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STATE OF NEW JERSEY  
DEPARTMENT OF COMMUNITY AFFAIRS  
LOCAL FINANCE BOARD

Department of Community Affairs  
Conference Room #129/235A  
101 South Broad Street  
Trenton, New Jersey 08625  
January 14, 2015

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

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STATE SHORTHAND REPORTING SERVICE, INC.

1                   MR. CUNNINGHAM: Good morning. This  
2 public meeting of the Local Finance Board has already  
3 been opened in public session so there's no need to  
4 undertake any of those formalities. By quick way of  
5 introduction for those of you that regularly attend  
6 these meetings, my name is Tim Cunningham. I'm the new  
7 Director of the Local Government Services. And  
8 therefore, the new Chairman of the Local Finance Board.

9                   The first matter on the agenda today are  
10 seven applications that are going to be considered on a  
11 consent agenda. As listed on the agenda they are the  
12 Willingboro Municipal Utilities Authority, Gloucester  
13 City, Winslow Township, Newark City, Ocean County, Old  
14 Bridge Municipal Utilities Authority and Hoboken City.  
15 These are all matters related to participation in the  
16 proposed environmental infrastructure trust loan  
17 program. For the consent agenda I would ask my  
18 colleagues for a motion.

19                   MR. BLEE: Motion to approve.

20                   MR. CUNNINGHAM: And a second?

21                   MS RODRIGUEZ: Second.

22                   MS McNAMARA: Mr. Cunningham?

23                   MR. CUNNINGHAM: Yes.

24                   MS McNAMARA: Mr. Avery?

25                   MR. AVERY: Abstain out of the abundance

1 of caution on Ocean County. Aye on all others.

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. CUNNINGHAM: Thank you. First  
9 matter on the agenda I would ask representatives from  
10 Chesterfield Township Fire District Number 2 to  
11 approach. Gentleman, you're here today on behalf of  
12 the fire district relative to a \$41,000 proposed  
13 project financing for the purchase of a new piece of  
14 equipment for the fire district?

15 MR. MALEY: That's correct.

16 MR. CUNNINGHAM: As I think you know,  
17 I've worked with my team to provide -- to get some  
18 additional information to a point where I felt that we  
19 could address this matter. Couple issues I would just  
20 like to go over with you. I wanted to ensure that you  
21 had looked at other options on state contracts to  
22 determined that the vehicle being passed -- subject to  
23 the referendum you pass is the cheapest option for the  
24 fire district.

25 MR. HLUBIC: As far the vehicle goes, we

1 were looking at a four-wheel drive vehicle. The actual  
2 cost of the vehicle itself without the upgrades to it  
3 is only like \$31,000. So in answer to your question, I  
4 think the answer is pretty much as far as a vehicle  
5 that will serve our needs, a four-wheel drive vehicle,  
6 it has done that. We have done that.

7 MR. CUNNINGHAM: And although this is a  
8 take-home vehicle in that it's for the chief's use and  
9 the chief always being on call to the district, this is  
10 a vehicle that would only be used for district -- fire  
11 district purposes?

12 MR. HLUBIC: As far as the vehicle  
13 itself that's what it's supposed to be used for. If  
14 the chief is, say, going somewhere's very local and  
15 he's going to be in a situation where he can respond to  
16 the call is free to use that vehicle at that point in  
17 time, but for any use that he will be out of the  
18 district or in a situation where he can't respond to a  
19 fire then, no, he cannot use that vehicle.

20 MR. CUNNINGHAM: Thank you very much.  
21 And I'm made to understand the that district keeps fuel  
22 and travel logs for the use of the vehicle?

23 MR. HLUBIC: We just started doing that,  
24 yes. And for the most part it's a relatively new log  
25 so they don't have a lot of information at this point

1 in time.

2 MR. CUNNINGHAM: Okay. I appreciate  
3 that. And I would say that one thing I did was look at  
4 was the district's tax rate being less than \$0.09 on a  
5 hundred dollars. Generally your financials appear to  
6 be solid and you're coming before us today because  
7 you're going to propose to finance this through Ford  
8 Motor Credit?

9 MR. HLUBIC: Yes. We have also applied  
10 to two other banking institutions at this point in time  
11 to try to get competitive rates to make sure that Ford  
12 Motor Company is the most competitive. I'm supposed to  
13 meet with the one officer on Monday day and hopefully  
14 the other one sometime early next week.

15 MR. CUNNINGHAM: Okay. Anything else  
16 you want to present before the Board?

17 MR. HLUBIC: I just think that, you  
18 know, as far as use of the vehicles and the number of  
19 vehicles that we have I think that we've been fairly  
20 prudent as far as what we've purchased. Having the  
21 chief's vehicle I think is an important thing instead  
22 of using a personal vehicle. Especially with all of  
23 the information that has to be kept and the  
24 communications that has to be done on a fire scene  
25 which can be pretty busy and pretty hectic. So I think

1 we've done fairly well with that.

2 MR. CUNNINGHAM: Okay. Thank on very  
3 much for your testimony. I would look for a motion to  
4 pass.

5 MR. BLEE: Motion to approve.

6 MR. LIGHT: Question, if I may. Was  
7 this part of a regular budget and was it voted on by  
8 the public.

9 MR. HLUBIC: We had a special election  
10 in December to approve the amount for the purchase,  
11 yes.

12 MR. LIGHT: Do you remember what the  
13 vote was?

14 MR. HLUBIC: We had 22 people show up  
15 and they were all yes.

16 MR. LIGHT: Thank you.

17 MR. CUNNINGHAM: I apologize. I should  
18 have offered my colleagues any additional questions for  
19 presenters. So the motion was on the table. Do we  
20 have a second?

21 MS RODRIGUEZ: Second.

22 MR. CUNNINGHAM: Role call.

23 MS McNAMARA: Mr. Cunningham?

24 MR. 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. CUNNINGHAM: Thank you, gentlemen.

9 South Orange Township Village had a matter regarding  
10 tax appeals that they've deferred to a future agenda.  
11 So we're now going to go to Edison Township.

12 MR. McMANIMON: Thank you. For the  
13 record, Ed McManimon from McManimon, Scotland and  
14 Baumann, bond counsel to the Township of Edison. We're  
15 here to ask for the approval in connection with a  
16 \$12,175,000 refunding bond ordinance to fund 369 tax  
17 appeals. This is the third phase of a three prong  
18 approach that started in 2011. The township appeared  
19 before the Board in '11, in 2012. This was a 2014  
20 application which was deferred. And therefore, we  
21 reintroduced the bond ordinance two nights ago. I  
22 believe a certified copy was sent to you so that it's  
23 in connection with an ordinance that can be introduced  
24 and finally adopted in the same year.

25 This is an important matter. The

1 township has regularly funded their tax appeals the  
2 last three years plus this year. In addition to this  
3 they're funding \$2 million for tax appeals. They  
4 previously funded a million and a half and others  
5 dating back to the 2009 cycle of change that occurred.  
6 They have begun the process of a reval. They're  
7 pursuing the generation of new tax maps which is the  
8 first step for this. They feel it's important to  
9 finish off what they started in this plan. They still  
10 have 311 tax appeals, but they expect to fund those in  
11 their budget rather than be back here with additional  
12 requests to finance these. So we're prepared to answer  
13 any questions that you have. They believe that if they  
14 do this they will be stabilized. And most of these are  
15 commercial. And obviously, the reval will affect the  
16 residentials more than the commercial, but they are  
17 prepared to proceed in an orderly fashion so that they  
18 can be in a stable position against the large number of  
19 tax appeals over the last four years. So. Answer any  
20 questions you have.

21 MR. CUNNINGHAM: Thank you, counselor.  
22 I think the one question I would have and perhaps maybe  
23 directed to the auditor, the administrator, currently  
24 you're refunding bond calls for a maturity of seven  
25 years. And when I look at the numbers I'm wondering

1 whether a shorter duration wouldn't be perhaps more  
2 prudent. I would ask whether you considered going to a  
3 six or perhaps even a five-year maturity.

4 MS McNAMARA: They have. Whatever the  
5 province of this Board is would be fine. In the  
6 Exhibit C to the application it showed the impact of  
7 the previous two tax appeal refundings to the point  
8 where when you take all three of them and their budget  
9 impact actually rises to \$120 on an average home taking  
10 the three of them in. So just in the context they  
11 could live with five, six or seven. We presented seven  
12 because in the application it reflects the impact which  
13 is much greater than \$50 from the overall tax appeal  
14 plans. So I think they'll adapt to whatever your  
15 concern is. And we showed also in Exhibit C impact of  
16 seven years, six years and five years on these numbers.  
17 And we would still request seven because it's a  
18 reflection of how to merge all these together.

19 MR. CUNNINGHAM: Any of the Board  
20 members have questions or comments?

21 MR. LIGHT: I agree with the Chair. I  
22 would prefer a five or a six. I think seven stretches  
23 it too long. Normally, I usually push for a five but  
24 it's up to the Chair if you want to go with six. I'd  
25 rather see something less than seven.

1 MS RODRIGUEZ: I support six. Seven is  
2 too.

3 MR. MORRISON: The difference between  
4 five and seven works out to about \$18 a year on the  
5 average taxpayer. Six would split that difference.

6 MR. CUNNINGHAM: Okay. Any other  
7 comments or questions from the Board? I would ask for  
8 then a motion with a six-year maturity for this.

9 MS RODRIGUEZ: So moved.

10 MR. BLEE: Second.

11 MR. CUNNINGHAM: Okay. Thank you. Role  
12 call.

13 MS McNAMARA: Mr. Cunningham?

14 MR. CUNNINGHAM: Yes.

15 MS McNAMARA: Mr. Avery?

16 MR. AVERY: Yes.

17 MS McNAMARA: Ms Rodriguez?

18 MS RODRIGUEZ: Yes.

19 MS McNAMARA: Mr. Blee?

20 MR. BLEE: Yes.

21 MS McNAMARA: Mr. Light?

22 MR. LIGHT: Yes.

23 MS McNAMARA: Thank you.

24 MR. McMANIMON: It's my prerogative to  
25 welcome you to the Board.

1                   MR. CUNNINGHAM: Thank you. Appreciate  
2 it. Next matter listed on the agenda was an  
3 application for the City of Jersey City. They have  
4 contacted us and deferred this matter. Matter will be  
5 heard at a future agenda when they choose to bring it.  
6 So we will, therefore, move to the City of Camden, a  
7 proposed adoption of a bond ordinance pursuant to the  
8 qualified bond program. Financial advisor, counsel,  
9 would you just introduce the proposed bond financing to  
10 the Board?

11                   MR. CAPIZZI: Good morning, Chairman and  
12 Board members. My name is Jason Capizzi. And my firm  
13 Kraft and Capizzi serves as bond counsel to the City of  
14 Camden. The city has outstanding qualified bonds and  
15 today is seeking your approval of a bond ordinance  
16 authorizing new improvements. With me here today in  
17 support of the application are the city officials. And  
18 we're ready to entertain any questions you may have.

19                   MR. CUNNINGHAM: Okay. One question  
20 that perhaps, if I could call you by your first name,  
21 Glen.

22                   MR. JONES: Yes, sir.

23                   MR. CUNNINGHAM: How long has it been it  
24 since the City of Camden's been able to approach the  
25 capital markets?

1 MR. JONES: 15 years.

2 MR. CUNNINGHAM: So I think I would --

3 MR. THOMPSON: I don't want to  
4 contradict, but we had a bond sale this past July.  
5 Prior to that it had been well over a decade, 15,  
6 almost 20 years.

7 MR. CUNNINGHAM: I think either way the  
8 point that I would want to make in front of the public  
9 and my fellow members of the Board is I think the  
10 ability for the City of Camden to access the markets is  
11 a very compelling sign of the work that the city and in  
12 conjunction with the Division have done to stabilize  
13 the financial situation of the city. For full  
14 disclosure, I've worked with the Mayor on various  
15 matters in a previous position that I had, but I've  
16 certainly been involved in the city. I've seen the  
17 effort of the city to move forward. And when I saw  
18 this application come forth I'm very pleased. I'm  
19 supportive of it. And I would ask my colleagues on the  
20 Board whether they had any questions or additional  
21 comment or concerns.

22 MS RODRIGUEZ: I'd like to make a  
23 comment to the Mayor. I just want to commend you. I  
24 was just telling my colleague here that it doesn't  
25 matter the size of the project, you know, whether it's

1 small or large, you are by far probably one of the only  
2 few Mayors that comes in front of this Board to, I'm  
3 not calling it to pitch, but to support your projects.  
4 And I want to commend you. You are the mayor of  
5 mayors. And I want to just commend you on a great job  
6 you are doing for the City of Camden.

7 MAYOR REDD: Thank you very much.

8 MS RODRIGUEZ: I seen you come a long  
9 way.

10 MAYOR REDD: If I may for the record, I  
11 would like to thank the Local Finance Board and  
12 certainly Director of Division of Local Government  
13 Services for the partnership that we have experienced  
14 since I assumed the helm in 2010. I can tell you that  
15 we've been able to institute the best practices to make  
16 sure that there's transparency and accountability in  
17 our finances. And I certainly recognize what we had to  
18 climb out of over several decades of mismanagement.  
19 And so having a background in management and finance I  
20 know the most important thing upon assuming the helm  
21 was getting our financial house in order. And I am  
22 very grateful for the team that I have here with me  
23 today, particularly Director Jones who we were able to  
24 take from Local Government Services and bring him in to  
25 help us to really manage and to get our arms around our

1 budgeting and making sure that we're fiscally  
2 responsible.

3                   So I thank you for your comment. And I  
4 also thank the State of New Jersey for their continued  
5 partnership with the City of Camden and certainly our  
6 Governor who highlighted us on his State of the State  
7 address yesterday. Director, we wish you great success  
8 on your tenure. And I do thank you for your previous  
9 work experience with us in the City of Camden that has  
10 led us to a new policing paradigm and a model, again,  
11 to ensure the safety of our city. So thank you and  
12 best wishes to all of you and your service to our  
13 state.

14                   MR. CUNNINGHAM: Thank you, Mayor. If  
15 there are no other comments or questions from the Board  
16 I would personally like to make a motion to accept this  
17 financing application.

18                   MR. LIGHT: Second.

19                   MR. CUNNINGHAM: Role call, please.

20                   MS McNAMARA: Mr. Cunningham?

21                   MR. CUNNINGHAM: Yes.

22                   MS McNAMARA: Mr. Avery?

23                   MR. AVERY: Yes.

24                   MS McNAMARA: Ms Rodriguez?

25                   MS RODRIGUEZ: Yes.

1 MS McNAMARA: Mr. Blee?

2 MR. BLEE: Yes.

3 MS McNAMARA: Mr. Light?

4 MR. LIGHT: Yes.

5 MR. CUNNINGHAM: Thank you very much.

6 MAYOR REDD: Thank you.

7 MR. CUNNINGHAM: Next matter on the  
8 agenda the Sussex County MUA. Gentlemen, you're before  
9 the Board today to renew some project notes that will  
10 be used for the construction of a waste water  
11 collection treatment facility?

12 MR. CAPIZZI: Yes.

13 MR. CUNNINGHAM: Would you mind giving  
14 the Board a brief introduction to the project?

15 MR. CANTALUPO: Sure. Absolutely. I'm  
16 John Cantalupo from Archer and Greiner, bond counsel to  
17 the Authority. Happy new year, everybody. We're here  
18 today this project has been going on for some time.  
19 And we can certainly explain that. We came before the  
20 Local Finance Board in 2008 for our first approval on  
21 this particular project. We also received subsequent  
22 approvals in '10, '11 and '12. '12 is the renewal of  
23 this current project note. This has to do with  
24 Branchville has a number of the vast majority of their  
25 sewer collection systems or their systems in the

1     borough are septic systems. And they're starting to  
2     have trouble with their or have been for a substantial  
3     period of time with those systems. And their desire is  
4     putting in a new waste water collection system and  
5     treatment plant. And that's what we were down here for  
6     back in 2008. We've received a number of grants from  
7     the U.S.D.A. on this project for over \$6 million. The  
8     total cost of the project right now is \$11 million 406,  
9     perhaps a little bit higher, but we're going to be  
10    applying for additional U.S.D.A. money at the time.  
11    We've received all the prior approvals going back.

12                    What happened was in 2008 we came down  
13    for approval. They went out to have the project  
14    designed. We went on to bid in 2011. The bids came in  
15    very high. Branchville Borough decided we couldn't go  
16    forward because it was too expensive for the residents.  
17    They went and did a value engineering study. After  
18    that after those bids came in they redesigned the  
19    project. And the savings on the redesign of the  
20    project are approximately 23 percent or 3 and a half  
21    million dollars. So it's a plus for the borough  
22    residents. We're here today seeking the approval to  
23    renew our project notes and to issue the bonds that we  
24    previously received approval for. We've just run out  
25    of time since our 2012 renewal. We're happy to answer

1 any questions that you may have.

2 MR. CUNNINGHAM: That would be the only  
3 context that I would have questions, the timing of the  
4 project. I'm lead to believe that you have the  
5 requisite DEP permits and that you've gone out to bid  
6 for the project.

7 MR. HATZELIS: That is correct. We've  
8 gone out to bids. We've received bids. The Sussex  
9 County MUA has received bids. Branchville Borough has  
10 received bids. Bids have been awarded. And  
11 construction will be starting in the Spring. And we  
12 expect construction to be completed in June, July of  
13 2016.

14 MR. CUNNINGHAM: Any other members of  
15 the Board have any questions or comments?

16 MR. LIGHT: Just wondering what the  
17 design capacity of the new facility will be.

18 MR. HATZELIS: The original design was  
19 200,000 gallons per day. It's been reduced to 170,000  
20 per day which helped achieve a lot of savings.

21 MR. LIGHT: There's room for growth?

22 MR. HATZELIS: There's room for growth  
23 for the Borough of Branchville as well as for Frankford  
24 Township, yes.

25 MR. AVERY: My only question in the

1 value engineering it didn't affect the treatment work  
2 approval or the --

3 MR. VARRO: We've gone back to DEP and  
4 gotten a new --

5 MR. AVERY: So you have a current one?

6 MR. VARRO: Yes, we have a current  
7 treatment works approval.

8 MR. CUNNINGHAM: Any other questions?

9 MS RODRIGUEZ: They were very prudent in  
10 going back and doing the redesign.

11 MR. CUNNINGHAM: I'll take a motion.

12 MR. BLEE: Motion.

13 MS RODRIGUEZ: Second.

14 MR. CUNNINGHAM: Role call, please.

15 MS McNAMARA: Mr. Cunningham?

16 MR. CUNNINGHAM: Yes.

17 MS McNAMARA: Mr. Avery?

18 MR. AVERY: Yes.

19 MS McNAMARA: Ms Rodriguez?

20 MS RODRIGUEZ: Yes.

21 MS McNAMARA: Mr. Blee?

22 MR. BLEE: Yes.

23 MS McNAMARA: Mr. Light?

24 MR. LIGHT: Yes.

25 MR. CUNNINGHAM: Next matter on the

1 agenda is the Carneys Point Township Sewerage  
2 Authority. Proposed project financing. Gentlemen,  
3 you're here today to discuss the issuance of revenue  
4 bonds not to exceed a million.1. Would you kindly give  
5 the Board a brief introduction to the project?

6 MR. WINITSKY: Sure. The Carneys Point  
7 Township Sewerage Authority is seeking to issue as you  
8 mentioned \$1.1 million of its revenue bonds for the  
9 purpose of financing the cost of the repairs and  
10 replacement of portions of the Authority's existing  
11 sewerage system. It is a little bit different than a  
12 lot of other financings. We're actually working with  
13 the Pollution Control Financing Authority of Salem  
14 County who's agreed to purchase the bonds directly from  
15 the Authority for an absolutely wonderful interest rate  
16 of less than half a percent for 10 years. So it's a  
17 level debt service, \$100,000 plus or minus for ten  
18 years. It's a win for the Authority to have a good  
19 investment and a good product from our Authority. It's  
20 a win for us in that we have a fantastic interest rate.  
21 And it's better than anything we could get including  
22 through the New Jersey Environmental Infrastructure  
23 Trust. So we knew there were some questions why we  
24 weren't going there. Because frankly, we just couldn't  
25 do better than .45 percent for ten years. So that's

1     why we're here.

2                     MR. CUNNINGHAM: Thank you very much.

3     Any questions or comments from the Board?

4                     MR. BLEE: Motion to approve.

5                     MR. CUNNINGHAM: Motion. Take a second.

6                     MR. AVERY: Second.

7                     MR. CUNNINGHAM: Role call.

8                     MS McNAMARA: Mr. Cunningham?

9                     MR. 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. CUNNINGHAM: Thank you, gentlemen.

19     Board's now going to consider an application by the  
20     Madison Housing Authority. Thank you for appearing  
21     before the Board today. This is a I'll say unique  
22     financing in that it's done in conjunction for lack of  
23     a better word with HUD as part of a PILOT program which  
24     we've discussed. And I was just hoping for benefit of  
25     the Board perhaps you could just give a introduction to

1 the project and that component in particular.

2 MR. MARINIELLO: Sure. My name is Dan  
3 Mariniello, financial advisor to the Authority. Lou  
4 Riccio is the Director of the Madison Housing  
5 Authority. And Jeff Kramer is our bond counsel. We're  
6 here for a financing that is part of a much broader HUD  
7 program called the Renter Assistance Demonstration  
8 Program, RAD. Our financing here is for a not to  
9 exceed 1 million 850. The funds will be used in  
10 various ways. One to pay off existing bond issue that  
11 the Madison Housing Authority has on its books which  
12 was part of a 2004 HMFA bond issue along with deposits  
13 to our capital fund for a long-term 20 year capital  
14 needs program that we're putting together. Public  
15 housing is part of the application that I submitted to  
16 you has been underfunded for a number of years now.  
17 And it's just getting worse and worse. Especially the  
18 capital fund. So public housing authorities are having  
19 a very difficult time with enough funds to do real  
20 projects, real work that is going to sustain their  
21 properties for a long time.

22 And HUD understands this. So HUD has  
23 created a program called RAD. Initially allowed  
24 60,000 units across the country to come in. Two  
25 housing authorities in New Jersey applied originally

1 and got their initial approvals. Madison Housing  
2 Authority is here today. And Passaic Housing Authority  
3 who is doing a different financing structure through  
4 the HMFA. The purpose of the program is to allow the  
5 change in the way housing authorities are funded. So  
6 where they typically were funded through their  
7 operating and capital funds that money is now going to  
8 be converted to rents. A lot like -- they're switching  
9 the model from public housing to the Section 8  
10 multifamily model which if you know the private  
11 entities and nonprofits that have Section 8 properties  
12 finance against those grants. Before this the public  
13 housing authorities could not finance against their own  
14 assets and their own revenue streams unless they had  
15 special consideration from HUD. Now that it's going to  
16 change to a Section 8 rental program we can securitize  
17 that rent structure. And this has been a program that  
18 the Madison Housing Authorities has been dealing with  
19 HUD for well over a year now. And each section as we  
20 go through whether it's the engineer's studies, which I  
21 did put a 20-year schedule in here for you, has been  
22 approved by HUD. And as we go through this is another  
23 step in our final approval. After we get approval  
24 through the Local Finance Board -- we have already  
25 gone, by the way, to the Borough of Madison. Met with

1 their mayor and council at a public hearing and had a  
2 resolution approved by them. We will now submit the  
3 entire package to HUD. And hopefully within the next  
4 few months be able to actually finance. All of this is  
5 with purpose of the 134 units of public housing that  
6 Madison has to be able to get the necessary work that  
7 they need to do today and be fully funded for the next  
8 20 years of work. So this is really setting them up.  
9 And as part of the financing we did a -- we went out  
10 for bid to a number of different banks. We looked at  
11 both FHA financing. We looked at typical commercial  
12 financing. And we ended up negotiating a term sheet  
13 with Lakeland Bank for a tax exempt bond structure  
14 which is a little bit like a commercial loan but it's a  
15 tax except bond financing. So there is a little bit of  
16 an interesting uniqueness to that funding level. If  
17 you'd like me to talk a little bit more about that.

18 MR. CUNNINGHAM: I would ask you to just  
19 discuss the caps that mitigate the risk of the  
20 variable.

21 MR. MARINIELLO: Sure. As a typical  
22 commercial loan the bank wanted a more of a variable  
23 rate type structure. And so we kind of did a hybrid of  
24 it with them. We created a variable rate which  
25 changes. Each five years the rate adjusts. The rate

1 is initially set based on the five-year Federal Home  
2 Loan Bank rate which is very low at the moment. The  
3 interest rate today for the first five years will be  
4 two and a half percent. And the interest rate will go  
5 up at each five-year interval based on that Federal  
6 Home Loan Bank index. However, we put a cap so that no  
7 rate can be more than two and a half percent higher  
8 than the previous rate. So what that does is with the  
9 cash flows that the project is going to generate and  
10 the paydowns that we anticipate over the 25-year term  
11 it's an actual all in rate of probably 3.85 percent  
12 because of the way that the Housing Authority's going  
13 to be able to pay that down. The worst case scenario,  
14 which is what we have to look at all time, will be  
15 really a flat rate of 5.1 percent over the 25 years  
16 which turned out to be a much better program than a  
17 longer FHA financing.

18 MR. CUNNINGHAM: You can prepay?

19 MR. MARINIELLO: We have a prepayment  
20 program with them where each five years there's a  
21 prepayment with no penalty and however much of the  
22 principal we can. And during the five years because we  
23 know we have cash flow the bank is going to allow us a  
24 percentage, ten percent of the principal now to be paid  
25 down as well. They just won't recast the amortization

1 until the five-year interval.

2 MR. CUNNINGHAM: Under the new model, go  
3 more toward the Section 8 type scenario, occupancy is  
4 obviously a key concern, more concern. For the Board's  
5 benefit we have talked about this. I would just for  
6 the Board that you share the existing wait list  
7 numbers.

8 MR. MARINIELLO: Before you touch on the  
9 wait list, one of the big things that was an issue that  
10 the borough had was there are requirements within the  
11 Madison Housing Authority's structure that gives  
12 preference to Madison Housing -- Madison Borough  
13 residents. And it also obviously has income limits for  
14 affordability. All of that stays the same. And that  
15 was a big issue with the Borough of Madison, making  
16 sure that those apartments are there for their  
17 residents. But as far as the wait list, Madison  
18 Housing Authority not only for their own benefit but  
19 for other entities manages Sections 8 housing projects.  
20 So Lou can speak clearly about what that wait list is  
21 like.

22 MR. RICCIO: Thank you. Our Housing  
23 Authority has less than a one half of one percent  
24 vacancy rate. We have a waiting list for residents,  
25 because we have that bifurcated waiting list for

1 residents, it's about a year and a half. For  
2 non-residents it's about seven years. And every year  
3 that waiting list grows. We have a senior building  
4 that is -- only has 80 units in it. And that waiting  
5 list is even longer. So that we do not anticipate any  
6 problem with the vacancy rate. Banks unfortunately  
7 require us to put in three to five percent vacancy  
8 rates, but we know in reality there isn't going to be  
9 any. So that shows us a little extra capital to play  
10 with.

11 MR. CUNNINGHAM: Does the Board have any  
12 additional questions?

13 MS RODRIGUEZ: I have a comment, if I  
14 may. When I read this application I have to admit it  
15 blew me away because I thought this was genius. I grew  
16 up in housing projects. So I, you know, I think this  
17 is the way of the future. And I commend you. I think  
18 this is going to be a great project if it's voted on  
19 today. But I just I wanted to make that comment. It's  
20 great all around.

21 MR. RICCIO: Thank you.

22 MR. CUNNINGHAM: Any other questions or  
23 comments?

24 MR. BLEE: Motion to approve.

25 MR. CUNNINGHAM: Motion. Thank you.

1 Second?

2 MS RODRIGUEZ: Second.

3 MR. CUNNINGHAM: Role call.

4 MS McNAMARA: Mr. Cunningham?

5 MR. CUNNINGHAM: Yes.

6 MS McNAMARA: Mr. Avery?

7 MR. AVERY: Yes.

8 MS McNAMARA: Ms Rodriguez?

9 MS RODRIGUEZ: Yes.

10 MS McNAMARA: Mr. Blee?

11 MR. BLEE: Yes.

12 MS McNAMARA: Mr. Light?

13 MR. LIGHT: Yes.

14 MR. CUNNINGHAM: Thanks, gentlemen.

15 You'll let us know what you hear back from HUD when you  
16 take it back to them for their approvals?

17 MR. MARINIELLO: Absolutely.

18 MR. CUNNINGHAM: Next matter on the  
19 agenda is extension of the Passaic County Improvement  
20 Authority's capital equipment leasing program.

21 MR. JOHNSON: Good morning.

22 MR. CUNNINGHAM: Good morning.

23 MR. JOHNSON: I'm Everett Johnson. I'm  
24 bond counsel to the PCIA from Wilentz, Goldman,  
25 Spitzer. We're here today requesting extension of the

1 County Improvement Authority's capital equipment  
2 leasing program. Originally we applied to the LFB and  
3 received positive findings to establish this program  
4 for 2013 and 2014. We had a borrowing capacity of  
5 about 15 million. Let me take a step back kind of  
6 explain for the record how the program works. The U.S.  
7 Bankcorp is the lessor. The Passaic County Improvement  
8 Authority entered into a master lease agreement with  
9 the lessor. Thereafter, interested borrowers which  
10 would be municipalities, board of education authorities  
11 who are interested in the program then applied to the  
12 PCIA. Assume they're acceptable, they then enter into  
13 a sublease agreement with the PCIA. And they make  
14 lease payments. And those payments are assigned to  
15 U.S. Bankcorp. So the payments go correctly to them.  
16 The county guarantees those lease payments. So if  
17 there's a default by a board of education of education  
18 or municipality the county would get what guarantee and  
19 make that payment on their behalf. The program has  
20 been around since 2009. This current program, like I  
21 said, was established in 2013, 2014. We requested  
22 \$15 million of borrowing capacity. Last year based  
23 upon the interest in the program we realized that we  
24 were going to run out of capacity and we came back to  
25 this Board and asked for an increased authorization,

1 another 15 million for a total 30 million for the 2013,  
2 '14 program which was granted.

3           Since that point in time we've used  
4 between the two years about 38 million. So we have  
5 actually 13 million left in capacity for the program.  
6 And versus having the PCIA draft new documents and  
7 expend the legal the cost to create a new program we're  
8 just merely asking for an extension of the current  
9 program into 2015. At a certain point in time during  
10 this year the \$13,000,000 is used by the borrowers  
11 we'll then come back down here and apply for a brand  
12 new program.

13           MR. CUNNINGHAM: Any highlights of the  
14 program that you want to just emphasize, the people  
15 you've been working with on the project?

16           MS FOX: Yeah, since we incorporated --  
17 we incorporated energy projects into our bank program.  
18 We attracted interest from different banks. So we were  
19 able to get a much lower interest rate. And we've  
20 expanded our program since 2009. We had the Wayne  
21 Board of Education participating with us annually. And  
22 in 2014 we also had the Ringwood Board of Education,  
23 Pompton Lakes Board of Education and the Wayne Board of  
24 Education participated twice with an ESIP and their  
25 annual financing. And we have interest from the

1 Ringwood Board of Education and Paterson Board of  
2 Education and possibly Passaic County. They have an  
3 ESIP project.

4 MR. CUNNINGHAM: Does the Board have any  
5 questions or comments? In that case, I would ask for a  
6 motion.

7 MR. LIGHT: I move the application.

8 MR. BLEE: Second.

9 MR. CUNNINGHAM: Second. Role call.

10 MS McNAMARA: Mr. Cunningham?

11 MR. 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 MR. CUNNINGHAM: Next matter is the  
21 Carteret Borough Municipal Port Authority, approval of  
22 2015 budget Ann Zawartkay, I believe you're going to  
23 present on behalf of Division. Okay. And I'll leave  
24 it to you to just present your findings of your review  
25 of the Port Authority's budget.

1 MS ZAWARTKAY: Okay. We reviewed the  
2 2015 budget for Carteret Port Authority. And we  
3 checked that it was compliant with local public --  
4 local authority fiscal control laws. Any deficiencies  
5 that we found were subsequently resolved by the  
6 Authority prior to this date. So right now the budget  
7 is compliant. The Authority does not have a deficit or  
8 an accumulated deficit. It's a fairly small authority.

9 MR. CUNNINGHAM: And under the terms of  
10 the statute this is Board is required to approve?

11 MS ZAWARTKAY: Right.

12 MR. CUNNINGHAM: Any of the members have  
13 any questions for Ann? Hearing none.

14 MR. BLEE: Motion to approve.

15 MR. CUNNINGHAM: Motion. Thank you.  
16 Second?

17 MS RODRIGUEZ: Second.

18 MR. CUNNINGHAM: Thank you. Role call.

19 MS McNAMARA: Mr. Cunningham?

20 MR. CUNNINGHAM: Yes.

21 MS McNAMARA: Mr. Avery?

22 MR. AVERY: Yes.

23 MS McNAMARA: Ms Rodriguez?

24 MS RODRIGUEZ: Yes.

25 MS McNAMARA: Mr. Blee?

1 MR. BLEE: Yes.

2 MS McNAMARA: Mr. Light?

3 MR. LIGHT: Yes.

4 MR. CUNNINGHAM: The next matter on the  
5 agenda is very similar in nature. The Woodbine  
6 Municipal Port Authority. Ann once again presenting on  
7 behalf of the Division. And I would ask you to.

8 MS ZAWARTKAY: The staff has also  
9 reviewed this Woodbine Port Authority Budget. It's  
10 also compliant with statutes. Any issues that we had  
11 with the budget were resolved prior to the date of this  
12 meeting by the Authority. So right now we recommend  
13 for approval.

14 MR. CUNNINGHAM: Any questions or  
15 concerns by the members?

16 MR. BLEE: Motion to approve.

17 MR. CUNNINGHAM: Motion. Thank you.

18 MS RODRIGUEZ: Second.

19 MR. CUNNINGHAM: Thank you. Role call.

20 MS McNAMARA: Mr. Cunningham?

21 MR. CUNNINGHAM: Yes.

22 MS McNAMARA: Mr. Avery?

23 MR. AVERY: Yes.

24 MS McNAMARA: Ms Rodriguez?

25 MS RODRIGUEZ: Yes.

1 MS McNAMARA: Mr. Blee?

2 MR. BLEE: Yes.

3 MS McNAMARA: Mr. Light?

4 MR. LIGHT: Yes.

5 MR. CUNNINGHAM: Thank you very much.

6 MS ZAWARTKAY: Thanks.

7 MR. CUNNINGHAM: Next matter on the  
8 agenda this morning is City of Newark. Please come  
9 forward. Thank you for coming down today. You're here  
10 to present a financing that would -- modifies the  
11 city's receipt of rental car taxes under both that  
12 statute and then the issuance of bonds accordingly.  
13 This is a matter that I've been in extensive  
14 conversation with the city through your financial  
15 advisor. And maybe, Mr. Mariniello, you can just  
16 introduce the project.

17 MR. MAYER: Good morning, Mr. Chairman.  
18 Good morning. Bill Mayer with DeCottis, FitzPatrick  
19 and Cole. And I think you know the crew here with me,  
20 but you have Baye who's the director of community  
21 housing development in the city. Danielle Smith to my  
22 right is the CFO. Dan Mariniello in the middle. And  
23 Dan will be up shortly. I'm not going to have a very  
24 presentation here. John Schreiber on the far right is  
25 the president of New Jersey PAC. As you know, New

1 Jersey PAC is a very significant project here. And you  
2 have Julio Colon, is also in the department of housing  
3 in the city. This is an interesting application. It's  
4 a little different. You're right. It's motor vehicle  
5 rental tax which was created in the 2009 stimulus act.  
6 Was imposed by ordinance by the city in 2010. And  
7 they're looking to issue not to exceed 16 million motor  
8 vehicle revenue tax bonds. It's a limited revenue  
9 bond. It's different. Usually as municipal bond  
10 lawyers are used to do in general obligation bonds  
11 these bonds will be secured solely by a pledge of these  
12 motor vehicle revenue of taxes. Dan's going to touch  
13 on the revenue stream a little bit.

14 MR. CUNNINGHAM: No full faith and  
15 credit from the city. Correct?

16 MR. MAYER: No. And then hence, there's  
17 no -- it's not included in borough staff. There's no  
18 supplemental debit statement. It's a strict revenue  
19 bond payable from these taxes. The motor vehicle  
20 revenue tax provides for the bonds to be issued in  
21 accordance with the local redevelopment housing law  
22 with the prior approval of the LFB which is one reason  
23 we're here. The local redevelopment housing law  
24 requires that if there's a private sale of bonds which  
25 is anticipated to try and negotiate the sale. That

1 also requires LFB approval. So those are the two  
2 approval requirements. Dan is going to spend a few  
3 minutes hopefully discussing the projects, the sources  
4 and uses, the structure of the bond issue and the  
5 placement of the bonds.

6 MR. MARINIELLO: All right. Thank you,  
7 Bill. We've had a number of discussions back and  
8 forth. And these are projects that Baye and Julio can  
9 talk a little bit more about the actual project  
10 themselves. This has been a long process for the  
11 economic development group in Newark. And these funds  
12 are available obviously for economic development. And  
13 there's been a number of discussions on how do you use  
14 those funds. Do you use them ongoing to different  
15 project as they come in? Or if there are projects that  
16 need significant dollars more than just as an ongoing  
17 annual subsidy can we finance it? And that's what  
18 we're doing here. There are some projects here that  
19 need funding to get their projects going. And as a  
20 result of that, you have four projects here.

21 It's a not to exceed 16 million. The  
22 projects -- it actually should end up being about 15,  
23 15 and a half million bond issue. The dollars are  
24 going to go also to a debt service reserve fund so we  
25 can protect the bond holders. There are four projects.

1 One, Theater Square which is the NJ PAC project which  
2 is the biggest borrower in here which is nine and a  
3 half million. There's a trip by Wyndam Hotel as part  
4 of this, a million 4. And then those are the two  
5 downtown projects. And then there are two neighborhood  
6 housing projects. Bergen Street apartments which is  
7 1.9 million and the Loft at Lincoln Park which is about  
8 600,000. Some of these projects, the hotel --  
9 actually, all of these projects had a number of  
10 different funding sources. And one of the things that  
11 we've been going and having discussions with is there  
12 are other state agencies that are providing fund here  
13 HMFA, the Home Choice Program. So you do have home  
14 ownership dollars coming in here. You have EDA and ERG  
15 revenues and applications that have been made for these  
16 project. The HMFA loan, some housing tax credit  
17 programs. So these are all projects that without  
18 government subsidies would not otherwise be getting  
19 done. And that's the real process and the reason why  
20 these funds are being used here because without it  
21 otherwise these projects would not be able to get done.

22 The financing that we're looking at  
23 doing is a negotiated direct purchase with a buyer.  
24 Different than a typical bond sale with the POS and  
25 going out to market. And the real reason for that --

1 well, there are a couple reasons for that, but number  
2 one is this is not a full faith in credit borrowing of  
3 the City of Newark. So you don't have that municipal  
4 tax pledge. You have a brand new source of revenues  
5 that have not been securitized before. Although we  
6 have enough history of the revenues to show that there  
7 is a regular dollar amount that we're experiencing each  
8 year because they haven't been securitized before  
9 investors aren't aware of it. So it's going to take a  
10 much more broader discussion with each of them to get  
11 them in. We've created the term sheet which will be a  
12 ten-year bond issue. We've sent that term sheet out.  
13 We've had preliminary discussions with a number of  
14 people. So we're still trying to gauge the interest of  
15 what the yield will be on these bonds. The structure  
16 of it will be really to protect both the dollars for  
17 the city and for the bond holders. As the tax revenue  
18 comes in that money will now be going to a trustee.  
19 The trustee will hold those funds until at least we get  
20 the full dollar amount for the debt service in one  
21 year. And as that money gets filled into the debt  
22 service fund afterwards it will then be released to the  
23 city's general fund which is where the money is going  
24 today. And that's important so that bond holders  
25 understand that they have protection.

1                   The debt service on these bonds is  
2     projected to be around 1.8 million, 1.9 million  
3     depending on the interest rate annually. The city has  
4     been experiencing really since the beginning 8 million  
5     a year in revenues from the car rental tax, 2 million  
6     each quarter. So the protection even there is great.  
7     We're securitizing about 25 percent of the entire  
8     revenue stream. So we feel very comfortable that there  
9     is, one, there's a likelihood of an investor coming in.  
10    And there's a strong likelihood of this not being an  
11    issue with regard to not being able to pay the debt. I  
12    was going to go through some of the projects but Baye  
13    is here and will be obviously much better at describing  
14    the different projects. And John, of course, from NJ  
15    PAC which is our bigger borrower. I'd like to them to  
16    talk a little bit about those projects.

17                   MR. ADOLFO: Thank you for hearing this  
18    application. We understand that it's a complicated  
19    application and the timing of it. So I just really  
20    want to just first say that we certainly appreciate the  
21    opportunity to speak here in front of the Local Finance  
22    Board. These four projects are in our overall economic  
23    development strategy for the City of Newark. It's a  
24    comprehensive strategy which take into consideration  
25    multiple uses in term of these projects. One is Center

1 Street. It's a 245-unit residential project,  
2 22 stories, 15,000 square feet of retail. The total  
3 project cost is \$103,000,000. And we're asking for  
4 \$9.5 million. It's a first major high rise project in  
5 the City of Newark in 30, 40 years. 50 years.  
6 Significant part of what's happening in the rebuilding  
7 of the downtown and Arts area. The second project is a  
8 home ownership project. It's a four story, 24-unit  
9 project funded through HMFA Choice program. It's  
10 \$600,000 in car rental tax. It's a part of the Lincoln  
11 Park neighborhood. In that neighborhood there's  
12 another housing construction. So the neighborhood is  
13 really transitioning. And we felt that it was  
14 important for adding home ownership into that  
15 neighborhood. The third project is the east park  
16 hospitality urban renewal. It's a hotel. It's a trip  
17 hotel by Wyndam. It is a 100-unit hotel with a  
18 restaurant that seats 64 people, 370-foot library,  
19 multipurpose room. It is a \$21.5 million project. And  
20 it's asking for \$1.4 million. And lastly, Bergen  
21 Street redevelopment. Yesterday the city council  
22 passed in our area in redevelopment referral to the  
23 city council to the planning Board for this area which  
24 is part of a larger redevelopment strategy for the  
25 Bergen Street south ward area. This project had four

1 points. Two buildings. 1500 square feet of commercial  
2 and retail. It's an affordable housing project. And  
3 total budget is \$15 million. And asking for 1.9  
4 million. So what we have in this group is we have a  
5 high rise residential, a home ownership project. We  
6 have a neighborhood residential mixed income project  
7 and we have a hotel.

8 MR. CUNNINGHAM: Would you care to  
9 expand upon the PAC project?

10 MR. SCREIBER: Sure. And thanks for the  
11 opportunity to be here and to talk with you all this  
12 morning. When the EDA acquired the land for NJ PAC in  
13 the early 1990's it deliberately acquired additional  
14 parcels around the art center for the purpose of  
15 commercial development. We saw NJ PAC as a locust for  
16 additional economic development. So really from the  
17 beginning Governor Kean and Ray Chambers one of the  
18 central ideas was market rate high rise housing as part  
19 of the parcel in the neighborhood development. And the  
20 city and the state through three mayors and eight  
21 governors have been supportive of this project. And  
22 it's been considered I think by both the city and the  
23 state as the planning linchpin in the redevelopment of  
24 this neighborhood in downtown Newark. This will be the  
25 first -- as Baye said, this would be the first new

1 market rate development of this scale in over 50 years.  
2 Because of its scale it was understood from the  
3 beginning that the project couldn't happen without  
4 substantial public subsidy. And after the highly  
5 competitive award of the Urban Transit Hub Cab Credits  
6 by the EDA Governor Christie helped announce the  
7 project on the stage of Prudential Hall some years ago.  
8 But even with the state credits a financing gap existed  
9 and the city agreed to make available the motor vehicle  
10 tax grant funds to close the gap as the last piece in  
11 the financial stack for the project. And the city  
12 executed a financial agreement committing the funds.  
13 And of course the bond is the mechanism to ensure that  
14 the funds are available at closing. As Baye said, is a  
15 245-unit complex. Ten percent allocated for affordable  
16 housing units. 285 parking spaces and 14,000 square  
17 feet of retail. We've been in conversations with NJTV  
18 about their building a new production studio in half of  
19 that retail space, a side walk studio. You know what  
20 they do with the Today Show. And the other half for  
21 various retail. And we will also have at no cost to  
22 the city a police substation provided rent free. The  
23 total project cost is \$103,000,000 including a  
24 \$53,000,000 first mortgage, \$25 million bridge loan and  
25 state awarded tax credits, \$13 million of developer

1 equity and \$12 million from various city sources  
2 including 9.5 million from this bond. The project will  
3 create construction jobs, permanent job servicing the  
4 building, retail business development in the  
5 neighborhood to support the residents. And we believe  
6 it will truly be transformative in the downtown area  
7 which will spur more development. This is a very  
8 exciting part of Newark these days with Prudential  
9 building its tower, with the Hahne's building about to  
10 break ground with housing as well as Rutgers moving  
11 some of their university elements in there.

12 (Inaudible) training programs in there. He want to  
13 create this continuous live/work/play 24/7 neighborhood  
14 in this parcel. Our timing is of the essence. We have  
15 various deadlines that are not extendible past March.  
16 And that's why we're hopeful for approval today so we  
17 can get to bond market. So thank you very much.

18 MR. CUNNINGHAM: Thank you. In my dual  
19 capacity as the Director of the Division and the  
20 Chairman of the Board it's my responsibility to oversee  
21 the financial management of the city as a transitional  
22 aid recipient. Therefore, anytime there's a, and I  
23 don't mean this in a pejorative context, anytime  
24 there's a diversion of cash from the budget, for lack  
25 of a better term, into a securitized bond it does give

1 me some concern. And where I've -- I've had the  
2 opportunity to evaluate -- start and begin the  
3 evaluation of the four projects. The largest project  
4 obviously is one that I've had a chance to talk to the  
5 folks at EDA. I have a sense of what's going on there.  
6 I have a sense of the commitments that have been made  
7 to that project. And I think most importantly the  
8 reason this application is being considered today is  
9 the fact that there are deadlines which have made time  
10 of the essence as you have said.

11                   The problem is that the other three  
12 projects I haven't had the chance to do the same amount  
13 of due diligence yet coming into transition into this  
14 new role. What I am supportive of and what I discussed  
15 with the Mayor and what I discussed with the financial  
16 advisor is approving this proposed sale of bonds with  
17 the stipulation that the actual financing cannot  
18 proceed on the remaining three projects until such time  
19 as we've had a chance to meet and do additional due  
20 diligence. That said, I just need to be clear that the  
21 second, third and fourth projects may not receive the  
22 Division's approval and may not wind up being included  
23 in the overall financing. Certainly not my intent, but  
24 I just need to make you aware of that reality. But in  
25 order to keep the PAC project moving forward in the

1 timelines that it needs to move forward in I'm willing  
2 to, and I don't speak on behalf of the fellow Board  
3 members, but from my perspective I'm willing to allow  
4 us to move forward under those conditions. I would  
5 also note that under the supervisory powers available  
6 to the Division I don't believe you'd be able to price  
7 notes or bonds until you actually had our approval  
8 anyway. So I think that's an additional level of  
9 backstop, but I am -- I told the Mayor that I was  
10 supportive of the PAC project. That I didn't want to  
11 do anything that would jeopardize the PAC project. I  
12 spoke with her personally about this on multiple  
13 occasions. As far as the private placement goes, I  
14 mean, the statutes specifically allow for that. So I  
15 don't have an issue there. So I think that from my  
16 perspective as long as those caveats are understood and  
17 grieved to at least I'm willing to have this  
18 application move forward today. But that's my  
19 perspective. And I want to ask my colleagues on the  
20 Board whether they had any additional questions or  
21 concerns to ask of you today.

22 MS RODRIGUEZ: My only thing is to,  
23 first of all, commend you on this. This is a  
24 phenomenal project. My question is of course parking  
25 and who's going to manage it. Are you going to work in

1 partnership connection with the city's parking  
2 authority? Or you probably have someone. I don't  
3 know. I'm probably, you know, too late.

4 MR. CUNNINGHAM: Hopefully everybody  
5 drives their rental cars.

6 MS RODRIGUEZ: That's for the hotel  
7 project. Right? That was my only thing. And in terms  
8 of I'm always looking at partnerships especially with  
9 the City of Newark.

10 MR. SCREIBER: Well, the city is our  
11 partner on the Military Park garage which is a 1500  
12 person garage, but the parking that is specific to the  
13 project is parking that is primarily for residents. So  
14 there's very little public parking there.

15 MS RODRIGUEZ: That's good to know  
16 because that's always an issue. I just, you know,  
17 would recommend that whatever the Chairman is asking  
18 for in terms to help him assisting in his due diligence  
19 for the rest of the projects. I think they're all  
20 great projects. We have a job to do here. And I think  
21 we're here really to help the City of Newark. And I  
22 just say, you know, in this partnership whatever we  
23 need if it's provided I defer to the Chairman to  
24 continue to do what he's doing.

25 MR. MARINIELLO: I think as an add on to

1 that we understand obviously the need for the timing  
2 for the New Jersey PAC project since we've been living  
3 it day in and day out. So we are available to meet  
4 with you when you need us to be. And if there are  
5 specific documents prior to the meetings let us know.  
6 Otherwise, we'll be prepared to come down with whatever  
7 you need.

8 MR. ADOLFO: We wouldn't have been here  
9 today if it wasn't for New Jersey PAC project but it's  
10 a big project. We felt like it was important because  
11 it's something that's transforming for the city. We  
12 understand and appreciate the staff and the Chairman's  
13 need to review the other projects. And we're willing  
14 to provide whatever information, conversation,  
15 information, background, whatever we have we will  
16 provide for the Board. So we're excited. We feel like  
17 we have an opportunity here to rebuild the city. And  
18 we're just trying to do our best.

19 MR. CUNNINGHAM: Thank you very much. I  
20 would then ask for a motion with the -- to allow the  
21 application to move forward with the caveat that the  
22 balance of the three projector subjects are subject to  
23 additional due diligence and may ultimately or not  
24 proceed with the actual financing. So with those terms  
25 understood, I would ask for a motion.

1 MS RODRIGUEZ: So moved.

2 MR. CUNNINGHAM: Thank you.

3 MR. LIGHT: Second.

4 MR. CUNNINGHAM: Second. Thank you.

5 Role call.

6 MS McNAMARA: Mr. Cunningham?

7 MR. 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. CUNNINGHAM: The next three matters  
17 on the agenda are appeal of Director's decisions. As I  
18 had not served in the Director capacity at that time  
19 and now serving in that role I am going to remove  
20 myself from the dais at this time.

21 If people -- if the audience would  
22 indulge, Jason Martucci from the Division is here. We  
23 have one very hopefully quick minor matter. Jason,  
24 would you come up and hopefully we can resolve the  
25 adoption of the new user friendly budget rules. And

1 then we can move into the other matters, the appeal of  
2 the Director's decisions.

3 MR. MARTUCCI: Chairman, members of the  
4 Board, on the agenda today is the adoption of 5:30-3.8  
5 which is the user friendly budget. The user friendly  
6 budget would be introduced in the adopted annual  
7 municipal budget and serves a summary of the annual  
8 budget for municipalities. And it provides greater --  
9 also provides greater detail as to key revenue and  
10 cross drivers. For example, personnel, debt, taxable  
11 versus exempt properties, accumulated absence liability  
12 and so forth. The goal is to allow those without a  
13 professional background in municipal finance a clearer  
14 picture of the municipality's fiscal state. And not  
15 only would benefit the residents but also would give  
16 elected officials an enhanced tool with which to help  
17 set local priority and budgeting local policies and  
18 budgeting priorities. The rule that's on the agenda  
19 for adoption today is identical to the one that was  
20 proposed at the Board's September 2014 meeting. The  
21 rule as adopted today pursuant to the provisions of the  
22 rule the Director of the Division of Local Government  
23 Services will promulgate a standard form that  
24 municipalities would have to use pursuant to the  
25 provisions set forth by the rule. I'll entertain any

1 questions if there are any comments.

2 MR. CUNNINGHAM: Just for my colleagues'  
3 benefit, this is something that Jason's been working  
4 very hard on, implementation of a statutory  
5 responsibility. I have seen the drafts of the forms.  
6 And Jason's working on the text of the rule responding  
7 to commenters, Clear Directions. But we think  
8 ultimately the goal of this exercise is to make the  
9 municipal budget process more understandable to a  
10 layperson. And so I think I compliment you, Jason, for  
11 all the work you've done on this thus far. Does  
12 anybody have any questions for Jason regarding this  
13 matter?

14 MR. AVERY: And you may have covered it,  
15 I didn't hear it, but did you get comments from those  
16 persons out in the other levels of government that will  
17 have to implement this rule?

18 MR. MARTUCCI: Yes, we did receive  
19 comments from the League of Municipalities. Their main  
20 concern just to summarize was that we should be  
21 creating an entirely new municipal budget instead of a  
22 summary of the existing. In other words, create a  
23 whole new electronic municipal budget. Period. That  
24 was their main concern. As far as we proposed as a  
25 response would be that A, this as the Chairman stated

1 this is a statutory requirement that's being  
2 implemented. And the information that is being sought  
3 in the rule is readily available to professionals that  
4 are putting together the budget.

5 MR. CUNNINGHAM: In addition to the  
6 League we received a comment from one municipal CFO as  
7 I recall.

8 MR. MARTUCCI: Yes, that is correct.

9 MR. CUNNINGHAM: Any other questions?  
10 Thank you. Then I would ask for a motion to approve  
11 the adoption of the new user friendly budget rule.

12 MR. BLEE: Motion.

13 MR. LIGHT: Second.

14 MR. CUNNINGHAM: Thank you. Role call.

15 MS McNAMARA: Mr. Cunningham?

16 MR. CUNNINGHAM: Yes.

17 MS McNAMARA: Mr. Avery?

18 MR. AVERY: Yes.

19 MS McNAMARA: Ms Rodriguez?

20 MS RODRIGUEZ: Yes.

21 MS McNAMARA: Mr. Blee?

22 MR. BLEE: Yes.

23 MS McNAMARA: Mr. Light?

24 MR. LIGHT: Yes.

25 MR. CUNNINGHAM: So we will now move to

1 those appeals of the Director's decisions. And as  
2 stated earlier, I will recuse myself from the dais and  
3 turn it over to my colleagues.

4 MR. LIGHT: The first matter on appeal  
5 is the appeal City of Orange or Orange City Township,  
6 the Director's decision by Jeffrey Feld. Let me just  
7 bring a summary up-to-date, if I may, of where we stood  
8 on this. According to the notes that I have the City  
9 of Orange amended and reintroduced their 2014 budget.  
10 And you had made an appeal based on the fact that you  
11 had felt there were some difficulties with the way that  
12 it was amended and then reintroduced. And there was a  
13 budget hearing at -- not a budget hearing, but the  
14 Board had a hearing on October 8, 2014. And at that it  
15 was reviewed by this Board. And the appeal of the  
16 decision of the Director's approving the City of Orange  
17 Township's amended budget being reintroduced was  
18 referred to the Attorney General's office for legal  
19 review reserving its determination until a later  
20 meeting which is the meeting today.

21 And so I think that's where we stand at  
22 this point in time.

23 MR. FELD: I'd like to clarify one thing  
24 you said procedurally what occurred at the municipal  
25 level. I want the record to be clear. Reason I am --

1 filed the appeal the budget was not amended.  
2 Originally the budget was introduced on April 15, 2014.  
3 On June 25th they held a special meeting. There was a  
4 question whether there was proper notice given. At  
5 that point the budget that was introduced on April 15th  
6 was rescinded. There wasn't an amendment of the  
7 original budget. That is the real legal issue that  
8 we're having. The way you framed it --

9 MR. LIGHT: You're absolutely right.

10 MR. FELD: I just want to correct the  
11 process was because the issue that I would like to do  
12 -- first of all, I want to thank this body for what  
13 statements were made earlier this morning. One by the  
14 mayor of Camden as to increased transparency. I want  
15 to applaud you for approving the user friendly budget  
16 because a lot of the reforms in that is what I and the  
17 people that are here, these are residents from Orange,  
18 have been seeking for is the transparency. The  
19 question we have -- and I also apologize. I could not  
20 be here at the last meeting when you were talking about  
21 this because I had to be in front of the Appellate  
22 Division relating to Orange. But since we were here in  
23 October this Division has issued various Local Finance  
24 notices regarding budget process to go forward for  
25 calendar year 2015. And I think they support my

1 position about cap ordinances. It was featured as a  
2 cap ordinance prior to introduction of the budget.  
3 That did not occur in Orange. And that was one of the  
4 issues that we were arguing that we didn't get  
5 protection of the law. Also, I applaud you for posting  
6 the minutes of various meeting. Because in the  
7 November and December meetings our former Chairman Neff  
8 was here. When I read them I think he's making mia  
9 culpas because when you talk about when you issued the  
10 notices about the dates for this coming up year if you  
11 look at Orange, Orange did not introduce, didn't  
12 present the budget to the counsel until April 15th  
13 based on when he said traditionally this is supposed to  
14 be there in March. We didn't get through the things.  
15 When you looked at the budget there was no budget  
16 statement when you look at your things talking about  
17 structural deficits which takes me, not to bother you,  
18 but there are certain decisions that have been coming  
19 out of the Appellate Division because the issue we have  
20 here today when we had our discussion last time is the  
21 City of Orange will not voluntarily seek oversight by  
22 this body. Question is going to be how do we get it  
23 voluntarily. I found the statutes.

24 But today is did the former Director  
25 abuse his discretion. And there's case law that just

1 came out of the Appellate Division in December is that  
2 when an agency issues regulations. These are  
3 regulations. We're talking about the budget process.  
4 Your local finance notices. Doesn't he have to abide  
5 by it? If you look at the United States Supreme Court  
6 on December 15th they said when you do not follow the  
7 law that's an abuse of discretion. And that's where we  
8 are. And at the time I was here I admit I was kind of  
9 cranky last time I was here in October because I was up  
10 until, like, midnight in front of a city council  
11 meeting, but what we have here today is there's a  
12 process as to the budget. Introduce a budget by  
13 certain date. First of all, it has to be presented to  
14 council prior to the introduction. Supposed to give  
15 them a month's time. It's introduced. And you had to  
16 have adopt a cap prior to the introduction of the  
17 budget. That did not occur. It talks about minutes.  
18 In nowhere does it say in the state statute nor any  
19 local finance notices that you could rescind and start  
20 the process over again. And because this occurred  
21 taxpayers had been prejudiced. That's the limited  
22 issue we have today. In the interim I usually like to  
23 tell you that I have followed the lawsuit that the city  
24 -- and defaults have been entered against the city as  
25 to how this occurred. We're taking the position,

1 myself and other taxpayers, we need help. Here the  
2 law. Follow the law. And now the question is did the  
3 former Director follow the law or did he abuse his  
4 discretion? Again, I do not have the benefit of the  
5 opinion that was rendered by the Attorney General. So  
6 I don't know their analysis. But I do know that the  
7 Attorney General's office did deliver various other  
8 opinions several years ago talking about the budget  
9 process. That there are statutes. It says  
10 introduction. Amendment. Adoption. Does not say  
11 rescission and restart. And that's really where we  
12 are.

13 MR. LIGHT: I used the wrong word there.  
14 I apologize for that. Actually, the budget was  
15 introduced and then it was reintroduced on that date.

16 MR. FELD: Rescinded.

17 MR. LIGHT: I said rescinded. But it  
18 was reintroduced. That was the wrong terminology for  
19 me to use.

20 MR. FELD: I think it's a rescinded --  
21 it's a completely different document. And because if  
22 there's another piece that's very important is when  
23 they went back to that special meeting. And there's  
24 questions about whether they gave proper notice, Open  
25 Public Meetings Act, due process in the United States

1 and New Jersey constitutions is when you look at the  
2 cap ordinance, if you look at even your local finance  
3 notice that you -- when I say you, I mean the Division  
4 of Local Government issued, basically ten days after  
5 our hearing local finance notice 2014-18 was issued  
6 October 20th. Ten days after. On page two it's  
7 specifically says the process when you talk about cap  
8 ordinances. And it says prior to introduction you have  
9 to do a cap ordinance. This was an oops moment.  
10 Everyone rushed in to do it. They didn't introduce the  
11 budget. They didn't present the budget. On April 15th  
12 which is already 30 days behind your extended deadline  
13 they hand in a budget. They approve it. It's lacking  
14 various things that should have been thrown out at them  
15 that they didn't have a budget statement. If someone  
16 forgot to do a cap ordinance. If you read the minutes  
17 I stood up and other people stood up. We warned them.  
18 They didn't do it. Why didn't we get the protections  
19 of this?

20 MR. LIGHT: If I may, this information  
21 that you presented was heard at our previous meeting on  
22 October 8th.

23 MR. FELD: I just want to correct the  
24 record. Also, one thing I didn't mention is that since  
25 we were here in December you have opinions coming out

1 of the Appellate Division saying that when you have  
2 regulations from it and you don't follow your own  
3 regulations that's abuse of discretion. That's all I'm  
4 going to say.

5 MR. LIGHT: We heard all that  
6 information and we appreciate it.

7 MR. FELD: I don't have the benefit of  
8 what the Attorney General interpreted. So tell me what  
9 the benefit of what they told you.

10 MR. LIGHT: That's privileged  
11 information between the Board and its client. So I  
12 really can't comment on that other than the fact that  
13 we're at the point now that, you correct me if I'm  
14 wrong, there was a question concerning the introduction  
15 and then the rescinding and reintroduction of the  
16 budget. And at the last meeting we heard your  
17 testimony. And at that point in time we closed the  
18 testimony but we said we were going to refer it to the  
19 Attorney General's office for legal review and reserve  
20 our determination until we had a later public hearing.  
21 We did refer it to the Attorney General's office. I  
22 can't really discuss anything that was decided by the  
23 Attorney General's office other than they've gotten  
24 back to us and said that we can take the action that  
25 we've prepared to take today.

1 MR. FELD: I don't know what that is.

2 You tell me.

3 MR. LIGHT: Okay. All right. Well, we  
4 determined based on the information that we received  
5 that the process by which the City of Orange budget was  
6 reintroduced and adopted was within the bounds of the  
7 city and the Division of Local Government Services  
8 statutory obligations. And as such, the decision of  
9 the Director is going to be affirmed.

10 MR. FELD: May I -- will I be notified  
11 where I can take an appeal of that decision because  
12 you're talking about various constitutional rights? I  
13 just want to know the process from the secretary where  
14 we can take an appeal of this because right now I hear  
15 something but I don't hear a citation.

16 MR. LIGHT: The Board has a resolution  
17 to adopt today. She will be mailing you a final  
18 decision from there. And then it would be up to you.

19 MR. FELD: All right. I just also want  
20 to -- when I was not here hear on December 10th I just  
21 want to, not warn, I would like to tell you when we  
22 were at the Appellate Division, the Appellate Division  
23 was very concerned about what was going on in Orange.  
24 And specifically one judge said where is the Attorney  
25 General and where -- because right now you just gave an

1 opinion. You did not give any rationale. You just  
2 said the Attorney General. And we'll just take it to  
3 the next step. Thank you.

4 MR. LIGHT: I can't answer that. I  
5 wouldn't even try to answer.

6 MR. FELD: I'm just saying based on case  
7 law that came down right before New Year's Eve where  
8 the state Appellate Division just basically spanked our  
9 governor when he increased the pension rates to  
10 retirees. Some of the cases there. You have law. You  
11 just made a ruling. You said you're relying on  
12 Appellate Division but I do not know any cases or  
13 rationale that the Appellate Division. And that would  
14 be someone else at a higher level. That was just the  
15 appeal process. I wait for the decision.

16 MR. LIGHT: We have a resolution.  
17 Perhaps I should take a minute to read the resolution  
18 if you don't mind. This is the proposed resolution  
19 that I'm hoping to presenting the other Board members  
20 to vote on in favor or in not. Whereas, pursuant to  
21 New Jersey S.A. 40:A-10 the Division of Local  
22 Government Services received application request to  
23 rescind and reintroduce the City of Orange Township's  
24 CY fiscal year 2014 budget. And whereas, prior to  
25 June 25, 2014 the Division of Local Government Services

1 Director, Thomas H. Neff approved the City of Orange  
2 Township's application. Whereas, Mr. Jeffrey Feld  
3 filed a request dated August 11, 2014 for review and  
4 redetermination of the Director's decision before the  
5 Local Finance Board. Whereas, Mr. Feld, Mrs. Janice  
6 Morrell, Murphy Wilson on September 8, 2014 and  
7 October 6, 2014 and October 7, 2014 respectively  
8 submitted supplemental letters to the Board in support  
9 of Mr. Feld's application. And whereas, the Local  
10 Finance Board testimony from Mr. Feld and Director Neff  
11 relating to this matter at its October 8, 2014 meeting  
12 has also been reviewed and written submissions of the  
13 parties. And whereas, the Local Finance Board reviewed  
14 all matters raised by Mr. Feld in that hearing. And  
15 then there's written submission and determination. And  
16 that the sole question appropriately before the Local  
17 Finance Board was the matter of propriety of the  
18 Director's approval of the budget. And that all other  
19 concerns raised were not properly before the Local  
20 Finance Board. Whereas, the Local Finance Board  
21 specifically considered the issue of propriety of the  
22 Director's approval of a reintroduced budget which  
23 issue was raised by Mr. Feld and having concluded that  
24 such action was appropriate. And whereas, the local  
25 finance reviewed all related testimony, submissions and

1 advice. And having determined that all procedural and  
2 statutory requirements pertaining the adoption of the  
3 budget have been met. Now, whereas the Local Finance  
4 Board voted at this public meeting I'm suggesting that  
5 they vote to affirm the Director's decision in its  
6 entirety. So may I have a motion to accept that  
7 resolution?

8 MR. BLEE: Motion.

9 MR. LIGHT: Can I have a second?

10 MS RODRIGUEZ: Second.

11 MR. LIGHT: Any questions, comments?

12 Would the secretary call the role, please.

13 MS McNAMARA: Mr. Avery?

14 MR. AVERY: Yes.

15 MS McNAMARA: Ms Rodriguez?

16 MS RODRIGUEZ: Yes.

17 MS McNAMARA: Mr. Blee?

18 MR. BLEE: Yes.

19 MS McNAMARA: Mr. Light?

20 MR. LIGHT: Yes. Mr. Feld, we

21 appreciate you coming. We thank you for coming. I  
22 know that you don't agree with our decision but I can't  
23 advise you where to go from here.

24 MR. FELD: I appreciate it. I

25 appreciate, first of all, I want to thank you where we

1 began the process. We have your minutes now posted on  
2 the public website. What you did made 15, 20 minutes  
3 ago by approving user friendly budget a lot of the  
4 things are in there are the objections that we've been  
5 having for three or four years. I don't think -- I  
6 think we'll be seeing each other again. But again, I  
7 thank you for giving me the opportunity because I just  
8 have to create the record. Thank you for your help.

9 MR. LIGHT: Thanks for coming. The next  
10 item on the business is the Spotswood Borough appeal of  
11 the Director's decision. Is there anyone here?

12 MS McNAMARA: Dan, can you give the  
13 Board the latest what's before them?

14 MR. LIGHT: Dan, do you want to give us  
15 brief summary of the -- we have your report in front of  
16 us of the decision. If you want to run through it in  
17 capsule form.

18 MR. KAMINSKY: Basically, this came  
19 about there was a complaint submitted to the Division  
20 in June of -- late June of 2013 for the removal of  
21 Barbara Petren as the CFO and tax collector of the  
22 Borough of Spotswood. The Respondent, Barbara, filed  
23 an answer to the complaint. The complaint was  
24 submitted to the Office of Administrative Law for a  
25 hearing. The borough had also filed a request for an

1 emergent relief from the Division to have the  
2 Respondent suspended without pay pending the outcome of  
3 the removal proceeding. That emergent relief request  
4 was denied by the Director. The borough was ordered to  
5 keep Barbara Petren on the payroll, pay her benefits  
6 and so forth. There was a second emergent relief  
7 request from the borough. This one included additional  
8 information about municipal -- or charges that had been  
9 brought up in municipal court, possible criminal  
10 charges, against her. The Director again denied the  
11 emergent relief request but we did grant that the  
12 borough could put her on administrative leave with pay  
13 and benefits pending the outcome of the removal  
14 proceeding. The Judge Candido, Administrative Law  
15 Judge, issued an initial decision in July of 2014.  
16 That came back to the Director who then had to issue a  
17 final decision. And there was a couple of extension  
18 requests we made to the Office of Administrative Law.  
19 And the Director finally rendered his decision on  
20 December 1st of 2014 affirming the initial decision of  
21 the Administrative Law Judge that Ms Petren should be  
22 removed as the CFO and tax Director of the Borough of  
23 Spotswood. And the Borough is subsequently appealing  
24 it here. Barbara Petren is appealing. That's correct.  
25 The Respondent's appealing.

1 MR. LIGHT: Dan, tell me again, please.

2 MR. KAMINSKY: The appeal here before  
3 the Finance Board is from Barbara Petren not the  
4 borough. He's correct.

5 MR. LIGHT: Basically, then, from what  
6 we have in summary, then, the decision of the Director  
7 was that after reviewing everything that had been  
8 submitted to him that he had ordered that as of  
9 December 1, 2014 that the Respondent, Barbara Petren,  
10 be immediately removed from her position as CFO and tax  
11 collector for the Borough of Spotswood. And further  
12 ordered that the Respondent, Barbara Petren, is not  
13 entitled to any backpay or out-of-pocket expenses or  
14 attorney's fees and costs. And that the Borough is not  
15 obligated to present any such backpay to her. And that  
16 is the basically what you are appealing, then, here  
17 today. Is that correct?

18 MR. CORRIGAN: That is correct.

19 MR. LIGHT: Dan, you have anything else  
20 to offer?

21 MR. KAMINSKY: I don't really need to  
22 unless you have any questions.

23 MR. LIGHT: Thank you. I'm sorry.  
24 State your name again. I know you did before.

25 MR. CORRIGAN: Sure. David F. Corrigan,

1 C-O-R-R-I-G-A-N, from the Corrigan Law Firm.

2 MR. LIGHT: You are representing?

3 MR. CORRIGAN: The Respondent, Barbara  
4 Petren.

5 MR. COHEN: Cohen is my last name,  
6 C-O-H-E-N. My first name is Jonathan, J-O-N-A-T-H-A-N.

7 MR. LIGHT: You are representing?

8 MR. COHEN: The Borough of Spotswood.

9 MR. CORRIGAN: We have submitted  
10 voluminous papers both before the Administrative Law  
11 Judge, before Director Neff and on appeal to this body.  
12 You have the obligation to read them. I presume that  
13 you have. I just want to highlight certain aspects of  
14 our appeal. And I want to say in the most respectful  
15 manner that Director Neff simply got it wrong. I just  
16 want to talk in particular about certain things that he  
17 got wrong. For instance, he says somewhere in the  
18 opinion that our position was that there was a  
19 conspiracy theory and that we didn't prove that there  
20 was a conspiracy. That's absolutely false. That's not  
21 what our position was. There was some colloquy on  
22 cross examination. Let me make this clear. Our  
23 position is that the Borough did not prove any of their  
24 charges. So that's just a preliminary step. More  
25 importantly, there is an fundamental mistake as to what

1 happened here. And I'm going no get to that in a  
2 second.

3 But before I get to that, one of the  
4 things that's undisputed here is that Ms Petren was an  
5 extraordinary employee for 14 years. And then all of a  
6 sudden these engages in this act of misconduct? It  
7 makes no sense. One of the critical findings here is  
8 plainly mistaken -- by the way, this isn't a question  
9 of credibility or anything else. On page four the  
10 Director talks about in sum what he found. That Ms  
11 Petren new there were falsified bills for water usage.  
12 And yet, instead of notifying Borough council of this  
13 and taking steps to correct the bills she ordered  
14 resets so that the errors would not be corrected. That  
15 is absolutely false. What happened was, and this is  
16 undisputed, there was a serious problem in Spotswood.  
17 There were meter readers who were falsifying readings.  
18 She found out about it because in 2011 there was a  
19 meter reader who was falsifying records. She brought  
20 it to the attention of council in 2012 based upon what  
21 happened in 2011. And it's undisputed. She brought it  
22 to the attention of the Borough council. As to how  
23 Director Neff can say she didn't go to council is  
24 simply wrong. Now, so she went to Borough council.  
25 She's the one who's trying to fix this problem. Now,

1 there's an assertion that she didn't -- that she knew  
2 the readings were false in 2012 but she didn't do  
3 anything. That's not true. She new in 2011 that the  
4 readings were falsified so she corrected it. She  
5 didn't know that anybody else was falsifying readings  
6 in 2012.

7                   The Director says in agreement with the  
8 Administrative Law Judge that she was evasive and  
9 contradictory. How? He never gives a reason. He just  
10 give us conclusions the same way as the ALJ. We had  
11 12 days of hearing here and the ALJ found four pages of  
12 facts. He missed the entire record. We didn't do this  
13 for some academic exercise. We went through 40, 50  
14 pages as to why certain of the witnesses were not  
15 credible. Including the following, this key witness  
16 was this Patty Uhl who had had a history of animosity  
17 with Petren. She not only said that Petren was  
18 ordering the resets, she says that Mayo Junior (sic)  
19 who was the son of the director (sic) was ordering the  
20 resets. She also says that Fassanello who was the  
21 business administrator was ordering the resets. Mayo  
22 Junior is the one who falsified the records. He's  
23 without doubt a criminal. Not only is he still  
24 employed by Spotswood but he got a promotion. There is  
25 a sense of wrongness here. There is a sense that Ms

1 Petren did nothing wrong and there's a real injustice  
2 here. There is this assertion that \$76,000 were lost.  
3 Who testified to that? They had an expert witness who  
4 did not testify. They didn't establish that one penny  
5 was lost. This is plainly a case where no good deed  
6 goes unpunished.

7                   That's all I have to say. Other than,  
8 there's a lot more. There's 60 or 70 pages in which  
9 it's demonstrated that Uhl could not be credible. And  
10 let me just give one more example. The critical issue  
11 relates to Ms Petren ordering the resets. Uhl says it  
12 was done in December on a Friday. That was her  
13 testimony. That testimony could not have been true for  
14 the following reasons: Under the procedure which is  
15 undisputed in terms of correcting a bill, which is what  
16 Uhl says she went to Petren for, Uhl would have  
17 normally gone to Fassanello who was the business  
18 administrator. She says, oh, Fassanello wasn't in and  
19 that's when I went to Petren. As a matter of  
20 undisputed fact that could not have been true.  
21 Fassanello according to his own absentee records was  
22 present every day in December. Number two, she says I  
23 went to Petren. It was a Friday. And then I went to  
24 Auciello who was a clerk in the office. That's  
25 impossible because Auciello did not work on a Friday.

1 There is so much more here. And one of the most  
2 disturbing aspects of this case is that, and we raised  
3 it before the Director and the Director essentially  
4 ignored it, was the fact that the Administrative Law  
5 Judge failed to make the appropriate findings of fact.  
6 How can you have 12 days of hearing and make four pages  
7 of findings of fact? Plainly there's a gap here.

8 Finally, with respect to the penalty,  
9 there were employees who engaged in egregious wrong  
10 doing. Again, this isn't a matter of debate. It's not  
11 a matter of conjecture. We can establish that there  
12 are two laborers who false field readings, created  
13 criminal acts that are still employed by the borough.  
14 One got a promotion. This Patty Uhl is the one who  
15 actually mechanically falsified the readings. None  
16 were penalized. And Petren gets terminated? There's  
17 something wrong with that.

18 I'd be happy to answer any questions  
19 regarding the record, but my position is, number one,  
20 Petren did no wrongdoing and should be reinstated with  
21 backpay. Number two, if you are troubled by the  
22 Administrative Law Judge's determination which was a  
23 adopted by Director Neff, which I don't see there's  
24 anyway you could not be troubled by it. Just read it.  
25 She missed everything. It should be remanded for

1 another hearing. Thank you.

2 MR. LIGHT: Thank you, sir. And you're  
3 James, is it?

4 MR. COHEN: I'm Jonathan Cohen. I was  
5 the second name on the brief.

6 MR. LIGHT: Okay. Jonathan, you wish to  
7 make any comments at this time?

8 MR. COHEN: Yes. Obviously there's been  
9 a great deal of briefing more so than probably any  
10 reasonable human being would want to read on this case.  
11 For the sake of the record I'd say it's U-H-L, Patty  
12 Uhl, is the name of the employee who's been referred to  
13 continually by my adversary. Aside from standing on  
14 the record and standing on what the Borough believes  
15 was a well reasoned decision from the Administrative  
16 Law Judge, what was also a well reasoned decision from  
17 Director Neff, we could come back and address some of  
18 the points that were just raised by Mr. Corrigan  
19 briefly.

20 The first thing that Mr. Corrigan says  
21 is he takes issue with Director Neff's use the phrase  
22 conspiracy theory. Now, I think it's a matter of  
23 semantics. What can't be disputed here and what we've  
24 heard from counsel is that my client is innocent. We  
25 all know that as Chief Financial Officer Barbara Petren

1 was the financial steward for the Borough of Spotswood.  
2 So by saying that everybody was at fault except for me,  
3 if you don't want to call that a conspiracy theory,  
4 that's fine. But it brings up the old adage when I've  
5 got fingers -- one finger pointed in other directions  
6 I've got three pointed back at me. Barbara Petren was  
7 charged with sending out the bills and managing the  
8 funds of the Borough. The fact of the matter is that  
9 once the toothpaste of public trust is out of the tube  
10 it's very difficult to get back in there. The evidence  
11 was found by the Administrative Law Judge. And it was  
12 credited by Director Neff. Under the New Jersey  
13 Supreme Court case Clowes versus Terminix which is 109  
14 NJ 575 on page 588 which was a 1988 Supreme Court  
15 decision from New Jersey it was reiterated what's well  
16 known which is that the credibility determinations are  
17 made by the hearing officer which was in this case  
18 Judge Candido. And on page 18 of Judge Candido's  
19 decision she said the following, which is critical to  
20 the case here. She said: "Based upon these principles  
21 I find the testimony of Uhl, Steurer, Martin, Auciello  
22 and Zarro credible since each were straightforward,  
23 clear and compelling." Those are Borough of Spotswood  
24 witness. She then said conversely: "I find the  
25 testimony of Respondent lacking in credibility. Her

1 answers seemed measured, ascribing fault for the  
2 deficiency of her office on others without accepting  
3 responsibility herself. She seemed to search more for  
4 excuses rather than establishing substantive defenses."  
5 I think that's the bottom line here. It might be a  
6 different case if we had a Chief Financial Officer and  
7 tax collector who said, you know what? This is wrong  
8 that taxpayers and residents and businesses in my  
9 Borough may have had to pay false bills and have had to  
10 now go back and be reassessed in terms of their public  
11 trust and what amount they actually should have paid  
12 for water compounding into sewer, but she hasn't said  
13 that. But instead she's playing the blame game.

14                   This idea, second, that Mr. Corrigan  
15 raised on her being an extraordinary employee in the  
16 past, that may well be true. And, you know, we could  
17 assume that without conceding the point. If she had  
18 been the best employee on earth up until 2012 that  
19 doesn't excuse her breaching the public trust and  
20 sweeping under the rug basically what happens to be a  
21 loss of taxpayer funds because they're paying bills  
22 that they shouldn't have. And they were essentially  
23 told as the record demonstrates the finance employees  
24 that were under her supervision unless somebody  
25 complains don't address it. So therefore, if you

1 didn't complain you could get whacked with water bills  
2 and sewer bills eventually out of the stratosphere and  
3 taking the belief that your government is doing the  
4 right thing, maybe not question it and write the check.  
5 And we just can't have a chief financial officer who is  
6 overseeing that type of regime.

7                   Number three, Mr. Corrigan stated that  
8 it's false that people didn't get billed. Again, this  
9 was getting into the idea that the meter readers are  
10 falsifying the records. And that it was in fact  
11 Barbara Petren who was trying to fix the problem. The  
12 record was found not to be so by the Administrative Law  
13 Judge. Barbara Petren's testimony was at odds with her  
14 finance employees. Again, Uhl, that's U-H-l, Steurer,  
15 that's S-T-E-U-R-E-R, Martin, M-A-R-T-I-N and Auciello,  
16 which is A-U-C-I-E-L-L-I. So the question is who do  
17 you believe? These finance employees or Barbara  
18 Petren. The Administrative Law Judge was the person  
19 who got to sit across and watch each of them. And she  
20 have believed the finance employees. She didn't  
21 believe Barbara Petren. And Director Neff found that  
22 there wasn't a basis in the record to disturb that  
23 finding of credibility which is why we have the hearing  
24 officer process.

25                   Number four, Mr. Corrigan stated that no

1 one testified as to the amount of money lost. I think  
2 he said 76,000. The chief -- excuse me. The  
3 administrator, Dawn McDonald, came in and testified  
4 based on her personal knowledge that since she's been  
5 administrator to the time of the day that she testified  
6 \$63,000 had been paid back to people who had been  
7 determined have overpaid for their water bills. So  
8 that's the personal knowledge of the administrator. I  
9 don't know where the \$76,000 figure came from. I could  
10 be wrong, but I think the record shows 63,000. So  
11 that's firsthand knowledge of the administrator.  
12 That's far from hearsay. I would contend that we  
13 didn't need to have a third-party accountant come in  
14 and testify what the administrator knew happened.  
15 She's responsible for running the day to day activities  
16 of the Borough and she knows what money is being paid  
17 out.

18                   Number five, this dispute that Mr.  
19 Corrigan raises about who was there on a Friday in  
20 December, who wasn't there, frankly, I think it's a  
21 minor point. It's not a factual dispute that should  
22 really be taking the attention of this body. What  
23 someone remembers a year or so prior about who was  
24 there on a particular Friday isn't material. What's  
25 material is that you've got a Chief Financial Officer

1 and a tax collector who is basically accused of  
2 breaching the public trust by letting false water bills  
3 and false sewer bills go out and not taking the  
4 responsibility for it and not taking corrective  
5 measures, rather trying to skate under the radar. And  
6 we're not alleging that she was personally profiting  
7 from it, but what the evidence seems to indicate is  
8 rather than take responsibility or take the blame she'd  
9 rather see that the Borough residents don't find out  
10 and hope that no bad light be cast upon her which  
11 constitutes the very essence of breach of the public  
12 trust and the basis for which her removal was really  
13 mandated once those findings had been made by the  
14 Administrative Law Judge, which I think answers the  
15 question of penalty.

16                   How can we bring back now this  
17 individual as the Chief Financial Officer and tax  
18 collector in the Borough of Spotswood? How can we  
19 explain that to our residents after an Administrative  
20 Law Judge and the Director of the DLGS have found that  
21 she knowingly allowed them to get overbilled and didn't  
22 pay attention to their water bills and their sewer  
23 bills? It's just the only penalty is removal. And  
24 there's no way that we can bring her back at this  
25 juncture without creating a major public policy problem

1 and public trust problem for our residents. So that's  
2 my statement. And I appreciate you taking the time to  
3 hear me out on that.

4 MR. LIGHT: Thank you, sir. Any  
5 questions by the members of the Board?

6 MS RODRIGUEZ: No.

7 MR. LIGHT: The question before us today  
8 is not what he said, she said. The question before us  
9 today is do we uphold or do we reverse the decision of  
10 the Director who has done a rather comprehensive five  
11 page report based on the information received from the  
12 Administrative Law Judge, based on his own digging into  
13 the matter. And some of the things he said, and I'm  
14 just picking certain areas out, he says he affirms the  
15 initial decision as a final decision in this matter  
16 that the Petitioner has demonstrated just cause for the  
17 removal of the Respondent, Barbara Petren, from her  
18 positions. And in another area he says he finds the  
19 Respondent is guilty of the most serious charges in the  
20 matter relating to malfeasance in that she knew there  
21 were falsified bills and yet instead of notifying the  
22 Borough council and taking steps to correct those bills  
23 she ordered that resets be made which were not the true  
24 readings of the bills and be sent out by subordinate  
25 employees in her office. And he goes on to conclusion

1 to say that based on what all of the information that  
2 he's received he said: It is now clear that the water  
3 bills were calculated and sent out based on fraudulent  
4 meter reads and Petren failed to take affirmative steps  
5 to ensure accuracy of these bills despite the fact the  
6 Borough employees were believed to have been engaged in  
7 catchup bills which were not issued nor the correction  
8 of overpayments on a case by case basis exist. She not  
9 only exacerbated the inaccuracies but did nothing to  
10 correct them. And then he says: Despite the practices  
11 of the Borough and reasons that they noted earlier that  
12 it was ordered that this day that she be removed from  
13 office and further that as I mentioned before she's not  
14 entitled backpay or out-of-pocket expenses.

15 I think copies of this were sent to  
16 members of the Board. They've had a chance to review  
17 it. At this time unless there's any other questions I  
18 would entertain a motion to affirm the decision of  
19 Local Government Services Director's decision that was  
20 made on December 1, 2014. Are there any comments from  
21 the Board.

22 MR. BLEE: Make a motion to uphold the  
23 Director's decision.

24 MR. LIGHT: Do we have a second?

25 MR. AVERY: Second.

1 MR. LIGHT: Would you please call the  
2 role?  
3 MS McNAMARA: Mr. Avery?  
4 MR. AVERY: Yes.  
5 MS McNAMARA: Ms Rodriguez?  
6 MS RODRIGUEZ: Yes.  
7 MS McNAMARA: Mr. Blee?  
8 MR. BLEE: Yes.  
9 MS McNAMARA: Mr. Light?  
10 MR. LIGHT: Yes. Thank you for coming.  
11 We do appreciate it. Have a good day.  
12 MR. BLEE: Motion to adjourn.  
13 MR. LIGHT: Second.  
14 MS McNAMARA: All ayes.  
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16 (The matter is adjourned.)  
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## 1 CERTIFICATE

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

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

Dated: January 16, 2015  
License No. 30XI00192200  
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