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STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS

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LOCAL FINANCE BOARD
DEPARTMENT OF COMMUNITY
AFFAIRS
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COMPUTERIZED TRANSCRIPT of the stenographic
notes of the proceedings in the above entitled
matter as taken by DENISE L. SWEET, a Certified
Court Reporter and Registered Professional Reporter,
at the STATE OF NEW JERSEY, DEPARTMENT OF COMMUNITY
AFFAIRS, 101 South Broad Street, Conference Room
129, Trenton, New Jersey on Wednesday, September 14,
2016, at 10 o'clock in the forenoon.

LOCAL FINANCE BOARD MEMBERS:

- Timothy J. Cunningham, Chairman
- Alan Avery
- Idida Rodriguez
- Francis Blee
- Ted Light
- Melanie Walter, DAG
- Patricia Parkin McNamara, Executive Secretary
- Emma Salay, Deputy Executive Secretary

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1 CHAIRMAN CUNNINGHAM: Good morning.
2 We'll start this morning's meeting of the Local
3 Finance Board. I guess first we'll take roll call
4 and then, Pat, I'd ask you to read the open meeting
5 notice.

6 MS. McNAMARA: Mr. Cunningham?

7 CHAIRMAN CUNNINGHAM: Here.

8 MS. McNAMARA: Mr. Avery?

9 MR. AVERY: Here.

10 MS. McNAMARA: Ms. Rodriguez?

11 Absent. Mr. Blee?

12 MR. BLEE: Here.

13 MS. McNAMARA: Mr. Light?

14 MR. LIGHT: Here.

15 MS. McNAMARA: We are in compliance
16 with the Open Public Meetings Act. Notice was given
17 to the Secretary of State, Star Ledger and the
18 Trenton Times.

19 CHAIRMAN CUNNINGHAM: Okay. Thank
20 you very much.

21 Gentlemen, the first matter in
22 front of the Board today is to revoke the prior
23 approval granted to East Rutherford Borough as it
24 relates to \$675 million in proposed RAB bonds
25 relative to the American Dreams Project. As you'll

1 recall at the last meeting of the Board, the New
2 Jersey Sports and Exposition Authority came in front
3 of the Board and their application would obviate the
4 need for East Rutherford to issue debt. East
5 Rutherford asked at that time whether the Board
6 would rescind the prior approval and we asked them
7 to do a resolution requesting and revoking same.
8 They have done that and, as the agenda indicates, we
9 have that matter in front of us.

10 The only thing I would note that we
11 have two approvals listed. We have 40A:12A-67g and
12 40A:12A-29(a). It's counsel's opinion that we don't
13 need the 67g approval to be revoked, because that
14 really only goes to the financial agreement.

15 So, the motion that I would put
16 forth in front of the Board today would be to
17 rescind the prior approval granted to East
18 Rutherford Borough under NJSA 40A:12A-29(a) relative
19 to \$675 million of proposed private sale of bonds.

20 So, with that motion, I would ask
21 for a second from one of my colleagues.

22 MR. BLEE: Second.

23 CHAIRMAN CUNNINGHAM: Mr. Blee
24 seconds. Roll call, please.

25 MS. McNAMARA: Mr. Cunningham?

1 CHAIRMAN CUNNINGHAM: Yes.

2 MS. McNAMARA: Mr. Avery?

3 MR. AVERY: Yes.

4 MS. McNAMARA: Mr. Blee?

5 MR. BLEE: Yes.

6 MS. McNAMARA: Mr. Light?

7 MR. LIGHT: Yes.

8 CHAIRMAN CUNNINGHAM: So, the first
9 appearance in front of the Board today will be from
10 Florence Township Fire District Number One.

11 Good morning. I'd ask that you
12 introduce yourself to the reporter for the record
13 and those that aren't counsel be sworn in.

14 MS. TRACEY: Sherry Tracey with
15 Phoenix Advisors, financial advisor to the fire
16 district.

17 MR. MULLEN: Kevin Mullen,
18 M-U-L-L-E-N, fire chief.

19 (Sherry Tracey and Kevin Mullen
20 sworn in.)

21 CHAIRMAN CUNNINGHAM: Good morning.

22 MS. TRACEY: Good morning. We are,
23 I am Sherry Tracey, financial advisor to the fire
24 district from Phoenix Advisors. Here with me is
25 Kevin Mullen, chief of Florence Township Fire

1 District Number One. We are here today seeking
2 positive findings pursuant to NJSA 40A:5A-6 for the
3 fire district to move ahead with the acquisition of
4 a fire apparatus in an amount not to exceed
5 \$650,000.00. The Fire District held an election in
6 February of 2015, at which time they received
7 approval from the citizenry of the fire district to
8 move forward with the capital purchase.

9 The fire district has since gone
10 out to secure financing. They received competitive
11 bids on the lease. They do plan to lease the fire
12 district, I'm sorry, the fire apparatus over a
13 seven-year term and they secured financing at a rate
14 of 1.911 percent.

15 CHAIRMAN CUNNINGHAM: Thank you,
16 Sherry.

17 MS. TRACEY: Thank you.

18 CHAIRMAN CUNNINGHAM: Just a couple
19 things I wanted to put on the record and I had a
20 couple questions and maybe comments would be a
21 little more accurate.

22 The referendum passed 121 to 54.
23 The one thing that I note, compared to some other
24 applications is, there's no money down by the
25 district on this one? A lot of the applications we

1 see the fire districts take some of their own money
2 and put a down payment down. I was just wondering
3 whether that had been considered or if it was, why
4 the decision was made not to actually use some down
5 payment?

6 MR. MULLEN: We actually considered
7 and we did put in our budget money to put a down
8 payment on the truck, but at 1.911 percent, which we
9 feel is a good interest rate. We have other future
10 capital projects coming up. We just got another
11 referendum passed this year. So, we'd like to take
12 that money and move it into the future projects. We
13 feel the interest rates are probably going to
14 increase over time.

15 CHAIRMAN CUNNINGHAM: And, chief,
16 what was the referendum that just passed for?

17 MR. MULLEN: We had a referendum to
18 purchase two ambulances.

19 CHAIRMAN CUNNINGHAM: In the staff
20 report to the application, it talked about the
21 impact to the tax rate. Current tax rate being .33
22 and the district claimed there'd be no impact on the
23 tax rate. I was just wondering if you could explain
24 that given this lease.

25 MR. MULLEN: I thought we sent up

1 something that had the --

2 MS. TRACEY: There was, I think
3 within the budget there was another lease that was
4 or some funds that were coming off so that the net
5 impact on the budget, there was going to be no
6 impact from.

7 CHAIRMAN CUNNINGHAM: Something's
8 falling off as this is coming up.

9 MR. MULLEN: Yeah, a year ago we
10 had a lease that was paid off. So, we're rolling on
11 a new lease in place of that one.

12 CHAIRMAN CUNNINGHAM: Okay. The
13 other question that I have, and I'll ask it before
14 Mr. Light asks it, and I'm sure I know where you're
15 going with it, the issuance cost on this particular
16 project are significantly high and I would say that
17 when the next applicant gets up here for a similar
18 arrangement, the issuance costs are probably 50
19 percent of what the cost of issuance are here. And
20 I'd like the applicant to address that.

21 MS. TRACEY: One thing I'll mention
22 here, when we were first putting the application
23 together, we looked at it of course as a not to
24 exceed amount. There was a discussion at the time
25 whether the fire district would need both bond

1 counsel and their regular counsel for the lease.
2 They did decide that they would be able to just use
3 their local counsel to do the lease. So, the
4 financing costs actually will be probably half of
5 what is listed here, if not lower.

6 CHAIRMAN CUNNINGHAM: Okay. All
7 right.

8 MR. LIGHT: Is there a standard
9 debt level for fire companies or fire districts? I
10 know there are for municipalities, but I wasn't sure
11 whether there is.

12 CHAIRMAN CUNNINGHAM: No, there's
13 no statutory cap as there are in the municipalities.

14 MR. LIGHT: Okay. Right. Is the
15 \$3,225,000.00 debt limit a safe limit or a safe
16 amount that is going to increase with this new
17 purchase? What do you expect that that will go to?

18 MS. TRACEY: With the?

19 MR. LIGHT: Purchase of the new
20 equipment, apparatus.

21 MS. TRACEY: The annual, the annual
22 payment for the district and, again, as the chief
23 mentioned, some debt is a lease was coming off. The
24 fire district did also refinance an outstanding bond
25 issue last year, which brought their debt service

1 even lower. The annual cost on, of this lease, is
2 about a hundred thousand dollars.

3 MR. LIGHT: So, what you're saying,
4 though, is the debt that we see here, 3,225,000, is
5 less than what it was last year, though?

6 MS. TRACEY: Exactly. Yes.
7 Exactly. That is, that's from the refinancing they
8 did last year.

9 MR. LIGHT: Safe amount. Okay.

10 MS. TRACEY: And they're only at
11 .26 percent.

12 MR. LIGHT: Okay.

13 CHAIRMAN CUNNINGHAM: Any other
14 questions from the Board?

15 MR. LIGHT: I'll move the
16 application be approved.

17 CHAIRMAN CUNNINGHAM: Mr. Light
18 moves.

19 MR. BLEE: Second.

20 CHAIRMAN CUNNINGHAM: Mr. Blee
21 seconds. Roll call, please, Pat?

22 MS. McNAMARA: Mr. Cunningham?

23 CHAIRMAN CUNNINGHAM: Yes.

24 MS. McNAMARA: Mr. Avery?

25 MR. AVERY: Yes.

1 MS. McNAMARA: Mr. Blee?

2 MR. BLEE: Yes.

3 MS. McNAMARA: Mr. Light?

4 MR. LIGHT: Yes.

5 CHAIRMAN CUNNINGHAM: Thank you
6 very much. When the next matter comes in front of
7 us, because of the money you have in the budget, it
8 would be, I'll be anticipating seeing some money
9 down on that one; okay?

10 MR. MULLEN: Thank you very much.

11 CHAIRMAN CUNNINGHAM: Thank you
12 very much for your appearance today.

13 MS. TRACEY: Thank you.

14 CHAIRMAN CUNNINGHAM: The Board
15 will turn to Maurice River Township Fire District
16 Number One.

17 Mr. Braslow, welcome. Good to see
18 you.

19 MR. BRASLOW: You, too, Director.
20 Thank you.

21 CHAIRMAN CUNNINGHAM: Would you and
22 your colleagues kindly introduce yourself and those
23 that aren't counsel be sworn?

24 MR. BRASLOW: Richard Braslow,
25 representing the fire district.

1 MR. STERLING: Joseph Sterling,
2 president, Board of Fire Commissioners.

3 MR. GROSS: Gordon Gross,
4 president, East Maurice River Volunteer Fire
5 Company.

6 (Joseph Sterling and Gordon Gross
7 sworn in.)

8 MR. BRASLOW: The application
9 before you involves a proposed lease purchase of a
10 fire truck. The fire district did secure voter
11 approval on February 20, 2016. It did not have an
12 issue on the ballot. The voters approved a purchase
13 of a fire truck not exceeding \$750,000.00. The
14 proposed purchase is a Pierce pumper tanker for the
15 sum of 648,067.

16 The board secured competitive
17 bidding. Eight bid packages were provided. The low
18 bid was TD Equipment Finance at 2.15.

19 I note at this point, we initially,
20 through an error of the accountant, thought there
21 was more cash to contribute towards the purchase. I
22 went out for bid the first time for financing and
23 the lowest rate at that point was 2.345. So,
24 actually, it worked to our advantage that, although
25 the error was made in terms of the cash

1 contribution, it ended up in a much better interest
2 rate of the 2.15.

3 The proposed financing would be
4 over a ten-year period and the district does have
5 36,726 which it will contribute towards the
6 purchase. That number was confirmed by the
7 accountant as accurate and that's going to be
8 reflected in the first debt payment. And after
9 that, the debt payments would be 68,641 a year.

10 I also indicate that the fire
11 district is replacing a 1994 pumper tanker, which
12 will be disposed of in accordance with statute when
13 the new truck comes in.

14 CHAIRMAN CUNNINGHAM: Mr. Braslow,
15 you noted that the referendum was undertaken in '16?

16 MR. BRASLOW: Yes.

17 CHAIRMAN CUNNINGHAM: When would
18 the possession of the equipment be?

19 MR. BRASLOW: 2017. And the first
20 payment by the district would not be billed until
21 2017.

22 CHAIRMAN CUNNINGHAM: We assumed as
23 much, but I figured we'd confirm it on the record.

24 MR. BRASLOW: Absolutely.

25 CHAIRMAN CUNNINGHAM: We see that

1 the impact on the tax rate will be a one cent
2 increase; that's correct?

3 MR. BRASLOW: That's correct.

4 CHAIRMAN CUNNINGHAM: The only
5 reason then that I probably didn't waive the
6 appearance was that question and the fact that in
7 reviewing the application there were some issues
8 that the website was out of compliance.

9 MR. BRASLOW: We can speak to that,
10 if I may.

11 CHAIRMAN CUNNINGHAM: Would you,
12 please?

13 MR. BRASLOW: I immediately spoke
14 to Commissioner Sterling and he has been in touch
15 with the party responsible for the website, which is
16 being updated, if not updated as of this moment.
17 So, it's being addressed and will be taken care of.

18 CHAIRMAN CUNNINGHAM: Okay. Any
19 questions from my colleagues?

20 Hearing none, then I'd ask for a
21 motion and a second?

22 MR. BLEE: Motion.

23 CHAIRMAN CUNNINGHAM: Motion Mr.
24 Blee.

25 MR. LIGHT: Second.

1 CHAIRMAN CUNNINGHAM: Second Mr.

2 Light. Roll call, please, Pat?

3 MS. McNAMARA: Mr. Cunningham?

4 MR. CUNNINGHAM: Yes.

5 MS. McNAMARA: Mr. Avery?

6 MR. AVERY: Yes.

7 MS. McNAMARA: Mr. Blee?

8 MR. BLEE: Yes.

9 MS. McNAMARA: Mr. Light?

10 MR. LIGHT: Yes.

11 MR. BRASLOW: Thank you very much.

12 CHAIRMAN CUNNINGHAM: Thank you,
13 gentlemen.

14 Gentlemen, the next matter on the
15 agenda is the Borough of Lake Como, County of
16 Monmouth. And there is a request to, for an
17 appropriation cap waiver for the use of surplus. I
18 waived the appearance of the applicant on this one
19 for the reason that we had worked closely with the
20 applicant on the contractual assignment of their
21 police function to Belmar. We were well aware of
22 the financial pressure they were under, the fact
23 that the voters in Lake Como did not approve a
24 referendum to increase taxes to support that
25 continued operation in the budget. This then allows

1 them to use additional surplus in their budget.
2 However, they still would have a balance of
3 \$134,958.00. The surplus being used is
4 approximately 244,000 paying accumulated absences
5 for ten police officers and unemployment costs due
6 to the disbanding of the police department.

7 So, because this was something that
8 the Division worked very closely with the
9 municipality on and that this action requested by
10 the Board was in accordance with those issues, I
11 advised Lake Como that they wouldn't need to appear
12 today.

13 So, if there's any questions from
14 the members, they can address them directly to me.
15 If not, I would entertain a motion and a second.

16 MR. AVERY: So moved.

17 CHAIRMAN CUNNINGHAM: Mr. Avery
18 moves.

19 MR. LIGHT: I'll second it.

20 CHAIRMAN CUNNINGHAM: Mr. Light
21 seconds. Roll call, please?

22 MS. McNAMARA: Mr. Cunningham?

23 CHAIRMAN CUNNINGHAM: Yes.

24 MS. McNAMARA: Mr. Avery?

25 MR. AVERY: Yes.

1 MS. McNAMARA: Ms. Rodriguez?

2 MS. RODRIGUEZ: Abstain.

3 MS. McNAMARA: Mr. Blee?

4 MR. BLEE: Yes.

5 MS. McNAMARA: Mr. Light?

6 MR. LIGHT: Yes.

7 CHAIRMAN CUNNINGHAM: Okay. The
8 next applicant listed on the agenda was the Borough
9 of South River. However, the Division staff asked
10 their bond counsel to explore a couple other
11 financing options. This application may come back
12 in the very same format the next month. However, we
13 wanted, given the interest costs, a little more
14 clarity whether, in fact, that was the best possible
15 deal for this application. So, it's deferred for
16 this month.

17 This would bring us to, right on
18 time, East Orange City.

19 MR. JOHNSON: Director, the mayor
20 would like to address the Board, please, on this
21 application. He's on his way now. He will not be
22 arriving until maybe 10:40, 10:45. I would ask
23 delay of this application until he arrives?

24 CHAIRMAN CUNNINGHAM: Okay. I'll
25 see if the next applicants are available. We'll

1 adjourn for a little while if we have to, but
2 hopefully we'll have enough critical mass of other
3 applications that we can go through.

4 So, if East Orange City isn't
5 available, while we await the mayor's arrival, we
6 would turn to Hackensack City, if they're available.

7 Good morning.

8 MS. GORAB: Good morning. How are
9 you? Good to see you. Lisa Gorab, bond counsel to
10 the City of Hackensack.

11 MR. MANGIN: James Mangin, chief
12 financial officer, City of Hackensack.

13 MS. CANESTRINO: Cathy Canestrino,
14 Deputy Mayor of the City of Hackensack.

15 MR. DiMaria: Frank DiMaria,
16 auditor for the city.

17 (James Mangin, Cathy Canestrino and
18 Frank DiMaria were sworn in.)

19 CHAIRMAN CUNNINGHAM: So, this is,
20 I guess, the third tranche or third round of
21 refunding bonds for tax appeals that are coming. I
22 know that the applicant has been here and explained
23 the issue in front of the Board, but I think it
24 would be helpful, just for purposes of making sure
25 that we have a complete record in the transcript, if

1 you can just, once again, put on the record the
2 situation that brought us to where we are, what
3 we've done thus far and then what this third round
4 contemplates.

5 MS. GORAB: Sure. Thank you. In
6 2014, the city, well, I will let the Deputy Mayor,
7 Ms. Canestrino, explain the history of the council
8 coming in and what occurred, but in 2014 the city
9 was in front of the Local Finance Board expressing
10 its plan to deal with its approximately \$30 million
11 estimated liability for tax appeals.

12 In 2014 we presented the plan,
13 which had some remedial action associated with it.
14 Today we will update you on that remedial action and
15 the city's success in and holding back the tide of
16 these appeals. But, in 2014, we received \$10
17 million approval. We financed 8.65 of tax appeals.
18 In 2015, we were back down for 10 million, the
19 second part. We financed 10 million 150 at that
20 time and then this morning we are here again for the
21 third tranche of 10,065,000.

22 We seek and we have sought to
23 finance these appeals over seven years. That has
24 been the financial plan that has lessened a somewhat
25 heavy burden on the taxpayers for this program. So,

1 today we are here again for the third tranche. We
2 don't know. In '14 the 30 million was an estimate.
3 We could be done. We could have a couple million
4 more as the application indicated, but we certainly
5 think the lion's share will end with this.

6 So, I guess I'd like to have Jim
7 Mangin, the CFO, address the specifics of the
8 financial issues.

9 MR. MANGIN: Good morning,
10 everybody. The City of Hackensack is here today, as
11 the Director explained, for the third phase of the
12 three-year plan that we presented back in 2014. You
13 know, and as Lisa explained, at that time we
14 explained the city was faced with approximately \$30
15 million in tax appeal refunds from tax years going
16 back as far as 2004. We explained at that time that
17 there were two components to the three-year plan.

18 First, we needed to stop new
19 appeals from being filed and, second, we needed to
20 finance the \$30 million liability. We're here today
21 to demonstrate how we've been successful in
22 achieving our goals in the first two years of this
23 three-year plan and to seek your approval for the
24 third phase.

25 To address the increasing number of

1 appeals that were being filed, what the city did was
2 we awarded a five-year contract to do a full city
3 wide reassessment in 2015, followed by four years of
4 rolling reassessments throughout the whole five
5 years. And it was our belief that five continuous
6 years of a strong equalization ratio would stop the
7 new appeals from being filed and would put us in a
8 better position to defend those appeals that weren't
9 filed. And that part of the plan is working out
10 just as well as we hoped that it would. Okay.

11 For the three years prior to last
12 year's city wide reassessment, the City of
13 Hackensack averaged about 739 county tax appeals
14 filed each year. This year, following the 2015
15 reassessment, we only had 315 county tax appeals
16 filed. To finance the \$30 million liability, as
17 Lisa explained, what we did is we broke it up into
18 three manageable components. We came down in 2014
19 to seek your approval for \$8,650,000.00 over seven
20 years. And what happened with that is that the tax
21 increase to the average Hackensack homeowner in the
22 2015 budget for the tax appeals was \$80.28, while
23 the rest of the entire 2015 budget was \$75.71. So,
24 that's \$80.00 in taxes, taxes for tax appeal, \$75.00
25 for the entire rest of the budget.

1 The second phase of the plan we
2 came down for approval in 2015, 10,150,000, and in
3 the 2016 budget, the tax increase to the average
4 Hackensack homeowner was \$81.30 for tax appeals and
5 \$21.77 for the rest of the entire budget. This
6 administration takes very, very seriously our
7 commitment to Hackensack taxpayers to try and fix
8 this appeal issue once and for all and to keep any
9 associated tax increase to an absolute minimum.

10 And we're here today to say that
11 the plan is clearly working okay. Okay. And we
12 fully recognize that if you approve the third phase
13 today, our taxpayers will be paying three
14 overlapping tax appeal refunds simultaneously. That
15 comes out to about an average of \$1,500.00 per year
16 to the average Hackensack taxpayer for almost ten
17 years. But, it's absolutely necessary for us to get
18 this tax appeal issue behind us so that we can set
19 the stage for what we really firmly believe will be
20 Hackensack's rebirth with a very extensive
21 redevelopment effort.

22 The third phase of the 2014 plan
23 that's before you today is seeking seven years
24 approval for 10,065,000 in tax appeal refunds.
25 Again, some go back as far as the 2005 tax year.

1 The administration will continue to complete what we
2 started in the first two phases of the plan and
3 that's to keep spending down as much as possible
4 while we're constantly looking for new revenue
5 sources.

6 Now, with the new appeals now
7 manageable and the financing of over \$28 million of
8 tax appeal liability, I wish I could say that we've
9 achieved everything that we've set out to do, but
10 the truth of the matter is that while we tried to
11 include every single one of these pre-2015 tax
12 appeals into this application, we just couldn't get
13 everyone in. Okay. There are still approximately
14 214 pending tax appeals at the time the application
15 was filed that we're still actively negotiating and
16 it's entirely possible, you know, that we may come
17 back next year with this \$3 million liability.

18 We're hoping to keep doing what
19 we've been doing and that's negotiate as hard as we
20 can to get the number down as much as possible, try
21 and absorb it into what's left of the 2016 budget
22 into the 2017 budget, but we want to be as
23 forthright as possible. It's a possibility we may
24 be back.

25 Now, in the hopeful event that we

1 don't have to come back, I just really want to take
2 a second and really thank the Local Finance Board
3 for the help that you've given the taxpayers of
4 Hackensack these last few years and those of us in
5 the administration, you know, in trying to address
6 this issue. It's, we've all said, it's very, very
7 easy to kick the can down the road, okay, but you've
8 given us a lot of help over the last two years, you
9 know, help, that's what we say is we're able to pick
10 the can up and throw it in the trash where it
11 belongs. And I really, really want to sincerely
12 thank you for that.

13 To give you a little bit more
14 insight, background on the issue I'm going to turn
15 it now to the Deputy Mayor Cathy Canestrino.

16 MS. CANESTRINO: Good morning.
17 First, I would like to thank all of you for taking
18 the time to analyze and review the bond application.
19 I stood before this Local Finance Board two years
20 ago, because when this council took office in 2013
21 we were faced with a \$30 million tax appeal problem
22 dating back, as CFO said, to 2004. As a council we
23 made two serious commitments to this. One, fix the
24 problem and, two, prevent it from happening again.

25 As I stand here today, I believe

1 that we have met both of those commitments. Our CFO
2 developed a three-part plan to address these tax
3 appeals head on with full support of the mayor and
4 council. This 2016 bond will enable us to
5 accomplish the third part of this plan while
6 providing the residents with a fiscally sound
7 solution.

8 The three main components of the
9 council's 2016 plan towards financial stability were
10 three part. One, control our expenditures; two,
11 increase our ratables; and, three, put an end to the
12 cost of tax appeals.

13 On the first initiative,
14 controlling our expenditures, our 2016 budget was
15 \$1.4 million. It was up two and a half million
16 dollars from our 2015 budget of 97.99. Of this two
17 and a half million dollars increase, \$1.5 million of
18 it alone was the addition of the bond that we
19 received last year, which means we controlled our
20 expenditures or kept our expenditures increase to \$1
21 million and that included everything, all insurance
22 increases, pension increases, salary increases.
23 We're very proud of our ability to do so.

24 As far as increasing our ratables,
25 in the past three years the city has been in the

1 process of a renaissance of our downtown. Currently
2 we have fully approved 1,200 residential units in
3 our downtown, which include 222 units in our first
4 building that just recently opened and has been
5 receiving COs. We're already 65 percent occupied.
6 The city has also approved multiple sites in our
7 much neglected downtown, which include a grocery
8 store, multiple medical offices and facilities, as
9 well as the opening of several new retail and
10 commercial establishments within the downtown. The
11 city was proud to receive transit village
12 designation this year and are already starting to
13 see increased development and taking full advantage
14 of our new pedestrian friendly city.

15 As far as putting an end to the
16 cost of tax appeals, as our CFO mentioned, we
17 completed our full reassessment this year and we
18 will continue the rolling assessments for the next
19 four years as we promised you when we came before
20 you. This has translated into a significant drop
21 off in the number of tax appeals. As Jim mentioned,
22 county tax appeals alone were averaging 700 to 750 a
23 year. This year it dropped down to 315. We saw a
24 55 percent decrease in the number of tax appeals
25 filed and, of course, as we all know, that does not

1 mean that these tax appeals are going to be
2 successful. On a state level, we were seeing an
3 average of about 328 filed at the state level and
4 that number dropped to 193 in 2016, for a decrease
5 of 41 percent of those filed at the state level.

6 If this reassessment had not been
7 done, our director's or equalization ratio would
8 have been at 82 percent instead of the current 100
9 percent, which would have the potential for millions
10 of dollars in additional tax issues. So, although
11 we faced, we're faced with this huge tax appeal
12 burden, I think we've proven that the city can
13 handle these bond issues without putting too much of
14 a burden on our residents and we plan to do the same
15 this year.

16 We are asking for the maximum term
17 allowable, because we want to limit the impact of
18 these bonds to the greatest extent possible. We
19 have made remarkable progress in our downtown
20 redevelopment and we have plans to continue to do
21 the same. I believe the changes that we have made
22 to our financial control and planning is what have
23 made our real estate developers eager to invest in
24 our city. The city council is asking this Board to
25 help us with the terms of this bond to enable the

1 city to meet its financial obligations head on and
2 pay for these tax appeals with minimal impact to our
3 city. Thank you very much.

4 CHAIRMAN CUNNINGHAM: Thank you. I
5 think that clearly sets out the issue. I think, as
6 I said, the applicant's been in front of the Board
7 twice. I note for the members that, again, I'm
8 reiterating what has been told to us, it should be
9 noted that a seven-year term would result in the
10 impact on the average assessed home of \$74.70 and
11 that's clearly more than the \$50.00 that we
12 typically try to limit increases to or at a minimum
13 I should say and I would also note that when the
14 city did an accelerated tax sale, it began setting
15 up a reserve, which I think is an additional prudent
16 course of action and reflective of the applicant's
17 intentions and success in dealing with the issue.

18 It's unfortunate that residents of
19 Hackensack are dealing with three tranches of
20 increases here, but a problem happened, it was
21 inherited, a solution is being developed for it.
22 And I think that I am, and I assume the rest of the
23 Board, share the municipality's goal of trying to
24 solve the problem with the least pain inflict upon
25 the citizens of the City of Hackensack.

1 I would ask the Board if they have
2 any questions on the application or anything in
3 terms of refreshing recollection of why it got here
4 or prior actions of the Board?

5 MR. BLEE: No.

6 CHAIRMAN CUNNINGHAM: Hearing none
7 then, I would ask for a motion and a second.

8 MR. LIGHT: I'll make a motion to
9 move the application.

10 MS. RODRIGUEZ: I'll second.

11 CHAIRMAN CUNNINGHAM: Mr. Light
12 motioned. Ms. Rodriguez seconded. Roll call,
13 please?

14 MS. McNAMARA: Mr. Cunningham?

15 CHAIRMAN CUNNINGHAM: Yes.

16 MS. McNAMARA: Mr. Avery?

17 MR. AVERY: Yes.

18 MS. McNAMARA: Ms. Rodriguez?

19 MS. RODRIGUEZ: Yes.

20 MS. McNAMARA: Mr. Blee?

21 MR. BLEE: Yes.

22 MS. McNAMARA: Mr. Light?

23 MR. LIGHT: Yes.

24 CHAIRMAN CUNNINGHAM: Thank you
25 very much.

1 MS. GORAB: Thank you. Thank you
2 very much.

3 CHAIRMAN CUNNINGHAM: Okay. I
4 believe the City of East Orange is available.

5 MR. JOHNSON: My name is Everett
6 Johnson from the law firm of Wilentz, Goldman and
7 Spitzer. I'm bond counsel of the city. I have to
8 my right, Mayor Lester Taylor. To his right, Steve
9 Wielkocz, auditor of the city, and Bill Senande to
10 his right who is the CFO, business administrator to
11 the city. Sitting down right now is Valerie
12 Jackson, director of economic development, and we
13 also have representatives from the corporation's
14 counsel's office, Ms. Khalifah Shabazz, and Ryan
15 Linder, sitting behind me.

16 (Lester Taylor, William Senande,
17 Steven Wielkocz, Ryan Linder and Valerie
18 Johnson were sworn in.)

19 MR. JOHNSON: The City of East
20 Orange is requesting the approval of this Board to
21 adopt a funding bond ordinance which appropriated
22 \$3.2 million and authorized \$3.2 million of
23 refunding bonds or notes to finance emergency
24 appropriations as authorized by local bylaw, which
25 allows the issuance of refunding bonds to finance

1 emergency appropriations. On August 22, 2016 the
2 city adopted a resolution to provide the
3 appropriation, authorized the issuance of emergency
4 notes to fund the payment of a judgment in the
5 amount of approximately \$1.9 million against the
6 city related to property owned by North Oraton Urban
7 Renewal, LP and came to approximately \$1.3 million
8 related to a settlement for property previously
9 owned by the housing authority commonly referred to
10 as Arcadian Gardens. We want to discuss a little
11 bit about each, starting with North Oraton and the
12 judgment, just to give you guys some background
13 regarding each of these emergency appropriations.

14 North Oraton Urban Renewal entered
15 into a 30-year pilot agreement with the city in
16 March of 1995 related to a 42-unit residential
17 low-income housing complex whereby North Oraton was
18 to make annual service charges to the city. After
19 receiving a certificate of occupancy for a period of
20 30 years, the charges were going to be based upon a
21 percentage of annual gross revenues generated at the
22 property.

23 In 2005, after ten years, the tax
24 collector discovered that North Oraton had not been
25 making its annual pilot payments nor submitting its

1 audited financial statements to the city, which
2 would have been utilized to calculate the annual
3 pilot payments due to the city. The tax collector
4 then unilaterally cancelled the pilot and sent the
5 property owner a tax bill in June 2005. The
6 property owner made a partial tax payment, however,
7 the city sold the unpaid balance at a tax sale in
8 December of 2005.

9 The property owner then filed an
10 appeal with the county tax board. Not being
11 satisfied with that decision, they then filed an
12 appeal of the tax court. The city, on the other
13 hand, filed a summary judgment motion at the tax
14 court, which was denied. Despite the December 2007
15 trial date, the court did not issue a preliminary
16 decision until May of 2014.

17 After issuance of a preliminary
18 decision, the court identified the parties to submit
19 additional information to be considered by the
20 court. Both parties obliged. Thus a final decision
21 was not issued in this matter until July of 2016, in
22 which the court reinstated the financial agreement,
23 because it found the tax collector had acted
24 inappropriately by unilaterally canceling the pilot.
25 The decision is currently under appeal by the city.

1 However, the appellate division denied the city's
2 request that the judgment be stayed pending the
3 outcome of the appeal. There are currently two
4 lienholders who the city has to pay according to the
5 court's judgment. There's Bulk Environmental, which
6 is owed approximately \$1,040,000.00 plus interest
7 and there's Tower Lien Associates, which is owed
8 approximately \$673,000.00 plus interest.

9 Even though the court did enter a
10 judgment in favor of the city against the property
11 owner, whereas the property owner would be
12 responsible for making pilot payments to the city
13 for amounts that were delinquent in previous years,
14 there's no guaranty that the property owner will
15 make those delinquent payments or, if made, when
16 they'll be made considering the history of not
17 making payments to the city for the larger part of
18 20 years. In the meantime, the city is liable to
19 reimburse the lienholders for approximately \$1.9
20 million plus interest, which is accruing.

21 With regards to Arcadian Gardens,
22 Arcadian Gardens was a low-income housing complex
23 owned and operated by the East Orange Housing
24 Authority. Around 2003 the authority demolished the
25 property and contemplated another project. However,

1 after the property was demolished, the city's tax
2 assessor removed the tax exemption, because she
3 believed the property was no longer being used for
4 an exempt purpose because it was now vacant land.
5 The tax collector then forwarded a tax bill to the
6 authority. When payments weren't made, the city
7 sold tax liens at various tax sales. Over the years
8 three liens have since improved on that site. The
9 first is in the amount of approximately \$950,000.00
10 held by Jimenez Realty. The second is for
11 approximately 360,000 held by Jimenez Realty and the
12 third is held by the city. Jimenez Realty proceeded
13 to foreclose on the property based on the tax lien
14 and the authority then filed a motion and asked to
15 remove the lien in 2012.

16 Since that point, the city
17 authority enter into a settlement agreement whereby
18 the property is going to be transferred to the city
19 for other redevelopment. In exchange, the city
20 would transfer other properties to the authority.
21 In the meantime, the city also entered into a
22 settlement with a lienholder, Jimenez Realty, and
23 the settlement agreement required the city to pay
24 Jimenez \$1.2 million plus interest. The interest is
25 capped at 2 percent if the payment was made by

1 October 27, 2015 and 5 percent thereafter. But, in
2 order to avoid the burden of the taxpayers the
3 payment owed to Jimenez, the city, with regards to
4 developing that site with developers, had the
5 developer agree to pay the money owed to Jimenez as
6 part of a letter of intent signed between the city
7 and the developer.

8 However, after more than a year of
9 negotiations and the developer not meeting the terms
10 of the agreement, that agreement was terminated in
11 June of 2016. The city then entered into
12 discussions with a second developer for that site in
13 June of this year and that also was terminated in
14 July of 2016.

15 So, having tried to avoid making a
16 payment out of its budget for over a year and not
17 currently having other prospects, but yet obviously
18 subject to the settlement agreement, the city has to
19 pay back Jimenez this, under the settlement terms,
20 the payment of 1.2 million plus interest. The city
21 believes that including these payments in next
22 year's budget will be unduly burdensome to the city.
23 So, the city desires to adopt a funding bond
24 ordinance to spread these payments over a period of
25 three years.

1 I want to turn over to Steve
2 Wielkocz to discuss a little about the financial
3 impact of paying that over a three-year period.

4 MR. WIELKOTZ: Thanks, Everett.
5 The one year impact would be approximately \$221.00
6 to the average East Orange residential taxpayer.
7 Obviously, that's a lot of money in any town for a
8 singular issue. East Orange, over the last couple
9 of years, has been successful under the mayor's
10 administration in getting its budget under control
11 to adopting structurally balanced budgets over the
12 last three years to slowly diminish the municipal
13 tax increase from year one to year two, year three.
14 I believe in year one the increase was around 4
15 percent. In 20 -- 4.5. Last year was 2.15 and in
16 2016 the adopted budget had a municipal tax increase
17 of 1.46 percent.

18 There's a lot of good things going
19 on in East Orange and to have to burden the city
20 taxpayer with this over one year would be
21 troublesome. Based on what the Board has approved
22 previously in terms of a per year tax increase,
23 technically, this would qualify for four years. The
24 four year would be \$55.00 a year. What the city is
25 asking is to be able to spread it over three years.

1 And the reason for that is, there are a number of
2 older tax appeal refunding bond issues that had been
3 approved by this Board back in '09, '11 and '13 that
4 are being paid in full. So, the city budget, which
5 in 2016 appropriated a little over \$2.7 million for
6 these refunding issues, if this repayment plan is
7 approved over three years the 2017 appropriation
8 would be a little over 2.1 million, 2018 would be a
9 little over 2 million and the same for 2019. So,
10 they'd be able to deal with it in three years
11 instead of four, accelerate the repayment.

12 And I'd just like to also for the
13 record say that, while prior to this administration,
14 this mayor, the City of East Orange had a propensity
15 for coming down to this Board on an annual basis to
16 fund tax appeal refunds, while in the first year of
17 the mayor's tenure, we came down in 2014 and this
18 Board approved a refunding bond issue for tax
19 appeals. We were able to deal with 2015's tax
20 appeals inhouse and we're dealing with 2016's tax
21 appeals inhouse, which I think just goes to show,
22 again, this is the third year of this
23 administration, back in '14 some of the Board
24 members were here, there was an issue when the mayor
25 took over with the water commission and some

1 liabilities that kind of floated, that pun, floated
2 to the surface that that new administration had to
3 deal with.

4 CHAIRMAN CUNNINGHAM: We met on
5 that. We met on that topic.

6 MR. WIELKOTZ: Yes. Yes. Yes.
7 And the Board was able to help the city get through
8 that. I'd like to be able to, I'd like to report
9 that at December 31, 2015 the water commission has a
10 surplus after running numerous years of deficits.

11 One of the other issues we talked
12 about back in '14 was the East Orange Golf Course.
13 There's been a huge investment. I happened to be
14 lucky enough to play on that golf course a couple
15 weeks ago and it's probably as good as any Essex
16 County golf course and they're making money.

17 So, again, with that I would then
18 turn it over to the mayor to give you a little more
19 background information.

20 MR. TAYLOR: Good morning, Mr.
21 Chairman, commissioners. Lester Taylor, Mayor of
22 the City of East Orange. I always start with the
23 vision for our city, which is to set the standard
24 for urban excellence and become a destination city.
25 In order to do that, we need the partnership of the

1 state, the county, the other stakeholders, whether
2 they be for profit or nonprofit in our city. I'm
3 very proud of the progress we have made. One of the
4 first priorities we made as a director level team,
5 some of whom are here today with me, is to breakdown
6 silence, so that each department is communicating
7 with each other.

8 As you heard Mr. Johnson and Mr.
9 Wielkocz say, these two issues that we're here for
10 today were the direct result of poor management in
11 the prior administration and unilateral decisions
12 that were made that are now triggering huge
13 consequences for, not just me as mayor, but the
14 65,000 residents of our city. We have a proven
15 track record now. Two years ago we were asking for
16 a little bit of faith and I thank the entire Board,
17 prior and current members, for having that faith in
18 my leadership, in our collective team's leadership.
19 Now we have some proven experience.

20 The water commission, I was just at
21 a seminar in Quebec City, Canada a few weeks ago. I
22 was invited to present to the Association of State
23 Governments. It's a national organization for state
24 level legislators and we were invited to speak on
25 blight, the great things we're doing in East Orange.

1 I'll talk about that in a second and also about our
2 water utility. It was great because that invitation
3 directly followed an article in the Star Ledger back
4 in June or July with the title, How An Old City New
5 Jersey Did Not Become Flint, Michigan and that city
6 was East Orange, New Jersey. And with your
7 partnership and your support for that bond we got
8 for our water utility to come out of the three and a
9 half million dollars deficit, we are now the shining
10 national example of how municipally owned water
11 asset, water utility can be effectively, efficiently
12 and ethically managed to not just produce safe and
13 clean drinking water, but also be able to create
14 revenue, to create jobs and stabilize our local
15 economy.

16 We're currently investing around
17 \$20 million through bonds that our council recently
18 approved to modernize and update that utility, but
19 none of that would have happened without your
20 initial support two plus years ago to make East
21 Orange that example.

22 Our golf course, as Mr. Wielkottz
23 referenced, is currently in the top five of North
24 Jersey bookings for golf courses with respect to
25 public golf courses. It's a phenomenal facility, a

1 phenomenal asset. It will only get better once the
2 clubhouse opens in six weeks. And quite frankly,
3 you're all invited to come and play a round and help
4 us out.

5 CHAIRMAN CUNNINGHAM: We would pay
6 our full fare.

7 MR. TAYLOR: That was almost like a
8 wedding invite situation. It will cost you to come.

9 You know, I know there's some
10 questions about, you know, travel. Quite frankly,
11 my first year in '14 I probably didn't go anywhere.
12 Last year, you know, there were various seminars, et
13 cetera. We have ten council members. So, we have a
14 lot of people that are interested in going places.
15 We're implementing best practices to reduce that.
16 Quite frankly, this year we're already spending half
17 what we spent last year on travel. So, we
18 identified the issue. We're correcting it before
19 your questions are even raised.

20 Meals, we're at about a quarter of
21 what we spent last year with the various
22 departments. And before I go any further, coming
23 from my private life, you know, there's a certain
24 level of, you have to spend money to make money, so
25 to speak. Some of these investments we're making

1 are directly geared towards creating an environment
2 where people want to invest in our city. City
3 investment means if it's food for a meeting. We
4 have more community meetings than probably every
5 city in Essex County combined with our public, with
6 stakeholders, with investors, et cetera. I don't
7 want them buying me anything. So, we provide the
8 doughnuts sometimes.

9 We just had a meeting yesterday
10 with the East Orange Property Owners Association,
11 because our biggest investment vehicle in our city
12 is residential landlords. So, they have created an
13 organization that I meet with quarterly. I present
14 it with Investors Bank and myself to this group that
15 represents hundreds of millions of dollars of
16 investment in our city. And the gentleman from
17 Investors referenced that while Brooklyn is white
18 hot with respect to their investment portfolio,
19 they're looking to pull out because the prices are
20 getting so out of whack. The second best market in
21 their portfolio between New York, New Jersey is East
22 Orange, New Jersey. So, we're well on our way.

23 Valerie Jackson, I know there's a
24 question about her salary. She got a raise. She
25 was making a hundred thousand dollars when I took

1 office and, guess what, I didn't give her a raise.
2 I told her she had to earn it. And, yeah, I gave
3 her a \$15,000.00 raise, but guess what she did.
4 She's tripled the amount of private investment in
5 our city in the last two and a half years.

6 My, the police chief, the former
7 police chief, yeah, he got a \$20,000.00 raise from
8 120 to 140. But, guess what. He's the lowest paid
9 police chief in the entire State of New Jersey.
10 East Orange is a state in a city, in the entire
11 state, if not the country, of our size and
12 demographics.

13 And so the decisions that we're
14 making economically are directly tied to performance
15 and output of our leadership team, but also geared
16 towards attracting and retaining the best qualified
17 people to provide a service, not just to me, but to
18 the 65,000 people who live in the City of East
19 Orange. We just respectfully request that our
20 application be reviewed on the merits and that it be
21 approved based upon our prior positive performance.
22 Thank you.

23 CHAIRMAN CUNNINGHAM: Thank you,
24 Mayor. I just want to note, I feel compelled to
25 note for the record, the information you provided to

1 the Board today is helpful, but it was not in the
2 application. And we did a conference call on this
3 matter and we couldn't glean anything near what was
4 presented to us today. So, I appreciate the efforts
5 that have been put forth to try to bring more
6 information to the Board. We were looking at the
7 information available to us and the question at the
8 staff level we need to know is, what makes this an
9 emergency? Why did it happen? How can we be
10 assured it won't happen again? What is the impact?
11 And we had certain components of that, but not the
12 full picture.

13 I think this is helpful. I think
14 that the fact that there were two invalidated tax
15 lien sales and the fact that one of them resulted
16 when the tax collector billed the housing authority
17 is certainly unusual. Maybe I'll leave it at that.

18 The other one was North Oraton. We
19 spent a considerable time looking at that, talking
20 to you about it and discussing amongst yourselves
21 and listening to Everett's presentation today, you
22 know, the idea that a pilot could go that wayward
23 for that long a time is pretty shocking and it
24 certainly offers the Board a little comfort that
25 East Orange was minding the store and, Mayor, I

1 recognize fully that was prior to your tenure.
2 That's not at all directed towards you or your
3 staff.

4 I do appreciate the fact that you
5 brought numerous colleagues with you to help answer
6 questions, although I do want to say that I think
7 the presentation that's been brought forth in front
8 of the Board has provided a significant clarity.

9 I do want to address the travel
10 issue, which I certainly appreciate your comments
11 and the fact that we note as well the expenditures
12 of travel are significantly less, but there are a
13 lot in some fairly desirous locations. I'm a big
14 Vegas fan myself having stayed at the Stratosphere.
15 But, when I see seven room reservations at the
16 Stratosphere and I see different amounts, it causes
17 me to wonder why is someone paying \$430.00 for a
18 room when, Mayor, your room is only \$173.00.

19 MR. TAYLOR: I questioned why we
20 stayed at the Stratosphere to begin with.

21 CHAIRMAN CUNNINGHAM: I would have
22 stayed a little further down the strip, if I was
23 you, but that's me. The Washington Hilton, the
24 Washington Marriott, Fort Lauderdale, Florida, you
25 know, that's concerning. I realize that East Orange

1 isn't a transitional aid municipal. But, it's,
2 nevertheless, a New Jersey municipality that
3 struggles as we all do with doing more with less.
4 And, you know, I've heard your testimony today that
5 you're beginning to curb that, but it is something
6 that, you know, it pops to the Board's attention.

7 We reviewed for this meeting, you
8 know, I don't know how many we had when we first
9 started, what you see on the agenda today, we've
10 taken numerous applications off. If we reviewed 25
11 applications for a meeting, we don't typically see
12 this level of travel, this level of meal and
13 expenses. So, I'm going to certainly, as I have no
14 reason not to, Mayor, take you at your word that
15 that's going to continue to be reigned in, but it is
16 an issue.

17 As far as the raises go, I think
18 sometimes when information is presented in a vacuum
19 it's just not made clear to the Board maybe what's
20 happening and when someone sees a percentage raise
21 of 9 percent or something like that, without having
22 the context that maybe it was a salary saved here,
23 because someone's taking on additional duties, that
24 may very well be prudent management. When that's
25 not communicated to the Board that, I won't say

1 justification, but that explanation isn't provided,
2 it leads us to ask difficult questions and I'll
3 bring one up as an example. Chris Coke. So, we see
4 a 66.7 percent raise. I think I know Mr. Coke. I
5 think he was in Paterson for a while. Talented
6 young man as I recall.

7 MR. TAYLOR: Excellent.

8 CHAIRMAN CUNNINGHAM: He does an
9 excellent job. But, I'm guessing, I'm guessing,
10 Mayor, that, you know, your personnel director
11 didn't get up one day and say, hey, we're going to
12 raise his salary by two-thirds. So, I'm sure
13 there's some situation going on here that, you know,
14 maybe there was a new job or a different job or
15 something like that and that's what, you know, would
16 have been helpful for us to see. So maybe you just
17 want to address that as an example.

18 MR. TAYLOR: Thank you. I would
19 love to straighten the record on that. Director
20 Coke is presently the Director of Public Works for
21 the City of East Orange. About a year and a half
22 ago he assumed the position of Acting Director of
23 the East Orange Water Commission. That position was
24 vacant since about 2013 when the prior director was
25 indicted and the deputy director was indicted. One

1 is now in jail. One has since expired prior to
2 going to jail. The prior DPW director, Michael
3 Johnson, prior to my taking office, was appointed to
4 serve as the Acting Director of the East Orange
5 Water Commission and he received a stipend in
6 addition to his DPW salary, about 40, 45 some odd
7 thousand dollars, I believe.

8 When Michael Johnson decided to
9 seek other employment and we brought Director Coke
10 on, we, through the Board of Water Commissioners,
11 appointed Director Coke to be the head of the Water
12 Commission at a significantly less stipend than Mr.
13 Johnson was receiving. There was an inherent
14 savings right there of about 13 to \$15,000.00, I
15 believe, in 2015 I think was Director Coke came on
16 board. After positive performance, after generating
17 a surplus or fund balance at the water utility,
18 after successfully managing multi-million dollar
19 projects and stabilizing that, structure of that
20 organization, after not selling or entering a long
21 term lease with a private company, but rather a
22 short term deal with Delia Water to be able to
23 strengthen the capacity and internal controls at our
24 asset, yeah, the commission, with my support, gave
25 him an increase in his stipend that was comparable

1 to what the prior guy, Mr. Johnson, had received,
2 but also still about a hundred thousand dollars less
3 if we would pay for a standalone executive director.

4 MS. JACKSON: And I would also like
5 to add -- Valerie Jackson -- Chris Coke is my peer.
6 We co-managed the renovation of the golf course and
7 also the recovery of the golf course. So, not only
8 was he doing those two jobs, but he also was
9 partnering with me in restructuring and
10 reestablishing the golf course.

11 CHAIRMAN CUNNINGHAM: We have 565
12 municipalities, not all of them come in front of the
13 Board immediately, but when we see, we don't know
14 all of those circumstances. So, you know, to hear
15 that and offer those explanations. But, there were
16 some, you know, there were some significant
17 increases. I mean, we did see, you know, 14 plus
18 percent for a confidential secretary and we saw 15
19 some percent for a confidential assistant. And that
20 warrants our attention and questions.

21 So, let me just for a minute go
22 back to the true purpose of the application, which
23 were the two invalidated tax lien sales and,
24 Everett, I think it was in your portion of the
25 presentation, going back to Arcadian Gardens, so did

1 I hear you say that the housing authority is
2 swapping out properties or the city is giving other
3 properties?

4 MR. JOHNSON: Yes, that is correct.
5 So, Arcadian Gardens, which is vacant land, is now
6 going to be acquired by the city and the city is
7 going to be in charge of developing that land. And
8 in exchange the city is going to provide the housing
9 authority other city owned properties that the
10 housing authority can utilize.

11 CHAIRMAN CUNNINGHAM: Excuse me one
12 second. I'm sorry about that.

13 MR. JOHNSON: That's fine. That's
14 an eradicated liability to the lienholder.

15 MR. TAYLOR: Basically, if I may,
16 that property was the subject of litigation for a
17 better part of a decade before I took office. We
18 were able to settle it in about six months. To get
19 the housing authority underway, we had to get the
20 city title, we had to go through HUD and we had
21 agreed to a land swap, essentially, with a smaller
22 parcel of land in the city so the housing authority
23 would invest title with us and so we could negotiate
24 directly with a third-party lienholder. We've had
25 one, if not two, near misses with developers, one of

1 which was designated.

2 MS. JACKSON: It was Burrows
3 Development.

4 MR. TAYLOR: Burrows Development, a
5 very reputable, large developer with the resources
6 to start to complete projects. They were designated
7 at Arcadian Gardens with the intent of bringing a
8 warehouse, distribution site there. The deal fell
9 through. Unbeknownst to me, they were also
10 interested in acquiring property owned by PSE&G and
11 they were interested in UPS. UPS. Had we known
12 that, we wouldn't have designated them. We could
13 have told them to answer. When they pulled out, we
14 currently have two to three interested developers
15 who are presently, we've already had one round of
16 interviews with the council for development
17 committee and we have another round coming up
18 shortly where we anticipate designating a developer
19 for the site, hopefully within the next month or
20 two, to start construction on a site that's been
21 vacant and blighted for the last 20 years.

22 CHAIRMAN CUNNINGHAM: Okay. One
23 question that I asked of your team when we were on
24 the phone is, if we knew that these large, potential
25 liabilities were outstanding, how come reserves

1 weren't set up. And I think the answer I heard from
2 the team is that the municipality felt somewhat
3 confident that there wasn't a liability or it didn't
4 perhaps know the magnitude of the liability. Is
5 that the testimony that's in front of the Board
6 today?

7 MR. JOHNSON: I think on the
8 Arcadia Gardens side, as I mentioned before, they
9 thought they had a deal with a developer for the
10 Arcadia Gardens that was going to make that payment
11 and that was ongoing for over a year and that deal
12 was just terminated back in June. So, they thought
13 they had a fix for that.

14 CHAIRMAN CUNNINGHAM: On North
15 Oraton?

16 MR. JOHNSON: On North Oraton, and
17 I have Ryan Linder who handled that case to
18 intervene if I say anything, if I'm misquoted, but
19 on North Oraton that was a property whereas they
20 disputed that lien and they're appealing that
21 decision right now, but, unfortunately, the
22 appellate court, while hearing the appeal, denied
23 the motion to stay the payment of the judgment
24 during the appeal process. So, once again, the city
25 would assume that they knew ahead of time had

1 appealed the decision if it was not in their favor
2 and assumed they would not be liable for the payment
3 until the appeal was heard and that was denied.

4 CHAIRMAN CUNNINGHAM: I think
5 that's a perfectly acceptable and fair answer. I
6 know I've asked a lot of questions of the applicant.
7 I would ask my colleagues whether they had any
8 issues.

9 If we could, I'm just getting a
10 call from a building down the street that expects my
11 immediate time. So, if you could, I'd ask for just
12 a very quick five minute recess and I'll be back as
13 quickly as I can take this.

14 (Recess taken.)

15 CHAIRMAN CUNNINGHAM: Mayor, I do
16 apologize for the interruption. When we left, I was
17 just asking, I said I asked a lot questions of the
18 applicant. Obviously we had multiple conversions
19 about this application and I just wanted to know
20 whether any of my colleagues had any additional
21 questions or ground that I failed to cover.

22 Hearing none, so I think what I
23 would say as a preamble to a vote on the application
24 is sometimes despite the best efforts of
25 municipalities, mistakes happen and sometimes

1 mistakes might be just a word, but what happened in
2 East Orange, again, before the current
3 administration is nothing short of unfortunate, but
4 it's not that much different than the prior
5 applicant when Hackensack came in front of us and
6 said, hey, someone left a whole folder of tax
7 appeals in the drawer and years later now we have a
8 \$30 million issue.

9 So, what's this Board's recourse?
10 What's this Board's responsibility? I think the
11 Board's responsibility is to the taxpayers and I
12 think that our responsibility isn't a judicial
13 responsibility. It's not even a corrective
14 responsibility. I don't think that it's our job to
15 try and seek, you know, recourse or any type of
16 punishment against the municipality or the
17 officials. I think it's really to protect the
18 taxpayers and say, what is the most fair deal for
19 the taxpayers. And I think that the fact that the
20 taxpayers are going to be paying under this
21 arrangement an extra \$52.00, \$85.00, and \$84.00 over
22 the next couple years is likely the best way to
23 smooth out an unfortunate situation.

24 Mayor, I certainly take you at your
25 word with your efforts to redevelop the properties,

1 with your efforts to curb travel expenses and with
2 your continued efforts to, I'd say, maximize your
3 salary account in a way that is efficient while
4 maintaining operations. So, while I don't think the
5 Board is anymore thrilled than you were to learn of
6 these two situations, I think we, nevertheless, have
7 to agree upon a solution that, as I said before, is
8 in the best interest of the taxpayers of East Orange
9 and I have no reason to believe that the arrangement
10 that's been proposed by your professional team is
11 not that arrangement.

12 So, again, unless any of the, of my
13 colleagues on the Board have additional comments or
14 concerns on it, I would seek a motion and a second
15 to approve the application as submitted in front of
16 the Board.

17 MR. BLEE: Motion.

18 CHAIRMAN CUNNINGHAM: Mr. Blee
19 makes a motion.

20 MS. RODRIGUEZ: Second.

21 CHAIRMAN CUNNINGHAM: Ms. Rodriguez
22 seconds. Take roll call, please, Pat?

23 MS. McNAMARA: Mr. Cunningham?

24 CHAIRMAN CUNNINGHAM: Yes.

25 MS. McNAMARA: Mr. Avery?

1 MR. AVERY: Yes.

2 MS. McNAMARA: Ms. Rodriguez?

3 MS. RODRIGUEZ: Yes.

4 MS. McNAMARA: Mr. Blee?

5 MR. BLEE: Yes.

6 MS. McNAMARA: Mr. Light?

7 MR. LIGHT: Yes.

8 MR. JOHNSON: Thank you.

9 MR. TAYLOR: Thank you.

10 CHAIRMAN CUNNINGHAM: City of Union
11 City.

12 (Susan Colditz and Dan Mariniello
13 were sworn in.)

14 CHAIRMAN CUNNINGHAM: Good morning.
15 So, the City of Union City is in front of us
16 regarding proposed issuance of bonds pursuant to the
17 Qualified Bond Act. I do have a couple questions,
18 but maybe before I jump in, I think I'm a little
19 tired from talking on the last application, what I'd
20 ask you to do is maybe just put the application
21 forward and put it on the record.

22 MS. STIEFEL: Thank you. My
23 pleasure. Good morning. My name is Jeanne Stiefel.
24 I'm with Parker McKay and our firm is bond counsel
25 to the City of Union City. The application that was

1 filed and you have before you is seeking approval to
2 issue \$10,300,000.00 of qualified general obligation
3 bonds at the City of Union City in accordance with
4 the provisions of the Municipal Qualified Bond Act.

5 The bond proceeds will be used for
6 two purposes. The first one is to permanently
7 finance approximately \$10,182,000.00 of maturing
8 principle of outstanding Hudson County Improvement
9 Authority bond anticipation notes. And the second
10 purpose is to finance approximately \$118,000.00 of
11 new money capital improvements.

12 This application was filed in
13 compliance with the requirement of this Board's
14 October 8, 2014 resolution that all future capital
15 bonding authorizations of the city first receive
16 Local Finance Board approval. I note for the record
17 that subsequent to submission of this application,
18 the city has provided additional information, as
19 well as clarification to the Local Finance Board
20 staff regarding questions on the refinancing of the
21 authority notes and the bond ordinances compromising
22 the temporary note borrowing for the new money for
23 capital projects.

24 We are here and happy to answer any
25 additional questions the members of this Board may

1 have.

2 CHAIRMAN CUNNINGHAM: Thank you.
3 So, the two areas that I'd like to put on the
4 record, I guess I'll start with the one that
5 concerns me the most. This is a long time for some
6 of the stuff. I mean, those have been outstanding
7 for a long time and now almost reached maturity.
8 That's concerning and I do think that the applicant
9 should address that on the record. And the second
10 thing I just would ask you to address on the record
11 as well is just a summary of the new money piece in
12 terms of what the projects that are being financed
13 are.

14 So, if you guys would take those
15 two questions and answer it.

16 MR. MARINIELLO: So, I'll start for
17 a second. Just with regards to, Director, the issue
18 with the notes, the city obviously has been going
19 through, over a number of years now, significant
20 budget constraints, so on and so forth, and the
21 short term market interest rates have been
22 phenomenal with what they've been able to get,
23 especially through the ACIA program. They have
24 notes outstanding in this particular ACIA note
25 transaction and then they have another piece of

1 notes in the second ACIA pool and they benefited
2 very well from that.

3 They also have a debt portfolio
4 that includes significant bonds that are retiring
5 after next year. So, it's been a, you know, ongoing
6 discussion as to how we and when we permanently
7 finance these notes. And over the last number of
8 months there's been a lot of discussions, not just
9 with permanently financing these notes, but the
10 notes that come due in April as part of the ACIA
11 pool starting to permanently finance those. We've
12 been trying to at least look at a schedule that
13 phases in this permanent financing, because the
14 significant increase in debt service annually from a
15 permanent finance deal versus the interest paid on
16 the notes in this particular case has been very
17 significant to the city's budget.

18 CHAIRMAN CUNNINGHAM: I understand
19 the attractiveness of the short term rates, but the
20 long term rates have been pretty attractive as well.

21 MR. MARINIELLO: There's no
22 question about that and I agree with you. And,
23 again, it goes to that combination of paying both
24 principle and interest annually, you know, based on
25 that permanent financing. This is a 14-year

1 financing. So, permanently financing both the full
2 principle and even the low interest rate interest is
3 a significant hit to the budget. So, we understand
4 that and it's been a balancing act that we have
5 ongoing discussions with all the time. As for the
6 new money piece, maybe Sue could address that.

7 MS. COLDITZ: We wanted to try to
8 get some new money, because our budget is very tight
9 and to put the issuance clause into our budget would
10 have hurt us a little bit for this year, because we
11 weren't really anticipating it. So, we figured the
12 new money would help us to cover the cost of
13 issuance.

14 Now, in addition to what Dan said,
15 the city really hasn't had a CFO. I've just been
16 there two years just about and it was really nobody
17 permanent that was actually looking at all this.
18 And now it's been coming to my attention and we've
19 been meeting, we've been talking and we've been
20 trying to figure out how to permanently finance, but
21 how to permanently finance and help our budget. And
22 by, you know, the bands, doing the bond in October
23 it saves us about 450,000 that we have to budget.
24 And then in two years it's going to drop about 1.9
25 just in principle for the one that's going to be

1 completely paid. So, it's going to help our budget
2 going forward. I think even if we were talking
3 about an April one also. I think that's going to,
4 the two of them are going to help us and I still
5 think with the bonds that are coming off, it's going
6 to save us a lot of money. I think the interest is,
7 like, 2 million.

8 MR. MARINIELLO: Right.

9 MS. COLDITZ: And the bonds at 1.9,
10 the last payment, so we won't have that in our
11 budget going forward and this is going to replace
12 it, but I don't believe it's going to be as much.

13 CHAIRMAN CUNNINGHAM: Can you talk
14 about what the new money piece is being used for?

15 MS. COLDITZ: I forget which
16 ordinance it was being used for. We have an
17 ordinance.

18 MS. STIEFEL: 2014-1.

19 MS. COLDITZ: The new bond
20 ordinance that we came before the Board for the 35
21 million, it's going to be covering a piece of that
22 also. We have been doing bands for that, so we have
23 money to make, to do the projects and we were going
24 to use that towards some of that money, that bond
25 ordinance. It's a \$35 million ordinance. So,

1 little by little we need to just, we've been
2 discussing with Dan how we should handle it.

3 MS. STIEFEL: I have to say, I
4 believe it's section seven of that ordinance that
5 has the least of the component, what I'll call the
6 component.

7 CHAIRMAN CUNNINGHAM: Could you
8 read some of those components off to us?

9 MS. COLDITZ: If you recall, we had
10 street improvements, park improvements, DPW
11 relocation, we had DPW equipment, we had some city
12 hall renovations and the Weehawken Reservoir item.
13 The police department we renovated and got all new
14 radios and cameras and everything else. That was
15 about four million. So, you know, that, I was here
16 for that, so I know a lot about it.

17 CHAIRMAN CUNNINGHAM: Questions
18 from the Board?

19 MS. COLDITZ: We'll probably see
20 you in April, too.

21 MR. MARINIELLO: It's not as
22 exciting as last time.

23 CHAIRMAN CUNNINGHAM: I'm sorry.
24 Idida?

25 MS. RODRIGUEZ: Nothing. I'm

1 reserving comment.

2 MS. COLDITZ: I think the city is
3 in better shape than when I got there two years ago.
4 The past two years we've had surplus. We've been
5 able to use helping the budget. We've been trying
6 to decrease transitionally. As you know, Union City
7 doesn't have any open space. It's hard to get new
8 revenue. We've increased some ordinances for UCC
9 fees and EMS fees and we're working towards
10 recreation fees.

11 CHAIRMAN CUNNINGHAM: I want to
12 note for the record that Union City wasn't mentioned
13 as a transitional municipality as a result of
14 receiving transitional aid, we will continue to
15 monitor assign. The monitor has been working
16 closely with the city. I occasionally have
17 conversations with the mayor as well. I realize the
18 city is trying to do better. We're trying to help
19 the city get better. I think that the 14-year
20 maturity on this is a little uncomfortable for me,
21 but I, nevertheless, want to continue the progress
22 and try to get to a point where, you know, we can
23 get Union City off the transitional aid.

24 MS. COLDITZ: Definitely working
25 towards that.

1 CHAIRMAN CUNNINGHAM: I'll leave my
2 comments at that. Any other questions?

3 MR. AVERY: I request we approve.

4 CHAIRMAN CUNNINGHAM: Mr. Avery
5 moves.

6 MR. BLEE: Second.

7 CHAIRMAN CUNNINGHAM: Mr. Blee
8 seconds. Roll call, please?

9 MS. McNAMARA: Mr. Cunningham?

10 CHAIRMAN CUNNINGHAM: Yes.

11 MS. McNAMARA: Mr. Avery?

12 MR. AVERY: Yes.

13 MS. McNAMARA: Ms. Rodriguez?

14 MS. RODRIGUEZ: Yes.

15 MS. McNAMARA: Mr. Blee?

16 MR. BLEE: Yes.

17 MS. McNAMARA: Mr. Light?

18 MR. LIGHT: Yes.

19 MS. STIEFEL: Thank you for your
20 support.

21 MS. COLDITZ: Thank you.

22 CHAIRMAN CUNNINGHAM: Dan, you're
23 staying for Weehawken Housing Authority?

24 MR. MARINIELLO: Yes.

25 (Dan Mariniello and Lisa Petrosky

1 were sworn in.)

2 MR. MARINIELLO: Dan Mariniello,
3 financial advisor to the Weehawken Housing
4 Authority. Lisa Petrosky is here as well from my
5 firm who has been working intently on this project.
6 We have been before the Board numerous times before
7 with regards to housing authorities and their
8 participation in this Rental Assistance
9 Demonstration program that HUD has created that will
10 allow for housing authorities in the future, today
11 and in the future, to finance projects on their own.
12 The transformation from the public housing financing
13 funds at HUD to the Section 8 funding levels at HUD,
14 the issue, as I've mentioned many times before,
15 congress has not been funding the public housing
16 funds at the levels necessary to properly run these
17 facilities. Currently they're at approximately
18 about 80 percent of what they should be getting from
19 a funding standpoint annually. And HUDs response to
20 that is to move that to the more successful Section
21 8 program, which is more based on rents. This
22 allows the housing authorities to own the properties
23 and then go out and secure financing based on a lien
24 on those properties.

25 Prior to this program, a housing

1 authority could not do that. This program allows
2 them to do that and many of these housing
3 authorities have significant capital needs that to
4 get done and the only way to finance those projects
5 is to go through the RAD program, transfer to a rent
6 funding subsidiary and try to secure a mortgage
7 based on that.

8 Weehawken Housing Authority has one
9 building, 525 Gregory Avenue. It's 99 units. It's
10 a senior building. The not to exceed number in our
11 application is 1.2. We're hoping right now it stays
12 at the one million number that we're anticipating.
13 The bond funds, along with current reserves and
14 money that has been put aside by HUD, will pay
15 approximately 870,000 into the capital reserve
16 account for needed improvements, financing costs and
17 319,000 to pay off an existing New Jersey HMFA bond
18 issue that the authority was a part of.

19 We went out and took bids for banks
20 to issue tax bonds with. We are going to privately
21 place them with Lakeland Bank, which was the
22 successful bidder. The loan will be for 20 years.
23 There is a prepayment penalty in the loan. However,
24 we negotiated a zero penalty if we pay up to 10
25 percent of the original principal amount. So, in

1 our minds and our models we don't see there's going
2 to be any affect of a prepayment penalty. The cash
3 flows that we have based on the rents show that we
4 will be able to actually pay off this loan a lot
5 sooner than the 20 years. That's the financing.
6 That's the program.

7 I'm not sure if Lisa, Lisa has been
8 intent on going through the engineer studies which
9 comes up with all the capital improvements. I would
10 like to say, though, Lisa and I are here from NW.
11 The executive director is out of the country this
12 month, this week actually, not for the whole month,
13 and the chairman was unable to get out of work to
14 come down here today.

15 CHAIRMAN CUNNINGHAM: For my
16 colleagues on the Board, that was made aware to us
17 prior to the meeting today. I said that I would
18 accept Dan and Lisa's presentation of the
19 application, but I guess what would be helpful to us
20 is, you know, just as we've typically done when
21 you've come in front of us with these RAD deals, if
22 you'd give a brief presentation of the types of
23 improvements that would be financed?

24 MR. MARINIELLO: Sure.

25 MS. PETROSKY: What we're looking

1 at doing at the property is there's going to be
2 water saving improvements implemented immediately,
3 new faucets, new shower heads, new toilets to save
4 some money. They are going to do elevator work.
5 The building is approximately 30 years old. It's a
6 senior building. So, it's still in good shape, but
7 kitchens will all be replaced, bathrooms will be
8 upgraded. We're looking at doing common area
9 flooring and luckily it's a senior building. It
10 gets a lot less wear and tear and it was also part
11 of the capital fund program. So, some other
12 improvements have been made over the last couple
13 years.

14 MR. MARINIELLO: When the authority
15 entered into the original NJHMFA bond issue they did
16 some significant capital work, which I think was in
17 2007, and since then they've been managing the
18 capital improvements within their current budget.
19 So, the building is actually in very good shape,
20 which is why we're able to keep the financing down
21 to just a million dollars.

22 And as I mentioned before, what's
23 important to note in this program, HUD requires you
24 to not only fund the improvements that are necessary
25 today, but they make you deposit enough money into

1 your capital reserve account that, along with your
2 annual deposits, will meet the capital needs over
3 the next 20 years.

4 MS. PETROSKY: And there's always
5 additional funds available in case something happens
6 that wasn't scheduled out.

7 CHAIRMAN CUNNINGHAM: I know we've
8 seen a number of these deals over the last couple
9 months in light of HUDs transition to the RAD
10 program. There's nothing inconsistent, including
11 cost of issuance is consistent with prior applicants
12 we had seen. So, I think we asked all the questions
13 we had at the staff level and I have no others today
14 with the exception of a couple things as it relates
15 to, I mean, I think there's questions, the audits
16 not being filed, the budget had been filed late, and
17 there was those types of issues and I was just
18 hopeful that you could either address them now or
19 assure us that the housing authority's committed to
20 correcting these deficiencies.

21 MR. MARINIELLO: Sure. And not
22 only is that an important thing for you to be
23 concerned about, but it was also important for us
24 and in our negotiations and discussions with the
25 bank. So, it is important that they have and with a

1 little bit of a push and made sure that their audit
2 will be completed very shortly.

3 MS. PETROSKY: They have it in
4 draft right now.

5 CHAIRMAN CUNNINGHAM: It's in draft
6 right now?

7 MS. PETROSKY: It's in draft right
8 now.

9 CHAIRMAN CUNNINGHAM: Had it not
10 been the situation where he was out of the country,
11 I think I would have been less comfortable not
12 having that appearance, but I can accept that
13 representation.

14 Any other questions from the Board?

15 MS. RODRIGUEZ: Just to piggyback
16 on what you were saying, I really like when these
17 kind of deals come in front of us. I think it's the
18 wave of the future, the path for these public
19 housing projects are going to be financed
20 ultimately. So, I would say it's positive with
21 these projects.

22 CHAIRMAN CUNNINGHAM: You care to
23 make a motion with that?

24 MS. RODRIGUEZ: I make a motion.

25 CHAIRMAN CUNNINGHAM: Idida made a

1 motion.

2 MR. BLEE: Second.

3 CHAIRMAN CUNNINGHAM: Mr. Blee
4 seconds. Roll call, please?

5 MS. McNAMARA: Mr. Cunningham?

6 CHAIRMAN CUNNINGHAM: Yes.

7 MS. McNAMARA: Mr. Avery?

8 MR. AVERY: Yes.

9 MS. McNAMARA: Ms. Rodriguez?

10 MS. RODRIGUEZ: Yes.

11 MS. McNAMARA: Mr. Blee?

12 MR. BLEE: Yes.

13 MS. McNAMARA: Mr. Light?

14 MR. LIGHT: Yes.

15 CHAIRMAN CUNNINGHAM: We'll move to
16 the other RAD program from the Bergen County Housing
17 Authority.

18 (Dan Mariniello, Lisa Petrosky and
19 Lynn Bartlett were sworn in.)

20 MR. MARINIELLO: Again, this is
21 another housing authority going through, making a
22 transition through the RAD program. The Bergen
23 County Housing Authority, not to go through, if you
24 don't mind, Chairman, the whole RAD program and the
25 benefits of the RAD program, but Lynn is here as the

1 executive director of the housing authority and they
2 have gone through this program, made their
3 application and have actually gone through the
4 approval process with HUD and are here now seeking
5 findings and approval so that we can actually close
6 on this transaction very quickly.

7 Bergen County Housing Authority is
8 a much bigger housing authority than just some of
9 its public housing. They administer 3,500 Section 8
10 vouchers and have six buildings in the public
11 housing program. All six of those buildings are
12 transferring through the RAD program here. So, this
13 particular application has the larger \$4.36 million
14 of the bond issue, but it's really five series
15 underneath for each of the different projects that
16 are going through the program separately. So, we
17 had to separate them for HUD's distinction, but from
18 a total financing standpoint it's going to be one
19 larger financing.

20 The projects are in Rutherford --
21 actually, you have the list of the application, but
22 there's a project in Rutherford, East Rutherford,
23 Lyndhurst, Dumont, Palisades Park, Mahwah and
24 Ramsey. That's a total of 503 units, four of them
25 are senior buildings. The two in Ramsey and Mahwah

1 are family projects.

2 The, once the bond size was
3 determined, Bergen County had an interesting
4 opportunity unlike the other housing authorities
5 where they have, the county has a nonprofit, the
6 Housing Development Corp. of Bergen County, that has
7 funds available to make investments in affordable
8 housing throughout Bergen County and are able,
9 because of their charter and their board, do that at
10 a very low interest rate.

11 In this particular case, the loan
12 is a 30-year loan at one percent and there was no
13 need for, to seek other bank's offers on this
14 particular project, because, obviously, this is a
15 fantastic interest rate and loan. The authority did
16 not participate in the old HMFA bond program, so
17 there's no bonds to be paid off as part of this
18 program. So, you know, we have some existing
19 reserves on hand. We have the opportunity to get
20 some community development, block grant money and,
21 of course, the very low interest on the loan with
22 the Housing Development Corp. That's the financing
23 of the program.

24 CHAIRMAN CUNNINGHAM: As we've
25 typically done, you want to talk about, if you

1 would, some of the types of improvements that we're
2 going to make at the buildings?

3 MS. BARTLETT: Sure. I'm unsure as
4 to whether, you know, your depth of information on
5 housing authorities, but the Housing Authority of
6 Bergen County does not have any current emergency or
7 critical needs for any of the projects that we're
8 looking to convert. That's a really big deal in the
9 HUD world. So, the work that we're doing is
10 actually work that has been projected to be
11 addressed and we spent a lot of time with the
12 engineer working on this, because some of the
13 stereotypical things that HUD has identified for
14 housing authorities to address, we had already been
15 doing or we do as it happens.

16 So, we'll be addressing heat and
17 air conditioning issues, condensing units, air
18 handlers, just to upgrade our common areas,
19 bathrooms and kitchens. They're not in bad shape.
20 It's just a matter of the fact that they're
21 completely outdated. So, we'll be upgrading those
22 as well. We've got additions to, I guess we're
23 exploring and suppose we'll be changing some of the
24 green energy, low flow toilet. They're not really
25 the greatest thing in family, public housing. Some

1 of those additions will be made as well. Air heads,
2 shower heads, low flows, those are the improvements.

3 CHAIRMAN CUNNINGHAM: Any questions
4 for the applicant? I'll look for a motion and a
5 second.

6 MS. RODRIGUEZ: I make a motion.

7 MR. BLEE: Second.

8 CHAIRMAN CUNNINGHAM: Motion and
9 second. Roll call, please?

10 MS. McNAMARA: Mr. Cunningham?

11 CHAIRMAN CUNNINGHAM: Yes.

12 MS. McNAMARA: Mr. Avery?

13 MR. AVERY: Yes.

14 MS. McNAMARA: Ms. Rodriguez?

15 MS. RODRIGUEZ: Yes.

16 MS. McNAMARA: Mr. Blee?

17 MR. BLEE: Yes.

18 MS. McNAMARA: Mr. Light?

19 MR. LIGHT: Yes.

20 CHAIRMAN CUNNINGHAM: Thank you
21 very much. Hudson County Improvement Authority?

22 (Kurt Cherry and Dan Mariniello
23 were sworn in.)

24 MR. McMANIMON: Ed McManimon, from
25 McManimon, Scotland, Baumann, bond counsel to the

1 Hudson County Improvement Authority. Kurt Cherry,
2 the executive director of the authority and Dan
3 Mariniello, who is their financial advisor.

4 This is a continuation of the
5 various local government loan pools that provide
6 short term financing to the credits in the county
7 who suffer with low credit ratings. This particular
8 financing involves the town of West New York, the
9 town of Weehawken, the City of Union City and the
10 Weehawken Parking Authority. The actual amount of
11 note is expected to be 49,112,000. The amount that
12 was reflected in the application included two notes
13 that are currently outstanding that are expected to
14 be permanently financed. One you just heard from
15 Union City and the other is from the town of West
16 New York.

17 So, the aggregate amount that was
18 previously outstanding in notes is being reduced by
19 not just paydowns that are required under the bond
20 law, but also by two separate permanent financing
21 that are going to go to long term rather than
22 continue in short term.

23 So, this is a county guaranteed
24 program. It's been explained a number of times.
25 The \$76 million number that's in the application, if

1 you do the math, is actually 66,672,000, because
2 it's the amount that was outstanding in case the
3 permanent financing didn't take place. So, if they
4 didn't do the permanent financing, they'd have to
5 roll the note over, but you just approved Union City
6 and I'm assuming that the town of West New York is
7 doing it on their own rather than through the
8 Qualified Bond Program. So, we've removed them from
9 at least the consideration of rolling over the note,
10 so we'd ask for the approval as we have in the past.

11 We did provide the consideration by
12 the participants as requested by the Board of
13 permanent financing as an item of their
14 consideration as they roll these notes over. I know
15 you know the advisor is the advisor to those towns
16 and they're aware of the market shifts, short term
17 to long term, but they'd like to continue in these
18 amounts into this program for another year.

19 CHAIRMAN CUNNINGHAM: So, if I
20 could, let me just put on the record what the note
21 sale will fund. For Weehawken, it's 9 million 200
22 some thousand to finance the cost of the acquisition
23 of property, construction of affordable housing
24 units, improvements to the municipal building and
25 other park and capital projects?

1 MR. McMANIMON: It's 9 million 212.

2 CHAIRMAN CUNNINGHAM: West New York
3 was 7,695,000, vehicles and equipment, improvements
4 to the municipal buildings, parks, roads and various
5 other capital.

6 MR. McMANIMON: I have as the
7 actual amount 7,700,000.

8 CHAIRMAN CUNNINGHAM: Union City in
9 the amount of 18 to finance park and road
10 improvements, acquisition of property and equipment
11 and improvements to municipal building.

12 MR. McMANIMON: Correct. There's
13 actually, legally, a separate application submitted
14 by the Weehawken Parking Authority, which is part of
15 this note financing, but because they're an
16 authority, they submitted an application as well.
17 So, it's the 14 million 550 is part of the 49
18 million.

19 CHAIRMAN CUNNINGHAM: Yes. I note
20 that Hudson is putting a guaranty, but there's no
21 county guaranty fee being charged, which is, makes
22 the Board or at least the Chairman of the Board
23 rather happy. Any questions from the members?

24 MR. LIGHT: I make a motion to
25 approve.

1 CHAIRMAN CUNNINGHAM: Mr. Light
2 makes a motion.

3 MR. AVERY: Second.

4 CHAIRMAN CUNNINGHAM: Mr. Avery
5 seconds. Roll call, please?

6 MS. McNAMARA: Mr. Cunningham?

7 CHAIRMAN CUNNINGHAM: Yes.

8 MS. McNAMARA: Mr. Avery?

9 MR. AVERY: Yes.

10 MS. McNAMARA: Ms. Rodriguez?

11 MS. RODRIGUEZ: Yes.

12 MS. McNAMARA: Mr. Blee?

13 MR. BLEE: Yes.

14 MS. McNAMARA: Mr. Light?

15 MR. LIGHT: Yes.

16 MR. McMANIMON: Thank you very
17 much.

18 CHAIRMAN CUNNINGHAM: Thank you.
19 Essex County Utilities Authority?

20 (Jennifer Edwards and Mark Acker
21 were sworn in.)

22 MR. DRAIKIWICZ: If I may, the
23 Essex County Improvement Authority proposes to issue
24 notes in an amount not to exceed \$4.5 million for a
25 two-year period. The proceeds of the notes, along

1 with a contribution from the County of Essex in the
2 amount of \$562,500.00 in 2015, in the same amount in
3 2016 will be used to pay off the authority's
4 existing \$5,625,000.00 note issued in 2014. The
5 notes are secured by a County of Essex deficiency
6 agreement.

7 The Essex County Utilities
8 Authority does not have sufficient funds to retire
9 the notes on its own. So, they need the assistance
10 from the County of Essex to pay down the notes. The
11 county intends to increase their annual contribution
12 from \$562,500.00 to \$900,000.00 in 2017 and 2018 to
13 accelerate the paydown of the note. The county
14 further intends to increase that contribution to
15 \$1,350,000.00 annually to fully payoff the refunding
16 of these notes by 2020.

17 The authority respectfully requests
18 positive findings in connection with the
19 transaction.

20 CHAIRMAN CUNNINGHAM: Thank you,
21 John. So, let's talk about the length of this
22 issue. There's been notes outstanding since '97.

23 MR. DRAIKIWICZ: I believe that's
24 correct.

25 CHAIRMAN CUNNINGHAM: So, it's

1 almost 20 years later. That would be longer than a
2 typical bond issuance. So, why has this stayed in a
3 temporary situation for so long?

4 MR. DRAIKIWICZ: You want to --

5 MR. ACKER: Mr. Chairman, we've
6 been before this Board on this matter a number of
7 times.

8 CHAIRMAN CUNNINGHAM: And just,
9 during my tenure?

10 MR. ACKER: No.

11 CHAIRMAN CUNNINGHAM: I'm not
12 asking it to be flipped.

13 MR. ACKER: No, when I started here
14 it was someone who had long blonde hair who was
15 Chair.

16 CHAIRMAN CUNNINGHAM: That wasn't
17 me.

18 MR. ACKER: The adventure started
19 many years ago when the County of Essex had some
20 difficulties and was doing some imaginative
21 financing where the utility was transferred over,
22 some assets were transferred over in order to
23 generate revenues. Not the most prudent thing. And
24 then what happened is that the utilities authority,
25 the water serviced the hospital center, as well as

1 the Essex County jail facility. During the period
2 of time what happened was, the jail facility was
3 relocated to Newark in exchange for a baseball
4 stadium in Newark and there was all that. We wound
5 up not having a utility that could service anything
6 except for the basic fire protection that's still up
7 there. I participated in trying to sell the utility
8 to other water systems without success and tried to
9 get Inca Kola to buy the water without success.

10 So, what we wound up with very, no
11 revenue with the county guaranty and struggling to
12 make sure everything would work out. The county was
13 anticipating certain revenues coming out of the EIC
14 sale of certain properties in Essex County which
15 were manifested, but not in the manner in which the
16 county could payoff these debts. So, with the
17 cooperation of the Board, it's been very helpful in
18 getting this moved on so it doesn't have a major
19 impact on what's going on in the county.

20 MR. DRAIKIWICZ: If I may further
21 add to that, if we had issued bonds in an earlier
22 timeframe, the county had initially expected from
23 these transactions with the Essex County Improvement
24 Authority there would have been proceeds available
25 earlier on in the last probably five or eight years,

1 but which proceeds did not materialize. So, what we
2 were trying to do is to now come to the conclusion
3 that those additional sales which were anticipated
4 in prior applications are no longer a viable option
5 to payoff the note.

6 So, now the county has come to the
7 full realization that is that they need to fully
8 account for this in their budget instead of relying
9 upon those other potential sales of property that
10 did not occur. So, they've elected to increase
11 their paydowns over time and I think prior to this
12 application the paydown I think was in the
13 \$400,000.00 range. So, now they're accelerating it
14 so we get it off the books as quickly as possible,
15 but yet still be taking the county's budget
16 structure into effect. If you'd like, we have the
17 county finance director here to answer any questions
18 in terms how this could fit into the budget in a
19 more proper fashion with the accelerated payments.

20 CHAIRMAN CUNNINGHAM: Just refresh
21 my memory, under the accelerated payments, when is
22 this whole obligation, forget the fees, and no
23 longer be an issue?

24 MR. DRAIKIWICZ: In 2020, so we'd
25 be coming back here one last time in 2018 with the

1 plan then to have the final payments taken care of
2 through the increased million 350 thousand dollars
3 contribution. It would be one additional time. And
4 the reason we're doing it over a two-year time frame
5 is really so that we can save cost of issuance so we
6 don't have to come back and renew it.

7 CHAIRMAN CUNNINGHAM: Will that be
8 a record in the amount of time spent on notes?

9 MR. DRAIKIWICZ: The good news is,
10 the rates have been attractive. That's the good
11 part.

12 CHAIRMAN CUNNINGHAM: John, I
13 appreciate your optimism. This is one of these
14 issues where it's just been lingering for a long
15 time. Frankly, had I not had other applications and
16 issues in front of me, I might have had time to dive
17 into this a little bit more and had a little more
18 robust discussion and sometimes you inherit issues
19 as the county has and we just have to move through
20 and try to get them done as prudent as possible.

21 No other questions from anybody
22 from the Board?

23 MR. LIGHT: I make a motion to
24 approve.

25 CHAIRMAN CUNNINGHAM: Mr. Light

1 makes a motion.

2 MS. RODRIGUEZ: I'll second.

3 CHAIRMAN CUNNINGHAM: Roll call,
4 please?

5 MS. McNAMARA: Mr. Cunningham?

6 CHAIRMAN CUNNINGHAM: Yes.

7 MS. McNAMARA: Mr. Avery?

8 MR. AVERY: Yes.

9 MS. McNAMARA: Ms. Rodriguez?

10 MS. RODRIGUEZ: Yes.

11 MS. McNAMARA: Mr. Blee?

12 MR. BLEE: Yes.

13 MS. McNAMARA: Mr. Light?

14 MR. LIGHT: Yes.

15 CHAIRMAN CUNNINGHAM: See you in
16 two years.

17 MR. DRAIKIWICZ: See you in two
18 years.

19 CHAIRMAN CUNNINGHAM: Bloomfield
20 Parking Authority?

21 (Steven Wielkocz and Dan Mariniello
22 were sworn in.)

23 CHAIRMAN CUNNINGHAM: Before you
24 start, I guess those guys are sworn in. No one from
25 the parking authority is here?

1 MR. McMANIMON: I was just about to
2 address that. I have to beg the Board's pardon. My
3 thought was the Board's preference to have somebody
4 from the issuer present during applications like
5 this. We had scheduled the executive director of
6 the parking authority, Glen Dominic, to appear. He
7 had a family emergency this morning and was unable
8 to make arrangements to get himself here. So, it is
9 our hope and expectation that between Steve, Dan and
10 me we can answer any questions you may have.

11 I think this Board, as most of the
12 members, if not all the members, may have seen this
13 application and particularly last year we had some
14 dialog before the hearing about that related mainly
15 to the amount of the proposed paydown at the time.
16 So, I'm hopeful that if the Board does have any
17 questions that we can satisfactorily answer them
18 here today.

19 CHAIRMAN CUNNINGHAM: Okay.

20 MR. McMANIMON: In this
21 application, the parking authority is seeking
22 positive findings and approval from the Board in
23 connection with a renewal of a project note in the
24 amount not to exceed \$6,040,000.00 which would be
25 subject to a township guaranty. The original note

1 was issued to help fund the construction of a
2 parking garage, which is part of a larger mixed use
3 redevelopment project. And while the parking garage
4 was completed in 2013, the remainder of the
5 components of the project were not completed until
6 various times within 2015.

7 The township provided that these
8 improvements are exempt from taxation and the
9 township has pledged the payments in lieu of taxes
10 from that project to pay the debt service on bonds
11 that will ultimately be issued to permanently
12 finance the garage. The improvements are also
13 subject to a special assessment which is largely a
14 bankruptcy protection device. The main revenue
15 stream will be the annual service charge of pilots
16 and the parking revenues from the tenants of the
17 project.

18 The note's also secured by township
19 guaranty ordinance, which the Local Finance Board
20 approved in 2004, and it's important to note that
21 the parking authority has never had to call upon
22 that guaranty to help pay debt service on the prior
23 notes.

24 I want to note that the parking
25 authority is exploring the implementation of what we

1 think will be groundbreaking parking meter control
2 system which could dramatically impact the way in
3 which the parking authority enforces and the costs
4 incurred in connection with it and also on the
5 revenue side, we think can dramatically alter the
6 picture there in a positive way.

7 With that, the parking authority
8 seeks to pay down \$100,000.00 of the outstanding
9 principal and renew the note for another year while
10 the BPA explores this potential groundbreaking
11 parking revenue control system. Under these
12 circumstances, we believe the proposal to renew the
13 note for a year and the proposal to pay down a
14 hundred thousand dollars is reasonable and ask the
15 Board to approve the application.

16 I do want to note that we, as a
17 team, including the client, are constantly
18 monitoring the bond and the note market and because
19 of the, these notes are taxable, we have the ability
20 to more nimbly respond to market changes. We're not
21 worried about advanced refunding limitation. So,
22 we're constantly monitoring the bond and the note
23 market to determine what we believe is the best
24 course of action in terms of permanently financing
25 it and we will continue to do so.

1 For now, we ask the Board to
2 favorably approve the application to renew the note.

3 CHAIRMAN CUNNINGHAM: So, the
4 testimony then is that a timeline to pay the debt
5 down or permanently finance it is not something that
6 can be provided to the Board at this time, because
7 you're waiting on, I assume, this parking technology
8 that would allow you to figure out what the revenue
9 stream would be or how the revenue stream with
10 parking would be improved.

11 MR. McMANIMON: In short, yes. The
12 program that the parking authority embarked on,
13 we're calling it a pilot program, not calling it a
14 tax program, but there's a relatively new technology
15 available to the parking authority that we think
16 will help capture revenues that's difficult to
17 capture now with parking enforcement personnel
18 simply monitoring old fashioned style meters. It
19 could potentially, I don't want to speak out of
20 hand, but it could potentially affect the personnel
21 needs of the parking authority. So, there are a
22 couple different dynamics that play there that the
23 parking authority, it was delayed in implementing
24 this pilot program. It's on the tail end of it now.
25 So, you know, under other circumstances we may have

1 been in a position today to tell you more about the
2 success or lack of success of that program, but --

3 CHAIRMAN CUNNINGHAM: So, Kevin,
4 it's, I realize it's a pilot program. You're
5 calling it a pilot program. But, it's operational?
6 It's actually started or has it gone out to bid yet?
7 I'm a little confused.

8 MR. McMANIMON: I understand. The
9 parking authority worked with the vendor to identify
10 a section of the town that they would utilize these
11 new style meters on and they would then use those
12 meters for a defined period of time. I think it was
13 90 days, three months, which I think we're at the
14 tail end of now. And the idea is to, was to analyze
15 the revenue stream and all the other costs
16 associated with it prior to that period and then
17 during that pilot period and then compare the two
18 and hopefully can determine whether that pilot
19 program is worthy of full implementation by the
20 parking authority.

21 And if it is, it will be on a much
22 larger scale than the pilot program is now and as I
23 said would hopefully then dramatically impact the
24 parking authority's finances in a positive way.

25 MR. MARINIELLO: To your point, Mr.

1 Chairman, with regards to your question with regards
2 to timing, I think it's the intent and we've had
3 these discussions with the authority and the
4 township, because they're obviously on the hook as
5 well here, that at some period of time during the
6 term of this note or at its maturity it is our
7 intention to then permanently finance it. So, we do
8 not intend, all things being equal, to go out with
9 notes on this again.

10 So, again, Kevin mentioned that
11 it's a taxable transaction. So, if the market's for
12 the changes in the financial situation that the
13 authority allows us to do it before the end of this
14 maturity, we'll do that.

15 CHAIRMAN CUNNINGHAM: Okay. Okay.
16 Certainly understandable. There was a comment in
17 the staff report, I guess discussions that the
18 application, the application and discussions with
19 professionals indicated that there wasn't going to
20 be a significant impact on the authority's overall
21 financial position or there was? I'm reading staff
22 report. Maybe I should quote it. "The application
23 further indicates that this will have a significant
24 impact on the authority's financial position."
25 Okay. I think I'm reading it a different way. In

1 light of your testimony, it will be to the positive.

2 MR. McMANIMON: Yes. Yes.

3 CHAIRMAN CUNNINGHAM: Now I
4 understand. When I read this, I guess I didn't
5 quite understand the full context.

6 Okay. Questions from the Board?
7 So, hearing none, I'd ask for a motion and a second.

8 MR. AVERY: So moved.

9 MR. BLEE: Second.

10 CHAIRMAN CUNNINGHAM: Mr. Avery.

11 Mr. Blee. Roll call, please?

12 MS. McNAMARA: Mr. Cunningham?

13 CHAIRMAN CUNNINGHAM: Yes.

14 MS. McNAMARA: Mr. Avery?

15 MR. AVERY: Yes.

16 MS. McNAMARA: Ms. Rodriguez?

17 MS. RODRIGUEZ: Yes.

18 MS. McNAMARA: Mr. Blee?

19 MR. BLEE: Yes.

20 MS. McNAMARA: Mr. Light?

21 MR. LIGHT: Yes.

22 CHAIRMAN CUNNINGHAM: Not a
23 condition of the approval, but as we continue to
24 talk, can you just keep me posted on this and tell
25 me how it's going and let me know if it does look

1 like you're going to move to permanent financing.

2 MR. McMANIMON: Thank you very much
3 for accommodating us without our employee.

4 CHAIRMAN CUNNINGHAM: It was
5 nothing serious. Union County Improvement
6 Authority.

7 (Dan Sullivan and Dennis Enright
8 were sworn in.)

9 MR. McMANIMON: Thank you. Ed
10 McManimon from McManimon, Scotland and Baumann, bond
11 counsel to the Union County Improvement Authority.
12 To my right is Dan Sullivan, who is the executive
13 director of the Union County Improvement Authority,
14 and Dennis Enright, NW Financial, the financial
15 advisor to the authority.

16 This application involves a project
17 that previously was approved by this Board in April
18 of 2015. It's a shared services agreement among the
19 improvement authority the Borough of Roselle and the
20 Roselle Board of Education. It's creating a new
21 facility that's linked between the borough and the
22 Board of Education to have a community center
23 library, as well as a new childhood learning center
24 to replace facilities that the Board of Ed leases
25 from private entities, which is not really effective

1 to provide the type of facilities that are needed.
2 This Board approved that project and complimented it
3 back at the April meeting. The amounts that were
4 authorized at that time were the product of an
5 architectural analysis and representation that was
6 three years ago.

7 Since the Board approved this
8 project last year, actual public bids went out
9 through proposal requests and it reduced the
10 increased amounts to both those facilities that
11 causes to increase the 30 million for the community
12 center to \$35 million and the 19.5 million for the
13 Board of Education early childhood learning center
14 to \$24 million. That is, again, the result of
15 actual bids that they received, rather than
16 projected, which is what we had when we came here.

17 Since then, the applicant has also
18 added the guaranty of the county. The view is that
19 the county guaranty will save a significant amount
20 of debt service for this project without costing the
21 county any money. They have a substantial credit
22 rating. And so the view is that will significantly
23 benefit it.

24 Furthermore, on the leases, the
25 lease from the improvement authority to the borough,

1 under the improvement authority law, is what we call
2 a full faith in credit lease, as if it was debt
3 service. Because of the language in Title 18A, the
4 lease back from the improvement authority to the
5 Board of Education is subject to annual
6 appropriation lease, because that's the way it's
7 provided for in the statute. So, a county guaranty
8 firms that up for the benefit of the bond holder.

9 So, Dan and Dennis will answer any
10 questions you have about it. Again, it's a project
11 that has a significant benefit to both the borough
12 and the Board of Ed. In this instance, the
13 improvement authority is much more than a conduit.
14 They are actually a party who is undertaking the
15 project and construction, managing it and leasing it
16 back and so they have a much more substantial than
17 normal passthrough entity. So, Dan's intimately
18 involved in this, if you have any questions he can
19 answer them.

20 CHAIRMAN CUNNINGHAM: Thank you.
21 If I recall when we heard this initial application,
22 we referred to this, I thought it was something, a
23 term like wellness center, something like that.

24 MR. SULLIVAN: The term Roselle
25 uses is mind and body, mind and body complex, which

1 includes the school, as a well as a community
2 center.

3 CHAIRMAN CUNNINGHAM: So, the
4 community center piece is from the borough and, I
5 guess, a library piece and then the school district,
6 that part of the shared service, quote, unquote, is
7 the early education, it's early education center?

8 MR. SULLIVAN: Preschool, yes.

9 CHAIRMAN CUNNINGHAM: It's a
10 preschool.

11 So, I just should note, I should
12 make both the applicant and the Board aware that we
13 have received some constituent inquiry on this from
14 a resident of Roselle. And the first question that
15 was posed to us, I think something that we were
16 prepared to ask anyway, was if you can talk about
17 the increased cost of the project from the last time
18 it came in front of the Board and I think that was
19 answered. I don't want to intimate at all that it
20 was, but I think it was answered in the application
21 document itself. I would like to put it on the
22 record and the transcript.

23 So, if you can speak to the reason
24 for the increased cost, I think that would be
25 helpful.

1 MR. SULLIVAN: Yeah. Well, the
2 authority, when this agreement went out and went out
3 to bid to look for a developer and we got a response
4 from the developer that's on the record, AST Roselle
5 right now. So, those numbers are generated by the
6 developer himself looking at the project. There was
7 various things that were changed, made changes, the
8 addition of a pool, the library and what have you.
9 So, those are the numbers that have come back.

10 CHAIRMAN CUNNINGHAM: Let me just
11 make sure I understand. Was it, so, between the
12 time this application originally came in front of
13 the Board, did the scope of the project change and
14 there's new components?

15 MR. SULLIVAN: I wouldn't say the
16 scope of the project has changed. There were a
17 couple of things within it in terms of the community
18 center part, more the Roselle Borough part, as
19 opposed to the school part.

20 CHAIRMAN CUNNINGHAM: Did I hear
21 that a pool was added?

22 MR. SULLIVAN: That was always part
23 of the conversation.

24 MR. ENRIGHT: There was always a
25 pool in there.

1 MR. SULLIVAN: There was always a
2 pool in it. I think it was just the determination
3 of what was the cost, the size and what have you.

4 MR. ENRIGHT: When the selected
5 developer priced out the deal based on the
6 architectural design, it was even higher than this.
7 So, they did some value engineering to get it back
8 down to, you know, a lower number.

9 CHAIRMAN CUNNINGHAM: And that's
10 what --

11 MR. ENRIGHT: The architect's
12 estimates were a couple years old.

13 CHAIRMAN CUNNINGHAM: And that's
14 what I want to be really clear on the record. I
15 think that's a very good clarifying statement. So,
16 we have architectural estimates that were a bit
17 dated and when it actually went out for pricing, the
18 pricing came in higher than expected and that
19 necessitates the increased project costs?

20 MR. ENRIGHT: Correct. We actually
21 negotiated it down from higher than this.

22 CHAIRMAN CUNNINGHAM: And I quote
23 from the application, I think it's the first page of
24 the application, "Based upon the results of the
25 proposals, the UCA is now anticipating actual costs

1 for the borough project in the amount of," and it
2 goes on to set forth what those amounts are.

3 MR. ENRIGHT: Correct.

4 CHAIRMAN CUNNINGHAM: The other
5 question I had, well, I had two, one was that at the
6 time I read the staff report all the documents
7 relative to the application had not been received.
8 I confirmed with staff that they were. So, that
9 question is now rendered moot.

10 The other question I had talked
11 about the need for the county guaranty or the
12 prudence of the county guaranty, but I think that
13 Mr. McManimon already addressed that on the record.
14 It's a low risk. It saves overall money, so I don't
15 have an issue with that.

16 Again, when we received a
17 constituent inquiry, I think there was questions
18 about whether or not the Freeholders took the
19 appropriate action for that county guaranty. Is it
20 my understanding that they've taken the steps needed
21 to authorize the guaranty?

22 MR. ENRIGHT: They've introduced
23 the ordinance.

24 CHAIRMAN CUNNINGHAM: And a second
25 reading will be done after this?

1 MR. ENRIGHT: It's scheduled for
2 tomorrow.

3 CHAIRMAN CUNNINGHAM: Fine. And I
4 just want to note for the record, because, again, it
5 came out of the constituent inquiry, I think it's
6 good to have it in the transcript, that at the time
7 the application came first in front of us there was
8 an accounting guaranty deal. I addressed that with
9 Mr. Jessup at the time, it was in the record, and
10 Mr. Jessup said that, my understanding, that there
11 was an accounting guaranty deal, it was correct.
12 There's no county guaranty contemplated, but, and I
13 quote, "Obviously if the county got involved we'd
14 have to come back to you for additional approvals,"
15 and that's part of the reason why you're in front of
16 the Board today.

17 MR. SULLIVAN: Correct.

18 CHAIRMAN CUNNINGHAM: So, I think
19 that I understand the transaction. I understand the
20 pricing and the breath of the project.

21 Are there any questions from other
22 members of the Board about this minor process?

23 MR. AVERY: Mr. Chairman, could I
24 just clarify, the actual costs that are reflected in
25 this proposal are the result of a negotiation or a

1 competitive bid?

2 MR. McMANIMON: It was an RFP.

3 MR. AVERY: RFP. Okay. Thank you.

4 MR. LIGHT: There was a question
5 here or a statement that the audit for 2015 for the
6 authority had not been received. Has that come in
7 yet or is it still out?

8 CHAIRMAN CUNNINGHAM: The audit,
9 have we gotten the improvement authority audit?

10 MR. LIGHT: 2015.

11 MR. SULLIVAN: The improvement
12 authority audit will be, we have draft formed it.
13 It will be submitted within the next two weeks.

14 MR. LIGHT: Thank you. I'll move
15 the application be approved.

16 CHAIRMAN CUNNINGHAM: Okay. Mr.
17 Light moves.

18 MR. BLEE: Second.

19 MS. RODRIGUEZ: I'll second.

20 CHAIRMAN CUNNINGHAM: Roll call,
21 please?

22 MS. McNAMARA: Mr. Cunningham?

23 CHAIRMAN CUNNINGHAM: Yes.

24 MS. McNAMARA: Mr. Avery?

25 MR. AVERY: Yes.

1 MS. McNAMARA: Ms. Rodriguez?

2 MS. RODRIGUEZ: Yes.

3 MS. McNAMARA: Mr. Blee?

4 MR. BLEE: Yes.

5 MS. McNAMARA: Mr. Light?

6 MR. LIGHT: Yes.

7 MR. McMANIMON: Thank you very
8 much.

9 CHAIRMAN CUNNINGHAM: Thank you.

10 The next matter listed on the
11 agenda, 11:10 and 11:15, both dealt with the City of
12 Rahway and the water system project and a public,
13 private contract for water. This has been deferred
14 from the agenda.

15 So, the Board would now move to the
16 Rahway City Parking Authority, \$1.5 million real
17 property acquisition project.

18 MR. CANTALUPO: John Cantalupo,
19 C-A-N-T-A-L-U-P-O, from Archer and Greiner, bond
20 counsel to the Rahway Parking Authority. Director,
21 for some reason I cannot get in touch with Lenny
22 Beer today. He was well aware of the meeting in
23 advance. I assume there's some emergency. On my
24 way I called him. I didn't get a response. I sent
25 him two text messages and e-mail. I had e-mailed

1 him and talked with him last week about him
2 attending. I would imagine given how responsive he
3 normally is, normally when I e-mail him he responds
4 immediately. There must be some kind of emergency
5 going on. He'll either text me back. I can't say
6 why he's not here, but I can certainly give you a,
7 you know, a synopsis. It's a pretty straightforward
8 application, I believe.

9 CHAIRMAN CUNNINGHAM: That's fine.
10 I would ask maybe later today when you determined
11 what happened shoot me an e-mail and let me know. I
12 hope it's nothing serious.

13 MR. CANTALUPO: Yeah, absolutely.

14 CHAIRMAN CUNNINGHAM: I hope it's
15 nothing that he just forgot to attend, but let's
16 just leave it at that.

17 So, with that, I think the
18 application is relatively well understood. So, if
19 you could just, you want to put on the record and
20 we'll ask if we have any questions?

21 MR. CANTALUPO: Okay. The
22 application is for the issuance of a \$1.5 million in
23 subordinate project notes by the Rahway Parking
24 Authority. These notes would be issued to acquire
25 property to expand parking facilities and service

1 parking in Rahway. There's a number of land
2 acquisitions. Given the fact that it's a transit
3 hub with the train station there, a transit village,
4 there's a number of parking needs that are needed in
5 the city and they have a few sites currently marked
6 that they are going to acquire, one that they didn't
7 want to name publically, but there is a larger piece
8 that they're going to name, because they're going to
9 acquire it.

10 Currently what, the way they're
11 going to issue the note is through Amboy Bank.
12 Amboy Bank will give them a note for either one year
13 at one percent or a three-year note at one and a
14 half percent. They intend to pay that back with
15 parking revenues. Right now, the authority only has
16 about \$4.1 million in debt outstanding and this
17 would be subordinated to that debt and the bank
18 that's purchasing it is fully aware of the
19 subordinated obligation.

20 CHAIRMAN CUNNINGHAM: So, we have
21 some specific property being acquired and other
22 future properties to be determined?

23 MR. CANTALUPO: Yes. Yes.

24 CHAIRMAN CUNNINGHAM: Any questions
25 from the Board?

1 MR. LIGHT: Make a motion to
2 approve.

3 CHAIRMAN CUNNINGHAM: Mr. Light
4 makes a motion.

5 MR. BLEE: Second.

6 CHAIRMAN CUNNINGHAM: Mr. Blee
7 seconds. Roll call, please?

8 MS. McNAMARA: Mr. Cunningham?

9 CHAIRMAN CUNNINGHAM: Yes.

10 MS. McNAMARA: Mr. Avery?

11 MR. AVERY: Yes.

12 MS. McNAMARA: Ms. Rodriguez?

13 MS. RODRIGUEZ: Yes.

14 MS. McNAMARA: Mr. Blee?

15 MR. BLEE: Yes.

16 MS. McNAMARA: Mr. Light?

17 MR. LIGHT: Yes.

18 MR. CANTALUPO: Thank you,
19 Director. I'll shoot you that e-mail as soon as I
20 know something. If I don't hear anything, I'll send
21 you an e-mail anyway letting you know I haven't
22 heard yet, but as soon as I know something I'll let
23 you know.

24 CHAIRMAN CUNNINGHAM: I hope
25 everything is okay. Thank you very much.

1 MR. CANTALUPO: Thank you very
2 much.

3 CHAIRMAN CUNNINGHAM: The next
4 application in front of the Board arises from
5 Morristown Town Parking Authority. I waived the
6 appearance of the applicant on this, because it was
7 a refunding. The savings are well in excess of our
8 standards.

9 There's two portions of it. The
10 parking garage portion, again, it's an advance
11 refunding, I should put on the record, of just under
12 \$25 million. The parking garage portion will have
13 present value savings of nearly 15 percent, totaling
14 nearly two and a half million dollars. And the
15 office building portion would be present value
16 savings of, again, just about 14 and a half percent,
17 over \$1.3 million in savings. So, the grand total
18 of debt service savings exceeds \$5 million on a
19 present value of three, seven. So, because of the
20 fact that it was an obviously financially prudent
21 deal, I didn't see the need for the applicant to
22 appear.

23 So, unless there's any questions, I
24 would ask for a motion and a second.

25 MR. AVERY: So moved.

1 CHAIRMAN CUNNINGHAM: Mr. Avery

2 moves.

3 MR. BLEE: Second.

4 CHAIRMAN CUNNINGHAM: Mr. Blee

5 seconds. Roll call, please?

6 MS. McNAMARA: Mr. Cunningham?

7 CHAIRMAN CUNNINGHAM: Yes.

8 MS. McNAMARA: Mr. Avery?

9 MR. AVERY: Yes.

10 MS. McNAMARA: Ms. Rodriguez?

11 MS. RODRIGUEZ: Yes.

12 MS. McNAMARA: Mr. Blee?

13 MR. BLEE: Yes.

14 MS. McNAMARA: Mr. Light?

15 MR. LIGHT: Yes.

16 CHAIRMAN CUNNINGHAM: I'll move to

17 Camden County Improvement Authority.

18 (David McPeak, Jim Blanda and Josh
19 Nyikita were sworn in.)

20 MS. STIEFEL: Good morning again.

21 My name is Jeanne Stiefel. I'm with the law firm

22 Parker McKay. We are bond counsel to the Camden

23 County Improvement Authority. I have with me this

24 morning to my far left David McPeak, county chief

25 financial officer, Jim Blanda, authority executive

1 director, and to my right Josh Nyikita with Acacia
2 Financial Group, the authority's financial advisor.

3 The application before you this
4 morning seeks approval to issue not to exceed
5 \$73,500,000.00 of county guaranteed loan revenue
6 bonds. The proceeds are to be used to finance the
7 annual capital equipment and improvement program of
8 the County of Camden, New Jersey. This has been a
9 longstanding multi, multi, multiyear program for the
10 county. The list of proposed capital program assets
11 to be acquired or constructed are included in
12 Exhibit A to the application. The series 2016 bonds
13 will be secured by a Section 80 guaranty pursuant to
14 a county guaranty ordinance that was previously
15 introduced on first reading on August 18.

16 The authority is requesting
17 positive findings on two fronts. First, the
18 proposed issuance of the Series 2016 bonds by the
19 authority and, secondly, for approval of Section 80
20 guaranty by the county. We are here to address any
21 questions the members of the Board may have
22 regarding the application, the requested approvals
23 or any of the proposed projects to be financed. And
24 I would also point out that the application does
25 make note that the amortization would be with a

1 slightly wrapped structure to account for an
2 existing debt service pattern of the county as set
3 forth in Exhibit B.

4 CHAIRMAN CUNNINGHAM: I did have an
5 opportunity to read through the detailed project
6 list. Only one thing jumped out at me that I just
7 wanted to ask a question about. It indicates that
8 part of the capital issuance would be used to
9 purchase an office building in the City of Camden
10 right along the Delaware River Waterfront, which
11 would be used by the Camden Board of Education as an
12 administrative personnel facility. I was little
13 surprised whether the increasing value, I would say,
14 of the Camden Waterfront as you have additional
15 development coming in, significant additional
16 development, is that the highest and best use of the
17 county's capital program, to purchase riverfront
18 property?

19 MR. McPEAK: It's actually not
20 riverfront property. It's a couple blocks in. It's
21 a former EDA, state EDA owned building that we're
22 purchasing from them. The primary use of it is
23 going to be for the county prosecutor's office. The
24 Board of Ed is going to be a tenant in there taking
25 about 20,000 square feet. It's a hundred thousand

1 square foot building. We will be demolishing the
2 old prosecutor's office to make room for expansion
3 of Rutgers University. And the Board of Ed is
4 moving there also, because they're in a current
5 building on the Rutgers campus that will be
6 demolished for future development for Rutgers.

7 CHAIRMAN CUNNINGHAM: Okay. That's
8 no problem. Perfect answer. Thank you. I know
9 it's a county guaranteed deal. Again, there's no
10 county guaranty fee. Jim, I just wanted to ask you,
11 and I didn't have a chance to call you in advance, I
12 apologize, but CCIA is charging a financing fee of
13 12.5 basis points when this is for the county. I'm
14 just wondering what the justification of that is.

15 MR. BLANDA: Well, as a fee based
16 agency, we provide services to the county in this
17 instance, obviously, to issue the bond. With 12.5
18 basis points to be in line with the mandate from
19 last year and the service includes, not only the
20 issuance and facilitating the issuance, but
21 assisting them with the budget and also we don't
22 charge an annual administrative fee. We also assist
23 them over 30 years in compliance issues and
24 monitoring the bond issue and from drawings in the
25 beginning all the way through the end as far as

1 compliance and close out.

2 CHAIRMAN CUNNINGHAM: Okay.

3 Questions from the Board?

4 MR. LIGHT: I have one to tack on
5 to what you had started to ask the question of, that
6 office building on the waterfront, it's 22,500,000.
7 How do you know that that's a competitive price?

8 MR. McPEAK: We had appraisals
9 before we, we had appraisals before we purchased it.
10 The actual purchase price was 18, five, 19 million.
11 The additional is for retrofit and some renovations
12 that need to be done, HVAC, but we did have
13 appraisals that confirmed the price.

14 MR. LIGHT: Okay. Thank you.

15 CHAIRMAN CUNNINGHAM: Any further
16 questions?

17 MR. LIGHT: I'll move the
18 application be approved.

19 MR. BLEE: Second.

20 CHAIRMAN CUNNINGHAM: Mr. Light
21 moved. Mr. Blee seconds. Roll call, please?

22 MS. McNAMARA: Mr. Cunningham?

23 CHAIRMAN CUNNINGHAM: Yes.

24 MS. McNAMARA: Mr. Avery?

25 MR. AVERY: Yes.

1 MS. McNAMARA: Ms. Rodriguez?

2 MS. RODRIGUEZ: Yes.

3 MS. McNAMARA: Mr. Blee?

4 MR. BLEE: Yes.

5 MS. McNAMARA: Mr. Light?

6 MR. LIGHT: Yes.

7 CHAIRMAN CUNNINGHAM: Okay. Thank
8 you very much. Good seeing you.

9 The next two matters in front of
10 the Board are appeals of the director's decision,
11 one involving Lakewood Township Fire District and
12 the other involving Carneys Point Township in Salem.
13 Because these are appeals of the director's
14 decision, I'll recuse myself from the dais and turn
15 it over to Mr. Light.

16 MR. LIGHT: I guess the first is
17 the appeal of the director's decision, Lakewood Fire
18 District Number One, and appeal is made by Larry
19 Loigman, am I pronouncing that correctly? So, I
20 assume you are Larry Loigman?

21 MR. LOIGMAN: I am.

22 MR. LIGHT: Mr. Loigman, how are
23 you today? And if you will tell us what, on what
24 basis why you've made the appeal to the director's
25 decision and what you'd like us to do about it.

1 MR. LOIGMAN: Thank you.

2 MR. LIGHT: I'm sorry, sir. Are
3 you an attorney?

4 MR. LOIGMAN: Yes, I am.

5 MR. LIGHT: Are you an attorney?

6 MR. SENDZIK: Yes, Jay Sendzik, I
7 represent the Lakewood Board of Fire Commissions.

8 MR. LIGHT: I kind of knew you
9 were. I didn't know you were. We don't have to
10 have them sworn in. Okay. Thank you.

11 MR. LOIGMAN: With all due respect
12 to the Chairman, I think that it is, in his capacity
13 as Director, he did err in approving the resolution
14 from the township committee. This, although this is
15 captioned Lakewood Township Fire District Number
16 One, the action below was really taken by the
17 governing body and not by the fire district.

18 What happened in this case was that
19 the fire district budget was disapproved by the
20 voters at the February election. It was then sent
21 to the township committee for their consideration.
22 One of the members of the township committee is a
23 member of the fire department, has been a member of
24 the fire department for a very long time. His son
25 is one of the fire chiefs. He has other connections

1 with the fire department. Nonetheless, he did not
2 recuse himself and, in fact, became the dominant
3 force in determining what the budget should be.

4 There was a resolution on the
5 agenda of the township committee. It was not
6 properly advertised. It was not properly noticed.
7 It was not available to the public in advance of the
8 meeting. And these objections were brought to the
9 attention of the township committee at the meeting,
10 but the committee, nonetheless, approved the
11 resolution.

12 Thereafter, on behalf of a number
13 of citizens of the township who were concerned about
14 this and who formed a group called the Concerned
15 Citizens For Fire Protection, I went to Superior
16 Court where the judge ordered that the township
17 committee redo the process and strongly recommended
18 that the member of the committee who was in conflict
19 not participate. Nonetheless, it appears that he
20 did continue to participate in the process.

21 The township attorney, not my
22 friend, Mr. Sendzik, who represents the district,
23 but the township attorney, Mr. Secare, prohibited
24 members of the township committee from speaking with
25 members of the public. In fact there was a member,

1 two members of the board of fire commissioners who
2 wished to speak to members of the township committee
3 and Mr. Secare prohibited them from doing so and
4 also told them that they cannot talk to me.

5 The township committee then adopted
6 a second resolution that was different in form, but
7 exactly the same in substance. This was done beyond
8 the 30 days provided for by statute under
9 40A:14-78.5, the governing body must act within 30
10 days of the election and they went past that. And
11 the resolution that they adopted at that time was
12 also procedurally defective. The Division of Local
13 Government Services found that it was defective and
14 told them to do it yet a third time.

15 And they went through the same
16 pretend process of conducting a hearing, but, again,
17 the township attorney refused to allow members of
18 the committee to speak with members of the public
19 and the resolution, although it was different in
20 form, was exactly the same in substance. Members of
21 the public attempted to ask the township manager at
22 the public meeting about what he had considered in
23 the process of altering the budget. He was directed
24 by the township attorney not to answer.

25 So, the township committee,

1 basically, had a process that was completely tainted
2 in violation of the Local Government Ethics Law.
3 The director, for whatever reason, decided after the
4 third time that he would approve the resolution. I
5 think that that was an erroneous decision on his
6 part.

7 If there are any factual questions,
8 I think the matter should be referred to the Office
9 of Administrative Law. Otherwise, I think that the
10 township committee's resolution should be rejected
11 and the original budget from the fire district
12 should be reinstated as the budget for this calendar
13 year.

14 MR. LIGHT: What you're asking is
15 that we reject the director's decision and I think
16 it was approximately between 200 and \$300,000.00
17 that we removed for the budget?

18 MR. LOIGMAN: It was about 230
19 something thousand dollars, yes. One of the
20 smallest amounts on your agenda today. One of the
21 smallest amounts on your agenda today, but,
22 nonetheless, important.

23 MR. LIGHT: \$230,000.00 here and
24 there it adds up; right? Is there anything else you
25 have to present to us?

1 MR. LOIGMAN: No. Again, as I
2 said, I think if there are any factual questions
3 that they, that the matter should be referred to OAL
4 for a fact finding hearing, but, otherwise, I think
5 that the facts in the record from my various letters
6 to the director to establish that relief should be
7 granted.

8 MR. LIGHT: Okay. And you don't
9 have anything else? You are representing the --

10 MR. SENDZIK: I represent the Board
11 of Fire Commissioners. The Board has accepted the
12 resolution of the committee and it's functioning.
13 Yes, I represent the Board of Fire Commissioners,
14 Fire District Number One. That's where the
15 application really should have gone or to the
16 township committee, because it's township
17 committee's actions. And the Board has accepted
18 that resolution of the committee and it has been
19 functioning for the 2016 fiscal year under that
20 adopted budget.

21 MR. LIGHT: Is there any questions
22 of the members of the Board have at this time? From
23 my understanding is that this has been back and
24 forth a number of times. There have been a number
25 of hearings at the local level and the amount that

1 was rejected was after the voters turned down the
2 application by, I think it was, over a thousand
3 votes that they turned it down and it came back
4 again a couple of times before the township and it
5 has been eventually approved.

6 What you're asking us to do now is
7 to go back and all of the things that the legal
8 people have approved and that the, you didn't go to
9 court, as far as I know at this point in time, have
10 been, you're asking for us that we overrule those
11 that were decided by the township attorney, as well
12 as all the other attorneys and people who were
13 involved in the decision that was made to reinstate
14 the money back to the township?

15 MR. LOIGMAN: That's correct, Mr.
16 Light. And I think the problem is that the
17 attorneys involved may not be familiar with the
18 entire factual background here and, in particular,
19 with the conflict of interest, that tainted the
20 entire process. I don't think that there is any
21 question that the member of the township committee
22 who had a personal interest in this matter is the
23 one who made the decision, who prevailed upon the
24 township manager as to how much should be cut and
25 exactly where it should be cut and from that point

1 on, even though it went through a number of shammed
2 hearings before the township committee --

3 MR. LIGHT: There's a term that
4 you're using right there that I think, when you say
5 shammed hearings, it was, let's just say there was a
6 number of hearings before the local governing body
7 and in all of those cases they voted to approve
8 finally the removal of the 230,000 which was
9 rejected after the vote was taken by the public and
10 it was over a thousand votes, if I remember rightly,
11 that the public had turned down the budget.

12 MR. LOIGMAN: Well, as you know,
13 the budget is voted on as one item by the voters.
14 And what happened here was, because this one member
15 of the township committee who, as I said, had a
16 conflict, tainted the whole process. The amount of
17 the reduction in the project never changed from the
18 first vote on the part of the governing body to the
19 second to the third. There was never any
20 consideration given by the township committee to the
21 facts. All they did was they rubber stamped the
22 resolution the first time, the second time and the
23 third time. And I think that if you did see
24 something from the township attorney or from some
25 other attorney that you're referring to now, what

1 you're seeing is simply a defense of a conflict of
2 interest that was totally improper, totally in
3 violation of the Local Government Ethics Law and
4 that totally transformed the process from one in
5 which the members of the public would have a say to
6 one in which that particular member of the township
7 committee got to determine everything.

8 And I think that if you are going
9 to defend the Local Government Ethics Law, which is
10 part of the responsibility of this Board, it's
11 important to look at that violation and to see how
12 that violation can be remedied. It's not simply a
13 question of saying, well, they had a hearing and it
14 was bad and so they had another hearing and that one
15 was bad. So, they had a third hearing, so we have
16 to approve it, because we got to three hearings.
17 It's a situation where --

18 MR. LIGHT: Basically, though, the
19 Director made a decision that was based on all of
20 these activities that you talked about, which was
21 considered a number of times before the local
22 governing body with their attorneys present and the
23 local governing body approved it and the Director
24 supported it and you're asking us to overrule all of
25 those.

1 MR. LOIGMAN: I'm asking you at a
2 minimum to send it to the Office of Administrative
3 Law so there can be some fact finding and so there
4 can be some testimony so that you can then, when it
5 comes back to you as an initial decision, you can
6 look at this and see if there isn't, as I suggested,
7 a very clear cut violation of the Local Government
8 Ethics Law that warrants overturning those
9 decisions. And, again, with respect to the
10 director, I don't know that he had all of those
11 facts in front of him. I don't know that he was
12 able to get the full flavor of what it is that
13 occurred at the local level.

14 MR. LIGHT: All right. Is there
15 any questions?

16 MR. AVERY: I just want to make
17 sure, for the fire district --

18 MR. SENDZIK: Yes.

19 MR. AVERY: -- the amount of the
20 budget approved by the township and subsequently
21 approved by the Director here is less than the
22 amount presented to the voters?

23 MR. SENDZIK: That's correct.

24 MR. AVERY: By \$238,000.00 or
25 something like that.

1 MR. SENDZIK: Yes, it's below the
2 amount that was, that was not approved by the
3 voters.

4 MR. AVERY: That is correct. Thank
5 you.

6 MR. LIGHT: Any other questions by
7 the members?

8 As I understand it, from the, as
9 far as the ethics portion is concerned, that's
10 mostly what you're basing it on now. The Board does
11 not have the authority to overrule the decision
12 that's been made by the ethics commission.

13 MR. LOIGMAN: I don't know if there
14 ever was a decision made. Once there is something
15 pending in this --

16 MR. LIGHT: It's not in our
17 jurisdiction whether it is or whether there's not is
18 probably the way I should have worded it. It's not
19 our jurisdiction to overrule that.

20 MR. LOIGMAN: I understand what
21 you're saying. I disagree with you, but I
22 understand what you're saying.

23 MR. LIGHT: All right. If there's
24 no other questions, then I'm going to make a motion
25 based on the information that we received that we

1 uphold the decision the Director has made and I put
2 that out. I'll make the motion if anybody wishes to
3 second it.

4 MR. BLEE: Second.

5 MR. LIGHT: Seconded. Any other
6 comments from the members of the Board that was
7 here? Could the secretary please call the roll?

8 MS. McNAMARA: Mr. Avery?

9 MR. AVERY: Yes.

10 MS. McNAMARA: Ms. Rodriguez?

11 MS. RODRIGUEZ: Yes.

12 MS. McNAMARA: Mr. Blee?

13 MR. BLEE: Yes.

14 MS. McNAMARA: Mr. Light?

15 MR. LIGHT: Yes. Sorry, sir. Wish
16 you well.

17 MR. LOIGMAN: Thank you. Thank
18 you.

19 MR. LIGHT: And we have, the second
20 item that we have is Carneys Point Township in Salem
21 County. There's an appeal of the director's
22 decision by, I understand, Chambers Cogeneration.
23 Would you give me a minute here to get my -- okay.
24 Could you tell us who you are?

25 MR. CACCAVELLI: Good morning,

1 Board members. My name is Michael Caccavelli. I'm
2 an attorney for Chambers Cogeneration. I have with
3 me Joseph Buro, who also works at my firm.

4 MR. LIGHT: Is he an attorney?

5 MR. CACCAVELLI: He's an attorney
6 as well. We submitted rather extensive written
7 papers to the Board. I don't want to belabor the
8 point and rehash all that. I'll just give you a
9 really quick flavor of why we brought this
10 application.

11 Our client, Chambers Cogeneration,
12 is currently in litigation against Carneys Point.
13 The significant point of that is what's disputed is
14 what's so-called host benefit agreement that been in
15 place for a number of years. Chambers Cogeneration
16 pays full regular taxation. This is layered on top
17 of that. And our client contends that the agreement
18 is illegal. There's litigation to that effect.

19 Effectively, when the original
20 plant was built by other owners, three or four
21 owners ago, not the current owner, there were some,
22 let's say, pressure exerted to get this in place as
23 an impact fee, more or less. The dollars are so
24 significant that this host benefit fee is currently
25 about one-third of the municipal budget. Not the

1 overall tax, but one-third of municipal budget every
2 year.

3 If the litigation, Chambers is
4 successful, that's one-third of the revenue gone
5 every year from the municipality. On top of that,
6 Chambers Cogeneration is the largest taxpayer in the
7 town. So, in terms of total dollars, they pay
8 roughly \$5 million a year to the municipality.

9 Originally we appealed the budget,
10 the determination this year, for a couple reasons,
11 technical reasons, and also because no provision had
12 been made by way of a reserve if the municipality
13 were to be unsuccessful in this litigation. I think
14 as time went on and we realize at this point in the
15 year it's probably not realistic to ask to have the
16 tax rate and the budget recalculated. The bill's
17 already been mailed and so forth. So, our
18 submission on September 9 what we've asked for is
19 just, essentially, a scaled back. We're not asking
20 for you to overturn their budget. What we're asking
21 for is an order by this Board that Carneys Point
22 make some analysis of its finances, if you will, to
23 come up with a plan for what happens if we're
24 successful in litigation and they would have to
25 refund last year's host benefit fee, this year's

1 host benefit fee when it's paid, that's \$10 million
2 right there. So, potentially, back years going back
3 to when the plant was built in '91 that's, like, \$60
4 million. So, the numbers are very significant here
5 and we think that prudence would dictate that the
6 municipality make some study, some plan for what
7 happens in that event.

8 To add to that, this is, to put it
9 in perspective, this is an old coal fired power
10 plant. It operates today just because it has a
11 power purchase agreement with Atlantic City
12 Electric. That expires in 2024. So, as we sit here
13 today, this plant only functions because it's
14 getting paid above market rates for electricity and
15 it's collecting those and it's allowing it to stay,
16 to survive, if you will. Once 2024 rolls around,
17 this plant, almost without certainty, will close.
18 The facility will no longer operate.

19 MR. LIGHT: 2024 is quite a ways
20 down the road.

21 MR. CACCAVELLI: Not that far down
22 the road.

23 MR. LIGHT: At my age, it's pretty
24 far down the road.

25 MR. CACCAVELLI: I'm sure Atlantic

1 City said that a while ago when they had the casino
2 appeals and look where they are now.

3 MR. LIGHT: Let me see if I can
4 understand what you're saying. The company, the
5 power plant, whatever it is, has been paying the fee
6 to Carneys Point for a good number of years.

7 MR. CACCAVELLI: Yes.

8 MR. LIGHT: The same fee.

9 MR. CACCAVELLI: The fee escalates.
10 It keeps escalating. It's not tied to anything. It
11 just arbitrarily escalates.

12 MR. LIGHT: It has been a fee
13 that's been paid to the township for a good number
14 of years.

15 MR. CACCAVELLI: It has been paid,
16 yes.

17 MR. LIGHT: It's been before the
18 courts from what I understand and the court has
19 ordered that continued payments must be made until
20 the settlement. And on what basis are you asking us
21 to overrule the Director's decision when it's been
22 already decided by the court and the Director just
23 accepted that decision?

24 MR. CACCAVELLI: First of all, I
25 don't think that when the Director made the decision

1 this year, I'm not sure if the court made, if we're
2 talking about the temporary restraints, that would
3 be correct. That was in place then.

4 Again, what I'm saying, we've
5 changed what we're asking for this year. I'm not
6 asking you to overturn or reverse their budget.
7 Some study should be made. Some analysis to figure
8 out. Sooner or later --

9 MR. LIGHT: You want to discontinue
10 the payments in the hope the court will support that
11 after the court has ruled the payments have to be
12 made?

13 MR. CACCAVELLI: The court hasn't
14 ruled that.

15 MR. LIGHT: I understand it was
16 before the Superior Court back in 2015.

17 MR. CACCAVELLI: No, that was a
18 temporary restraint, temporary injunction to
19 maintain status quo while litigation is ongoing.
20 There's also a federal court action which is filed
21 and there's a federal preemption issue. There's a
22 lot of, my point is, this is not, and you can see
23 from the trial judge transcript --

24 MR. LIGHT: You want us to overrule
25 the Director's decision who made a decision not to

1 stop the payments based on the fact that the court
2 might stop them in the future.

3 MR. CACCAVELLI: I don't think
4 you're characterizing it properly. What I'm saying
5 is, someone, this is a train very much headed
6 towards a bridge that's out. There's a point in
7 time where this, the financial train, if you will,
8 of this municipality is going to come crashing down.
9 And, you know, we've tried to have discussions with
10 them. We've tried to say, let's do something
11 rational. It falls on deaf ears. They've been very
12 cavalier to this point. And we're alerting this
13 Board, because we know you have fiscal oversight
14 over municipalities and we feel like somebody should
15 be acting like the adult in this situation and
16 making provision for, number one, what could happen
17 in litigation and, number two, what definitely will
18 happen when that power purchase agreement expires.
19 That's what we're asking for.

20 And just if I can point out, if I
21 may, there have been some procedural irregularities
22 in the municipality's accounting, if you will. They
23 have for years have called this payment a long term
24 tax exemption payment, which it never was. And
25 miraculously this year, once they were challenged on

1 this so-called host benefit agreement, now they
2 miraculously change it to it's a benefit payment.
3 So, for years it's been camouflaged in their annual
4 budget.

5 On top of that and one of the
6 things we pointed out, the certification from
7 Carneys Point that got the temporary restraints last
8 year, its tax collector and CFO certified that if
9 this payment didn't come in at the end of the last
10 year, they would not be able to, quote, make their
11 payment to the school board. That's a little
12 troubling, because municipalities collect taxes.
13 That's a trust fund. That's not supposed to be mix
14 and match with the rest of the municipal budget and
15 the point of that certification that's exactly
16 what's happening in Carneys Point. And what we're
17 asking this Board again to do is, under your
18 investigative powers, look into their budgeting
19 process, see if they're going to, if they have a
20 plan, if they'll come up with a plan for this
21 before, you know, the horrible, the horrible things
22 happen.

23 MR. LIGHT: Is there any questions
24 of the members of the Board have with regard to
25 this?

1 MR. AVERY: Mr. Chairman, it sounds
2 like we're being asked not to do anything formally
3 today, but to have, not to overturn a decision, but
4 to have the staff that would routinely deal with
5 municipal budgets.

6 MR. LIGHT: I assume the Director's
7 staff did that or we wouldn't be at the point we're
8 at today. I mean, it's, that was my understanding.

9 MR. AVERY: I'm a little confused
10 on what they're asking, what we're asked, being
11 asked to overturn. If we're not being asked to
12 overturn their budget, which is what I understand,
13 it's really an issue of at some point the court is
14 going to rule on this litigation, whether it's
15 federal level or the state level, and depending on
16 what that decision is the payments may or may not
17 continue. But, it's been represented also that at
18 some point in seven years from now the payments will
19 end, because the power acquisition agreement ends.
20 In the meantime, someone needs to do some assessment
21 of what that means to the taxpayers of Carneys
22 Point.

23 MR. CACCAVELLI: Exactly correct.

24 MR. LIGHT: What I understand, Mr.
25 Avery, this has already been before the Superior

1 Court and that exact question was asked and I turn
2 to our attorney, but my understanding is the
3 Superior Court ruled that the payments should
4 continue.

5 MS. WALTER: On a temporary basis
6 while the case is pending.

7 MR. LIGHT: Right.

8 MR. AVERY: So I understand, so I
9 understand the prudence of anticipating a
10 significant loss of revenue, but I don't see what
11 action we can take today that would, that overturns
12 or in anything that the Director has done to this
13 point, other than they approved the budget for 2016;
14 is that correct? So, why are we here?

15 MR. LIGHT: That's what they're
16 asking us to overturn. I agree.

17 MR. AVERY: I thought he said they
18 weren't asking.

19 MR. CACCAVELLI: We've scaled back
20 from. We're saying use your investigative power,
21 have somebody take a look at the budget. We don't
22 know whether the staff looked at what the future
23 financial planning by Carneys Point is or is not.
24 That's not really been answered. That's what we
25 would ask for today.

1 MS. RODRIGUEZ: Let's refer this to
2 the Director. Let's refer this to the Director.

3 MR. AVERY: I don't think it's a
4 direction we have to take other than to ask the
5 Director to look into these financial planning
6 issues.

7 MS. RODRIGUEZ: That's it.

8 MR. CACCAVELLI: We're fine.
9 That's totally acceptable.

10 MS. RODRIGUEZ: That would be the
11 motion, to refer it to.

12 MR. LIGHT: You want to make that
13 motion, sir?

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

15 MS. RODRIGUEZ: And I'll second.

16 MR. LIGHT: Any other questions?
17 Let me make sure you rephrase the motion so we have
18 it in the record.

19 MR. AVERY: I would request that
20 the Director, refer this matter and the issues
21 raised by the gentleman here today to the Director
22 for his evaluation.

23 MR. LIGHT: The motion has been
24 made and seconded. Could the secretary take a roll?

25 MR. BLEE: Isn't the item before us

1 to uphold the Director's decision or to deny?

2 MS. McNAMARA: It appears to me
3 that he's withdrawn that portion of the original
4 appeal.

5 MR. CACCAVELLI: Right. We've
6 modified what we're asking for, correct. We've
7 appealed the budget originally, okay, and we
8 realized the point we are in the year now,
9 practically speaking, the tax bills are mailed.
10 It's out. It's, we recognize at this point of the
11 year we're asking for a whole lot and it would be a
12 whole lot of disruption and the Board's likely not
13 to grant it anyway. We get that. So what we're
14 asking for is, that portion, yes, we're no longer
15 looking for the budget to be overturned. What we
16 are asking for is the Director's staff make some
17 investigation, some analysis with the municipality
18 as to what provision or what planning they're doing
19 to deal with this problem.

20 MR. LIGHT: May I make a
21 suggestion?

22 MR. AVERY: I heard that. I'll
23 modify my motion to affirm the Director's decision
24 on the 2016 budget and ask that, add the rest of the
25 motion to follow, evaluate the fiscal impact.

1 MR. LIGHT: Further evaluation be
2 made by the Director's staff. That motion has been
3 made and you had seconded?

4 MS. RODRIGUEZ: Yes, I did. I did,
5 Mr. Chairman.

6 MR. LIGHT: Will you accept the
7 revision in Mr. Avery's?

8 MS. RODRIGUEZ: Yes, I do.

9 MR. LIGHT: Any other questions or
10 comments from the Board? Would the secretary,
11 please, call the roll?

12 MS. McNAMARA: Mr. Avery?

13 MR. AVERY: Yes.

14 MS. McNAMARA: Ms. Rodriguez?

15 MS. RODRIGUEZ: Yes.

16 MS. McNAMARA: Mr. Blee?

17 MR. BLEE: Yes.

18 MS. McNAMARA: Mr. Light?

19 MR. LIGHT: Yes. Thank you.

20 MR. CACCAVELLI: Thank you.

21 CHAIRMAN CUNNINGHAM: We're going
22 to take a five minute recess.

23 (At which time a recess was taken.)

24 CHAIRMAN CUNNINGHAM: Okay. So,
25 we'll resume the meeting. The next matter listed on

1 the agenda was 11:45 and it dealt with the proposed
2 dissolution of Atlantic City Municipal Utilities
3 Authority. That cannot be heard, because the City
4 of Atlantic City did not adopt an approving
5 ordinance, which will then bring us to the 11:50
6 matter, which is the continuation of the Supervision
7 Act for the City of Atlantic City under 52:27BB-54,
8 et seq.

9 The City of Atlantic City and the
10 City of Newark are the two municipalities in the
11 state that are currently under the State Supervision
12 Act. I don't think it's a secret, given the
13 reporting in the papers, that Atlantic City has
14 significant financial challenges. There has been
15 the adoption or, I shouldn't say adoption, the
16 passage of the Municipal Stabilization and Recovery
17 Act, which provides the city with a time certain to
18 develop a plan and present it to the commissioner
19 for his review. If the plan is acceptable to the
20 commissioner, then the city will implement that
21 plan. If not, additional powers beyond the
22 Supervision Act are afforded to the state.

23 Given the clear difficulties being
24 faced by the city and the erosion of the tax base,
25 it's my strong recommendation that this Board vote

1 to continue the supervision of the city.

2 Before I ask for a vote, and I know
3 that Mr. Blee recuses himself on this matter, I
4 would note that Mike Stinson, the CFO or the
5 director of finance and CFO for the city is here, as
6 well as representatives of the solicitor's office
7 and counsel as well. I just want to note that
8 they're here, if any questions were asked or if they
9 wanted to correct anything I said on the record. If
10 not, then not hearing that there's anything you want
11 to speak, then I would make a motion to continue the
12 supervision of Atlantic City under 52:27BB-54 and
13 ask for a second from my colleagues.

14 MR. AVERY: Second.

15 CHAIRMAN CUNNINGHAM: Mr. Avery
16 seconds. Roll call, please?

17 MS. McNAMARA: Mr. Cunningham?

18 CHAIRMAN CUNNINGHAM: Yes.

19 MS. McNAMARA: Mr. Avery?

20 MR. AVERY: Yes.

21 MS. McNAMARA: Ms. Rodriguez?

22 MS. RODRIGUEZ: Yes.

23 MS. McNAMARA: Mr. Light?

24 MR. LIGHT: Yes.

25 CHAIRMAN CUNNINGHAM: Okay.

1 MR. McMANIMON: Could I ask one
2 question for the one that was before this -- Ed
3 McManimon, McManimon, Scotland, Baumann, attorney
4 for the City of Atlantic City -- are you listing the
5 Atlantic City dissolution of the MUA application as
6 deferred or withdrawn?

7 CHAIRMAN CUNNINGHAM: I would think
8 at this point withdrawn would be the likely solution
9 in light of the conversation that the mayor and
10 counsel present had that they're not planning on
11 calling any additional meetings for the matter, so
12 I --

13 MR. McMANIMON: I believe that's
14 what we would want as well.

15 CHAIRMAN CUNNINGHAM: And with the
16 city's professional's concurrence, we will formally
17 withdraw that application and not defer it. Thank
18 you for that clarification.

19 So, with that dispatched, we can
20 move to the City of Newark.

21 (Danielle Smith and Don Huber were
22 sworn in.)

23 CHAIRMAN CUNNINGHAM: Danielle,
24 welcome. Good to see you. Don, thank you for
25 appearing on behalf of the division. We have two

1 matters relative to the City of Newark. The first
2 is a continuation of the Supervision Act and the
3 second is the adoption of the municipal budget.

4 For the Board's, as a refresher to
5 the Board, under the Supervision Act the Local
6 Finance Board adopts the municipal budget for those
7 towns under the Supervision Act. I am recommending
8 today that we continue supervision over the City of
9 Newark, although I do want to say that the
10 relationship with the city and the cooperation with
11 the city and the efforts of the city are all
12 appreciated and I think the relationship is going
13 very well. Last time I said something complementary
14 about a prior applicant being under supervision and
15 saying things went well, it wound up being used
16 against me in a lawsuit where my very words were
17 quoted against me, but I'm sure that won't happen in
18 this context. But, I do think our relationship with
19 the City of Newark has been going well.

20 I'm sure there are some things,
21 Danielle, that you and Don support what we just want
22 to put on the record, but we'll take the vote
23 separately, but my recommendation is we continue
24 supervision. I think the transitional MOU is doing
25 a lot of the heavy lifting. The supervision helps

1 keep this Board a little more invested. But, before
2 we take that vote, because I'd like to just do both
3 votes at one time, I would note that there's a staff
4 report provided to the Board talking about
5 recommendations for the adoption of the budget and
6 maybe rather than me reading that, Danielle and/or
7 Don would like to put some of those accomplishments
8 and initiatives on the record and then we'll go from
9 there.

10 MS. SMITH: Sure. Danielle Smith,
11 finance director, CFO. So, the 2016 budget results
12 in an increase in the amount to be raised by taxes
13 of 4.2 million from 213,000 in 2015 to 217,000 in
14 2016. So, that's an increase of \$4.2 million. Some
15 of the savings realized in the 2016 budget that will
16 continue in 2017 is as follows.

17 We increased collections for
18 Chapter 78. In 2015 we collected \$10 million. In
19 2016 we anticipate to collect \$13 million. Staff
20 realignment reductions and implementation of
21 department of public safety, with an initial cost
22 savings of \$550,000.00 eliminating the police and
23 fire director's positions. We are currently working
24 in conjunction with New Jersey Division of Taxation
25 regarding the Newark employee's tax program to

1 identify additional revenues. That process has been
2 going very well.

3 We also conducted reviews of
4 non-personnel operational costs in the city
5 department, exploring feasibility of shared services
6 and privatization regarding fire services. We
7 negotiated with Uber and struck a deal that we will
8 receive \$3 million for the 2016 budget upfront and
9 over the next ten years we'll receive 700,000 per
10 year.

11 We also are in negotiation with the
12 Port Authority and expect to receive additional
13 revenue in 2017. And our payroll and parking taxes
14 in 2016 are both up by, we collected 80 percent as
15 of September 8. That's a great improvement. So we
16 intend to make budget for our payroll and parking
17 taxes in 2016.

18 As far as the improvement within
19 the department, we have been working with Frank
20 McInerney's firm and all the reconciliations are
21 done for the bank reconciliations. We prepared the
22 annual financial statement for 2016 inhouse and we
23 also initiated an amnesty program which started
24 August 10 through September 12 for property taxes,
25 water and sewer charges and municipal liens to

1 generate revenues. And thus far we collected
2 445,000 in municipal liens and we had 27,000 in
3 water and sewer charges. So, we're trying to think
4 about ways to generate additional revenues for the
5 city.

6 CHAIRMAN CUNNINGHAM: Thank you. I
7 should note that the City of Newark was provided
8 with its transitional aid award for calendar year
9 '16, which comes out of the state fiscal '17 budget.
10 The amount was kept nearly identical to last year.
11 It went from ten million to 9.8 million this year
12 and, once again, we required as a condition that the
13 McInerney firm, that contract be continued. We
14 think that's providing mutual value. That's
15 actually been a, I think, a great success that we're
16 now extending that concept with the fiscal monitor
17 to some of our other transitional aid towns.

18 Don, was there anything on behalf
19 of the division staff you or Rick want to monitor,
20 that you want to add to the record?

21 MR. HUBER: Thank you. With your
22 permission, Mr. Chairman, very briefly, first I'd
23 like to say that although we're happy to have
24 Danielle with us today and I think she very well
25 laid out the progress Newark has made in terms of

1 controlling the expenditures and looking to generate
2 continued revenues, Jack Kelly, the business
3 administrator, recognizes the importance of these
4 proceedings. He had every intention of being here
5 today. A situation occurred and I can speak to you
6 about it later that just required his presence in
7 the city. So, he sends his regrets and as well as
8 his appreciation for your support.

9 One other aside, very quickly, I
10 think it does relate to this, along with the fiscal
11 planning in the city and the support we're getting
12 from McInerney's firm and I will have to say the
13 good work Rick Ricadellus (sic.) has done there, the
14 recent implementation of the public safety
15 department I think is also having a good impact on
16 the city. It's kind of early to tell, but the early
17 indications are that the public safety director is
18 really getting a handle on crime, on safe streets,
19 on the fire protection issues, the fire prevention
20 issues. I think all of that ties into the master
21 plan to bring Newark back to where it can be,
22 because it's creating a better sense in the city
23 that the public safety forces are really there to
24 help. It's not an adversarial situation that we're
25 seeing in other places in the state. So, I'm very

1 encouraged by that.

2 And I just want to close by saying
3 I appreciate the support that you've given Rick and
4 myself working in the city. There's a lot of
5 challenges there. I really think they're moving in
6 the right direction.

7 CHAIRMAN CUNNINGHAM: I think we're
8 making a lot of progress. Putting my other hat on
9 as the director of the division, working with Rick
10 and Don and Christine and Tina and a host of others,
11 really kind of a whole work press on Newark in a
12 supportive way and I think it's been working very
13 well. The mayor and I have a good relationship.
14 The business administrator in the division, we have
15 a great relationship as well.

16 So, unless there's any questions
17 from the Board or we'd like additional discussion,
18 you're certainly welcome to ask about, I would ask
19 for a motion and a second to continue supervision
20 and take that vote.

21 MR. AVERY: So moved.

22 MR. LIGHT: Al will make it and
23 I'll second it.

24 CHAIRMAN CUNNINGHAM: Okay. Mr.
25 Avery, Mr. Light. Roll call, please?

1 MS. McNAMARA: Mr. Cunningham?

2 CHAIRMAN CUNNINGHAM: Yes.

3 MS. McNAMARA: Mr. Avery?

4 MR. AVERY: Yes.

5 MS. McNAMARA: Ms. Rodriguez?

6 MS. RODRIGUEZ: Yes. And I would
7 like to commend also the city. It's nice to see it
8 coming along and I still have a lot of faith and
9 every time you come I see the projects, I see
10 everything that's going on. I have to commend the
11 mayor and council and your staff and all that are
12 making this happen and I'm happy, really happy. I
13 know the best is always yet to come.

14 MS. SMITH: Thank you.

15 MS. McNAMARA: Mr. Blee?

16 MR. BLEE: Yes.

17 MS. McNAMARA: Mr. Light?

18 MR. LIGHT: Yes.

19 CHAIRMAN CUNNINGHAM: Danielle, did
20 I see your hand up? Did you want to say something
21 else about the budget?

22 MS. SMITH: Yes, we have budget
23 amendments. How does that affect, if you adopt the
24 budget today, can we provide the budget amendments
25 at a later date?

1 CHAIRMAN CUNNINGHAM: We would
2 probably memorialize them at our next meeting. So,
3 I would share them with, however you do it to Tina
4 through Rick and Don through Tina, however that
5 works and what we'll just do is we'll memorialize
6 those amendments at the next meeting.

7 MS. SMITH: Okay. Thank you.

8 CHAIRMAN CUNNINGHAM: So, with that
9 question answered, I would ask for a motion and a
10 second to adopt the City of Newark's municipal
11 budget under 52:27BB-87.

12 MS. RODRIGUEZ: I move.

13 CHAIRMAN CUNNINGHAM: Ms. Rodriguez
14 moves.

15 MR. BLEE: Second.

16 CHAIRMAN CUNNINGHAM: Mr. Blee
17 seconds. Roll call, please?

18 MS. McNAMARA: Mr. Cunningham?

19 CHAIRMAN CUNNINGHAM: Yes.

20 MS. McNAMARA: Mr. Avery?

21 MR. AVERY: Yes.

22 MS. McNAMARA: Ms. Rodriguez?

23 MS. RODRIGUEZ: Yes.

24 MS. McNAMARA: Mr. Blee?

25 MR. BLEE: Yes.

1 MS. McNAMARA: Mr. Light?

2 MR. LIGHT: Yes.

3 CHAIRMAN CUNNINGHAM: I know we're
4 all tired and, thank you, Danielle, great to see
5 you. Please extend my appreciation to the mayor and
6 the business administrator for his efforts and, Don,
7 thank you as well.

8 Very quickly, we have a couple
9 quick rule issues. The first is to, it deals with
10 the clean up bill, approval of municipal authority
11 budgets which were transferred from the board to the
12 director. We're amending regulations to confirm
13 that. Motion and a second?

14 MR. BLEE: Motion.

15 MS. RODRIGUEZ: Second.

16 CHAIRMAN CUNNINGHAM: Motion,
17 second. Roll call, please?

18 MS. McNAMARA: Mr. Cunningham?

19 CHAIRMAN CUNNINGHAM: Yes.

20 MS. McNAMARA: Mr. Avery?

21 MR. AVERY: Yes.

22 MS. McNAMARA: Ms. Rodriguez?

23 MS. RODRIGUEZ: Yes.

24 MS. McNAMARA: Mr. Blee?

25 MR. BLEE: Yes.

1 MS. McNAMARA: Mr. Light?

2 MR. LIGHT: Yes.

3 CHAIRMAN CUNNINGHAM: The second
4 was a repeal of internet access and training grants.
5 It's a provision to the regs. Nothing since 2004.
6 I would, therefore, ask for a motion and second for
7 those rules as well.

8 MS. RODRIGUEZ: So moved.

9 MR. BLEE: Second.

10 CHAIRMAN CUNNINGHAM: Roll call,
11 please?

12 MS. McNAMARA: Mr. Cunningham?

13 CHAIRMAN CUNNINGHAM: Yes.

14 MS. McNAMARA: Mr. Avery?

15 MR. AVERY: Yes.

16 MS. McNAMARA: Ms. Rodriguez?

17 MS. RODRIGUEZ: Yes.

18 MS. McNAMARA: Mr. Blee?

19 MR. BLEE: Yes.

20 MS. McNAMARA: Mr. Light?

21 MR. LIGHT: Yes.

22 CHAIRMAN CUNNINGHAM: The second is
23 amendments to a proposed rule making petition
24 regarding certification of available funds. This
25 was kicked to the division staff for their analysis

1 and they're recommending that the rule making
2 provision be accepted and, therefore, the maximum
3 dollar amount of contract would appear. And then
4 there's also, I guess, two votes needed. One on the
5 proposed rule making petition. This one, no? So,
6 it's just the proposed rule making petition, the
7 amendments effecting 5:30-5.4 and 5.5 as submitted
8 in the packets. I would ask for a motion and second
9 approving that rule petition.

10 MR. BLEE: Motion.

11 CHAIRMAN CUNNINGHAM: Second,
12 please?

13 MR. LIGHT: I'll second it.

14 CHAIRMAN CUNNINGHAM: Mr. Light
15 seconds. Roll call?

16 MS. McNAMARA: Mr. Cunningham?

17 CHAIRMAN CUNNINGHAM: Yes.

18 MS. McNAMARA: Mr. Avery?

19 MR. AVERY: Yes.

20 MS. McNAMARA: Ms. Rodriguez?

21 MS. RODRIGUEZ: Yes.

22 MS. McNAMARA: Mr. Blee?

23 MR. BLEE: Yes.

24 MS. McNAMARA: Mr. Light?

25 MR. LIGHT: Yes.

1 CHAIRMAN CUNNINGHAM: One final
2 matter, adjourn the Board.

3 MR. BLEE: Motion.

4 CHAIRMAN CUNNINGHAM: Mr. Blee
5 makes it.

6 MR. LIGHT: I object.

7 CHAIRMAN CUNNINGHAM: Mr. Light
8 objects.

9 MS. McNAMARA: All ayes?

10 (Unanimous board affirms.)

11 (Meeting adjourned at 1:16 p.m.)

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1 C E R T I F I C A T E

2 I, DENISE L. SWEET, a Certified
3 Court Reporter and Registered Professional Reporter,
4 do hereby certify that prior to the commencement of
5 the examination of the witnesses, they were sworn by
6 me to testify the truth, the whole truth, and
7 nothing but the truth.

8 I DO FURTHER CERTIFY that the foregoing is a
9 true and accurate transcript of the testimony as
10 taken by and before me at the time, place and on the
11 date hereinbefore set forth.

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

18
19 C:\TINYTRAN\Denise Sweet.bmp

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23

24 DENISE L. SWEET, CCR, RPR

25 Dated: October 6, 2016

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