STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS
LOCAL FINANCE BOARD

MONTHLY MEETING AGENDA *

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Conference Room No. 129
101 South Broad Street
Trenton, New Jersey
Thursday, November 12, 2015

BEFORE: TIMOTHY J. CUNNINGHAM-CHAIRMAN
IDIDA RODRIGUEZ-MEMBER
ALAN AVERY-MEMBER
FRANCIS BLEE-MEMBER

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

APPEARANCES:
JOHN J. HOFFMAN, ACTING ATTORNEY GENERAL
BY: MELANIE WALTER, ESQ.
Deputy Attorney General
For the Board

STATE SHORTHAND REPORTING SERVICE, INC.
MR. CUNNINGHAM: Okay, good morning. We're going to start the Finance Board agenda. This meeting was previously open to the public upstairs. So we can dispatch with any formalities under the Open Public Meeting Act and go right to the agenda.

The first matters before the Board are two applications to be considered on consent agenda, arising out of the Washington Township Municipal Utility Authority's participation in the Environmental Infrastructure Loan Program.

As some may recall, EIT applications under the Cleanup legislation, advanced through the legislature and signed by the governor, no longer have to come in front of the Board.

However, this particular series of applications had already been approved by the Local Finance Board, so we wanted to memorialize it through action of the Board.

In this case the Authority was notified by the trust that a service agreement had not been in place with the Township. Therefore,
there couldn't be subordinate debt issued. Bonds issued by the Authority will now be done on a parity the basis. And the Authority had requested the Board to revise and approve the modified financing, which I certainly would recommend.

So both matters ARE being done on consent, Washington Township Municipal Utilities Authority, both the $2.7 million and the $5 million. I would ask for a motion and a second?

MR. AVERY: So moved.
MR. CUNNINGHAM: Mr. Avery.
MS. RODRIGUEZ: Second.
MR. CUNNINGHAM: Second, Ms. Rodriguez. Roll call, please, Pat.
MS. MC NAMARA: Mr. Cunningham?
MR. CUNNINGHAM: Yes.
MS. MC NAMARA: Mr. Avery?
MR. AVERY: Yes.
MS. MC NAMARA: Ms. Rodriguez?
MS. RODRIGUEZ: Yes.
MS. MC NAMARA: Mr. Blee?
MR. BLEE: Yes.
MR. CUNNINGHAM: The next matter listed on the agenda was the City of Newark.
However, the City of Newark has chosen to withdraw
that application. So we will not hear that matter today. The next matter then that the Board will address is Cherry Hill Township Fire District Number 13.

Good morning, Mr. Breslow.

MR. BRESLOW: Good morning.

MR. CUNNINGHAM: I would just ask that you and your colleagues introduce yourself to the court reporter and those that aren't counsel be sworn in.

MR. BRESLOW: Richard Breslow representing the Fire District.

MR. KOLBE: Thomas Kolbe, Fire Chief.

MR. CALLAN: Chris Callan, Assistant Fire Chief, C-a-l-l-a-n.

MR. FIORENTINI: Thomas Fiorentini, Staff Assistant, F-i-o-r-e-n-t-i-n-i.

(Thomas Kolbe, Chris Callan and Thomas Fiorentini, being duly sworn).

MR. CUNNINGHAM: Mr. Breslow, good morning. Cherry Hill Fire District 13 appearing before the Board for a $1.2 million proposed project financing. As I understand it, it is relating to the construction of a training
facilities?

MR. BRESLOW: Correct.

MR. CUNNINGHAM: Would you kind of introduce the application to the Board?

MR. BRESLOW: Thank you, Director.

This application involves a burn building training facility. It is on property where there is a firehouse located. This is not the construction of a new facility. It is the construction of a replacement to replace the buildings on site, which have received an engineering analysis and have been determined to be unsafe and no longer subject to use by the Fire District.

The Fire District secured voter approval for an amount not exceeding $2 million to undertake the financing. They have Zoning Board approval.

They did go out to bid. Ten bid packages were provided to bidders. Two bids were received. They would like to proceed.

The bid would be $1,725,234. In terms of the financing it would be over a ten year period. It would involve a $500,000 cash contribution by the District, with the remaining balance of $1,225,234 being financed.
We did secure competitive bids for the financing. There were three bids. And the low bid was Municipal Asset Management at 2.81 percent.

So that's the overview of the project. We did submit a power point. I sense through discussion with Ms. Mc Namara and understand the perhaps it hadn't gotten to all the Finance Board members. But the power point went into an explanation of the need for the project and its purpose.

I would like the Chief to be able to--

MR. CUNNINGHAM: I was going to ask if perhaps the Chief can answer, I think at least one of the questions from my prospective, and perhaps shared by my colleagues on the Board. That would be if there were similar facilities, either in the County or adjacent counties? If you can just help us understand why it would be useful or necessary, which I think is a better choice of words, for the municipality to have their own.

MR. KOLBE: The current buildings that we have in place have been in the Fire Department's operations since 1973.
When we consolidated the districts
in 114, we became certified as a Tier One eligible
Board under the New Jersey Statutes to have fire
training courses delivered there. Also we were
approved by the Division of Fire Safety back in
1994 to have live fire training conducted at this
property.

All our training is in accordance
with the New Jersey Statutes.

MR. CUNNINGHAM: Chief, let me just
cut to the chase. I guess what I'm interested in,
is why spend the money to rehab the facility if
there are other facilities in the region that
could be used for the same training?

MR. KOLBE: The other properties
that we could use would be the Camden County Fire
Academy or the Burlington County Fire Academy.
Both of those locations are not conducive to our
operations, the way we train.

I'll give you an analogy of a
football team. Firefighters need to train as a
team. We could not afford to send two engines and
a ladder to either of these facilities for a
period of time, due to the distance that they are
from the Fire Department, for responses. And the
overtime costs that we need to incur to backfill
positions to make sure that we provide safety to
the citizens of Cherry Hill when the firefighters
are trained.

We used Burlington County last year
for a training assignment. We were undergoing
revisions of our high-rise operating guidelines.
We needed to test those new guidelines.

The cost of using that facility
over a three day period was $10,500. That only
did one training assignment over a three day
period. We could not train like that on a regular
basis. It would be just too cost prohibitive to
do that.

MR. CUNNINGHAM: Is it typical that
municipalities or -- you know, large suburban
municipalities such as Cherry Hill, is it typical
that training facilities would be located in a
municipality? You have to understand I haven't
worked on or represented anything in the fire
service. So I'm just asking out of ignorance

MR. BRESLOW: If I could, Director?

MR. CUNNINGHAM: Please.

MR. BRESLOW: I represent a number
of entities throughout the State. It is very

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common for a lot of the departments to have their
own training facilities, notwithstanding the
County facilities.

I will tell you particularly and
I'm going to draw out Ocean County where I reside
as an example. Not only is the first comment
correct, but the second comment is, a lot of the
departments do not wish to use the fire training
facility, the County facility in Ocean County. It
is located in Waretown. It's very impractical in
terms of physically getting there. It caused a
problem for a lot of the departments.

There have been complaints in a
number of the counties saying look, you know, when
you decided to put up the County training
facility, you didn't receive our input, you
didn't ask us for input. So what you've done is
rather impractical for us. We either don't want to
use it or can't use it.

So it's not uncommon, again, for a
department to have its own training facility with
there still to be a County training facility,
throughout the

MR. CUNNINGHAM: Thank you.

MR. KOLBE: I mean, we do use the
County facility from time to time, but it's not--

it would only be for special training. Our Hazmat company in our department is part of the County Task Force. They do go there for training. They were just there last week for foam training with the County Task Force.

We have a RST team. Our Rescue company is part of the RST team, which is the Regional Response Team in Camden County, with the City of Camden. We need to have this facility in Cherry Hill so we can train our firefighters for technical rescue.

The buildings at Burlington County and Camden County, do not have high-rise training components to their facilities. This facility would be a five story tower, with an adjacent building that would allow us to do high-rise training and all the other training that we need to do.

MR. CUNNINGHAM: Do others use your facility then, because you would have that resource?

MR. KOLBE: Our previous buildings were used by our surrounding mutual aid companies that we respond to for fire emergencies. We train...
with them on a regular basis. If they were to come in and train with our firefighters, there would be no cost to them. If they came in and did their own training for their own members, we would have a reasonable cost to offset the maintenance of the facility, a reasonable amount of money just to maintain the facility.

MR. CUNNINGHAM: Thank you. Mr. Breslow, the other question that came up and I think there was a little bit of miscommunication, but let's put it on the record today. Under 40A:5A-6, the Board-- at least I am a little unclear whether or not the training facility would qualify as the type of structure that could be financed-- I'm sorry, Pat corrected me. It is under 40A:14-84.

MR. BRESLOW: Eighty-four, which I have the statute in front of me. I think there were two issues that I think you had raised. Number one, it talks about a firehouse. And the second part it talks about fire extinguishing purposes.

So if I could work backward, first off, in terms of fire extinguishing purposes, this building is used for training. There are actually
live drills conducted there and so forth.

So what I would submit is, that within the concept of fire extinguishing purposes it clearly fits. It's part of the responsibilities of the Department to enable it to provide firematic services. So I don't think that is problematic at all.

And I think the argument with the firehouse is-- I can understand if you were doing a brand new facility on a separate site. When this firehouse was constructed, this training facility was constructed with it in 1973. It is part of the structure.

Short of the fact that there is no connecting, you know, tunnel between the two buildings, I think you can clearly argue it is a fire facility, it is a firehouse. It is part of the building with a firehouse. Again, the main building was constructed and this was also constructed.

I would submit that under the facts that we have here, I think it does fit under the statute. And clearly, the bigger picture is that this has been used as a training facility since 1973. If not for the fact that an
engineering analysis was done that it's unsafe and
can no longer be used, it would still be used and
we wouldn't be here. But the reality is, it
serves a very valid purpose for the public. It
serves a very valid purpose for the Department,
and the adjoining departments, not just Cherry
Hill.

So I would respectfully submit that
I think it does fit within the definition of the
statute.

MR. CUNNINGHAM: Would you-- as
counsel to the District, would you put an opinion
letter together on that?

MR. BRESLOW: Absolutely, sure.

MR. CUNNINGHAM: So, what I would
recommend to my colleagues on the Board, you know,
Mr. Breslow, with respect to you, if you would put
that in an opinion letter for us?

MR. BRESLOW: I would.

MR. CUNNINGHAM: Then I would ask
the Attorney General's office to evaluate that.
We'll table the matter for today and we'll come
back after that analysis is done.

If that analysis comes back that we
are in agreement with that, then I certainly would
waive the appearance for a future meeting and not ask you to come back to Trenton. However, if we do have an issue, we'll get on the phone with you, on behalf of your clients, and have the conversation with you and we would deal with it that way

MR. BRESLOW: If I need to come in— as you know, I'm here quite a bit, I'd be happy to come in.

The only thing I would ask is, you know the market is somewhat volatile. We have a very nice interest rate. Our interest rate is 2.81. We're trying to preserve that rate. So if I can get you an opinion letter quickly and if I could ask for a very quick turnaround? I'm sure you're asked this by everybody, but that's the difficulty.

MR. CUNNINGHAM: We'll ask our esteemed DAG to get to it as quickly as she can get to it

MR. BRESLOW: I appreciate that, thank you.

MR. CUNNINGHAM: So what I will do then, I'm going to make a motion to table this application, ask for a second.

MR. BLEE: Second.

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MR. CUNNINGHAM: Second by Mr. Blee.

Take a roll call please, Pat.

MS. MC NAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS. MC NAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MC NAMARA: Ms. Rodriguez?

MS. RODRIGUEZ: Yes.

MS. MC NAMARA: Mr. Blee?

MR. BLEE: Yes.

MR. CUNNINGHAM: We'll proceed under that fabric and we'll be back in touch.

MR. BRESLOW: I wanted to just say real quick, this is a synopsis of the power point. The power point was done through email or--I don't really remember that. But would it be helpful if we just left this?

MR. CUNNINGHAM: Absolutely.

MR. BRESLOW: It's a condensed version of what the power point is. I think it will explain a little bit more detail of what the Chief was speaking to.

MR. CUNNINGHAM: Yes, that would be very helpful. I would ask that you leave it with Emma. We'll be back in touch. We'll wait for your

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opinion letter and then we'll try to decide and
have that conversation.

    MR. BRESLOW: We'll try and submit
that very quickly.

    MR. CUNNINGHAM: Gentlemen, thank
you for the appearance today. We'll be back in
touch.

    MR. BRESLOW: My apologies, one
final comment. These are the actual engineering
reports that were done, talking about-- would that
be helpful too, or do you need these also?

    MR. CUNNINGHAM: As an accounting
major and a lawyer, engineering reports are going
to be a little over my head.

    MR. BRESLOW: What they are going to
do is just tell you what we represented, which is
that they need to be replaced and can no longer be
used.

    MR. CUNNINGHAM: You have the trust
of the Board and reputation. We'll leave it at
that. But we would take the power point.

    MR. BRESLOW: All right. Thank you
very much.

    MR. CUNNINGHAM: Okay, thanks very
much.
Sticking with the fire district theme, Haddon Township fire District Number 4. Good morning, gentlemen.

MR. WARD: Thomas Ward. I'm the solicitor for Haddon Township Fire District Number 4.

MR. PAUL: Edward Paul. I'm the financial advisor for the Town.

(Edward Paul, Jr., being first duly sworn)

MR. CUNNINGHAM: Gentlemen, thank you. This application I probably would have moved to the consent portion of the agenda, but there was one issue that we needed to resolve today. It dealt with when the District would take ownership or possession of the equipment, in light of when the referendum was done. I don't know if you want to address that?

MR. WARD: I'd like to clarify that right now. It will not be taken until 2016. I think that was the only issue with this.

MR. CUNNINGHAM: That was the biggest issue. I think while you are here and have the appearance, I would like to put a couple of things on the record about this application, if
you don't mind?

MR. WARD: Sure.

MR. CUNNINGHAM: I'll do it and if there is anything that you think is inaccurate, I would ask you to correct me, please.

MR. WARD: Thank you, Director.

MR. CUNNINGHAM: So this is an application whereby Haddon Township Fire District Number 4 would be acquiring a Ford ambulance. It is a cost of $199,000. That would be reduced through a $27,000 down payment and a $12,000 trade-in of an old ambulance. Which is something that I know the Board always looks for and I appreciate that.

The District intends to finance the acquisition through a capital lease agreement with Tax Exempt Leasing Corp. The measure was passed by referendum, twenty-three in favor, four opposed. Once again, that reiterates my concern that fire district elections really need more meaningful participation. But how can I rail on that when nobody bothered to showup for the Assembly assembly election last week.

No outstanding debt to the municipality. And Tax Exempt Leasing was chosen
because they were the lowest of three lenders solicited.

I have to say, not only is there no increase on the tax rate anticipated, but staff actually reports that there is going to be a decrease in the rate, which in 2014 was .279. It is actually going to be .159 in '15.

The matter was publicly bid. Two parties obtained the bid specs and one actually submitted a bid. So the only question before the Board was the time when ownership was taken. I appreciate you being prepared in addressing that.

So I think it is an otherwise solid application, with that understanding that possession wouldn't be taken until 2016. So I would make the motion to approve the application.

MR. BLEE: Second.

MR. CUNNINGHAM: Second by Mr. Blee.

Roll call, please, Pat.

MS. MC NAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS. MC NAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MC NAMARA: Ms. Rodriguez?

MS. RODRIGUEZ: Yes.
MS. MC NAMARA: Mr. Blee?

MR. BLEE: Yes.

MR. CUNNINGHAM: Thank you for appearing and for your time, we appreciate it.

MR. WARD: Thank you.

MR. CUNNINGHAM: Beach Haven Borough.

MR. BITAR: Good morning. John Bitar, Windels, Marx, Lane & Mittendorf, bond counsel for the Borough of Beach Haven.

MS. BOEHLER: Shari Boehler, Chief Financial Officer, Borough of Beach Haven.

(Shari Boehler, being first duly sworn)

MR. CUNNINGHAM: So before you begin, something I just wanted to put on the record, is that the Local Finance Board received multiple applications for waivers of down payment. We did tell another municipality that we would entertain it. There has to be compelling reason before the Board to grant a waiver of down payment.

I just don't want anyone in the gallery or anyone to read the record to think that the Board routinely grants waivers of down
payment. It is something that we take seriously.

I do think in reviewing this application, there are certainly extenuating circumstances and likely good reason to allow the Borough to have that accommodation.

So I might have a couple of questions, but I would prefer whether the CFO or bond counsel, whoever wants to kind of socialize the concept to the Board, then we can go from there.

MR. BITAR: As you mentioned, before the Board is an application for the waiver of down payment and approval of nonconforming maturity schedule in connection with the Borough's reconstruction of its municipal building.

The Borough, through its efforts and its engineer, were fortunate to be submitted into the EDA 'a Stronger New Jersey Neighborhood Community Revitalization development and Public Improvement Program.

I know it is a long title, but under that program the Borough is qualified for a loan that covers seventy-five percent of the cost of this project.

The program offers low interest
rates that are fixed at the-- at ten year
intervals throughout the term and based on the
five year US Treasury rate. And it also offers
twenty-five percent in principle forgiveness.
Which is effectively a grant of one and a quarter
million dollars to the Borough.

These terms collectively help
reduce the aggregate debt service over the term by
an estimated $3 million, compared to traditional
bond financing.

So these favorable terms are
similar or better than afforded to borrowers under
the familiar EIT financings. Which, as you know,
is now exempt from down payment requirements. The
Borough believes that this similar program and
similar treatment of down payment waiver is
warranted here.

In addition, because the municipal
building was damaged by Superstorm Sandy, the
Borough feels that if it made this application two
years ago, that that waiver would have been
granted. But it undertook the diligence to find a
program that was the best for the Borough in terms
of saving the Borough as much as possible on its
debt service.

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I would just add. With respect to the nonconforming maturity schedule, the EDA program parameters included initially a two year principle free period and monthly equal principle payments thereafter.

We believe that these minor variations to the repayment schedule overall serve to reduce interest costs because of the more frequent principle repayment.

So we're happy to answer any questions.

MR. CUNNINGHAM: Thank you for that.

So the Borough is going to issue a GN note to EDA to evidence the loan?

MR. BITAR: Correct.

MR. CUNNINGHAM: If you were required to provide FOR down payment in the budget, the tax increase would be over $100 per resident?

MR. BITAR: Correct.

MR. CUNNINGHAM: Unnecessarily so given the fact that the program is ultimately going to be granted to a large extent.

MR. BITAR: I'm sorry, that's on the average assessed home; correct?
MR. CUNNINGHAM: Yes.

MR. BITAR: Thank you.

MR. CUNNINGHAM: Well, I mean, I think the point you did make and something I wanted to address was, I had worked on Sandy recovery. I actually live in Stafford. So I've seen what Beach Haven went through and I see how vibrant it is. I do give the Borough a lot of credit for the work that was done to get things back to normal.

I think the point that your counsel made about waiting until a program like this came along, which I think is clearly in the best interest of your taxpayers.

I have no issue with it at all. I just wanted to see if any of my colleagues on the Board had any questions or concerns?

Then I think I would ask for a motion

MS. RODRIGUEZ: Motion to approve.

MR. AVERY: I had one question.

MR. CUNNINGHAM: I'm sorry.

MR. AVERY: Have you made a determination whether the insurance payment can be used as part of the Borough's contribution to the
project?

MS. BOEHLER: Yes. We received about $130,000 in flood insurance that will be applied to the finances.

MR. AVERY: That would further reduce the cost to the Borough?

MS. BOEHLER: Yes.

MR. AVERY: That's it.

MR. CUNNINGHAM: We did--and perhaps a little too quickly, we did have a motion on the table, so--

MR. BLEE: Second.

MR. CUNNINGHAM: Second by Mr. Blee.

I would ask, Pat, for a roll call.

MS. MC NAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS. MC NAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MC NAMARA: Ms. Rodriguez?

MS. RODRIGUEZ: Yes.

MS. MC NAMARA: Mr. Blee?

MR. BLEE: Yes.

MR. CUNNINGHAM: Thanks very much.

I wish you luck on the project.

MS. BOEHLER: Thank you.
MR. CUNNINGHAM: I'm told that periodic rattling and rumbling is from lighting work that's being done outside. I thought maybe they were putting the heat on for the first time, because it's awfully warm in here right now.

All in all we feel the building is safe and we'll proceed with the meeting.

The next matter before the Board is the Morris County Improvement Authority.

Good morning, Matt. Would you introduce yourself and your colleagues to the reporter and then we'll have all non attorneys sworn in.

MR. JESSUP: Good morning. Matt Jessup, bond counsel, Morris County Improvement Authority. To my right is Joe Kovalcik, treasurer for the County.

MR. KOVALCIK: K-o-v-a-l-c-i-k.

MR. JESSUP: And Doug Bacher.

MR. BACHER: Doug Bacher, NW Financial.

(Joe Kovalcik and Doug Bacher, being first duly sworn)

MR. CUNNINGHAM: So you gentlemen are seeking positive findings for project
financing, as well as a nonconforming maturity schedule?

MR. JESSUP: Correct. It's one of those nonconforming maturity schedules that you think are appropriate and love, just like the last one.

MR. CUNNINGHAM: You happen to be right. It was a good guess.

MR. JESSUP: So that's right. This application was really born out of the County having two bond sales that it was trying to undertake in the last basically six to eight weeks of the year.

The County has a $40 million general obligation bond sale, that it is trying to do the finance, general capital improvements, park improvements and County College improvements.

Ordinarily that number would be smaller. They normally do a bond sale every year. The County did not do a sale last year, so they are sort of doubling up on the sale this year. So $40 million worth of new money financings.

At the same time they have a, opportunity to do a twenty-eight and a half million dollar debt service savings refunding on
certain outstanding bonds.

So as we were, again, in the last few weeks in the year with the League, Thanksgiving, last two weeks in December everybody sort of shuts down in the markets, we were looking at a calendar and we are looking at two official statements, two ratings, two sets of professional costs, et cetera.

So we wondered if it made more sense to aggregate these and do them through the Improvement Authority. It's a straight pass-through, only the County, nobody else involved, all general obligation debt.

So NW Financial did an analysis. They determined that the County could save about $290,000 by combining these sales, by virtue of the savings on the cost issuance and savings in interest rates as a result of having more interest in a larger sale at the marketplace.

So we are looking for positive findings in connection with a sixty-eight and a half million dollar Improvement Authority sale. That sixty-eight and a half million dollars passes straight-through to the County for its $40 million and its twenty-eight and a half million dollar
bond sales. And the County effectively sells
those bonds to the Improvement Authority,
instead of out into the marketplace.

We're also proposing--the County
is proposing to do a nonconforming maturity
schedule on the $40 million. That's being
proposed for a couple of reasons. One, it saves
about $2.6 million in interest expense versus
doing a conforming schedule.

It compresses payments into a nine
year schedule versus a thirteen year schedule that
would have otherwise been allowed under the Bond
Law. The County is paying the debt faster than it
would under a traditional maturity schedule.

Effectively, we have $2 million
payments in the first two years, $5 to $6 million
payments in the next four years, and then $3
to $5 million payments in the last three years.

So there is a bit of a balloon,
but the nonconforming is really a result of going
to $2 million in the first year and $6 million in
year four. Which we think is actually a good
thing. That, obviously, exceeds the hundred
percent step-up requirement.

That proposed maturity schedule is
being done for a few additional reasons. One, over
the next eight years the County's total debt
service goes from $34 million to about $7.8
million over eight years. There is a dramatic
drop-off in the amount of debt that they have
issued. This helps to fill-in some of that
drop-off.

But the bigger issue is, the County
has gone out and planned bond sales from 2016
through 2040. And I know I tortured all of your
eyes by providing this chart to you all and I
apologize. But this shows—all the way at the far
column, that through that twenty-five year debt
service planning as a result of this one schedule,
for the next nine years the County's debt stays
almost perfectly at $38 million. And it stays at
almost perfectly thirty-two and a half million
dollars for the next thirteen years thereafter.

So you have twenty-two years of
additional debt being added on to this schedule,
that keeps the debt service very level and very
manageable for the County for the very foreseeable
future.

Those are the reasons we are
looking for a nonconforming maturity schedule. On
the refunding, the County is not looking for a specific approval, because the refunding meets all the parameters of LFB Rule. Nonetheless, it's part of the financing, it's part of the findings. So it's important to point out that the County would be refunding three savings of bonds—three series of bonds, excuse me.

Those savings would be level. They'd be taken in each of the nine years that those bonds remain outstanding. There is no extension of any maturities. The debt service savings results—the refunding, excuse me, results in level debt service savings of a million dollars over that nine year period, net present value. Which is about 4.12 percent NPV. So in excess of the three percent and otherwise meeting all the requirements of the Rule.

MR. CUNNINGHAM: Okay. Matt, you honestly answered all the questions that I was going to raise. The only thing I just wanted to—-I guess two points. MCI is not charging a financing fee on this?

MR. JESSUP: Thank you, I forgot to add that. Since the County is trying to do this as a straight pass-through, the Improvement
Authority, which consists of just County personnel anyway, is not charging any upfront or ongoing financing fee. So it really is a direct pass-through with no additional costs to the County.

MR. CUNNINGHAM: Then we also looked at the cost of issuance. I do note, that while the number is high, over $300,000, that number is attributed to the underwriter. So in terms of professional fees, you know, there is nothing here that necessarily jumped off the charts.

But I don't know if any of my colleagues had any thoughts on this application before we move forward?

(No Response)

MR. CUNNINGHAM: So, you know, hearing none, I thank you for addressing those points. And I would ask for a motion and a second.

MR. AVERY: So moved.

MR. BLEE: Second.

MR. CUNNINGHAM: Mr. Avery and Mr. Blee. Roll call, please, Pat.

MS. MC NAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.
MS. MC NAMARA: Mr. Avery?
MR. AVERY: Yes.
MS. MC NAMARA: Ms. Rodriguez?
MS. RODRIGUEZ: Yes.
MS. MC NAMARA: Mr. Blee?
MR. BLEE: Yes.
MR. JESSUP: Thank you, appreciate it.
MR. CUNNINGHAM: Thanks very much.
Moving to the Bergen County Improvement Authority.
We need to make sure you will all be recognized by the court reporter.
MR. LANGHART: I'm Chris Langhart, bond counsel to the Improvement Authority, McNammon, Scotland & Baumann.
MR. NYIKITA: Josh Nyikita with Acacia Financial, financial advisors to the Authority.
MR. MARINELLO: Dan Marinello, NW Capital, underwriter.
MR. MC CARTER: Matthew Mc Carter, Acting Treasurer, BCUA.
MR. RAGUSEO: Mauro Raguseo, spelled R-a-g-u-s-e-o. I'm the Acting Director of the Bergen County Improvement Authority.
MR. WIELKOTZ: Steve Wielkotz. I am the auditor for the County of Bergen. (Josh Nyikita, Matthew Mc Carter, Dan Marinello, Mauro Raguseo and Steve Wielkotz, being first duly sworn)

MR. CUNNINGHAM: Good morning guys. I'm not sure who wants to lead the conversation?

MR. LANGHART: I'll start.

MR. CUNNINGHAM: Counsel, sure.

MR. LANGHART: Director, we thank you and the Board for hearing our application. We are before your for positive under the Fiscal Control Law, for both the Improvement Authority and the Utilities Authority, to do a pooled financing.

That will also be secured by a County guarantee of the County of Bergen. We submitted the introduced County Guarantee Ordinance.

The pool consists of six applicants, including the Bergen County Utilities Authority. It will all be refunding bonds. The objective rate of savings right now is over five percent.

The lead or the anchor pool will be
the Bergen County Utilities Authority. They will be refunding approximately $43 million of the pool.

We have guarantee for not to exceed $90 million. When we started project we had possibly more participants and that's about where we expected the par amount to be. We had some dropouts. So we actually expect to power up the financing to about $75 million.

With that we'll take any questions you might have for us.

MR. CUNNINGHAM: The one thing I just have to note is that applicants in front of the Board are required to submit the supplemental questionnaire. I know we eventually got the supplemental questionnaire, but it really wasn't provided to us in time to share with the Board and in time for us to really do a thorough analysis of it.

That's problematic for me and I have to share that with you. But at the same time the reason why I kept this on the agenda today was I understand that the markets are favorable right now and this is an attractive savings. We certainly don't want to see those savings lost.
But to the extent that, you know, any of the applicants come before the Board again, we are going to require the questionnaire in a more timely fashion. So I do want to put that on the record.

MR. LANGHART: I thank you for that, Director. I know we talked to Matt about that. I think they had to talk to their commissioners and some of their staff to make sure the answers were proper and we know it came in at the last minute.

MR. CUNNINGHAM: But the point is, it came in at the last minute. The best I can do is, I opened it up and took a look through it, but it was 200 some pages, as I recall. It just didn't give us an opportunity to share it with the Board and to really do a proper analysis of it.

MR. LANGHART: Sure, I understand.

MR. CUNNINGHAM: Assuming the Board approves this application, a report will be filed post financing, you know, announcing, I guess what the results were. I'm looking at Josh as the FA on it.

MR. NYIKITA: Yes.

MR. CUNNINGHAM: Obviously, but I'll put on the record anyway, the refunding only
proceeds if the net present value savings exceed three percent. I know you are are at 5.44 right now, but should things change you wouldn't proceed. We have all of that information.

MR. LANGHART: I also want to mention, Director, we did change the Authority financing fee to comply with the twelve and half basis points.

MR. CUNNINGHAM: Thank you. That was the next question on my list.

So then we looked at the cost of issuance. It is a really, really-- you know, it is a large issuance. So you are about $900,000 of total COI.

Again, as I said to the Morris Improvement Authority, you know, $350,000 of that is underwriter expense. So, you know, we didn't necessarily--again, there is no secret that we're looking at Improvement Authority financing fees and the cost of professionals, but that's an ongoing analysis. But for the immediate application before us there is nothing that necessarily jumped out.

The only other thing that had come up, that we just wanted to talk about a little bit
today was, I guess there was a discrepancy
between the sources and uses and what the actual
not to exceed amount was.

You might have mentioned this
already, but the sources and uses was around $75
million, but you had a total not to exceed of $90
million. We were just wondering why such a large
spread?

MR. NYIKITA: As Chris mentioned
earlier in the presentation, while we were putting
the pool together, we thought we had more
participation. In fact, we were talking to a
number of municipalities there were interested.
They ultimately decided to either do the
transaction on their own or the savings weren't
there. That was about $20 million with five other
towns.

So it was a timing issue with
respect to the introduction of the ordinance. So
we went with a higher number just in case they
were going to be part of the pool. Obviously, we
are only going to issue for those participants
that are in the pool.

MR. CUNNINGHAM: Okay. Any other
questions?
All right. I would ask for a motion and a second to approve this application?

MS. RODRIGUEZ: So moved.

MR. CUNNINGHAM: Ms. Rodriguez.

MR. BLEE: Second.

MR. CUNNINGHAM: Mr. Blee seconds.

Roll call, please, Pat.

MS. MC NAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS. MC NAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MC NAMARA: Ms. Rodriguez?

MS. RODRIGUEZ: Yes.

MS. MC NAMARA: Mr. Blee?

MR. BLEE: Yes.

MR. CUNNINGHAM: Thanks very much.

We'll move to the Passaic County Improvement Authority.

I notice that the Passaic County Administrator is not here, he's not appearing today?

MR. WIELKOTZ: I'm his representation. I will relay the message,

Director.
MR. CUNNINGHAM: Please do. With all sarcasm that may not be noted in the record. Make sure you note--

MR. WIELKOTZ: With no respect whatsoever.

MR. CUNNINGHAM: Thank you, please. Please identify yourselves to the reporter. We'll get you sworn in and get started.

MR. WIELKOTZ: Steve Wielkotz auditor for the County of Passaic.

MR. DRAIKIWICZ: John Draikiwicz, bond counsel to the Improvement Authority

MS. FOX: Nicole Fox, Passaic County Improvement Authority.

MR. MARINELLO: Dan Marinello, financial advisor.

MR. MAYER: Bill Mayer, De Cotiis, Fitzpatrick & Cole. We are actually the City of Paterson bond counsel.

(Steve Wielkotz, Nicole Fox and Dan Marinello, being first duly sworn)

MR. DRAIKIWICZ: If I may start? The Passaic County Improvement Authority proposes to issue in bonds in an amount not to exceed $27,390,000. The proceeds of which will be loaned
to the City of Paterson, to refinance various
outstanding notes of the City.

The Improvement Authority's bonds
will be secured by a general obligation bond by
the City of Paterson, which borrower bonds will be
further secured by the provisions of the Municipal
Qualified Bond Act.

The Authority's bonds will also be
secured by a guarantee from the County of Passaic.

Bill Mayer will now discuss the
City of Paterson's approval previously received by
the Board— from the Board, with respect to the
City's municipal qualified bonds.

MR. MAYER:  Good morning.

Director, as you are aware we were here in
September. At the September 9 meeting the Board
approved $27,390,000 qualified bond for the City.
It approved a maturity schedule for those bonds.

Subsequent to that the Improvement
Authority has come forward and the County has
agreed to guarantee the Improvement Authority
bonds.

So I'm simply here to request that
the City's qualified bond maturity schedule mirror
and match the Improvement Authority's bonds. It's
a bond to bond transaction.

MR. CUNNINGHAM: I guess as a threshold comment and I would direct it to Nicole, I've been involved in a lot of conversation about this deal. I do appreciate and applaud the PCIA for stepping in. And I do know the County had a lot of trepidation about doing this, but I think it's an appropriate role for the Improvement Authority to play. Especially when a municipality is in such distress with financial conditions as Paterson is. So I think it's a noble undertaking by the Improvement Authority. I do thank you. I would ask you to convey that back to your commissioners and to the County as well.

I guess the biggest issue that I have with this application and I didn't have a chance to reach out to some of you individually, is just that the cost of issuance seemed very significant for the transaction.

That's concerning to me. Really, I'm not trying to put folks on the spot, but between, you know, having Improvement Authority bond counsel, Improvement Authority general counsel, the City's bond counsel and others, the costs of issuance on the transaction are
significant and it is concerning.

I'm no-- I kind of heard some
rumblings among the Board members. So I think I'm
speaking for the Board when I say this, that the
fees seem awfully high. Again, I apologize for
putting you folks on the spot. But is there
anything that any of you can kind of talk to in
that regard?

MR. DRAKIWIĆZ: Firstly, if I may
address this? This is a back to back bond
transaction. The Authority's fee is combined with
the City of Paterson bond counsel's fee. So
those fees would have incurred by the City
regardless of coming through the Improvement
Authority, meaning the bond counsel fee with the
City and the financial advisor.

MR. CUNNINGHAM: That's a fair
point, counsel.

MR. DRAKIWIĆZ: So those are really
sort of add-ons to the transaction, quite frankly.

We do note there is no County
bond counsel on this transaction, in terms of
trying to save costs, as the Authority's bond
counsel providing the County guarantee opinion in
this instance to save some costs in connection
with the transaction. So I do want to highlight those couple of items.

MR. CUNNINGHAM: Here's what I would say and, obviously, I want my colleagues to weigh in on this. But the fact that the City of Paterson is a Transitional Aid Municipality and the fact that my team monitors on a daily basis the City, I met with the mayor and business administrator, I think Thursday of last week.

The City is in a pretty precarious financial situation. I think that a deal needs to get done in order to take out the notes.

As I said, I think going through the Improvement Authority is a wise vehicle. But I think before I make my final comments, I think Mr. Avery has something.

MR. AVERY: Yes. I would like some clarification to help me understand what the additional expense was to Paterson. Which, if my numbers are correct is, like, $58,000 from September to this point. I mean, if we did an authorization prior to this, what additional costs are represented by this number?

MR. DRAIKIWICZ: I think Mr. Mayer answered that. I don't think it's additional
costs.

MR. MAYER: Actually, I've got the September applications here. Our fee has dropped a little bit. The FA's fee, Neil Grossman's fee, has dropped a little bit.

The big jump is --

MS. RODRIGUEZ: How much were the fees, though?

MR. MAYER: In the September application it was projected to be $91,500. But that was a competitive sale, so there was no underwriter. There is an addition here of the authority bond counsel, NFA, PCA counsel, County auditor and Trustee.

MR. CUNNINGHAM: But underwriter is not listed in the cost of issuance?

MR. DRAIKIWICZ: Not the underwriter.

MR. MAYER: The underwriter conked out at $129,250.

MR CUNNINGHAM: So exclusive of the underwriter, we're looking at a total cost of issuance of $285,000?

MR. MARINELLO: Right.

MR. CUNNINGHAM: Versus $91,000?
MR. MARINELLO: That's correct.

MR. CUNNINGHAM: Significant?

MR. MARINELLO: Yes.

MR. AVERY: I'm a little confused, because --

MR. CUNNINGHAM: I think Mr. Avery is looking for an explanation of what constitutes that.

MR. AVERY: The September fees weren't received because the sale didn't go forward. Is that right?

MR. MAYER: Correct. I could lobby for a fee, but I won't. We're back here again, of course. It has been a pretty long road to get to this point.

MR. AVERY: I needed to understand and I appreciate it.

MR. CUNNINGHAM: Any other questions from the Board?

(No response)

So what I would finish my thought with is this, I think this is an important transaction for the City. I want to see the City proceed with this. I think going through the Improvement Authority is certainly a good move.
But I know some of these fees are estimates and they may not, you know, come to fruition. I would ask you to be very cognizant of that point going forward with this transaction, given the fact that the City is in such precarious financial shape. So I will make a motion to approve this application. I would ask for a second from one of my colleagues.

MS. RODRIGUEZ: Second.

MR. CUNNINGHAM: Second from Ms. Rodrigues. We'll call the roll, please, Pat.

MS. MC NAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS. MC NAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MC NAMARA: Ms. Rodriguez?

MS. RODRIGUEZ: Yes

MS. MC NAMARA: Mr. Blee?

MR. BLEE: Yes

MR. CUNNINGHAM: Thank you very much.

Our last Improvement Authority deal before the Board today is Monmouth. You have both of the gentlemen, Mr. Draikicicz and Mr. Bacher. He's already been sworn
in, but because he stepped off the dias, just do it one more time.

(Douglas Bacher, being first duly sworn)

So counsel before you start, I guess the only thing I want to throw on the the record here, is that, Doug, you and I spoke Sunday, Monday, whenever it was. We did talk about the cost of issuance on this transaction as well. You were able to explain some of that to me. Perhaps as part of your and Mr. Draikiwicz' presentation you can put that on the record. But I would ask either of you, and I don't know, Mr. Draikiwicz, whether you are going to go first and kind of introduce the concept to the Board.

MR. DRAIKIWICZ: Yes. Thank you so much, Director. The Monmouth County Improvement Authority proposes to issue bonds to the public in an amount not to exceed $25,813,500. The proceeds of which will be utilized to acquire the Authority's Local Unit bonds in an amount not to exceed $25,813,500. The proceeds will be used to finance various capital projects for six municipalities in Monmouth County.
The Improvement Authority's bonds will be secured by a general obligation bond from each participant. And the bonds will be further secured by individual guarantees from the County of Monmouth.

At this time we'd like to address some of the questions regarding the costs of issuance, particularly the County guarantee.

MR. BACHER: Yeah. As the Chairman noted, we did speak. You know, there are two fees in this application, which is probably a little bit unusual. The first is the Improvement Authority fee, which is in that twelve and a half percent range that was in the notice. The other is the County guarantee fee.

Monmouth is a little bit different in the sense that it is a fee for the County. It does not come to the Improvement Authority. Back before the collapse of the bond insurers, we used to do the same transaction. We've been doing this transaction for over twenty years. We've done it through a bond insurer, without a County guarantee.

In 2008 when the bond insurers collapsed, we were in the middle of a financing.
The County stepped up and said we'll provide the guarantee, but we want to be realized the same and get a premium for our risk just like the bond insurers got a premium for their risk.

We've been doing it that way ever since. The premium that the County charges is a little less than what the bond insurers were charging, but it is still a premium.

I think John and I both talked to the County after the conversations that we had. I think they would like to have another-- further discussions on their philosophy.

But really it comes down to their assumption of the risk here. Risk in their eyes came to fruition with Sandy. I mean, they have $150 million worth of debt guaranteed for Sandy towns. With a slight twist of the whether those towns literally could have been a lot worse than they were.

So there is risk here. The County thinks that there is risk here and they charge a premium to represent that risk?

MR. CUNNINGHAM: A $72,000 premium, as I read it; right?

MR. BACHER: Yes.
MR. DRAIKIWICZ: Doug, maybe you should go into the methodology of a County guarantee premium?

MR. BACHER: Yeah. Again, when we first approached the County in 2008. The philosophy was identical to the way the bond insurers were charging. The bond insurers calculate the premium based on total debt service as opposed to the par amount.

Again, we went back and looked at the years, five years prior to the premium what we were paying the bond insurers. How it was calculated was the same thing for the County. The County has worked with us, you know, to adjust the fee when we have to, to make sure that everybody benefits, the towns benefit, so that we can get these transactions done.

MR. DRAIKIWICZ: I think Doug mentioned to me that previously the going rate, based on his analysis with bond insurer premiums was twenty-seven points for debt service charges, based on debt, which is important to note versus principle, as Doug noted.

That debt service premium has been reduced in this transaction, to twenty-two basis
points, based on what Doug had mentioned to me previously.

So we're basing it upon debt service, which is how bond insurers base their premium. And our premium is less than the bond insurer would charge as the premium.

I would also note that the other item for the Board's consumption, is that Monmouth County is a AAA County guarantee. And AAA ratings are—would typically command even more of a premium for that charge, which is not being fully leveled by the County of Monmouth.

They've done a really significant analysis over time. We spoke primarily with the Director of Finance, who has not spoken with the Freehold Board yet, who approves this philosophy.

But the Director of Finance is an extremely pecuniary person in terms of making sure the fees are done properly. He feels very strong that the reason why the County of Monmouth is charging for a County guarantee, is because they are still going through a bond insurance company. There is real risk out there and a default could occur.

Which is one of the reasons why
this County has structured their transactions a little more rigorously, by having separate County guarantees.

The reason that is done is, if one of the towns defaulted, and since we've been doing these pools for twenty years, a defaults by town such as—you know, any town that's been hard hit by Sandy, Union Beach, Sea Bright, et cetera, they are participants in many of the pooled transactions over the last twenty years. That debt, which is now deducted from gross debt, would automatically be pumped up into the gross debt of the County, which would have a significant impact

So there is a risk involved and they are being careful how to manage that risk with the individual guarantees. And they feel as though the premiums that are being charged are a benefit to the participants, as well as give some return to the County of Monmouth.

MR. CUNNINGHAM: So I certainly appreciate the County's philosophy in preserving its AAA. The only thing I would just have to say, and maybe this is coming from a bit of a personal space, is that, I think the State has done an extraordinary job in preventing defaults by Sandy
towns. We worked extraordinarily hard with those
towns that you cited.

Union Beach, you know, all of
them Keansburg, I mean all of those small towns
that are hard hit. So I do somewhat reject the-- I
can't say that there is no risk, but I certainly
don't think there is a likelihood of default,
given how much the State has worked with those
towns. So I just feel the need to kind of respond
to that point.

The other thing I just wanted to
address, is that you are also seeking approval
under 40A:2-26C. That was related to Spring
Lake.

MR. DRAIKIWICZ: That's being
withdrawn. There is no requirement to do that.

MR. CUNNINGHAM: We didn't think so
either. We wanted to clarify the issue.

So when the resolution is done we
would not have to address that point.

Any other questions from the Board?

(No response)

MR. CUNNINGHAM: So I would ask for
a motion and a second on this?

MR. BLEE: I make the motion.
MR. CUNNINGHAM: Motion by Mr. Blee.

MR. AVERY: Second.

MR. CUNNINGHAM: Second by Mr. Avery. Roll call, please?

MS. MC NAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS. MC NAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MC NAMARA: Ms. Rodriguez?

MS. RODRIGUEZ: Yes.

MS. MC NAMARA: Mr. Blee?

MR. BLEE: Yes.

MR. CUNNINGHAM: Thanks very much.

MR. DRAIKIWICZ: Thank you.

MR. CUNNINGHAM: The City of Camden.

MR. SCERBO: I am Ryan Scerbo. I am attorney to the Camden County Municipal Utilities Authority.

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

MR. JONES: Glenn Jones, Director of Finance for the City of Camden.

MR. COWLEY: Jim Cowley, American Water. (David Thompson, Glenn Jones and
Mr. Cunningham: Mr. Scerbo, do you want to introduce the matter?

Mr. Scerbo: Yes, thank you. I appreciate you accommodating us on your agenda. We are here in connection with the City of Camden's water/wastewater contract with a new operator, American Water, under NJSA 58:27-19 and 58:26-19. This is for water and wastewater services.

Mr. Cunningham: As I read the application and the accompanying staff report, I guess without going into names, there had been a previous operator. That relationship was terminated early, now giving need to a new contract, I assume?

Mr. Scerbo: Yes. Actually, the City of Camden's current relationship with the current operator was extended for one year beyond its original expiration, so as to allow for this process to reach a full conclusion.

It has taken the City and the CCMUA, beginning in 2013, when they began the discussion of undertaking a new procurement. Most of the procurement took place between '14 and part...
of '15. We're here today before the Board for a conclusion of that process.

MR. CUNNINGHAM: And that process appears, from our prospective, to yield savings to the City. And correct me if I'm wrong, but if we were to look at a comparison between the cost that had been incurred had that other contract remained in place, we'd be looking at a little over $14 million. And this proposed agreement would be for $12.6 million?

MR. SCERBO: Yes. I would also like to point out that there are increased services in this crack as well. The City, as you know, is one of the cities in the State that has combined sewage. So we have a significant amount of services related to that. But all aspects of stormwater are incorporated within this contract. It is a major concern within the City

MR. CUNNINGHAM: We did have this application reviewed by Division staff to include both the gentleman that handles recruitment matters for us, as well as the monitors that are in place, given the fact that the City of Camden is both under mirrored supervision and transitional aid.
One of the recommendations that we have had--and I apologize, I should have reached out to you with this suggestion--

MR. SCERBO: That's okay.

MR. CUNNINGHAM: --was potential conditioning the Board approval such that the City contract with an engineer or a contract administrator to just kind of monitor this on your behalf going forward. We were wondering whether that would be acceptable? Again, I'm sorry to--

MR. SCERBO: Not at all. I guess great minds think alike. In this case the City and the CCMUA, as part of their early shared services agreement in 2013, incorporated a service from the CCMUA to the City for contract oversight.

The DB--the CCMUA's engineer is Guarino. He has been retained. They won a contract through a procurement through the CCMUA.

They were invited actually two weeks ago to a joint meeting between the City and the operator, where we walked through the scope of services specifically, because they were not there to negotiate the scope of services with the evaluation team.

We explained to them the "whys" and
"what fors" in terms of the scope of services.
And they'll be performing that and reporting to
the City.

MR. CUNNINGHAM: Okay. Any
questions for the applicant?
(No response)
All right. I guess the two
thoughts is, we're going to include that as a
condition in the Local Finance Board resolution.

MR. SCERBO: Absolutely, of course.

MR. CUNNINGHAM: I would ask you, as
the City really has been doing consistently, just
to keep Mr. Salvatore, as the monitor, in the loop
as this thing moves on. It is just important that
we have --from the Division's standpoint, not from
the Board's standpoint, just the visibility into
the ongoing process, it helps us understand the
City's kind of holistic goal toward eventually
moving away from transitional aid.

So I'll make the motion to approve,
hearing that there were not other questions.

MR. BLEE: Second.

MR. CUNNINGHAM: Second from Mr.
Blee. I'll ask for a roll call, please.

MS. MC NAMARA: Mr. Cunningham?
MR. CUNNINGHAM: Yes.

MS. MC NAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MC NAMARA: Ms. Rodriguez?

MS. RODRIGUEZ: Yes.

MS. MC NAMARA: Mr. Blee?

MR. BLEE: Yes.

MR. CUNNINGHAM: Thank you very much. I do appreciate your appearance today.

MR. SCERBO: Thank you.

MR. CUNNINGHAM: Cumberland County Improvement Authority.

MS. TRIBOLETTI: Mary Triboletti, CFO, Cumberland County Improvement Authority.

MR. INVERSO: Anthony Inverso, Phoenix Advisors, financial advisor to the Authority.

MR. TESTA: Stephen Testa, Romano, Hearing, Testa & Knorr, auditor to the Authority.

MR. WINITSKY: Jeffrey Winitsky, attorney for the Cumberland County Improvement Authority.

(Mary Triboletti, Anthony Inverso and Stephen Testa, being first duly sworn)

MR. WINITSKY: Jeffrey Winitsky.
MR. CUNNINGHAM: Before the applicant proceeds, I think I just want to make sure it's noted on the record that Division staff, myself included, did a series of conference calls with the applicant, both counsel and financial advisors. We had some significant conversations to get us to this point. And maybe Jeff, if you won't mind, could you kind of introduce kind of what the application before the Board is today.

MR. WINITSKY: Sure. The Improvement Authority originally submitted its application and it was heard before the Board in August. And the Board provided positive findings for an issuance not to exceed two and a half million dollars of revenue bonds, to fund a portion of the cost to construct development and construction of a new Arts and Innovation Center Campus for the Cumberland County College

In addition to the bond proceeds, the projects is to be funded with the proceeds of the County of Cumberland's County College Bonds and a small grant to the Millville Urban Redevelopment Corporation.

As part of that application we had mentioned that there was a possibility of the
utilization of new market tax credits. We were
sort of in an amorphous phase at that point. We
hadn't gotten too far into the deal. Subsequent
to our appearance that has coalesced. We now
intend to proceed with the utilization of new
market tax credits.

It is a bit of a complicated
process. Nevertheless, it will require a change
to our originally contemplated structure in the
form of how we fund the project, where the monies
come from and ultimately who the borrower is.

So we're here today to sort of
explain the new structure and sort of why our
originally approved application changed somewhat.

Two principal changes to what we're
looking for in revised positive findings. The
first of which is, we had said we were going to
issue tax exempt bonds. That is no longer the
case. We will be issuing taxable bonds because of
the nature of how we fund into an investment pool
to get the new market tax credits.

The second is, the ultimate
borrower is the nonprofit 501(c)(3), not the
County College. The nonprofit 501(c)(3) is
eligible to receive monies from what's called a
Community Development Entity, who has access to monies through new market tax credits.

MR. CUNNINGHAM: That's the Millville Urban Redevelopment?

MR. WINITSKY: That's correct, the same organization who is involved at the outset. Now they will be the ultimate borrower, developer and then lease the facility to the County College. In the same way that we were going to do before, but the difference is, it's the Millville Urban Renewal instead of the Improvement Authority.

So it's two small differences, but important ones, that we felt necessary to come back to for revisions to our positive findings.

MR. CUNNINGHAM: And ultimately, the size of the financing would get significantly reduced, due to the introduction of the new market tax credits?

MR. WINITSKY: That's correct. We're looking at approximately $2 million in equity investment from the generation of the new market tax credits, which is hard to overlook.

MR. INVERSO: Which reduces the size of the borrowing from about two and half million dollars to just over a million.
MR. CUNNINGHAM: $1.1 million, I think we have down.

MR. INVERSO: $1.75 million is the number we have.

MR. CUNNINGHAM: Tax exempt?

MR. WINITSKY: That's correct.

MR. CUNNINGHAM: Any questions from members of the Board

(No response)

I do appreciate or indulgence your indulgence and your willingness to work with us on those issues. I think we resolved them to at least my satisfaction. So I'll make a motion to approve this application with the two changes from the original, as Mr. Winitsky had set forth.

MR. BLEE: Second.

MR. CUNNINGHAM: Second by Mr. Blee.

Roll call, please, Pat.

MS. MC NAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS. MC NAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MC NAMARA: Ms. Rodriguez?

MS. RODRIGUEZ: Yes.

MS. MC NAMARA: Mr. Blee?
MR. BLEE: Yes

MR. CUNNINGHAM: Thank you very much.

MR. WINITSKY: Thanks very much.

MR. CUNNINGHAM: The last matter before the Board is an ESIP arising out of the City of Newark.

MR. MARINELLO: Dan Marinello, financial advisor, City of Newark.

MR. THOMAS: Robert Thomas, Chief of Energy & Environment, Department of Engineering.


(Dan Marinello and Robert Thomas, being first duly sworn)

MR. CUNNINGHAM: Good morning. So the City is looking for a $60 million refunding bond for an ESIP program?

MR. MARINELLO: Yes. We'll talk a little bit more about the projects themselves. Robert can speak to that. But the City has been going through the Energy Savings Improvement Program for a long time now.

Dome Tech did the original energy audit for the City and came back with a number of
recommendations. The City then went out and bid
for an energy savings company, which Honeywell was
the successful bidder. The City and Honeywell have
been working for a long time now on how to finance
this, the savings that were going to come about
and what projects were priorities for the City.

When the plan was completed, the
City then went and got a third party verification
company, an energy company, Matrix, to verify
Honeywell's determinations.

As a result of all that, the plan
has been submitted to BPU for approval.

MR. THOMAS: It has been approved.

MR. MARINELLO: It has been
approved, which is new information.

MR. THOMAS: I'm sorry about that.

MR. MARINELLO: No, that's great.

What we did, we took the savings that Honeywell
has projected and verified by Matrix, and created
financing to meet and be financed by those
savings. So there is no additional financial hit
to the City of Newark.

MR. CUNNINGHAM: Thanks, Dan. I
know there are a lot of different types of energy
improvements being contemplated. But maybe just

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at a high level can you tell the Board about some of the concepts?

MR. THOMAS: Sure. Back in December of last year, the engineering department and other key staff in the administration, got together and went through a priority list of the results of the investment grade audit that took place between the summer of 2013 and the summer of 2014.

Ultimately the results of that, you know, we kind of, like, have to prioritize with so much needed in capital related improvements. For example, we have a number of historic buildings throughout the City and the scope of the seventeen buildings.

So we are looking at building envelope improvements. Kind of working in those historic buildings to ensure that the envelope is sealed up and correct.

You know, we're looking at improving the electrical infrastructure, you know, rolling in specific efficiency incentive programs, and just a lot of work to our rooftop air handling units and much needed capital improvements that have dealt with a lot of deferred maintenance issues in the past.
When we went through, back in 2010, the LGEA Program, we identified the minimum recommendations that we could, you know, export to achieve savings. You know, in working with our public building staff, we saw that the need to kind of get to the second level program and really do an investment audit to really identify the issues and resolve them through this process.

MR. CUNNINGHAM: Thank you very much. I also just want to note that Mr. Ricardelli, who is the City's monitor under the State Supervision Act and the Memorandum of Understanding for the receipt of Transitional Aid funding, reviewed this application and gave his recommendation for it as well.

Any Board members have any questions or concerns about this application?

(No response)

Then I'd asking for a motion and a second?

MR. BLEE: Motion.

MS. RODRIGUEZ: Second.

MR. CUNNINGHAM: Motion by Mr. Blee, second by Ms. Rodriguez. Roll call, please.

MS. MC NAMARA: Mr. Cunningham?
MR. CUNNINGHAM: Yes.

MS. MC NAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MC NAMARA: Ms. Rodriguez?

MS. RODRIGUEZ: Yes.

MS. MC NAMARA: Mr. Blee?

MR. BLEE: Yes.

MR. MARINELLO: Thank you.

MR. CUNNINGHAM: Good luck with it.

I will make a motion to adjourn.

MR. BLEE: Second.

MR. CUNNINGHAM: Second by Mr. Blee.

MS. MC NAMARA: Any ayes?

(Unanimous response)

Any nays?

(No response)

(Whereupon, the Board stands adjourned at 11:33 a.m.)

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CERTIFICATE

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

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

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

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CHARLES R. SENDERS, CSR NO. 596

Dated: November 24, 2015

STATE SHORTHAND REPORTING SERVICE, INC.