 City of Plainfield's application. I'm starting to pull  
2 ahead of the agenda. And I don't think your -- your  
3 counsel is supposed to be here as well. Right?

4 MR. WEST: Yes, he is.

5 MR. CUNNINGHAM: Then we can either  
6 adjourn for a couple minutes or I would ask if  
7 Moonachie's available we could hear Moonachie.

8 MR. MAYER: Good morning. Bill Mayer  
9 with Decotiis, FitzPatrick and Cole, bound counsel for  
10 the Borough of Moonachie. I'm here before you today  
11 for \$875,000 approval of an \$875,000 refunding bond  
12 ordinance. The borough adopted an emergency  
13 appropriation in November of '14 for tax appeals. It  
14 was over three percent. It was approved by the  
15 Director. There are notes outstanding on that 850,000  
16 which are due October 21st. May '14 they introduced an  
17 \$875,000 refunding bond ordinance. And we're  
18 requesting approval for this ordinance to fund the  
19 emergency appropriation for the tax appeals. They've  
20 requested in the application a five year pay out  
21 commencing in 2015. The schedule's in Appendix A of  
22 the application at a cost of 97 per year per taxpayer.  
23 To my right is Dieter Lerch, city auditor and to my  
24 left is Tony Ciannamea, the administrator/CFO. And if  
25 you have any questions we'd be glad to try to answer

1     them.

2                   MR. CUNNINGHAM:  So I guess my initial  
3     question is this only deals with commercial and  
4     industrial appeals?

5                   MR. LERCH:  It actually encompasses all  
6     of the appeals.  Just for a little bit of a background,  
7     I'll give you little background as to what we've done  
8     so far and paid out in appeals.  You know, since the  
9     loss in rateables which has been dramatic the borough  
10    itself has paid out over 1.6 million in cash.  That's  
11    through 2014.  Without taking into account the 800 and  
12    some odd that we're asking for on a five year pay back  
13    period on current application.  But having said that,  
14    we also have on our balance sheets reserves of \$700,000  
15    for on pending appeals that we know are primarily  
16    commercial and some -- primarily residential and some  
17    of the commercial that have not settled.  We have an  
18    estimated payback that we're hovering somewhere around  
19    700,000.  We feel confident that we have that adequate  
20    funding set aside.  So really, we don't see ourselves  
21    coming back here.

22                   And just as an additional note, the  
23    borough's also in the process they have signed a  
24    contract for a reevaluation.  So we really think that  
25    at the end as far as tax appeals we really feel we've

1 paid the bulk of it out. We're asking for this little  
2 fees of 800,000 considering the 2.4 million we're going  
3 to wind up paying out of cash by the end of the day.  
4 We have the reval set in place. You know, our biggest  
5 issue going forward as you know is really dealing with  
6 the Hurricane Sandy aftermath. And we really, we're  
7 talking about we've utilized roughly \$2 million,  
8 \$2.2 million of CDL money in our budget which we do not  
9 know whether or not that is going to be forgiven or  
10 not. We also have a budget that we've introduced. We  
11 have pending approval at this point but we're still  
12 waiting for approval on the essential service grant  
13 which we have another \$500,000 paid into the budget.

14 So, you know, we were able to get  
15 ourselves through the appeals. We feel comfortable and  
16 confident with that, but, you know, the big thing  
17 that's hanging over Moonachie really is the CDL money  
18 and essential services grant. If we can get passed  
19 that we feel Moonachie is definitely progressing in the  
20 right direction.

21 MR. MAYER: And it's a horrible Sandy  
22 story that I won't dwell on. I'd never envision the  
23 Hackensack river backing up that much from the storm  
24 surge.

25 MR. LERCH: Borough Hall is still not

1 built.

2 MR. CUNNINGHAM: I met with the mayor on  
3 that on numerous occasions when I was in my prior  
4 capacity. But I guess I would ask, and maybe to the  
5 extent you can speak to it is, you know, at some point  
6 the rateable base is going to rebound. And I know that  
7 Moonachie was hit particularly hard not just by the  
8 physical destruction but by the makeup of the housing  
9 stock which in large portions was I know there was at  
10 least one or two mobile home parks that were decimated.  
11 And I'm just curious, you know, as the recovery  
12 progresses I'm just curious what the, you know,  
13 long-term vision is three, four, five years down the  
14 line for what that's going to mean to the rateable  
15 base.

16 MR. CIANNAMEA: We're going to recover  
17 our stock. I mean, the gentlemen who came in and did  
18 the initial discussion on the reval says that our  
19 rateables we have to bring our rateables down just to  
20 get them to market value, but as we reconstruct it  
21 should come back.

22 MR. CUNNINGHAM: How is the pace of the  
23 reconstruction going?

24 MR. CIANNAMEA: Again, Borough Hall  
25 we're still in trailers. We're probably moving slower



1 than everybody else. The factories are getting  
2 rebuilt. The residences are getting rebuilt but  
3 there's a lot of houses still waiting for the -- what  
4 is it? REM money. And again, people have to get their  
5 confidence back, too. There's a little bit of a stigma  
6 out there right now which hopefully with time will go  
7 away.

8 MR. CUNNINGHAM: With respect to the  
9 essential service grant decisions will be forthcoming  
10 next we can on that. So most likely the borough can  
11 anticipate an answer on their application I would guess  
12 mid next week.

13 MR. LERCH: I think the planned adoption  
14 is two weeks, Tony? I think it's two weeks. So we  
15 plan on adopting it if we can within the two week  
16 weird.

17 MR. CUNNINGHAM: Do you recall what the  
18 amount of the ESG requested was?

19 MR. LERCH: 515.

20 MR. CUNNINGHAM: So going back to the  
21 application before the Board, I know that and I heard  
22 you say it's a five year a term that you're looking for  
23 and the impact on the average assessed home would be  
24 97.

25 MR. MAYER: Correct.

1                   MR. CUNNINGHAM: Gentlemen, have any  
2 other questions?

3                   MR. LIGHT: Originally I was going to  
4 ask about moving the five year down but under the  
5 circumstances that I've heard here I think five years  
6 is okay.

7                   MR. CUNNINGHAM: And even at five years,  
8 you know, a hundred bucks is a hundred bucks. You  
9 know, fairly impact the community.

10                  MR. MEYER: Could have asked for more.

11                  MR. CIANNAMEA: Actually, right now  
12 assuming we get this granted and that assuming we get  
13 the essential services grant we're looking at about  
14 nine percent tax increase because of loss of rateables.

15                  MR. CUNNINGHAM: Does that create cap  
16 problem?

17                  MR. LERCH: No. Actually, we're about  
18 130,000 below the tax levy cap. And really what we're  
19 looking at is a \$284 increase per average home. And  
20 \$60 six of that alone is lost in rateables. But we  
21 know -- you know, we've been very aggressive and we  
22 know that that's why we only came down for five years  
23 because we would like to put this past us honestly.

24                  MR. LIGHT: The increases that you're  
25 mentioning does that include the increases for this

1 \$97?

2 MR. LERCH: We built it in.

3 MR. CIANNAMEA: It assumes we were going  
4 to get granted.

5 MR. CUNNINGHAM: I understand and maybe  
6 sympathize is the best word with what the borough's  
7 going through. As I said, I met were the mayor before.  
8 I was involved in the conversations of the disputes  
9 with FEMA over Borough Hall. I know the difficulties  
10 that you've had up there. And for that reason, you  
11 know, I think I'd be remiss if I didn't applaud you for  
12 using so much of, you know, existing cash funds and  
13 financing as little as possible. I think that's really  
14 a strong move on the borough's behalf. So I'll make a  
15 motion to approve the application.

16 MR. LIGHT: I'll second.

17 MR. CUNNINGHAM: Take roll call.

18 MS McNAMARA: Mr. Cunningham?

19 MR. CUNNINGHAM: Yes.

20 MS McNAMARA: Mr. Blee?

21 MR. BLEE: Yes.

22 MS McNAMARA: Mr. Light?

23 MR. LIGHT: Yes.

24 MR. MAYER: Thank you very much.

25 MR. CUNNINGHAM: Thank you, gentlemen.

1 Are we prepared to go back to Plainfield City? No, not  
2 yet. Can we go to Monmouth County Improvement  
3 Authority? Gentlemen, good morning. So this is a  
4 refunding application to advance -- refund some debt.  
5 Would you just mind for benefit of the Board members  
6 just introducing the application?

7 MR. DRAIKIWICZ: Thank you so much. The  
8 Monmouth County Improvement Authority proposes to issue  
9 its refunding bonds in an amount not to exceed  
10 \$27,000,000. The purpose of which will be used to  
11 refund its outstanding series 2008 bonds issued for the  
12 benefit of Brookdale Community College. The bonds will  
13 be secured by lease payments from the college and also  
14 by guarantee from the County of Monmouth. The  
15 refunding will only be undertaken provided the savings  
16 are at least two percent of the refunded bonds. We  
17 hereby request positive findings in connection with the  
18 transaction.

19 MR. CUNNINGHAM: Give us the numbers  
20 again.

21 MR. DRAIKIWICZ: Not to exceed 27  
22 million. And we'll only undertake the transaction if  
23 it's at least three percent present value savings.

24 MR. BACHER: And we're about nine at the  
25 moment.

1                   MR. CUNNINGHAM: I thought you were a  
2 little higher than that.

3                   MR. BACHER: The market's been tailing  
4 away.

5                   MR. LIGHT: Got sticker shock with the  
6 cost of insurance issuance.

7                   MR. CUNNINGHAM: Yeah, I mean, I think  
8 that's a fair point. It's something that I noted. So  
9 we have bond counsel, authority counsel, county bond  
10 counsel and college counsel. I know these are only  
11 proposed and estimated costs, but they did strike me as  
12 fairly high for the nature of the matter before the  
13 Board today. But again, I think the application, you  
14 know, seeing around nine percent savings it's certainly  
15 a worth while application, but I don't think I'm  
16 prepared to condition positive findings on the fees,  
17 but I would ask each of you to communicate to your  
18 colleagues working on this deal that they should be  
19 mindful of the fees. And they should just know that  
20 the Board, at least the Chairman, thinks that an  
21 aggregate they might be estimated a little on the high  
22 side. And I would ask for you to --

23                   MR. DRAIKIWICZ: Let me suggest just two  
24 things and you can address the other ones, too. But  
25 the two I'd like to note is the county guarantee.

1 That's really almost like a bond insurance fee. It's  
2 not a cost to do a transaction. So it's really a bond  
3 insurance type of fee for the county guarantee. And  
4 standard of course is \$70,000. That's because the  
5 county has typically gone through all three rating  
6 agencies. And that's what their standard charges are.  
7 So out of the number that's listed on the bottom, you  
8 know, 190 or so is really not in the control of the  
9 financing team.

10 MR. CUNNINGHAM: I will note, though,  
11 that I don't believe all counties charge a county  
12 guarantee fee. So, I mean, I understand that. That's  
13 the freeholders' prerogative and it is a significant  
14 cost in the cost of issuance, but, you know, I again go  
15 back and look at some of the other costs in the line  
16 items. And again, I'm not prepared to condition the  
17 positive findings, but I'm relying on you to  
18 communicate to others involved in the deal that, you  
19 know, I would ask that these estimates be watched  
20 closely.

21 MR. BACHER: Will do.

22 MR. DRAIKIWICZ: Thank you.

23 MR. CUNNINGHAM: Any other questions on  
24 it?

25 MR. LIGHT: No. I'm still gasping for

1 air.

2 MR. CUNNINGHAM: Any other issues, then?

3 I'll make a motion.

4 MR. BLEE: Second.

5 MR. CUNNINGHAM: Roll call, please.

6 MS McNAMARA: Mr. Cunningham?

7 MR. CUNNINGHAM: Yes.

8 MS McNAMARA: Mr. Blee?

9 MR. BLEE: Yes.

10 MS McNAMARA: Mr. Light?

11 MR. LIGHT: I'll vote yes because we  
12 need the three votes to approve it, but I got tell you  
13 I got sticker shock with that. I think that in the  
14 future these types of applications have to take some  
15 consideration on half a million dollars on a  
16 \$27 million project. I think it's an awful lot, but I  
17 vote yes.

18 MR. CUNNINGHAM: All right. So we have  
19 the votes. And the only thing I'll just say from the  
20 dais, and I know the votes were taken already, but I've  
21 said this to some of the improvement authority  
22 applicants before that, you know, the staff for the  
23 Division is going to be sending out a questionnaire to  
24 the improvement authorities about the fees charged on  
25 various projects that's in development. And again, the

1 purpose there is going to be identify the outliers so  
2 we fully understand who's charging what on each deal.  
3 Again, we didn't condition it. We didn't read it into  
4 record. It's not part of the resolution. But I would  
5 ask out of courtesy to the Board that as the  
6 application move forward if you could maybe just send  
7 me what the actual cost came out to be when the  
8 transaction's complete.

9 MR. BACHER: Will do.

10 MR. CUNNINGHAM: But again, the vote's  
11 done. And it was positive finding Board approved. So  
12 I thank you.

13 The Board will hear New Brunswick City  
14 Parking Authority.

15 (All parties sworn.)

16 MR. CUNNINGHAM: Nice to meet you in  
17 person. I know we had any number of conference calls  
18 on another difficult deal and I'm happy to meet you in  
19 person today. So you're here on behalf of your client,  
20 New Brunswick Parking Authority, the City of New  
21 Brunswick. I just would ask for the Board's benefit  
22 would you just introduce your colleagues and introduce  
23 the project?

24 MR. PANELLA: Sure. I'm Tony Panella,  
25 Wilentz, Goldman, Spitzer, bond counsel to the



1 authority. Mitch Karon is the long time executive  
2 director. And Bright Rajaratnam is the CFO. We have  
3 before you an application that is a combined  
4 refinancing of existing debt and the permanent  
5 financing of outstanding project notes that the Local  
6 Finance Board had previously approved in 2012 for a  
7 large redevelopment project that the Authority  
8 originally financed in 2010. The large portion of the  
9 bond financing is to refinance about \$20,000,000 of the  
10 Authority's 2006 outstanding bonds and then about  
11 \$4 million of the financing relates to the permanent  
12 financing of the outstanding project note. Those  
13 project notes were issued originally in 2012. And  
14 under section 5A-4(a)24 we've done the two renewals on  
15 those. So they would scheduled for permanent financing  
16 now.

17           There has been a twist in underlying  
18 facts here that we want to bring to your attention for  
19 your consideration. You know, we've seen lots of words  
20 -- I think someone said the market -- what was the  
21 phrase that was used, the market's moving away?

22           MR. CUNNINGHAM: Tailing off I think is  
23 what I heard.

24           MR. PANELLA: Okay. Let's just say that  
25 the market has imploded. This refinancing is a country

1 country mile away from working. So this is what we're  
2 faced with: The Authority has a three and a half  
3 million dollar note in a complex Parking Authority  
4 revenue bond structure with a city guarantee over it.  
5 The financing costs relating to the Parking Authority  
6 doing a three and a half million dollar new money  
7 financing to permanent finance that note benefits  
8 everyone at the table starting with me with the  
9 exception of the Authority. The Authority will be  
10 absolutely killed to do a \$4 million new money bond  
11 financing because this refunding is not working.

12 So this is what we would like to  
13 propose. Under 4A-5(a)24 the Authority has the right  
14 to ask your permission to renew the note beyond the  
15 three year period. And it will turn hundreds of  
16 thousands of dollars of issuance costs into \$25,000.  
17 Amboy Bank has bought the last three notes from the  
18 Authority at one and a half percent interest with zero  
19 issuance costs from the bank. The bank has advised me  
20 that it would allow a prepayment provision placed into  
21 the note so that if the refunding comes back the  
22 Authority would not have to wait until next year to do  
23 the note.

24 Equally importantly, the purpose of  
25 these limitations in the local bond law and the local

1 authority's fiscal control law about not perpetual  
2 renewal of notes is for timely commencement of  
3 principle. So what the Authority to would propose to  
4 do is if you look at the bond repayment's schedule  
5 attached to this application there would be \$110,000  
6 principle payment made on this three and a half million  
7 dollar permanent note financing. The Authority would  
8 budget in its 2016 budget that principle payment so  
9 that the note would be not remade with no principle  
10 repayments.

11                   If it's procedurally unacceptable to ask  
12 you to consider that today, the truth of the matter is  
13 we could submit the application on June 17th and ask  
14 for permission on July 8th, but we thought we have  
15 might try to have you consider morphing any approval  
16 that you would give on this to allowing the Authority  
17 to renew the note for not exceeding one year period.  
18 And the basis for that is that the issuance costs just  
19 make no sense because the refunding is gone. That's  
20 where we stand. I just in good conscious can't see  
21 this Authority incurring all these issuance costs for a  
22 three and a half million dollar bond financing. My own  
23 professional judgment would be renew the note for a  
24 year, put prepayment provision in the note and see if  
25 the market comes back.

1                   MR. CUNNINGHAM: From a time standpoint.  
2 I don't want to be inflexible. I really don't. But,  
3 again, just for benefit of all of us, the Board members  
4 and for the staff to review it, are there any timing  
5 concerns by them deferring this to the next meeting and  
6 asking you to come back next month?

7                   MR. PANELLA: Absolutely not. The note  
8 matures I believe July 19th. Somewhere around that.

9                   MR. CUNNINGHAM: If that's the case,  
10 then, respectfully I'd ask can we consider this  
11 application withdrawn?

12                   MR. PANELLA: What I would ask for if  
13 you consider approving it because the market is  
14 radical.

15                   MR. CUNNINGHAM: I understand.

16                   MR. PANELLA: The market will come back  
17 and the financing will make sense again. I just know  
18 it doesn't make sense now.

19                   MR. CUNNINGHAM: So we'll approve the  
20 12 months and then you'll come back with a revised --

21                   MR. PANELLA: The point is this, if you  
22 approve this as it is with nothing -- and we do nothing  
23 else, they're going to have to do a \$4 million bond  
24 deal.

25                   MR. CUNNINGHAM: I understand.

1                   MR. PANELLA: It all made sense when it  
2 was 26 million. Doesn't make any sense anymore.

3                   MS McNAMARA: But you were going to  
4 submit an application, just a stand alone application  
5 just for 5A-24 for that portion?

6                   MR. PANELLA: Renew the note with a  
7 principle paydown on it in the '16 budget.

8                   MR. CUNNINGHAM: Okay. All right. So  
9 the Board then for today is being asked, then, to  
10 approve the 12 month period, the refunding.

11                   MS McNAMARA: The way the application  
12 was submitted we'll approve and you'll get an  
13 additional approval should that be necessary.

14                   MR. PANELLA: The market is radical and  
15 it moves radially. And it might move back the  
16 Authority's way again, but I don't know that between  
17 now and July 19th.

18                   MR. CUNNINGHAM: Okay. I think it's  
19 prudent. Gentlemen, have any questions on it?

20                   MR. LIGHT: It's not a question. I  
21 suppose it doesn't move that way just continue with the  
22 12 month --

23                   MR. PANELLA: You know, the New  
24 Brunswick Parking Authority, everybody who knows New  
25 Brunswick knows just have to look up and you see, you

1 know, the revitalization of the entire city that's been  
2 going on for 20 years. The Parking Authority has been  
3 a vital sponsor of most of the redevelopment. There  
4 are -- there is a whole new round of larger scale  
5 redevelopment projects on the planning books in New  
6 Brunswick. And originally we had thought we might come  
7 here and ask to roll this note and then make it become  
8 part of a financing for a new redevelopment project we  
9 can get, put right in with such minimal issuance cost  
10 folded in. And we might, you know, suggest that in the  
11 future if this refunding doesn't come back. So there  
12 are larger scale redevelopment projects on the books  
13 where the Parking Authority would in fact be the  
14 sponsoring entity again. If the refinancing never  
15 comes back our wish would be that this little project  
16 financing would get folded into that larger one. And  
17 then it would become a rounding error on the cost of  
18 issuance.

19 MR. LIGHT: Either way we'll see another  
20 application or at least some sort of communications  
21 from you for the next meeting in July?

22 MR. PANELLA: Yes.

23 MR. CUNNINGHAM: Okay. I'll make the  
24 motion.

25 MR. BLEE: Second.

1 MR. CUNNINGHAM: Thank you. Roll call.

2 MS McNAMARA: Mr. Cunningham?

3 MR. CUNNINGHAM: Yes.

4 MS McNAMARA: Mr. Blee?

5 MR. BLEE: Yes.

6 MS McNAMARA: Mr. Light?

7 MR. LIGHT: Yes.

8 MR. CUNNINGHAM: Could I just get a side  
9 bar with you quickly?

10 (Whereupon there is a recess.)

11 MR. CUNNINGHAM: Mercy County  
12 Improvement Authority.

13 (All parties sworn.)

14 MR. MAYER: Good morning. Bill Mayer  
15 with Decotiis, FitzPatrick and Cole, bond counsel to  
16 the Mercer County Improvement Authority. To my right  
17 is Jen Edwards and then Jeff Winitzky, county bond  
18 counsel and Al Collins with the Authority and then Dave  
19 Miller, county treasurer. County CFO. Maybe  
20 treasurer, too.

21 We're before you today for an  
22 application on behalf of the Mercer County Improvement  
23 Authority for project financing review for lease  
24 revenue bonds for the county courthouse annex project  
25 not to compete \$35 million. I believe we'll open it up

1 for questions. I think the application's pretty  
2 self-explanatory.

3 MR. CUNNINGHAM: Al, if you would, could  
4 you just explain the project because I was reading the  
5 application. It's been a long time since I kind of  
6 been in any of those buildings. I'm just curious which  
7 buildings and where people are being moved from.

8 MR. COLLINS: Sure. Currently there's  
9 existing the old county courthouse which is at 209  
10 South Broad Street. Then there's a connecting building  
11 which is referred to as the annex.

12 MR. CUNNINGHAM: Is this criminal?

13 MR. COLLINS: Criminal. It fronts South  
14 Broad Street. It's behind the new criminal courthouse  
15 that fronts Warren Street. Originally the Department  
16 of Community Affairs came in and cited the county with  
17 a host of fire code violations. And the county asked  
18 the Improvement Authority to get involved to see what  
19 remediation can be done to fix those. Originally we  
20 were just going to install sprinklers, add some egress  
21 and be done with the project. As we got into the  
22 project, started getting into the design the building  
23 systems are in disrepair, mechanical system, electrical  
24 system, plumbing systems. And the building is full of  
25 asbestos. So what we have to do now is we have to



1 relocate those occupants in those buildings to  
2 temporary office space. Remediate the asbestos.  
3 Renovate the building. Then move those people back  
4 into the existing annex building. So it will take --  
5 it will encompass the complete rehab, renovation of  
6 five floors of the annex. Courthouse building itself  
7 will not be occupied. It will remain empty, but we'll  
8 have building conditioning systems in it to maintain  
9 temperature and humidity control so there's no further  
10 deterioration in that. That space, the annex space as  
11 well as the courthouse space is necessary as we go  
12 through the 25 year projections for the court expansion  
13 and court needs.

14 MR. CUNNINGHAM: Thank you. And I note  
15 that the application says that the Authority's using  
16 about nine and a half million dollars of cash hand?

17 MR. COLLINS: Yes.

18 MR. CUNNINGHAM: And it will be a lease  
19 with the county. And the county will pay the lease  
20 payment which will cover the debt service as I read the  
21 application. Is that correct?

22 MS EDWARDS: That's correct.

23 MR. CUNNINGHAM: Is there a West State  
24 Street building that I saw?

25 MR. COLLINS: That's the temporary

1 office space that we're relocating the occupants to.  
2 It's the old Holiday Inn on Calhoun.

3 MR. CUNNINGHAM: That way toward  
4 Calhoun. Right?

5 MR. COLLINS: Yes.

6 MR. CUNNINGHAM: And again, there's  
7 costs in order to get that up to standards to relocate  
8 those people?

9 MR. COLLINS: Correct.

10 MR. CUNNINGHAM: And the county's debt,  
11 the net debt would increase to 1.46 percent as I saw in  
12 the application?

13 MR. COLLINS: Yes.

14 MR. CUNNINGHAM: One of the questions I  
15 had had, you still haven't made the determination  
16 whether to do these tax exempt or taxable?

17 MR. MAYER: We expect the majority if  
18 not all of it will be tax exempt.

19 MR. CUNNINGHAM: And doing them  
20 negotiated?

21 MS EDWARDS: Yes, negotiated sale. 25  
22 year maturity schedule. The not to exceed number does  
23 include capitalized interest for 12 months. Although  
24 it hasn't been decided whether that would be utilized.  
25 So if it's not utilized par amount would get reduced by

1 that amount.

2 MR. CUNNINGHAM: Ted, any questions on  
3 the cost of issuance before I do?

4 MR. LIGHT: I have the page opened  
5 there. Just the same thing that I said before. 460,  
6 almost \$500,000 sounds like a high cost of issuance for  
7 a \$35 million project. I just ask them to review it as  
8 you had asked the previous applicant to review it. See  
9 what can be done for the future, if anything, to reduce  
10 that.

11 MR. CUNNINGHAM: So Al, I mean, I see  
12 financing fees and I see something the Authority  
13 monitored fee but are you doing CM.

14 MR. COLLINS: We are doing CM on the  
15 project. Those fees are built into the project cost  
16 itself.

17 MS EDWARDS: I would note the total  
18 includes the estimated underwriters fee which is a not  
19 to exceed fee. So again, if that comes in lower that  
20 will be reduced. And that's a large majority of the  
21 total costs is the underwriters fee.

22 MR. CUNNINGHAM: That and bond counsel.

23 MR. MAYER: That fee is under discussion  
24 with the Authority. The scary thing is you don't know  
25 where these things go. And you're kind of -- it's a

1 top end. It's not --

2 MR. CUNNINGHAM: I do understand that.

3 And as I said to, you know, a prior authority.

4 Improvement authority applicant, I understand that  
5 they're estimates but you put place holders in but they  
6 are significant place holders. And for a deal this  
7 size, you know, it is concerning to the Board. And  
8 you're hearing that. With respect to the Improvement  
9 Authority's actually fees, you heard me say that we're  
10 going to be sending out a questionnaire. But that's  
11 not really where I see the issues. I know the fee's  
12 under discussion. I think it should be under  
13 discussion. I would ask just out of courtesy but not  
14 out of requirement we'll put in I'd ask you to keep me  
15 posted on fees and where they ultimately land going  
16 forward.

17 All in all, though, I think it's a  
18 necessary project. I remember reading the paper some  
19 of the issues that were going on with that. I also  
20 just want to commit to the record the fact, and it  
21 seems a long, long time ago, I worked for the Mercer  
22 Improvement Authority. I don't see any conflict or any  
23 reason to recuse myself. Never involved in these  
24 projects. It was a long time ago. I'm not even sure I  
25 still know the folks that work there. But I do just

1 want to put that on record that it was previous  
2 employer of mine, but I don't see any reason to recuse  
3 myself. So with that, unless any other Board members  
4 have questions, I'll make the motion to issue positive  
5 findings on the application.

6 MR. BLEE: Second.

7 MR. CUNNINGHAM: We have a second from  
8 Mr. Blee. Take a roll call.

9 MS McNAMARA: Mr. Cunningham?

10 MR. CUNNINGHAM: Yes.

11 MS McNAMARA: Mr. Blee?

12 MR. BLEE: Yes.

13 MS McNAMARA: Mr. Light?

14 MR. LIGHT: Yes.

15 MR. CUNNINGHAM: Thanks very much.

16 We're going to go back to the City of Plainfield's  
17 application.

18 (All parties sworn.)

19 MR. CUNNINGHAM: Mr. West, again, we  
20 want to just wait until you had the opportunity to  
21 afford yourself of counsel. So Tony, I don't know  
22 whether you're prepared to kind of introduce the  
23 application or not. If you are, then I'd ask you to do  
24 that for the Board.

25 MR. PANELLA: Yes. Tony Panella,

1 Wilentz, Goldman, Spitzer. I have Leonard West with  
2 me, the director, the administrator of East Orange.  
3 East Orange has qualified municipal bonds act --

4 MR. WEST: Plainfield.

5 MR. PANELLA: Plainfield has qualified  
6 municipal bonds outstanding under the local bond law.  
7 Even when you adopt bond ordinances that you do not  
8 intend to finance through QUAB's you still have to  
9 submit an application to Local Finance Board for  
10 approval of that ordinance prior to it being given a  
11 second reading. This a \$4 million road improvements  
12 ordinance that entails \$3 million in debt, the  
13 customary five percent down payment and then a  
14 combination of state and county grants for the  
15 remainder. We're asking permission to finally adopt  
16 this bond ordinance so these road improvements can be  
17 made.

18 MR. CUNNINGHAM: Okay. Thank you. I  
19 note that the net debt will ultimately be 1.3 percent.  
20 I think it's acceptable. The one thing that the Board  
21 had asked for, at least staff had asked for and we  
22 don't have yet, and we won't condition the approval,  
23 but I was just curious because you're not doing these  
24 as QUAB debt. I was wondering if you could tell me or  
25 get to me what the rating is right now for the city.

1 MR. WEST: Which rate?

2 MR. CUNNINGHAM: The bond rate.

3 MR. WEST: We're A1.

4 MR. CUNNINGHAM: Okay. Gentlemen, have  
5 any other questions for the applicant?

6 MR. LIGHT: No.

7 MR. CUNNINGHAM: Hearing none, can I  
8 have a motion?

9 MR. BLEE: Motion.

10 MR. LIGHT: I'll second.

11 MR. CUNNINGHAM: Second Mr. Light. Roll  
12 call.

13 MS McNAMARA: Mr. Cunningham?

14 MR. CUNNINGHAM: Yes.

15 MS McNAMARA: Mr. Blee?

16 MR. BLEE: Yes.

17 MS McNAMARA: Mr. Light?

18 MR. LIGHT: Yes.

19 MR. CUNNINGHAM: Thanks, gentlemen. We  
20 will, however, here Willingboro Municipal Utilities  
21 Authority.

22 (All parties sworn.)

23 MR. MAYER: Good morning.

24 MR. CUNNINGHAM: Again.

25 MR. MAYER: Bill Mayer, Decotiis,

1 FitzPatrick and Cole, bound counsel for the Willingboro  
2 Municipal Utilities Authority. I have to my left Andy,  
3 Weber or Andrew Weber, executive director -- recent  
4 executive director since November or so of the MUA.  
5 And of course, Sherry Tracey to my right with Phoenix  
6 Advisors, the FA to the MUA.

7                   Back in May of '14 this Board adopted a  
8 positive finding resolution for not to exceed  
9 \$6 million refunding for the refunding of the Board's  
10 -- the Authority's 2005 bonds under 40A:5A-6. That  
11 approval was good for 12 months or that resolution had  
12 a 12 month shelf life, if you will. We've come back to  
13 ask for an extension on that positive finding  
14 resolution. I suspect the Chairman may have some  
15 questions.

16                   MR. CUNNINGHAM: I do. And I'll start  
17 with a comment before I get to my questions. I would  
18 have moved this to the consent agenda. The net savings  
19 are four and a half percent. Documents were in order.  
20 It's a perfectly acceptable and seemingly prudent  
21 refunding. But in reviewing the application, the staff  
22 noted several concerns regarding corrective plan for  
23 the 2013 audit report is still outstanding. The 2014  
24 audit report was due on April 30th. Still not received  
25 by DGLS. And then the 2015 budget was approved on



1 December 29th of '14 but the adopted budget's still  
2 outstanding. And that's a significant concern on  
3 behalf of the Division, you know, that does, you know,  
4 result in an appearance. So I'm hopeful, and if you're  
5 new in your tenure I understand that, but I'm hopeful  
6 you can't speak to those deficiencies.

7 MR. WEBER: I think I can. In fact, I  
8 notice that my first action was actually signing the  
9 resolution back in October. I was appointed interim  
10 executive director actually October 15th of '14.

11 MR. CUNNINGHAM: Had you been with the  
12 Authority prior to that?

13 MR. WEBER: No, I had not. I'm an  
14 attorney. I've been counsel to a number of  
15 governmental entities since '73 and including MUA's.  
16 And I'm actually special counsel to one now. And this  
17 particular action --

18 (Off the record.)

19 MR. CUNNINGHAM: You were explaining  
20 that you were counsel and represented some MUA's. And  
21 then you were getting into --

22 MR. WEBER: I'm going to skip all the  
23 other stuff and go right to the corrective action.  
24 Time is limited. There were three corrective actions  
25 that were identified in the audit. I've been working

1 very closely with Bowen and Associates. And those  
2 three items are in a nutshell one had to do with  
3 minutes. The second one had to do with contract  
4 compliance. And the third one had to do with the  
5 reconciliation of the general ledger and financing. My  
6 goal initially when I became interim and ultimately  
7 executive director in February of this year was to once  
8 it's identified solve and then ultimately move on. And  
9 I had suggested to the auditor that I would prefer to  
10 since they were still there when I -- obviously the  
11 recommendations were still present when I became  
12 executive director, I wanted to resolve those. So I  
13 can report today that when the audit is -- and the  
14 audit should be completed. Unfortunately, the young  
15 man who's been doing it was away on vacation or I would  
16 be able to report that it was completed today. He  
17 comes into the office within I think it's either  
18 tomorrow or the next day. All of the information  
19 required by him will be sufficient in order to complete  
20 that audit.

21 In addition thereto, the items that are,  
22 number one, minutes and, number two, contractual issues  
23 have been resolved. The third item dealing with the  
24 general ledger will also be resolved at our June 17st  
25 meeting with the appointment of a finance director.

1 The executive director, my predecessor, was -- let's  
2 just say he wore multiple hats. And I felt as though a  
3 finance director is essential in any organization  
4 particularly an MUA. And so I've been given Authority  
5 to and working with civil service create the position  
6 to of finance director. And we've also identified a  
7 finance director. And he has been working with me  
8 right now in the corrective action dealing with the  
9 financing.

10 MR. CUNNINGHAM: Are you full-time in  
11 your position?

12 MR. WEBER: Yes, now I am. Actually I  
13 was part-time when I was first appointed as interim. I  
14 only became full-time couple months ago.

15 MR. CUNNINGHAM: Do you still represent  
16 other clients?

17 MR. WEBER: No, this is my day job and  
18 night job as it turns out. The budget. The budget has  
19 been adopted and approved. I think part of the  
20 confusion was, and I've spoken to staff, is that we had  
21 received a budget that was marked approved. I was -- I  
22 did not realize, and it's my mistake, that there's a  
23 Schedule C attached which needs to be approved  
24 subsequent to the -- I think it was Melissa I think  
25 that I was talking to. And it was Schedule C which I

1 was not aware of that needed to be adopted after all of  
2 the information was supplied to BCA, which of course it  
3 has been. And we intend on having that on our agenda  
4 on June 17th.

5 MR. MAYER: I did encourage Mr. Weber to  
6 speak to staff and he came back with glowing reports  
7 about your staff.

8 MR. CUNNINGHAM: Yeah, and I would note  
9 that Melissa Ford is in the audience today and is very  
10 helpful to Authority clients to the extent that as you  
11 work toward rectifying these issues if you need things  
12 from Division staff or have questions or don't  
13 understand the process I would encourage you to reach  
14 out and kind of, you know, get things answered on the  
15 near end. In that regard we're here to assist.

16 MR. WEBER: And I have to tell you that  
17 they were very helpful since I've been contacting them  
18 because I've been contacting a number of state  
19 agencies. They all have been very cooperative  
20 including this agency.

21 MR. CUNNINGHAM: Good. I'm glad to hear  
22 it. Again, I thank Melissa for her efforts in that  
23 regard. And we are lucky to have a very, very strong  
24 budget team. And again, I offer if you need to avail  
25 themselves for anything as you've been doing, please do

1 it.

2 So again, the purpose of today's  
3 appearance was to really have an update. As said, I  
4 would have otherwise moved this to consent. I mean,  
5 it's otherwise a very relatively simple application.  
6 Gentlemen, have any other questions?

7 MR. LIGHT: Just how many commissioners  
8 are there on your Board?

9 MR. WEBER: Five.

10 MR. CUNNINGHAM: I'll ask for a motion  
11 approve.

12 MR. LIGHT: I'll make a motion.

13 MR. BLEE: Second.

14 MR. CUNNINGHAM: Roll call, please.

15 MS McNAMARA: Mr. Cunningham?

16 MR. CUNNINGHAM: Yes.

17 MS McNAMARA: Mr. Blee?

18 MR. BLEE: Yes.

19 MS McNAMARA: Mr. Light?

20 MR. LIGHT: Yes.

21 MR. CUNNINGHAM: Thank you very much.

22 (Whereupon there is a recess.)

23 MR. CUNNINGHAM: For just agenda  
24 purposes, I note that there's two matters from the  
25 Bridgeton Municipal Port Authority. There's wholesale

1 real property and then also there's an action or a  
2 conversation regarding financial difficulty under the  
3 Local Authorities Fiscal Control Act. So I'm going to  
4 bracket those and deal with both of them together. And  
5 any members of the public that want to comment. And  
6 then we'll return to take any action if necessary.

7 MR. McMANIMON: For the benefit of the  
8 Board and for the record Al Marmero is the attorney for  
9 the Bridgeton Port. Rebecca Bertram is the attorney  
10 for the city. Al Kelly is the mayor of Bridgeton.  
11 Gail Goodreau, administrator.

12 As you know, we've been here on several  
13 occasions previously with regard to the approval of a  
14 piece of property that is a warehouse located in a  
15 redevelopment area in the city. This Board granted  
16 approval to that sale in August last year. We have  
17 appeared in a couple of other occasions to continue to  
18 update this Board in connection with the activities or  
19 lack of them at the port. And this Board asked the  
20 city and the port to present a plan following the  
21 approval of the prior sale of the property for the  
22 redevelopment project. And this is basically the  
23 product of that request, requirement of the Board. The  
24 port has 11 additional authorities. Most of them are  
25 not particularly developable. They're in wetlands and

1 other areas adjacent to the particular warehouse that  
2 you previously approved. The city and the port  
3 determined based on the discussions here that it would  
4 seek the authorization under the port statute require  
5 approval of this Board to purchase by the city from the  
6 port of the remaining 11 properties for the full  
7 assessed value of those properties on the books of  
8 Bridgeton. They just completed a reval so the assessed  
9 value is hundred percent value of those properties.  
10 Believe true value is much less, but the goal here was  
11 since these issues are in court --

12 (There is an interruption.)

13 MR. McMANIMON: Anyway, there's an issue  
14 with regard to an obligation that the port owes to a  
15 company called Henry Grove who is the purchaser of an  
16 outstanding loan that was issued originally in 1988.  
17 That loan was about \$800,000. It was paid down. It's  
18 now ratcheted back up with interest. And the issue is  
19 whether the obligation that the port owes is payable  
20 solely from the proceeds derived from the sale of that  
21 property. That property we expect to complete the sale  
22 of by the end of July. All of the approvals that were  
23 required for the tax credits and the state  
24 redevelopment agency have been provided. There was a  
25 ceremonial approval yesterday with regard to that

1 transaction. To the extent that there are issues  
2 involved in when that will actually close, the  
3 redevelopment agency representative indicated that they  
4 would be in touch with this Board to explain the  
5 process, but approvals have been provided. There's a  
6 60-day window to provide for the closing that's  
7 expected to occur by July 30th this year.

8                   These properties the city is prepared to  
9 purchase and to issue notes to buy the property and  
10 provide that money to the court if the effect of that  
11 resolves the litigation so that there will be not a  
12 continuum in terms of an obligation beyond the port in  
13 terms of its properties and its assets. I don't  
14 believe that that will happen, but in order to be able  
15 to present to the court that the city has to adopt a  
16 bond ordinance and the port had to adopt a resolution  
17 providing for the sale. So both of those things have  
18 occurred. So we're simply asking in this application  
19 as provided in the statute for the Authority to  
20 complete that transaction if in fact it results in a  
21 resolution of all of the issues in court. If it does  
22 not, then since you asked what the plan is that the  
23 city will consider whether to activate the port as a  
24 redevelopment, designated redevelopment entity. Right  
25 now the plan is to dissolve the port and have the city



1 act as the redevelopment entity without going to the  
2 port who owns the properties in the redevelopment area.  
3 If in fact doing that results in the continuing  
4 litigation over what the obligation of the city is, if  
5 in fact a dissolution occurs, does that become an  
6 obligation of the city? We have stated many times  
7 here, I continue to state the position that if there is  
8 a dissolution the city has the ability to satisfy the  
9 requirement of the dissolution statute that they have  
10 made adequate provision for the payment of the  
11 obligations by having all of the assets of the  
12 corporation sold and provided to the court in order to  
13 resolve all the issues that are related to that.

14 So that there is no scenario in our  
15 view, either the port or the city, where this  
16 obligation which is neither direct or indirectly  
17 guaranteed by the city, the city has no involvement in  
18 it, is not a guarantor, that would result in the city  
19 having an obligation to pay this debt. Nevertheless, I  
20 believe that Henry Grove will pursue this in a way that  
21 is designed to make that result occur. I'm not going  
22 to comment on the efficacy on doing that because it's  
23 not our prerogative, but we simply want the ability to  
24 present everything possible to the court in order to  
25 resolve the litigation and move forward. If it doesn't

1 happen, then we expect to either reactivate the port as  
2 a redevelopment entity or to simply dissolve it and go  
3 through the issues that would result in that  
4 litigation. It seems like a waste of time, but  
5 nevertheless, that's what we would do. Answer any  
6 questions.

7 MR. CUNNINGHAM: Well, I think the one  
8 question I wanted to talk about is I know that the  
9 application before the Board today would be to sell  
10 certain property and you said you would take the  
11 proceeds of that sale and deposit it with the court.

12 MR. McMANIMON: If in fact the court  
13 determined as a final resolution that that resolved all  
14 the issues. We have the authority to issue net debt to  
15 do that. And they would do that if that was the end  
16 result. If it wasn't, then they would not close on  
17 that transaction.

18 MR. CUNNINGHAM: Finishing the thought  
19 out, where does this stand in the court's right now? I  
20 mean, is there --

21 MS BERTRAM: The issue of the second set  
22 of parcels has not been brought to the court's  
23 attention. We are still under the first -- well, two  
24 lots. The warehouse property which was approved by the  
25 court to be sold subject to your approval. We are

1 returning to the assignment Judge Curio in the end of  
2 July.

3 MR. CUNNINGHAM: I didn't ask it very  
4 well, but that's what I was trying to get at. I was  
5 trying to get a sense of the next steps in the  
6 timeframe of litigation. I should have been more  
7 clear.

8 MS BERTRAM: We're reporting back to her  
9 on July 30th -- with her whether renewable has  
10 concluded their sale. And within that time period  
11 we're anticipating they will because they have the  
12 approval of the new market tax program and NJRA in  
13 order to do that. And they provided the 60-day window.  
14 They should be able to close within that period of time  
15 so long as NJRA does not prolong the process in any way  
16 or ask for something that would delay. But renewable  
17 has committed to close within that period of time. The  
18 money would then be placed in the court for the court's  
19 determination of an application or division of that  
20 money.

21 MR. McMANIMON: Just for the record,  
22 that loan, original loan was secured by a mortgage.  
23 And that mortgage was declared to be invalid under the  
24 statute. And as a result, there is no security for the  
25 loan that was purchased by Henry Grove. I believe what

1 the court has done is essentially provide the  
2 equivalent of that mortgage security by requiring the  
3 proceeds of the sale of that property which is no  
4 longer security for that loan to be deposited into  
5 court for the court to determine who would get that  
6 money. I don't want to presume that it would all go to  
7 Henry Grove because there are other creditors and that  
8 hasn't been conceded. And this concept of selling  
9 these one 11 properties and having it available to go  
10 into court is without prejudice to not doing that.  
11 It's simply an idea that would literally as this Board  
12 asked what would it take to essentially wind down 100  
13 percent of the affairs of the port. And that's what  
14 we're proposing to do is provide the money if in fact  
15 it resolves all the issues. And if not, certainly  
16 Henry Grove has no claim to the property and we believe  
17 has no claim to the proceeds, but the city is prepared  
18 to provide them court if it resolves the issues. And  
19 this Board doesn't have to determine that. That issue  
20 has to be resolved in court.

21 MR. CUNNINGHAM: And I was -- thank you  
22 for making that point because, you know, Board has  
23 limited jurisdiction here. Is there anything else that  
24 anybody wanted to add or, Mayor, or anyone else before?

25 MR. McMANIMON: I think that's our

1 issue.

2 MR. CUNNINGHAM: I do know that there's  
3 members of the public that wanted to be heard on this.  
4 So I would ask you to return to the audience and I'll  
5 open up for public comment. I welcome you to make  
6 comments on what's before the Board today.

7 MR. BONCHI: Obviously I've been before  
8 you many times. My name is Keith Bonchi. I'm an  
9 attorney. I'm the attorney for Henry Grove. With me  
10 is William and Thomas Martin, principles or officers of  
11 the entity. The city -- again, I'm never sure because  
12 Mr. McManimon submitted this application as bond  
13 counsel for the Authority. Although we're not aware of  
14 him ever being appointed to the Authority.  
15 Historically he's represented the city. And basically  
16 they say, you know, they'll do this if we compromise  
17 our judgment down to less than half. And that's been  
18 rejected already many times. We've been here for two  
19 years asking that you order the nonexistent,  
20 nonfunctioning, debt ridden, mismanaged Bridgeton  
21 Municipal Port Authority to finally be dissolved. I've  
22 agreed and said, okay, we'll find out what that means  
23 with the judge. And we appeared before the judge last  
24 time. And she's ready to deal with that issue. She  
25 put in the last order there's nothing before her that

1 prevents you from acting to dissolve the Authority.  
2 The response of the city through the non-functioning  
3 Authority is, well, we'll sell the properties that my  
4 client has a judgment on that they can't sell without  
5 the judgment if they accept our offer that was  
6 rejected. And again, I don't believe you should get  
7 involved with that and be a co-conspirator with them to  
8 violate the Fiscal Control Act.

9 I cited to you in my last submission the  
10 Supreme Court case. And I know it's not a court, but  
11 the concept of Stone versus Old Bridge where it says in  
12 talking about the fiscal law's consistent with the  
13 purpose to provide for municipality to stand by the  
14 debts of the dissolved agencies since it would be  
15 essential to the acceptance of newly created authority  
16 in the eyes of the financial community. Honoring  
17 governmental debts is assuredly conducive to public  
18 confidence and credit. I've cited to you the statute  
19 that goes with it that indicates that when it's  
20 dissolved they have to deal with the debt. What we  
21 can't do is get to a decision because they come up with  
22 a last minute application. I thought this would be  
23 postponed. And I'm glad you're not postponing it  
24 today. But I think it's time to vote and dissolve it.  
25 Order them to be dissolved. The legislation is set

1     forth what happens in the law. There's a disagreement  
2     between Mr. McManimon and I and the interpretation.  
3     That's what we have judges for to decide those issues.  
4     Here we're dealing with an application to buy the  
5     property at a bargain rate. No independent person  
6     assessed the value of these properties. It was the  
7     city's assessor who's paid. The property that's being  
8     sold, before the judge removed the judgment on that and  
9     that's what she did she required appraisals to  
10    establish the value of the property. And we went  
11    through this long process. You approved it last  
12    August. It was also promised to they would have close  
13    before the end of the year, but of course they didn't  
14    close. Because nothing they ever tell you is going to  
15    be honored.

16                    Again, implore upon you that it's time  
17    to vote to dissolve it. They come back and say if we  
18    don't agree to their gun to the head offer they're  
19    going to create it as a redevelopment authority to keep  
20    it in existence. In my last submission to you I gave  
21    you the quote by former chairman of the Local Finance  
22    Board, Thomas Neff, when his initial comments were why  
23    is a nonfunctioning port authority being a  
24    redevelopment entity? Why shouldn't it be the city?  
25    Again, all they want to do is continue to act in a

1 fiscal irresponsible manner. The reason this debt is  
2 so high is because they refuse to pay it. They refused  
3 to force their buyer last year to close on time. And  
4 they continue -- the Appellate Division decision which  
5 I've given your Deputy Attorney General that said that  
6 the mortgage was invalid told us the following acts  
7 that were required. They didn't say the debt was not  
8 collectible. We've done that. We've come before the  
9 agency of the State of New Jersey that deals with the  
10 fiscal integrity for local governments. And if there  
11 ever was a fact pattern of a nonfunctioning, debt  
12 ridden, mismanaged authority this is it. And for two  
13 years they haven't dissolved themselves because they  
14 see it as a way to further avoid paying debt.

15                   And all the times I've been before you,  
16 and I have to admit this is the only time I've been  
17 before the Local Finance Board on numerous applications  
18 I've never seen you condoning nonpaying debts. I've  
19 seen you come with ways to pay debts but that has not  
20 been brought before you. And the precedent, the  
21 statute envisions that when you dissolve it doesn't say  
22 just debt secured by bonds. It talks about all  
23 municipal debt, all Authority debt has to be paid. So  
24 therefore, again, I ask you to reject this last minute,  
25 ill conceived, illegal application that asks you to be



1 a co-conspirator, put a gun to the head and order them  
2 which I've asked all along and I believe that Henry  
3 Grove does in fact have standing. I addressed it  
4 before who else but a judgment creditor would come  
5 before you, this Board? New Jersey standing laws are  
6 very liberal. It will either be on our application or  
7 your application. I believe it's time to take a vote  
8 and order them to dissolve themselves within 30 years.  
9 Submit to you the appropriate ordinances that the  
10 statute requires. This has already been decided by the  
11 State New Jersey what happens in this thing. Why it's  
12 unique that this particular fact pattern comes before  
13 you, please remember who brought it before you. It was  
14 my client who blew the whistle on these people and  
15 said, look. And your staff initially, the former  
16 Chairman, were very stunned to learn about this  
17 nonfunctioning, debt ridden authority that was hidden  
18 from you. And I don't believe you can -- it's  
19 unfortunate that they didn't address this issue in all  
20 these years and we've had to bring it before you, but  
21 it's time respectfully to take a vote and order them to  
22 be dissolved. I don't know if you want to add anything  
23 on the values or properties or anything else.

24 MR. W. MARTIN: No, I'd like to make a  
25 comment, though.

1                   MR. CUNNINGHAM: Public commentary,  
2 please.

3                   MR. W. MARTIN: We've been here on  
4 numerous occasions. I'm really impressed with the  
5 Local Finance Board, Mr. Neff prior to you. And I like  
6 sitting there listening to how you interact with the  
7 municipalities. I'm really disappointed the more we  
8 find out how Bridgeton has behaved. And I just really  
9 wish there could possibly be more state oversight. And  
10 I'm sure there are other municipalities, too, not to  
11 single out Bridgeton. That's basically my only  
12 comment.

13                   MR. CUNNINGHAM: Thank you, gentlemen.  
14 So I'll ask the applicant to come back.

15                   MR. McMANIMON: I'll leave them in the  
16 audience. Just a brief comment. Words mean something.  
17 And they're critical. And this is likely to wind up in  
18 court. There's a lot of throwing around of words here,  
19 but the statute that results in -- first of all,  
20 there's no application before this Board to dissolve  
21 this Authority. Only the city can seek to do that or  
22 you can on your own initiative. None of that has  
23 occurred. We have no objection to the standing issue  
24 that raised in a long wording here it's just that there  
25 are procedures that are available to a defaulted holder

1 of an obligation. It's not to appear as an applicant  
2 before this Board. So they can ask you to take  
3 whatever steps they can and we have no objection to  
4 them doing that. Doesn't give them standing as an  
5 applicant and all that goes with that.

6           The concept of whether -- he said the  
7 words are very clear in the statute. I just want to  
8 make it clear that the words that he chooses not to  
9 bring in are in 40A:5A-20. And it's after those words  
10 he refers to about having the city obligated to come  
11 forward with the general obligation to pay this debt  
12 off over which you it has no obligation whatsoever.  
13 They certainly knew. All the prior holders of the note  
14 knew that. They bought it at a deep discount because  
15 of that. Or else nobody would have sold it for the  
16 small because the city was an obligor. It says,  
17 notwithstanding the provisions of any other law, rule  
18 or resolution to the contrary if in order to make  
19 adequate provision which is the statutory requirement  
20 to this Board for the payment of outstanding  
21 obligations of an authority being resolved it  
22 effectively says you assume the obligation in the  
23 manner in which it is. This is not a direct obligation  
24 of the city. The whole provisions of the dissolution  
25 statute do not require the city when it dissolves it to

1 adopt a general bond ordinance. This language was  
2 enacted after that statute. It was codified in this  
3 provision. Makes it very clear that you can take  
4 nonrecourse debt or unsecured debt or debt that is not  
5 guaranteed by the city and assume it on the same basis  
6 that it exists. And in this case it exists as an  
7 obligation of the Board. And it will pay all of its  
8 funds to resolve that debt. It doesn't have any other  
9 money. And they knew that when they bought it. So I  
10 just want that to be clear. There's a lot loose  
11 language thrown around. I just want to make sure that  
12 the words matters. It matters what it says in the loan  
13 agreement in terms of what the security is for this  
14 obligation. It matters what the statute says if in  
15 fact that you wind up seeking to do dissolution. Thank  
16 you.

17 MR. CUNNINGHAM: Thank you. So as I did  
18 last time, I'll reiterate that this isn't Superior  
19 Court. And I don't think my legal pedigree will ever  
20 put me behind a bench or wearing a robe. But that  
21 said, you know, this Board is clearly -- understanding  
22 the applicant's position but we also hear from the  
23 parties that are adverse as members of the public  
24 before us making comment. It's just my strong opinion  
25 that there is a significant amount of work left to be

1 done before the Superior Court. And I do understand  
2 Mr. Bonchi's point that the judge may have said that  
3 there's nothing stopping us from effectively demanding  
4 dissolution of the Bridgeton Port Authority. But I'm  
5 not there just yet. And I'm not there yet because  
6 regardless of the strategy and who may be right on the  
7 merits, I am seeing steps taken to resolve a  
8 complicated, a legal issue and a contested legal issue.  
9 So I am not in my opinion, and I don't know about my  
10 fellow members of the Board, I'm not prepared to  
11 immediately order the dissolution of the Bridgeton Port  
12 Authority.

13                   However, with that said we have to  
14 return to the application before us. And I'm inclined  
15 to permit this in the context of whether it's -- I  
16 think it's ultimately going to further the process in  
17 Superior Court which is where I think this entirely  
18 belongs. And I don't want to preclude the Authority  
19 from that avenue whether Mr. Bonchi and his clients  
20 think that it's a meritorious argument, whether it is  
21 truly a gun to the head offer. I don't necessarily  
22 think that this Board's action by approving this, you  
23 know, really prejudices anybody. It's truly my  
24 opinion.

25                   So I'm inclined to approve the

1 application for today, but I would like to schedule a  
2 return appearance in I guess September because you're  
3 going to go potentially back to court in late July and  
4 I want to have enough time to whatever shakes out of  
5 that. But again, you know, there's eventually going to  
6 be an end strategy here. Not trying to just kick a can  
7 down the road but from where I am today in June I'd  
8 like to give us a couple more months. And that's where  
9 I'm going to land on it. So want to just know any of  
10 the Board members any other questions you have for Mr.  
11 McManimon or his clients, the applicants.

12 MR. LIGHT: I don't think so. We've  
13 been through this a number of times.

14 MR. CUNNINGHAM: We're probably not  
15 going to be through it a number more times, but I do  
16 think that --

17 MR. LIGHT: How is the approval going to  
18 be worded because there's two things that are being  
19 asked here, aren't there?

20 MR. McMANIMON: It's really just the  
21 one. The other one is the conversation about the  
22 financial difficulty. And again, I think my by  
23 rescheduling that for the September meeting we can  
24 dispatch of that. So I think the only matter before  
25 the Board right now for a vote is the actual

1 application. And again, I kind of made my thoughts on  
2 it. I'm not fully comfortable. But, again, this is  
3 not territory that I'm -- I claim to be particularly  
4 well versed in. So I'm going to make a motion to  
5 approve it. And as I said, the rest of it's just going  
6 to have to shake out over a little bit of -- couple  
7 more months. So I'll make a motion to approve. Ask  
8 for a second.

9 MR. BLEE: Second.

10 MR. CUNNINGHAM: I have a second from  
11 Mr. Blee. We'll take a roll call.

12 MR. LIGHT: That's to approve the  
13 \$225,000 proposed sale of the property?

14 MR. CUNNINGHAM: Correct. Correct.

15 MS McNAMARA: Mr. Cunningham?

16 MR. CUNNINGHAM: Yes.

17 MS McNAMARA: Mr. Blee?

18 MR. BLEE: Yes.

19 MS McNAMARA: Mr. Light?

20 MR. LIGHT: Yes.

21 MR. CUNNINGHAM: Thank you.

22 MR. BONCHI: I did make an application  
23 to dissolve. I made a formal application. Submitted  
24 it. If you're just saying you don't stand it or deny  
25 it can we get an order from you or resolution saying

1 so?

2 MR. CUNNINGHAM: Mr. Bonchi, I honestly  
3 didn't know there was that application before. I'll  
4 have to go back and talk to staff about it and we'll  
5 reach out to you, but I understand your request.

6 MR. BONCHI: Okay. Thank you.

7 MR. CUNNINGHAM: The Board will now move  
8 to City of Newark. I should just note Mahwah  
9 Township's application that was listed on the agenda  
10 was deferred. So that's not being heard today. I  
11 apologize for that confusion. So again, we're here to  
12 Newark City.

13 (All parties sworn.)

14 MR. MAYER: Good morning. Good  
15 afternoon, now. Bill Mayer, Decotiis, Fitzpatrick and  
16 Cole, debt bond counsel to the City of Newark on an  
17 application for not to exceed \$500,000 redevelopment  
18 area bonds expected to be issued by the New Jersey  
19 Economic Development Authority. It's before you on a  
20 review under the redevelopment area bond financing law  
21 provisions in the local redevelopment housing law for  
22 the review and approval -- we're before you today under  
23 40A:12A-67g for your review and approval of the  
24 issuance of RAB bonds by the EDA secured by PILOTS and  
25 the Tryp hotel project in Newark, East Park Street



1 Hospitality Urban Renewal, Inc. To my right is Julio  
2 Colon. He's with the Newark Department of Housing and  
3 Economic Development. To my left is Timothy Eismeier  
4 with NW. To Julio's right is Karen Franzini. She's  
5 consultant to the project. And representing Miles  
6 Burger and the entity East Park Street Hospitality  
7 Urban Renewal. And to Karen's right is Steve Pearlman,  
8 the bond counsel in this matter. I understand from my  
9 conversations with Pat this week that the Board has  
10 received comments from the EDA on the application.

11 MR. CUNNINGHAM: And Office of Planning  
12 Advocacy which is also required. So we have both of  
13 those amendments complete.

14 MR. MAYER: Very good. And we're just  
15 looking for the Board's approval of the issuance of the  
16 RABS secured by the city's PILOTS pursuant to the  
17 statute. There also is a request for approval of  
18 private sale.

19 MR. CUNNINGHAM: I just wanted to offer  
20 as a threshold comment that this Board previously  
21 authorized the modernization of the city's rental car  
22 tax revenues. And I know that's a portion of the  
23 capital stack. So I think it's consistent with action  
24 previously taken by the Board. Unless anyone think  
25 that, you know, this Board doesn't kind of take an

1 ongoing dialogue with the applicants we should know  
2 that there have been significant conversations and  
3 meetings, discussions with EDA and discussions with the  
4 developer and consultants in the city about the  
5 project, but I think it would be beneficial just to put  
6 on the record a little bit about the hotel project  
7 itself. So Julio, I don't know if you or Karen want to  
8 speak to that, but just in terms of what the expected  
9 -- the size of the hotel, the occupancy of the hotel  
10 and potential impact on the city's tax through the  
11 occupancy tax and through the PILOT. So if either of  
12 you just want to offer some high level comments about  
13 the project in total it would be appreciated by the  
14 Board.

15 MR. COLON: Just to say that the City of  
16 Newark Township does see this as a project that will  
17 help more stabilize and bring the kind of economy that  
18 we're trying to generate in this environment of the  
19 downtown area. So that's one of many projects that we  
20 have on the list. The only one that is actually going  
21 before the Board for a RAB. The others are going as  
22 the standard practice, but as you said earlier, because  
23 it's the vehicle tax money and the investment that  
24 we're making into it it is consistent with what we're  
25 trying to accomplish in Newark.

1 MS FRANZINI: Thank you. So the project  
2 I think is more of three elements. One it is the  
3 renovation of a current vacant building in downtown  
4 Newark. It will be a 102 room Wyndham Tryp Hotel.  
5 That's TRYP. And it's a European chain for Wyndham.  
6 There's one in New York City. And this will be the  
7 first one in New Jersey in Newark. Second, what's  
8 really important to the City of Newark are jobs. The  
9 owner, Miles Burger, has a long history of Newark of  
10 employing people from the City of Newark as other  
11 projects. And has anticipated 48 full-time jobs and  
12 ten part-time jobs at the facility. And the other  
13 thing very important to Newark is tax revenue. So the  
14 importance to the city is that they will -- the  
15 estimate currently is being \$12 million over the life  
16 of the project or 30 years of \$12 million and new hotel  
17 tax. The city also will receive share of their kind of  
18 special improvement tax of \$3 million dollars. The  
19 city share of the PILOT over 30 years is \$2.6 million  
20 and payroll tax of over \$700,000. So not only is this  
21 jobs but new taxes and the renovation of a vacant  
22 building.

23 MR. CUNNINGHAM: Thank you very much. I  
24 also note that because the city is under State  
25 Supervision Act my division has a fiscal monitor

1 involved. And we monitor the deals closely. But in  
2 this particular instance there's no municipal guarantee  
3 being put on the debt. And the bonds are non-course as  
4 well. So I just want to make sure that that's  
5 adequately reflected in the record. So it's my  
6 understanding there would be a 30-year long term tax  
7 exemption. Redeveloper pays the annual service charge.  
8 And I just want to talk a little bit about the capital  
9 stack as well. That I know there's a significant  
10 portion, almost \$10 million, of developer's equity  
11 which I think is a testament to how a RAB helps a  
12 project get done but doesn't necessarily overtake the  
13 project and provide all the financing. So my point is  
14 that, you know, the various elements of the capital  
15 stack and the city's involvement are pieces to an  
16 overall puzzle. And as Steve Pearlman often reminds  
17 me, you know, deals don't get done without these  
18 PILOTs. So I take that in consideration as well.

19 I also note that, and I think we already  
20 said this on the record, that the Economic Development  
21 Authority and the Office of Planning Advocacy have  
22 reviewed the application, reviewed the RAB and  
23 submitted memorandums to the Local Finance Board. So I  
24 would ask whether my colleagues on the Board had any  
25 questions or wanted to know a little more about the

1 hotel or its location, occupancy, anything like that.

2 MR. LIGHT: Looks like a good project to  
3 support the renovation of Newark.

4 MR. CUNNINGHAM: And the last point I  
5 make, I think you have an established hotel operator on  
6 board who would operate -- are Tryp's franchised? So  
7 it would be franchisee?

8 MS FRANZINI: Yes, would be franchisee.

9 MR. PEARLMAN: Mr. Chairman, one item,  
10 one additional item I want to add for the record is  
11 that I understand there will be delayed issuance here  
12 with the actual issuance and bond. People want issue  
13 RAB after the construction period which would be up to  
14 18 months. So I know your typical approvals last for a  
15 year so we're asking on the record some sort of  
16 provision that would address that so we don't have to  
17 come back.

18 MR. CUNNINGHAM: 18 months.

19 MR. MAYER: Probably going to need two  
20 years. 18-month construction period. Can you go two  
21 years?

22 MR. CUNNINGHAM: Do they sunset?

23 MR. PEARLMAN: What Ed reminds me  
24 typically the one year is with refundings. I don't  
25 know if it's been an informal policy of the Board when

1 new money bonds have gone longer than a year, but we're  
2 specifically asking and telling you up front this is  
3 what we're going to do.

4 MR. MAYER: We would request there not  
5 include a 12 month provision in the resolution. Ed  
6 from the back is correct. Some have them. Some don't.

7 MR. CUNNINGHAM: We'll note that and  
8 take care of it with the language of the resolution.  
9 Again, hearing no other questions from the Board and  
10 having worked on this project at various times along  
11 the way or at least met about the project I'll make a  
12 motion to approve the application before the Board.

13 MR. BLEE: Second.

14 MR. CUNNINGHAM: Have a second from Mr.  
15 Blee. Take a roll call, please.

16 MS McNAMARA: Mr. Cunningham?

17 MR. CUNNINGHAM: Yes.

18 MS McNAMARA: Mr. Blee?

19 MR. BLEE: Yes.

20 MS McNAMARA: Mr. Light?

21 MR. LIGHT: Yes.

22 MR. MAYER: Thank you very much.

23 MR. COLON: I want to thank the Board  
24 for continued involvement with the City of Newark as it  
25 continues to recover from some of the issues that it

1 has.

2 MR. CUNNINGHAM: I think that we're  
3 mutually making progress.

4 MR. COLON: I believe we are. Thank  
5 you.

6 MR. CUNNINGHAM: I know that there's  
7 another RAB application that people are particularly  
8 interested. I'm going to jump out of order very  
9 quickly because we only have one other matter after  
10 that. So I'm going to hear Salem County now. If we  
11 can, we're to dispatch of this very quickly and then we  
12 can move to the other matter before the Board.

13 So very quickly, the County of Salem had  
14 been approved to do a proposed installment purchase  
15 agreement. And included in that installment purchase  
16 agreement was a list of properties. I was not on the  
17 Board at that time, but the Board had passed. And  
18 there was a number. There is a particular property  
19 that the county is moving quickly toward closure on but  
20 it was determined that that was inadvertently left off  
21 the list of properties. So the application before the  
22 Board is to supplement the list of approve properties,  
23 to add this particular location and include it within  
24 the approved proposed installment purchase agreement.

25 MS TRACY: Exactly correct. Yes.

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MR. CUNNINGHAM: So again, this request came to me through the Department of Agriculture. I think it's a relatively ministerial function. So I assume no one has any questions about it. I'll make the motion to approve the application. Ask for a second.

8

MR. BLEE: Second.

9

MR. CUNNINGHAM: Second from Mr. Blee.

10

Take roll call, please.

11

MS McNAMARA: Mr. Cunningham?

12

MR. CUNNINGHAM: Yes.

13

MS McNAMARA: Mr. Blee?

14

MR. BLEE: Yes.

15

MS McNAMARA: Mr. Light?

16

MR. LIGHT: Yes.

17

MR. CUNNINGHAM: Thank you very much.

18

MS TRACY: Thank you.

19

MR. CUNNINGHAM: With that, we'll move

20

to the last item on the agenda. And that is an

21

application from the Borough of East Rutherford. Good

22

morning. I just want to state before you proceed that

23

we have an application in front of us. I believe there

24

may or may not be members of the public that want to be

25

heard. So before the actual -- any votes are taken by



1 the Board we'll ask members of the public for any  
2 input. I just want anyone in the audience to  
3 understand that. So Mr. Allen, if you don't mind, I'll  
4 address to you. It's nice meeting you in person.

5 MR. ALLEN: Yes, thank you.

6 MR. CUNNINGHAM: Worked together to get  
7 a complete application in place. Would you kindly  
8 introduce your colleagues to the Board and maybe if you  
9 want to make initial statement on the application.

10 MR. ALLEN: Be happy to. Thank you for  
11 the kind words. To my right is Mayor Cassella. The  
12 mayor is the leader of our delegation this morning.  
13 And with your permission will basically take the lead  
14 in presenting the borough's position on this. To his  
15 right is Steven Hoffman from Government Capital  
16 Management, our borough's financial advisor. He's  
17 available for questions, obviously. She doesn't have a  
18 planned presentation for you. And to my left is Ken  
19 Bond from Squire Patton Boggs who is our special  
20 counsel in the matter and is also available if the  
21 Board has any questions. We're going to try and focus  
22 on the mayor but he's going to give you a comprehensive  
23 view from our viewpoint of what we have. In addition,  
24 if I may jump for a moment, in the audience is Glen  
25 Scotland and Tony Armlin. Glen is counsel for Triple

1 Five who is the developer here and Tony is their vice  
2 president in charge of development. We would have no  
3 objection if the Board -- if you or the Board felt that  
4 it was appropriate to ask them to join us at the table.  
5 Much of the information is basically developed through  
6 Mr. Armlin's office and through Mr. Scotland's office  
7 and it might be helpful to you in order to do that. We  
8 would have no problem if that was appropriate.

9 MR. CUNNINGHAM: Yeah, I don't have an  
10 objection. We realize they're not applicants but  
11 they're parties that are very close to the application.  
12 So, you know, if Mr. Scotland, Mr. Armlin want to join  
13 at the table that's certainly acceptable.

14 So Mayor, I'll welcome you and ask if  
15 you want to start the conversation.

16 MAYOR CASSELLA: Thank you, Chairman  
17 Cunningham and members of the Board. I don't want to  
18 say it's a pleasure to be here, but it's good to see  
19 you all.

20 MR. CUNNINGHAM: It's a good way to  
21 start the presentation off by saying it's a pleasure to  
22 be here.

23 MAYOR CASSELLA: I missed all of you and  
24 I get to meet you now. I know a few people are still  
25 here from the last time I was here on this. But as

1 always, I always look forward to seeing you.

2 But anyway, I would like to update you  
3 on the background of East Rutherford's involvement in  
4 these American Dream Project and the reasons why we are  
5 here today. And I want to apologize to those that did  
6 listen to me last time. I may be repeating some things  
7 said in 2013 but I believe it is important to see the  
8 full picture.

9 Specifically I want to emphasize to you  
10 our basic philosophy which has guided East Rutherford's  
11 team throughout process. First as far as the borough  
12 is concerned, this transaction has to be a no risk and  
13 no cost or no deal approach. We do not want to put the  
14 taxpayers at risk. Second, as the transaction evolved  
15 from the former Xanadu project we also relied upon the  
16 principle that benefits to the borough would be net.  
17 That is without offsetting cost or reductions in the  
18 dollars that we are entitled to receive under current  
19 agreements. In sum, we will only proceed with this if  
20 it is a win/win providing us with significant benefits  
21 at no risk.

22 As I explained back in 2013, the borough  
23 was convinced and remained so that this American Dream  
24 Project could only succeed with the cooperation of all  
25 three levels of New Jersey government. By that I mean

1 the municipal, county and state. We believe that goal  
2 has been achieved. Although, this application slightly  
3 changes the nature of the participation of each level  
4 of government. The state is significantly involved in  
5 the project. It is located on state owned land. The  
6 state is also poised to issue an Economic Recovery  
7 Growth Grant to help with the financial side of the  
8 deal. We also worked hard to be sure that Bergen  
9 County played a significant role in the project. The  
10 Bergen County Improvement Authority was originally  
11 anticipate to be the purchaser of East Rutherford  
12 bonds. If this application is approved that may change  
13 as the nature of the bonds transforms into taxable  
14 bonds. However, the BCIA is also anticipated to issue  
15 other bonds monetize the ERGs, a true shared service  
16 project which is anticipated to bring thousands of jobs  
17 to Bergen -- Southern Bergen County.

18           Just to remind you of the background, in  
19 the early 1970's the legislature adopted legislation  
20 that allowed the state to take over 750 of East  
21 Rutherford Meadowlands creating the New Jersey Sports  
22 and Exposition Authority. These 750 acres were exempt  
23 from all property taxes. In 2002 the Sports Authority  
24 changed the master plan for those 750 acres to allow  
25 for an entertainment/retail development. That

1 development would retain the tax exempt status of all  
2 other Sports Authority -- as all other Sports Authority  
3 -- I should say all other Sports Authority property,  
4 but under state law is required to make a payment in  
5 lieu of taxes to East Rutherford. The Sports Authority  
6 amended the master plan to allow for both the  
7 entertainment/retail development and a water park  
8 entertainment facility. And I might add that the 750  
9 -- the original 750 acres has been increased once or  
10 twice. The last time being the last 22 acres is where  
11 this amusement and water park are going to be built. I  
12 think they're using about 14 acres of that. That  
13 property is now part of the New Jersey Sport and  
14 Exposition Authority which in fact is part of this  
15 application that would combine that as one project.

16                   Originally the Sports Authority  
17 designated joint venture of Mills Mack Cali. The  
18 borough negotiated a PILOT agreement with Mills for its  
19 project then called Xanadu. On October 5, 2004 that  
20 deal was put in are writing in a document which  
21 everyone refers to as the second addendum. The second  
22 addendum provided that the Borough was to receive a  
23 series of PILOTS that would continue over a period in  
24 excess of 30 years. The borough was to provided  
25 police, fire, emergency and other services to the

1 Xanadu project.

2                   The first two years were I think just  
3 under \$2 million. The figures escalated as we went  
4 then it went up to 3 million or 4 million, eventually  
5 just below \$10 million a year. But there were other  
6 issues with that and other parts of the agreement that  
7 may not have been the final amount. It may have been  
8 less. It may have been more. But however, that as I  
9 mentioned included services. All services. It also in  
10 that addendum does separate or does refer to there were  
11 two parcels. This is the Colony Parcel which are the  
12 outer parcels. We now call them the Ancillary Parcels.  
13 And then you have the ERC which is what we're talking  
14 about here. And I should say the ERC amusement/water  
15 park which is -- so that's one part and the Colony  
16 Parcel is the Ancillary Parcels.

17                   Well, there was no guarantee that those  
18 Ancillary Parcels were ever going to be developed.  
19 Therefore, East Rutherford may never have received the  
20 PILOTS for those Ancillary Parcels. East Rutherford  
21 was to receive no payments until the three months after  
22 the Xanadu project opened for business. As history has  
23 taught us, that never happened. If that continues East  
24 Rutherford would receive nothing from this development  
25 but a paper promise. East Rutherford has had an

1 obligation to provide costly police and other emergency  
2 services. Those services even required a certain  
3 number of East Rutherford police officers to be  
4 stationed at the Xanadu project. The cost of those  
5 services significantly reduced the benefit of the  
6 Xanadu project.

7                   To have meet its obligations through the  
8 project East Rutherford was required to make  
9 significance investments even before the Xanadu project  
10 opened in order to be in a position to comply with its  
11 contract obligations when and if it opened. In any  
12 event, the Mills deal fell apart. And its successor  
13 called Colony also failed to advance the project to  
14 opening. The Xanadu project as we all know sat for  
15 years. It was rejuvenated when Governor Christie and  
16 the Sports Authority designated Triple Five to pursue  
17 the project. I will allow Triple Five itself if they  
18 wish to describe its efforts if the Board wishes.

19                   Triple Five immediately changed the  
20 project and named it American Dream. East Rutherford  
21 was approached by Triple Five to assist the financing  
22 of this American Dream Project. In the Spring of 2012  
23 we were asked to assist by issuing what was then a net  
24 of \$250 million non-course revenue bonds. We started  
25 the discussion with Triple Five. To do so we needed to

1 build a team of professionals to assist in the process.  
2 Remember, East Rutherford is a town of 9,000 people.  
3 So we're obviously not accustomed to dealing with a  
4 bond issue of this magnitude. Myself, Councilman  
5 Jeffrey LaHullier, our borough attorney, Dick Allen,  
6 and I researched experienced professionals who were  
7 free of conflicts. We were surprised to find that most  
8 of New Jersey based professionals with that expertise  
9 had conflicting roles in this project or represented  
10 other parties to the project in other matters. We  
11 retained Steve Hoffman who was introduced of Government  
12 Capital Management. Steve is an experienced financial  
13 advisor to municipalities. His clients include the  
14 City Cleveland. Steve has long experience in revenue  
15 and conduit bonds. We also retained Ken Bond as  
16 introduced by Mr. Allen. Ken's a recognized national  
17 expert in revenue bond and conduit financing.  
18 Consistent with our philosophy of no cost, no risk,  
19 Triple Five paid for and is paying for all those  
20 professionals as we have gone through the project or  
21 discussion on the project. Those professionals joined  
22 our borough attorney, Dick Allen, Councilman look and I  
23 to work with Triple Five to move this project forward.  
24 We negotiated for months if not years here. I've been  
25 doing it for 12 years since the Xanadu people first



1 came into the picture. We negotiated for months, as I  
2 said. And there were some ups and downs and some tense  
3 moments, but ultimately we think we reached a fair  
4 deal. Obviously, there are still some loose ends to  
5 work out, but I don't foresee major problems here. I'm  
6 sure that they will all be marked out.

7                   In October of 2013 this Board approved  
8 the original plan for the borough to issue 550 million  
9 in non-recourse redevelopment area bonds. Recently  
10 Triple Five has proposed and we agree that the original  
11 concept of tax exempt financing may provide more costs  
12 than benefits. In addition, the responsibilities of  
13 the borough would be greatly reduced if taxable bonds  
14 are issued. Finally, Triple Five explained that the  
15 project scope has expanded and anticipated costs have  
16 increased. To meet those additional needs Triple Five  
17 asked that we increase amount to be bonded to  
18 \$675 million. We are here today to seek your approval  
19 of those bonds. Subject to your approval and the  
20 ultimate adoption of the necessary bond ordinance and  
21 other resolutions by the East Rutherford mayor and  
22 council we propose to issue not to exceed 675 million  
23 in redevelopment non-recourse bonds. Those bond may be  
24 taxable or tax except depending on market condition.  
25 Although, our preference is for taxable bonds. If

1 taxable, it is proposed that the bond will be purchased  
2 by the underwriter, Goldman Sachs, and held in its  
3 account. If tax exempt, it is proposed that the bonds  
4 are to be purchased by the Bergen County Improvement  
5 Authority if this Board so authorizes. Goldman Sachs  
6 will be required to sign in acknowledgment that it's  
7 not relying on the borough for repayment nor on any  
8 disclosures of the borough but rather on Triple Five.  
9 I am told that this is called a "big boy letter" which  
10 I have no idea where these terms come from, but that's  
11 what they tell me. That will assist the borough by  
12 reducing future concerns in the event of future  
13 problems with the RABs.

14                   These bonds as I mentioned would be  
15 non-recourse. And has been mentioned over and over  
16 again, we would not have to repay them out of tax  
17 revenues. Instead, these bonds will be repaid by  
18 payments in lieu of taxes by Triple Five. Only those  
19 payments are used for repayments. East Rutherford  
20 taxpayers have no obligation. No payment obligation.  
21 In exchange for East Rutherford's issuance of this  
22 large bond the borough will receive a number of  
23 benefits. First, the performance obligations East  
24 Rutherford under the old agreement are cancelled. The  
25 old Xanadu deal was a gross deal where we must pay the

1 cost of various services. The new American Dream deal  
2 is a net deal. The revenues to the borough are net of  
3 any services. This is significantly more valuable to  
4 the borough. We built a new police station and  
5 municipal court to meet the anticipated service demands  
6 from Xanadu. We borrowed 17 million from BCIA to pay  
7 for that building. Under the new American Dream deal  
8 the BCIA alone will be repaid through the non-recourse  
9 bond issued at closing. That removes the debt from the  
10 borough's financial statement. But more importantly,  
11 it removes the cash expense in the East Rutherford's  
12 budget support that borrowing. That saves the borough  
13 about 1 million per year in debt service of expenses  
14 over the next 30 plus years.

15           The borough will receive a portion of  
16 the PILOT payments to be paid by Triple Five. Those  
17 PILOT payments result in millions of dollars to East  
18 Rutherford over the next 33 years. This is described  
19 in the borough's application. The borough will also  
20 receive another set of PILOTS relating to other  
21 properties adjacent to the Ancillary Parcels. Under  
22 the old Xanadu deal these properties would not generate  
23 revenue to the borough until they were developed.  
24 Under this new American Dream deal the borough gets its  
25 cash flow from once the project opens but without

1 regard to whether development on these other parcels  
2 actually happen. The borough will also receive about  
3 \$2.5 million in sewer connection fees. This reimburses  
4 the borough for expenses incurred in the borough's  
5 sewer system. Some of these payments represent  
6 payments originally owed by Mills but now in default.

7 East Rutherford expects to receive  
8 approximately 21 million at closing and about  
9 2.5 million in sewer connection fees prior to closing.  
10 That's guaranteed money. The borough keeps this money  
11 whether or not the American Dream Project ever opens.  
12 East Rutherford is able to remove about 1 million from  
13 its future annual budget. East Rutherford's taxpayers  
14 keep the benefits of this saving whether or not the  
15 American Dream Project ever opens. East Rutherford  
16 will receive the PILOT payments. East Rutherford is  
17 free of the obligation to provide services to the  
18 project. Other ancillary benefits to East Rutherford  
19 are under discussion. For example, we seek  
20 clarification that any hotel development on the site  
21 will result in additional revenue to East Rutherford  
22 under our occupancy tax.

23 Why the new deal is better for East  
24 Rutherford from a financial matter? Our team has  
25 identified the long-term value of this deal as equal to

1 or superior in value to the old Xanadu deal. More  
2 important than financial projections, however, is the  
3 real savings that East Rutherford will receive in the  
4 short term at least \$1 million per year. The increase  
5 in bond amount has no effect on the benefits East  
6 Rutherford will receive. The use of taxable bonds will  
7 reduce the borough's future concerns that come from the  
8 restrictions governing tax exempt bonds which is why we  
9 certainly favor the taxable bonds. We have been  
10 careful to avoid the problems that affected some of our  
11 neighbors arising out of the infamous Encap Project.  
12 We had concerns that arise from a project of this type.  
13 We worked to focus these concerns and develop solutions  
14 to minimize or even eliminate them. The first concern  
15 with bonds is that payments will not be made, that the  
16 bonds will default and the borough will need to pay the  
17 bonds. At first we considered the creation of a  
18 redevelopment agency to shield the bond from this  
19 payment liability. In fact, this Board granted its  
20 permission to the borough to create such an agency.  
21 After consideration and heeding the advice and comments  
22 of former Chairman Tom Neff delivered at an earlier  
23 meeting of this matter, the borough as decided to  
24 forego the redevelopment agency route. As Mr. Neff  
25 correctly pointed out the last time we were here, the

1 bonds themselves are not recourse to the borough. They  
2 not payable by the borough in any event. Only the  
3 PILOT payments made by Triple Five are obligated to the  
4 bonds.

5                   The second major concern for the borough  
6 arises from future errors in the administration of the  
7 bonds after they're issued. I'm speaking specifically  
8 of the tax exempt bonds. The so-called post liability  
9 issues could expose the borough to damage claims and  
10 possibly the loss of bond tax exemptions. Having  
11 recognize these concerns we anticipate two major steps  
12 to avoid that second risk. First is the borough will  
13 retain a recognized professional bond administration  
14 firm to perform the borough's post issuance  
15 responsibilities. The borough's own staff is too small  
16 and not properly trained or experienced to handle jobs.  
17 Plus, over a course of 30 years, 35 years that those  
18 people change and we could not take the chance.  
19 Consistent with our policy of no cost, the cost of this  
20 will be paid by Triple Five.

21                   Second, the borough will obtain  
22 insurance or other acceptable security to cover the  
23 post issuance concerns. We are no negotiations for a  
24 \$100 million coverage with no risk retention. That  
25 \$100 million, again, refers to only if they're tax

1     except bonds. Triple Five has offered to assist in  
2     evaluating the policy coverage, et cetera, but the  
3     ultimate choices relating to this insurance will be  
4     made by the borough. Again, consistent with the no  
5     cost policy Triple Five will pay the premium for this  
6     insurance at closing.

7                     We believe that these steps together  
8     with the non-recourse nature of the bond protect the  
9     borough from the identified concerns. There has been  
10    much discussion in East Rutherford regarding this  
11    project. The issue has been raised in various forums  
12    at nearly every council meeting and numerous special  
13    meetings. If the Board approves East Rutherford's  
14    current application there must still be a public  
15    hearing on the required ordinances and financial  
16    agreement. Both the Record, a daily newspaper, and the  
17    South Bergenite, a weekly, have been all over this  
18    project. The Record even pictured the project in a  
19    number of page features stories including one focusing  
20    on East Rutherford Mayor and council as the decision  
21    maker in this redevelopment project. The fact is every  
22    day thousands of our fellow citizens are reminded of  
23    this project as they pass it on Route 3 and Route 20.  
24    There is no doubt that the public is aware of this  
25    project and its application.

1                   We believe that the amended RABs, which  
2                   ask permission to issue, are financially beneficial to  
3                   the borough. We also believe that the benefits of the  
4                   revenues received by the borough far outweigh the  
5                   potential benefit the borough could receive if the old  
6                   Xanadu deal ever comes to fruition. We also believe  
7                   that the concerns of the borough have been identified  
8                   and the borough will be protected against those  
9                   concerns. In light of that, we ask that the Board  
10                  approve the borough's application and hopefully and we  
11                  respectfully request that it does. At this point we'll  
12                  be happy to answer any questions. Of course if it's  
13                  legal, Mr. Allen is here. Mr. Bond is here. Over  
14                  here. And if financial we have Mr. Hoffman. And  
15                  obviously, Triple Five people are here, too.

16                  MR. CUNNINGHAM: Mayor, thank you very  
17                  much for that.

18                  MAYOR CASSELLA: And I'm sorry for the  
19                  length of that, but when you get attorneys involved and  
20                  you to say this and you got to say that, this is what  
21                  you get.

22                  MR. CUNNINGHAM: So the first thing I  
23                  wanted to do was just make sure that I understand and  
24                  make sure the Board understands the specific actions  
25                  that are in front of the Board today, what this



1 application's really achieving. Then I have a couple  
2 questions and some of my colleagues may have questions  
3 as well. As I understand the application, the  
4 borough's requesting modification of the original Board  
5 approval from the October '13 and it would allow for an  
6 increase in the maximum issuance of the RAB from \$550  
7 to \$675 million. Secondly, it would consolidate the  
8 two financial agreements contemplated. ERC was one you  
9 had mentioned and then the amusement and water park  
10 parcels. So they would be consolidated into one, the  
11 financial agreement.

12 MAYOR CASSELLA: Right.

13 MR. CUNNINGHAM: And then thirdly, the  
14 flexibility is still being sought to issue the RABs on  
15 a taxable basis which if that was the case the borough  
16 would be the issuer. And as I heard you say, clearly  
17 there will be non-recourse debt to the borough. And if  
18 it was to go tax exempt then BCI would be the issuer?

19 MR. ALLEN: No, the borough would be the  
20 issuer. The original issuer either instance. The sale  
21 of the bond is -- sale of the borough's instrument  
22 depends upon which method is picked. If it's taxable  
23 it's anticipated to be directly sold. If it's exempt  
24 it would go at this point as far as I understand go to  
25 the Improvement Authority.

1                   MAYOR CASSELLA: We would issue them to  
2 the BCIA and then BCIA sells them.

3                   MR. CUNNINGHAM: Okay. Thank you for a  
4 that clarification. So a couple questions. Is there  
5 any negative impact to the borough having only one  
6 financial agreement?

7                   MR. ALLEN: We couldn't identify any.  
8 In fact, we thought it was going to be a superior  
9 enforcement mechanism because the way it was originally  
10 structured each of those two financial agreements stood  
11 on their own. So a default on one, for example, God  
12 forbid there should be, would not constitute a cross  
13 default on the other. As a result of the application  
14 before the Board now, there would be no such need for  
15 that because there would only be one. So there would  
16 be one stream of revenue. One agreement to administer.  
17 And we did not see any negative impact to the  
18 combination.

19                   MR. CUNNINGHAM: Okay. Thank you.  
20 What's driving the decision between taxable and tax  
21 exempt?

22                   MR. ALLEN: That really is going to be a  
23 decision made by Triple Five or their subsidiary  
24 affiliate. That might be a question we could ask if  
25 you would allow us. Perhaps Mr. Scotland, Mr. Armlin

1 could contribute to that.

2 MR. CUNNINGHAM: I realize you're not  
3 testifying in front of the Board as a applicant, but to  
4 the extent you can provide any clarity on that it would  
5 be greatly appreciated.

6 MAYOR CASSELLA: Could I just add that  
7 for us it just as we talked about it's really less  
8 involved. Especially the post issuance issues for us.  
9 And that's -- and less costly.

10 MR. CUNNINGHAM: And that's your  
11 preference?

12 MAYOR CASSELLA: Yes, and that's our  
13 preference. It's a lot smoother. And we don't have to  
14 do the filings that you would need with the taxable.  
15 Tax exempt.

16 MR. ARMLIN: Chairman Cunningham, Tony  
17 Armlin. We concur with the mayor's description of one  
18 of the primary benefits which is the simplicity -- of  
19 we concur with the mayor's description of the benefits.  
20 The net benefits to us is the simplicity of the  
21 transaction. It also has in this current market this  
22 is an option that wasn't available to us in 2013. It  
23 really wasn't a market for a taxable bond at that time.  
24 Working with Goldman Sachs we've determined that there  
25 is and remains to be a viable market. That allows us

1 to get significantly improved net proceeds to assist  
2 the capital stack and has been pointed out. There has  
3 been a growth in the size of the project investment and  
4 this would be a significant benefit to that overall  
5 capital stack.

6 MR. CUNNINGHAM: Thank you. So again,  
7 if you don't mind, maybe through the applicant to Mr.  
8 Armlin, can you discuss a little bit about the increase  
9 and what the increase is being used for? I'm not --  
10 personally I hadn't been involved -- I haven't been to  
11 the property, but I understand there's a connector  
12 building. If you could just speak to that I think it  
13 would just help frame the conversation for the Board.

14 MR. ARMLIN: For the benefit of yourself  
15 and the Board and others who have not been involved in  
16 the project in the past or maybe have a memory that  
17 needs clarifying. The project itself as the mayor  
18 described was originally a regional shopping center.  
19 The ERC component which we are at Triple Five  
20 completely renovating both the interior and exterior.  
21 Additionally, in our original introduction to the  
22 project in 2011 we proposed the expansion of the  
23 project to include a fully inclosed amusement part and  
24 water park project. That went through an extensive  
25 review process through the NJSEA which is the landlord

1 and the overseeing group responsible from master plan  
2 administration. We made that application. The SEA  
3 ultimately approved that application to incorporate  
4 that master plan revision in May of 2013.

5           Subsequent to that application and  
6 through the process of further design evolution, we saw  
7 a need to integrate the two facilities into one and to  
8 merge them and we created a decision that added a  
9 connector building, a three-story structure that  
10 bridges over the south connector roads that separates  
11 the two parcels. It integrates the two buildings  
12 together for a unified visitor experience. It added  
13 about 330,000 square feet of gross leasable area into  
14 the project and associated other building components.  
15 The combination of those things as well as additional  
16 enhancements in the design to the amusement/part water,  
17 the other entertainment attraction features, the  
18 finishes inside the building, and the tenancy in the  
19 building have all been able to be developed to a higher  
20 standard than we originally made our submission on.

21           Over the past several years we've in  
22 fact attracted greater tenant interest. The net result  
23 of that added about \$795 million to the overall cost of  
24 the project. About a 43 percent increase in our total  
25 project cost. The RAB we're asking for increase on

1 today will play a partial role in achieving sources of  
2 funds necessary to cover that increased capital cost.

3 MR. CUNNINGHAM: Is the PILOT affected  
4 by the -- is there a change to the PILOT amount being  
5 received by the municipality for its increase?

6 MR. ALLEN: If I could address that  
7 first then maybe Tony can. The expected PILOT to the  
8 borough should not change. The borough's PILOT comes  
9 off -- the way this is structured the borough's PILOT  
10 is the first dollar out of payment. It's not a shared  
11 PILOT in a sense that there's proportionality to it.  
12 The benefit to the taxable versus tax exempt structure,  
13 and again, I think Mr. Armlin can expand on this in  
14 greater detail, is that the taxable structure allows  
15 them to basically calculate that debt service cost on a  
16 more fixed basis. Thus, providing more stability to  
17 both their project or the project, excuse me, and to  
18 the borough's cash flow stream because under the rules  
19 as I understand them for tax exempt in order for this  
20 to flow there has to be a yearly assessment. There has  
21 to be a yearly calculation. The amount of the PILOT  
22 could change every year. The amount of the PILOT  
23 available to the bond holders would change. Although,  
24 the borough's share would not change every year unless,  
25 of course, entire revenue stream fell apart in which

1 case that would be a much more difficult proposition to  
2 explain to people. So as result of that we think that  
3 the factual structure -- yes, it has an impact on the  
4 total PILOT but it should not have an impact on the  
5 borough's PILOT itself but it does have a positive on  
6 administration. And perhaps Mr. Armlin can help with  
7 that.

8 MR. ARMLIN: Chairman Cunningham, Mr.  
9 Allen is a hundred percent correct. The payment to the  
10 borough is a guaranteed flow from the PILOT structure  
11 and it would be unchanged. The benefit of going to a  
12 taxable structure allows us to fix the PILOT payment.  
13 And in essence, the debt service component. Debt  
14 stability is obviously a great benefit for us in  
15 financial planning and management over the course of  
16 the life of the bond. If a tax exempt option is the  
17 only option that we can exercise, then, again, Mr.  
18 Allen's absolutely correct that that floats with the  
19 appraised real estate value that the assessor assessed  
20 on the annual basis or regular periodic basis so it  
21 mirrors our taxes.

22 MAYOR CASSELLA: I guess simply put, our  
23 share that we will receive will never be less than what  
24 it is. And there are some escalation provisions in the  
25 agreement that it will escalate over a number of years,

1 but it should never be less.

2 MR. CUNNINGHAM: Thank you, Mayor. I  
3 would ask current timeline?

4 MR. ARMLIN: We are currently under  
5 construction. We've been under significant  
6 construction since July of last year. For those who  
7 have driven past the site there are significant number  
8 or cranes, tower cranes and other drill machinery on  
9 site. Our primary focus has been on the development of  
10 the amusement park/water park. It's the longest  
11 duration to build. Very significant. In fact, because  
12 of the nature of the site, it being a marsh land area,  
13 we have to support the entire project on drilled  
14 foundation piles. Over 7,000 piles have to be placed.  
15 We're about two-thirds of the way through that process.  
16 Over a hundred million dollars in investment in  
17 construction -- hard construction cost literally is  
18 below grade to get the slab on grade before we start  
19 erecting steel. Steel will arrive on site in  
20 September. Our construction timeline takes us into the  
21 Summer of 2017. We have been vigorously increasing the  
22 level of construction on the site. Our desire is to  
23 have the shortest duration of construction activities  
24 but it is a confined site. We are in the process of  
25 completely buying out the project. It's been awarded a



1 construction contract to PLC Construction Services, a  
2 firm that we've used on our two other sister  
3 facilities, the West Edmonton Mall and the Mall of  
4 America. Over the past 30 years they're assisting us  
5 in building. All of your local contracting labor comes  
6 from the Bergen County trades. Construction's going  
7 very well. And we're very pleased with the  
8 productivity on site and hope to continue to increase  
9 the level of production. Shortly you'll see not only  
10 hundreds of people on the site but thousands as we get  
11 the rest of the building set up and enclosed.

12 MR. CUNNINGHAM: Thank you.

13 MAYOR CASSELLA: Should mention, too,  
14 that the exterior is being worked on. Infamous  
15 exterior.

16 MR. LIGHT: Is the water park an  
17 enclosed all season water park?

18 MR. ARMLIN: Yes, both the amusement  
19 park and water park are fully enclosed, fully climate  
20 controlled and together are about 15 acres worth of  
21 building structure.

22 MR. CUNNINGHAM: So maybe I can just ask  
23 if anyone in the audience wanted to make public comment  
24 before I -- so if no one's going to make public comment  
25 then obviously I won't excuse the applicant. We'll

1 keep the applicant up here. Any other questions from  
2 the Board?

3                   Something else I just wanted to note on  
4 the record is that the Division received the requisite  
5 memos from both the EDA and the Office of Planning  
6 Advocacy. So from our perspective the application's  
7 complete. I think at this point -- I appreciate,  
8 Mayor, your comments and as those of your colleagues in  
9 terms of helping the Board understand the application  
10 before it. I will make a motion to approve the  
11 application.

12                   MR. BLEE: Second.

13                   MR. LIGHT: Before we take a vote I just  
14 want to say that they made an excellent presentation.  
15 Did an awful lot of work on preparing for the  
16 presentation. Big application and explanation to the  
17 Chairman and the Board.

18                   MAYOR CASSELLA: Thank you.

19                   MR. CUNNINGHAM: Take roll call.

20                   MS McNAMARA: Mr. Cunningham?

21                   MR. CUNNINGHAM: Yes.

22                   MS McNAMARA: Mr. Blee?

23                   MR. BLEE: Yes.

24                   MS McNAMARA: Mr. Light?

25                   MR. LIGHT: Yes.

1 MR. CUNNINGHAM: Take a motion to  
2 adjourn.

3 MR. BLEE: Motion.

4 MR. CUNNINGHAM: I'll second that one.

5

6 (Matter is adjourned at 1:00 p.m.)

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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.

C:\TINYTRAN\CARMEN.BMP

CARMEN WOLFE, C.C.R., R.P.R.

Dated: June 23, 2015

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