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
March 11, 2015

BEFORE: TIM CUNNINGHAM, Chairman
DAN PALOMBO, Deputy Attorney General
MELANIE WALTER, Deputy Attorney General
PATRICIA McNAMARA, Executive Secretary
EMMA SALAY, Deputy Executive Secretary
FRANCIS BLEE, Member
TED LIGHT, Member
IDADA RODRIGUEZ, Member

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MR. CUNNINGHAM: This meeting had previously been opened to the public upstairs. So we don't need to go through any of those matters or roll calls. We can move immediately into the application before the Board today. And the first matter before the Board are six applications being considered on consent agenda all related to participation with the environmental infrastructure trust program and some related nonconforming maturity schedules. So unless any of the Board members want to have any particular discussion on that I think we could move that forward based on the information provided by staff and in the applications. So I would, unless anybody wants to talk about it, I would seek a motion on the consent agenda.

MR. BLEE: Move.

MR. LIGHT: Second.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: We have another matter
on the -- it's going to be handled on the consent
agenda relative to Milford Borough participating in a
USDA program. Through the USDA it's typically it's a
semi-annual payment structure and a bit of a longer
maturity schedule. So they need a nonconforming
maturity schedule, but the program is a good program.
And I don't think we have any issues with that. So,
unless any Board members have discussion I would also
seek a motion on that matter as well.

MS. RODRIGUEZ: So moved.
MR. BLEE: Second.
MR. CUNNINGHAM: Thank you.
MS McNAMARA: Mr. Cunningham?
MR. CUNNINGHAM: Yes.
MS McNAMARA: Ms Rodriguez?
MS RODRIGUEZ: Yes.
MS McNAMARA: Mr. Blee?
MR. BLEE: Yes.
MS McNAMARA: Mr. Light?
MR. LIGHT: Yes.
MR. CUNNINGHAM: We have two other
applications being considered on consent agenda today.
They're both issuance of refunding bonds. They're
refunding bonds that do not extend the maturity of the
debt. And they also achieve the requisite cost savings
that this Board requires. They're Gloucester County
Improvement Authority and Egg Harbor Township Municipal
Utilities Authority. So I would seek a motion and
second for those matters as well.

MR. LIGHT: Make a motion to approve them.

MS. RODRIGUEZ: Second.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes on Gloucester Township
and recuse on Egg Harbor Township.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: Okay. So we'll next
take Commercial Township Fire District Number Two.

Good morning, gentlemen. Good morning.

(All parties sworn.)

MR. CUNNINGHAM: Good morning.

MR. BRASLOW: Good morning.

MR. CUNNINGHAM: You're here before the
Board to purchase a 2016 piece of fire apparatus that's
replacing an aged vehicle within your fleet. Correct?

MR. BRASLOW: Correct.

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MR. CUNNINGHAM: Want to tell the Board a little bit about the piece of equipment and the amount that's being sought?

MR. BRASLOW: Sure. Okay. Richard Braslow representing the fire district. The proposed purchase is KME 2500 gallon pumper tanker. It's going to replace a 1998 pumper. The purchase would be, again, KME through the Houston Galveston Cooperative Program. The proposed financing, the fire district did secure bids. There were three bids. Excuse me. Four bids received. There were nine bid packages sent out to perspective bidders. The proposed financing would be over a ten-year term. It would be with TD Equipment Finance which submitted the lowest bid of 2.54 percent. And again, it would be a ten-year lease purchase. This is a situation where I think it's $106,000 down payment and the remainder being financed by the fire district.

MR. CUNNINGHAM: Thank you. And I just want to reemphasize that point that the district is using available cash, nearly $110,000, to cover that down payment and financing the rest.

MR. BRASLOW: That's correct.

MR. CUNNINGHAM: Pleased to see that. Measure was approved by a public vote. I would ask my colleagues on the Board whether they had any particular
questions regarding this application.

MR. LIGHT: I move the application be a moved.

MR. CUNNINGHAM: Thank you.

MR. BLEE: Second.

MR. CUNNINGHAM: We have a second.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. BRASLOW: Thank you very much.

MR. CUNNINGHAM: We also have before us today an application from the township of Delanco Fire District Number One. Good morning. Would you please identify yourself to the reporter and be sworn in.

MR. VANEMBURG: John Vanemburg, Secretary, Delanco Board of Fire Commissioners.

MR. STAHL: Gary Stahl, purchasing agent, Delanco Fire Commission.

(All Parties are sworn.)

MR. CUNNINGHAM: Counsel, would you once
again apprise the Board of the matter?

MR. BRASLOW: Sure. Again, Richard Braslow representing the fire district. The district proposes to purchase a new Seagrave pumper. They're going to dispose of a 1990 pumper in accordance with statute. They would be purchasing, again, from Seagrave through the Houston Galveston Cooperative Purchasing Program. In terms of the financing, it would be over a 10 year period. Nine bids were provided to perspective bidders. We did receive five bids ranging from 2.47 to 3.4. The proposed finance would be with TD Equipment Finance at a rate of 2.47 percent. Again, this is a situation where there's a rather substantial down payment by the district. And those are the particulars.

MR. CUNNINGHAM: Okay. Any questions on behalf of the Board? Okay. Hearing none, I would seek a motion and a second, please.

MR. BLEE: Motion.

MR. LIGHT: Second.

MR. CUNNINGHAM: And a second.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.
MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. BRASLOW: Okay. Thank you very much.

MR. CUNNINGHAM: Thank you. East Orange City Refunding Bonds.

(All parties sworn.)

MR. CUNNINGHAM: So gentlemen, City of East Orange doing refunding bonds through the Qualified Bond Act. And Steve or Tim, maybe you just want to walk the Board through the series that are being refunded and what the savings would be. And then I'll just make a quick comment about the QBA piece.

MR. WIELKOTZ: Thank you. Good morning.

The City of East Orange is looking to refund not to exceed $24.3 million of outstanding bonds. 5.4 million are general capital improvement bonds and 18.9 million are water utility refunding bonds. As Director mentioned, both of these issues -- both of these issues from 2005 were originally issued under the Municipal Qualified Bond Act. The request is that the refunding also be done with that designation. The net present value savings is a little over ten percent or $2.4 million.

There's no extension of maturities in this refunding.
MR. CUNNINGHAM: Thank you. For my colleagues on the Board, I just want to note that Division staff, including myself, we spoke with bond counsel and the financial advisor on and auditor on this matter. We had some questions about how the deal was being pursued being under Qualified Bond Act and how mechanically that would work within the municipal budget. I think those questions were resolved to staff's. And hence, we were able to leave this matter on. So once again, the savings are -- the requisite savings are there. And it doesn't extend any of the maturities. So I think it's a, you know, a prudent financing on behalf of the City of East Orange, but I ask whether any of you have any additional questions.

MR. LIGHT: No.

MS. RODRIGUEZ: I'm ready to move.

MR. CUNNINGHAM: Thank you.

MR. BLEE: Move.

MR. CUNNINGHAM: Move and second. Thank you. Take a roll call.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?
MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. WIELKOTZ: Thank you very much.

MR. CUNNINGHAM: City of Jersey City.

Good morning.

MR. CORRADO: Good morning.

(All parties sworn.)

MR. CUNNINGHAM: This matter had come before the Local Finance Board in December prior to my tenure in the position. The Board considered the matter but because there were some lingering discussions with some stakeholders in the city it was the city's request to defer this application. The city has now come back and the project's been scaled down a bit. And what I would ask you to do is just provide a quick synopsis of where the deal stands and what the changes between what the Board had previously heard.

MR. CORRADO: Okay. I'm Frank Corrado. I'm the assistant business administrator for City of Jersey City. And I was the lead project manager for this. And that's why I'm appearing. Very quickly, congratulations to the Director. Last time I was here you were not here.

MR. CUNNINGHAM: Sitting blissfully in
the audience.

MR. CORRADO: So congratulations to you. I hope things are going well with you. And it does lead off to allow me to explain what is different and for the Director's benefit, too. So the city asked to be removed from the agenda last time because there were stakeholder issues, but also because the mayor was and the administration was considering moving the Public Safety Department headquarters which was originally to be in this building to another location. And we didn't want to announce that until that decision was completely made. As you can imagine, making announcements like that public before you're really certain that you want to do it is not a good public policy. So the larger building that we came here in October had the Public Safety Department headquarters which is fire and police. They'll be relocated in another building that the Housing Authority is providing us in this west side of the city.

So the project is as you recall, you may recall, it's a new municipal building. It had been 60,000 square feet. It will now be 45,000 square feet. The cost of the project will go from 25 million down to 19.7 million. As you may recall, we were here before we have a nonconforming schedule. And just to fill you

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in, the building will have our Department of Housing, Economic Development and Commerce and also the Health and Human Services. Those two departments are correctly in rented buildings. Some down in our waterfront which is very expensive rentals. Others are in rented trailers that have come to their end of their useful life. So this will provide brand new clinics for our women, infants and children and also for immunization. So it's located in the heart of the city, Martin Luther King -- it's called Martin Luther King, Junior City Hall Annex because it is located in the Martin Luther King hub, transportation hub, in the heart of the city. There is a shopping center that the city built as a redevelopment project in the 90's. It has struggled for many, many years. And this building will be built on the parking lot of that project. So it will really inject quite an economic advantage to that neighborhood. Today is -- tonight is the city council's final hearing on the adoption of the ordinance and the public hearing. So that I think brings you up.

MR. CUNNINGHAM: Sure. Mr. Corrado, one thing I would note is that this Board has received fairly significant public comment on this application. Specifically as it relates to the environmental
components and potentially the environmental risk to
the city. And I had asked that you be prepared to
discuss that component a little bit as well.

MR. CORRADO: Yes, thank you so much. I
wish I had just brought it up. Thank you for reminding
me. So there are environmental concerns. And it's a
very good question especially considering building in
an old city like Jersey City. And we've had
environmental issues in parts of the city that were
quite serious. So the answer is threefold. One,
because the questions coming from the public is not
only are there environmental problems but why hasn't
the city already done environmental testing. So to say
what we haven't done the environmental testing in the
beginning and we won't until the deal is concluded
because in any event the city would be in the same
position. Which means if we were to -- this is where
partnering with a third-party to build it. If we were
to bond and build it ourselves we would do
environmental testing anyway. So we are going to do
that. And we would be -- the city would be responsible
for the cleanup. So whether we go with this deal or we
go with our own bonding it would be the same thing. We
would have to clean it up.

The second thing is we own the property

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already. It's specifically the Jersey City Redevelopment Agency owns the property in partnership with Brandywine who was brought in to help run the shopping center. So in fact, the city is responsible for whatever environmental condition exists on the property.

And then thirdly, if the city were to do the testing now we can imagine that scenario. The city does tests. We start doing first, you know, drilling borings. We bring out test samples and we find out that something is bad in that ground. Well, this is in the middle of a neighborhood where people live. So it isn't -- I don't think the city could then just plug up all the holes because this was so bad that we weren't going to build our building. So our view is that -- administration's view is no matter what we test there we are going to remediate. And it's always going to be the city's liability even if we were going to bond. So that's our -- now, having said that, across the street there is private development going on. And they have done environmental testing. And that neighborhood is an old neighborhood. So what they found over there is what we would expect to be found and our environmental engineers expect it which is heavy metals from lead paint and underground storage tanks. So not too
serious as compared to chromium which we've had on the west side of our city.

MR. CUNNINGHAM: Okay. I would ask if any of my colleagues on the Board have any additional questions.

MS. RODRIGUEZ: I have a comment. You know, I think it's very prudent, you know, the step, the redevelopment step that the city has taken on this project in particular. And I commend the mayor and the administration and all the folks that put this together. And I'm especially excited about the idea the public safety building, you know, are being housed where it's going to be housed. I think those are great steps in the right direction. I commend the city for that.

MR. CORRADO: Thank you very much. I'll pass that on to the mayor. Thank you.

MR. CUNNINGHAM: Before I even seek a motion I just want to pole the gallery to make sure are there any members of the public that wanted to be heard on this before? Okay. Seeing none, then if no other members have any questions then I think we would seek a motion.

MR. BLEE: Motion to approve.

MR. CUNNINGHAM: Okay. Thank you.
MS. RODRIGUEZ: Second.

MR. CUNNINGHAM: Patty pointed out to me that we should note for the record that the comments that we did receive from the public were distributed to all of the Board members in advance. So I just wanted the record to show that. And I believe I heard we had a motion on the table but I don't know that we had a second.

MS. RODRIGUEZ: I seconded it.

MR. CUNNINGHAM: Okay. Thank you. Then we seek roll call.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: Thank you very much.

Next matter before the Board is Hudson County Improvement Authority. Good morning, gentlemen. How you?

MR. McMANIMON: Good morning. Ed McManimon from McManimon, Scotland and Baumann, bond
counsel to the Hudson Utility Authority. To my right is Kurt Cherry who is the Authority's executive director and chief financial officer. And Tim Eismeier who is from NW who serves as their financial advisor. This is the continuation of several different local government loan note pool programs on behalf of the constituent municipalities who suffer from low credit ratings and, therefore, have difficulty accessing the market at legitimate interest rates. And so the county has implemented a program where it provides its high credit guarantee to these loans. Each of the loans that are included in this package which involve the Township of Weehawken and Union City as well as eight CIA separately on behalf of Weehawken Special Improvement District which issues bonds through the Improvement Authority. They have -- these are essentially bond anticipation notes against bond ordinances with the paydowns that are required by statute for their continuation.

As we noted to your staff prior to this meeting, other entities have been in this program like Hoboken, but when they got their credit rating back they were dropped from the program because they have access to the market readily themselves. Really, the same thing would exist for Jersey City. So the program
shrinks to the people who need it the most and who
benefit from the savings that are provided by the
county's guarantee for these notes. So we're happy to
answer any questions you have about it.

MR. CUNNINGHAM: Counsel, I just want to
for the record and for my colleagues on the Board I
just want to amplify the one statement you made was
that we did have a call with Division staff and I
participated in that call to discuss the program and
the reason for issuing notes as opposed to more
permanent bonding. I do think subsequent to that call
some of the participants in the program and the
Division may have to have some conversations, but I
think in terms of the application that's before the
Board today the questions that staff had were resolved,
you know, to our satisfaction. Do any of the Board
members have any questions regarding this application
or the two participants within?

MS. RODRIGUEZ: I'm ready to move.

MR. CUNNINGHAM: Okay.

MR. BLEE: Second.

MR. CUNNINGHAM: Take the motion.

Second, then.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.
MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. McMANIMON: Thank you very much.

MR. CUNNINGHAM: Thank you. Next matter before the Board is Burlington County Bridge Commission, Lease Revenue Refunding Bonds.

(All parties sworn.)

MR. CUNNINGHAM: Thank you very much. The Bridge Commission comes before the Board today and going to discuss some refunding bonds and some lease revenue bonds. I will note for the record and for my colleagues on the Board that Bridge Commission's financial advisor was nice enough to get on the call on snow last Thursday and we spent some time talking about the underlying projects that make up the second portion of the application. So I don't know whom from the team would just want to discuss the refunding bonds and then perhaps a quick overview of the other components and the project.

MS EDWARDS: Sure. I'll take care of that. The Bridge Commission his seeking approval for
not to exceed 5.5 million lease revenue refunding bonds which will refund all the callable portion of the 2006 resource recovery lease revenue bonds of the Bridge Commission. The savings is in excess of three percent and the maturity is not being extended for that refunding. The second part of the financing is not to exceed 86 million lease revenue bonds or notes. To be initially financed in series of notes to be issued over the next one to three years. The county expects to need approximately 55 million within the next year to fund its capital projects. In addition, we're seeking to roll the note pursuant to 40(a):5(a)-24 by submission of a letter annually to renew the notes given the three year roll.

MR. CUNNINGHAM: Thank you. In terms of the 86 million in lease revenue bonds, can you provide the Board just a little background on the largest of the projects that are being contemplated.

MS EDWARDS: Mark, do you want to talk about the project?

MR. KRASSAN: Yeah, sure. The lion's share of the projects the county does are for the repair and maintenance of roads and our bridges and our culverts throughout the county. Burlington County has over 500 miles of roads, bridges and culverts. And we
try to portion out with regard to midlife repair cycle replacements. And we've embarked upon a very aggressive program for us which has been very, very effective in terms of the ongoing maintenance cost. So where you'll see the majority of these funds is for various blacktopping, the overlay projects. And again, the millions of dollars that go into the repairing of our bridges in our county.

MR. CUNNINGHAM: I just want the Commission to be aware that I know a supplemental questionnaire was submitted. It didn't get to me in time to review for this meeting. So I may next time you come before the Board have some questions on that particular document, but I did not have a chance to review it prior to today's meeting. But I did review the application as submitted. And as I said, I talked to your financial advisor about the overall application and the projects. Any Board members have any particular questions regarding this application?

MR. LIGHT: I just have some concern when I took a look at issuance, the cost issuances, cost for issuance. Have you discussed that?

MR. CUNNINGHAM: I did not. So feel free to bring that up.

MR. LIGHT: It seems high, almost half a
million dollars between the two. Over half a million dollars. Most of them are on the financial advisor bond counsel and county bond counsel. And the underwriter costs are half. Just seems high to me when I took a look at it. I don't know if you have any comment on it.

MS EDWARDS: We combine them with the refunding and the note. The underwriter's discount is a not to exceed $6 a bond and 2.50 a note. The $6 bond is conservative. We would expect that to come in much lower. And that's probably a bulk of that was underwriter's discount at 167,000 for both projects. And it is based on a $55 million note. So if we end up issuing less than that all of the costs get scaled back based on the par amount. 5 million on the refunding. And then the 86 million note they're only expecting to issue 55 in the first year.

MS. RODRIGUEZ: I see.

MR. LIGHT: And the Bridge Commission fee is almost $55,000.

MS EDWARDS: Their formula is eight basis points on the par amount issued.

MR. CUNNINGHAM: I have to tell you I appreciate this comment being made up. And I'm just -- I do note that eight basis points is significant. And
it's also the Commission charging its own county for this fee. That's that a significant chunk of change to the taxpayers. I mean, if you were doing work on, and I know Burlington doesn't have an Improvement Authority, if you were doing work on behalf of a, you know, a non-related entity I could potentially. And again, I don't know whether eight-basis points is the right number but I can understand that a little bit more. But the fact that the Commission did not publically notice at the time, and I thank Board member Light form bringing this up, but I would like to kind of hear the Commission's justification for charging Burlington County that.

MS NOCITY: Previously I know that that was done by formula. I can tell you that I have not seen numbers like that. We haven't had financing at that level lately. I can also tell you that we are a participant with the county. So those funds were done by formula not intending of course to gouge any taxpayers. And we certainly give it back in a million ways. But if it was the Board's pleasure to entertain us to commit to reduce that fee we certainly would be willing to do that.

MR. CUNNINGHAM: I think that would be very much appreciated by the Board. And again, after
I've had a chance to review the supplemental questionnaire next time the Commission comes before the Board I might have some additional comments to make. But for now I think that gesture would be very much appreciated. And hopefully that satisfies Mr. Light.

MS NOCITY: Director Cunningham, I'm willing to entertain any suggestions you have for an acceptable fee.

MR. CUNNINGHAM: I think we can, if the Board members agree, we could pass the application as it is and then perhaps we can talk offline about that after you've had a chance to go back and just kind of take a look at the cost of issuance and see what the real needs for the Commission.

MS NOCITY: Okay. Thank you, sir.

MR. LIGHT: Then I move the application.

MR. CUNNINGHAM: And I appreciate that. I thank you for bringing that point up. And we have a motion. Looking for a second.

MR. BLEE: Second.

MR. CUNNINGHAM: Thank you. Please take a roll call.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Ms Rodriguez?
MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: I thank you. And then I'll just wait to hear back from you on the final resolution of the fee. Good morning. Matter before us is the Somerset County Improvement Authority. County of Somerset guaranteed renewable energy program lease revenue bonds and notes. Would you kindly introduce yourself to the reporter and for those that are not counsel be sworn?

(All partis sworn.)

MR. CUNNINGHAM: Good morning.

MR. PEARLMAN: Good morning.

MR. CUNNINGHAM: Would you introduce your colleagues here today?

MR. PEARLMAN: My pleasure. Nick Trasenti's the county treasurer in Somerset. And Yvonne Childress is the assistant county treasurer. And do you also hold a title with the Improvement Authority?

MS CHILDRESS: No title with the Improvement Authority.
MR. PEARLMAN: But you're staff with the Improvement Authority. Okay.

MR. CUNNINGHAM: Thank you. Did you want to make an opening statement on the application?

MR. PEARLMAN: Go ahead. I'll follow your lead.

MR. CUNNINGHAM: I think it's important to note and I have shared with the other members of the Board that I have met with counsel and I have met with the county administrators for this transaction. So I don't think it's secret. This matter has made the papers. It's a matter that this Board takes seriously. But Steve, I don't know if you just want to give a short general statement in terms of what specific action the Improvement Authority is seeking from the Board today.

MR. PEARLMAN: Certainly. Thank you. Steve Pearlman, Pearlman Miranda. We're the energy bond counsel for this transaction. This is a follow-up to the 2011 county wide solar program. There has been a lengthy developer/contractor fight. As the Director mentioned, it's been in the newspapers. It went to arbitration. It was a private arbitration. We were not involved. Public was not involved. Last August the arbitrator decided in favor of the contractor.
There have been delays and cost overruns. The contractor won that arbitration. A week later the county took the action of defaulting the developer. It was the position of the government to let the private arbitrator decide who was at fault as both sides were doing, blaming each other. Once that happened, I would say since August, since that action, not only this county but there are related transactions because the same developer/contractor team was fighting in two other counties. You'll hear from one other county slightly later, Morris County and Sussex County. The three counties, the developer, the contractor, the bond trustee, all sat down since last August to try and work out a global settlement. That global settlement was achieved within the last few weeks. It was voted on by the respective county freeholder boards and the respective improvement authorities.

And we are before you technically for authorization issue bonds or notes in an amount not to exceed 8 million 4 in Somerset County by the Improvement Authority either directly to the county. And if the county purchases it it will be a one percent purchase or to the public. And the purpose for the note is to finance a portion of payment to the contractor for a portion of those cost overruns. Like
any settlement, each side gave. Contractor did not get
the full amount that it wanted. The developer
basically has given up all of its assets because it was
found at fault. But because of tax considerations the
text entity needs to continue as a going concern. And it
shall. And the county and the Improvement Authority
retain the right to determine who to bring in to finish
the balance of the projects. This county is determined
to go ahead and finish the balance of the projects.
Each county was slightly different as to when the
project stopped. This county I because it closed first
amongst the three counties got all but two of its
projects finished. It's committed to finishing those
projects. It does not have to use this
developer/contractor team. And frankly, I think it
will go out and look to see if they can bring in other
either developer/contractor to finish the projects.
They had a very successful first solar program. So
they have some experience with contractors that have
done job on time within budget. So technically, we are
before the Board for findings under 5(a) 6, 7 and 8
with regard to our supplemental bond resolution and our
county guarantee and the various amendments to the
original program documents that act as security
agreements under the statute.
MR. CUNNINGHAM: So under local Authority's control you're coming for positive findings. And we should know note that if this Board did not issue positive findings the deal would likely go forward anyway, but nevertheless, this Board has taken additional analysis. I think that what I would offer is my statement, I know the Board members may feel differently, is with the financing as presented to us I certainly don't see anything illegal or improper. Where I have focused here is that it's my opinion that the elected representatives in Somerset County have made a business decision. And the business decision was either to fish or cut bait. The decision has been made especially with Somerset County being fairly close to the finish line to proceed with the projects. I don't feel, and my colleagues can certainly speak for themselves, I just don't feel that we're in a particularly well suited position to question the wisdom of that business he decision. Once the decision has been made to move forward with the projects this Board now looks at the application before us and looks at the financing to complete those projects. And I don't see anything in that scope that is imprudent. That's my reaction after reading the application, after meeting with the counsel and the county administrators.
who have certainly great experience with and respect
for. So that's my initial thoughts on the matter, but
I wanted to see if there was any other competing
thoughts from any other members on the Board before we
go any further.

MS. RODRIGUEZ: No. I concur with the
Director. And I just wish you a lot of luck and the
completion of the project.

MR. PEARLMAN: Thank you.

MR. CUNNINGHAM: I just want to pole the
gallery. Was there anybody from the public that had
wanted to be heard on either this or the next
application? Okay. So considering that there's no
public comment being put forth today, then I'll make
the motion to approve this application. And I'll ask
one of my colleagues for a second.

MS. RODRIGUEZ: I'll second it.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.
MR. CUNNINGHAM: Thank you very much.

And I wish you luck in finishing these projects and moving forward. So the next matter on the agenda is certainly related. And this relates to the County of Sussex proceeding on the same matter through the Morris County Improvement Authority.

MR. PEARLMAN: And I'd like to introduce John Eskilson who's the county administrator in Sussex.

(All parties sworn.)

MR. PEARLMAN: Would be helpful to just highlight the differences.

MR. CUNNINGHAM: That's what I was going to ask you.

MR. PEARLMAN: As opposed to restating for the record. I incorporate by reference my remarks with respect to the Somerset matter in the Morris County Improvement Authority, slash, Sussex matter. Two differences I think primarily. Number one, Sussex County does not have an Improvement Authority. So when they entered into this transaction in the late stages of 2011 they entered into a surface agreement with the Morris County Improvement Authority to affect a transaction for them. I would say that's number one. Number two, Sussex County is not as far along with their project completion. And simply a
function of time when these conflicts started.

Somerset transaction started in August of that year.

This started in December of that year. So Mr.

Eskilson's projects are roughly half finished.

Although, I think he can certainly speak for himself,

but I think I can say on the record that this county is

also equally committed to completing those projects.

And they have already begun to undertake discussions

with other contracting entities to finish their

projects.

MR. ESKILSON: Absolutely.

MR. CUNNINGHAM: I will likewise

incorporate by reference my comments. Not that it's

before the Board today, but I just want to note that

the although the Morris County Improvement Authority is

here today on behalf of Sussex, Morris County is not

before the Board today because they have chosen to fund

the projects out of their own surplus to my

understanding.

MR. PEARLMAN: That is correct. They

did actually submit an application. At the time that

decision had not yet been made as part of their -- they

are the Morris County Board of Chosen Freeholders. At

a joint meeting with the Morris County Improvement

Authority decision to go ahead with the settlement they
decided to pull back the application and just fund from available funds.

MR. CUNNINGHAM: Okay. So again, considering the previous application I think we addressed a lot of the role of this Board and the way we viewed the application. Likewise with the Morris County Improvement Authority application as it relates to Sussex's projects done, nothing in the financing application appears improper or imprudent given the scope by which we're looking at these. So, you know, again, I see no one from the public that raised their hand that they want to comment on this. I would just first ask if any of the Board members had any questions regarding this application. Then once again, I'll make a motion to approve his application. Seeking second from my colleagues.

MR. BLEE: Second.

MR. CUNNINGHAM: Second from Mr. Blee.

Thank you. Patty, can you do roll call, please?

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes. Also, I wish you lots of luck for the completion of the project.

MR. ESKILSON: Thank you very much. I
appreciate that.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: Next two matters before us, Bridgeton Municipal Port Authority. Good morning.

(All parties sworn.)

MR. CUNNINGHAM: Let me just be clear. We have two matters from the Bridgeton Municipal Port Authority before us today. The first, and I'd like to address these in order. The first is the budget approval and then the second is under Local Authorities Fiscal Control Act, financial difficulty of the Authority. So starting and just limiting our comments for now because, we will take separate votes, on the budget approval itself whomever is going to take the lead could you introduce your colleagues at the table today? Ed, if you want to introduce the people here. And then I don't know if anybody wants to make official statement. Then I had questions that I want to ask on the budget approval piece specifically.

MR. MARMERO: I'll get it started then turn it over to Ed. I'm Al Marmero attorney. I'm the attorney for the Bridgeton Municipal Port Authority. I
have Ed with us as well. Then we also have Rebecca Bertram who's the attorney for the City of Bridgeton because the city is involved in this as well. Down on the end is Dale Goodreau, the city administrator. And then Jack Surrency who is the chair of our Port Authority. Do you want me to get into questions regarding the budget?

MR. CUNNINGHAM: I can go first. I mean, staff has reviewed the document provided. And I don't think there's any glaring issues in there, but the questions I have I certainly want to put on the record is that, you know, the audit for year end 2014 was due on the 31st of October and has not yet been received. So I would ask when the Division could expect to see that audit completed.

MR. GOODREAU: Essentially, he audit is essentially done. They're waiting for the budget approval to go ahead and finalize it. I did have discussion with the auditor yesterday. And the Port Authority will have a meeting within the next two weeks to go ahead and accept the audit. And it will come forward to you at that point.

MR. CUNNINGHAM: Okay. But I think while that's a discrete issue and I appreciate the answer, this Board is concerned that the Authority has
not historically made statutory deadlines related to financial matters. And it is of great concern to us. The second thing that was a more specific question that I will need someone to is address is that there are statutory requirements relative to the Authority's website. And there's currently no audits, minutes or meeting notices and those type of things on the website for the Authority. And I was hoping someone could address that issue for me.

MR. GOODREAU: Again, I'll address it as the business administrator. The Port Authority has a page on the city website. The last two audits have been posted since the letter was up. We will post the notice of the upcoming meeting as soon as we have the meeting there. The minutes, and I'm getting through the secretary of the Port Authority on the minutes to make sure they're up. They should be up hopefully I should get them either today or tomorrow at the latest from that standpoint. The main mailing address, e-mail address issue is a simple thing to resolve. As soon as my secretary gets back from her -- she'll question back on Monday. She's been out with medical for the last two weeks. And then the list of entities in excess of 17.5, there are none from that standpoint. The audit and proof of publication, again, I'm getting that
information from the secretary as to when it was
completed. And again, the adopted corrective action
plan for 2013, also, there should be a resolution. I
just don't have them in my possession at this point.
The budget, again, the Authority will go ahead and do a
resolution regarding the budget to come before you when
the budget comes forward.

MR. CUNNINGHAM: And you're in receipt
of a March 6th memorandum that went to the Executive
Director from Ann Zawartkay of the Division's team
where she outlines some initial budget examination
notes seeking some additional documents and those types
of issues?

MR. GOODREAU: Yes, the two -- the
SS9's? Yes, they have been both been forwarded back to
her.

MR. CUNNINGHAM: All right. So again,
the first matter that we want to just dispatch with is
the budget approval. So once again, today I'll poll
the gallery and just ask if there's anybody that wants
to comment on the budget approval specifically.

THE PUBLIC: Yes.

MR. CUNNINGHAM: Then I would ask the
people that came with the Authority to please join the
gallery and give the public an opportunity to speak.
Good morning, gentlemen. So again,

we're limiting our initial conversation to the adoption

of the budget and then we'll proceed with the next step

on the agenda. But for now would you kindly introduce

yourselves and for those who are not counsel please be

sworn in? Okay. So this is a meeting that's open to

the public. We have a matter before us. So to the

extent the public wants to make comments this is Board

will certainly hear them.

(All parties sworn.)

MR. BONCI: I understand these are

separate. And I'll try not to go over to the next

matter. But as you're aware I represent Henry Grove.

And they have a judgment now in excess of $800,000

against the Bridgeton Municipal Port Authority.

Nothing in this budget seems to pay that or address the

issue even though they're under court order. Secondly,

and I know it's the first time we're before the new

Chairman, but we've been here I think at least two

other times now. And each time we've told you from the

very beginning there his no port. There's no reason

for a port authority. So it seems to me that the only

reason they have a budget here is to continue to fight

paying the judgment that they've been ordered by court

order Mandamus to pay. So we're not sure why they
should have a budget. But if they do have a budget it
should be to address their significant debt which is
not addressed at all. So for those reasons I don't
think you need to spend more public money paying an
attorney to fight us but rather they should be coming
to you with a method to pay the judgment that they owe.

MR. CUNNINGHAM: Okay. Thank you.

MR. T. MARTIN: I have some questions
about, you know, the budgeting process for the
Authority. We diligently attended all their public
meetings which I think there was a meeting in October
that the budget represented that it was going to be
introduced. And at that meeting they decided to take
no action on the budget. And since I believe the two
public meetings, one was postponed and then the meeting
that it was postponed to was actually cancelled. So
it's very difficult with the transparency of this
Authority when you attend their meetings and it appears
that no action occurs. We were told we could not have
a copy of the budget at the October 5th meeting until
it was approved. And then it did appear on the city's
website. Extremely frustrating for the public.

MR. W. MARTIN: I have a comment, too.

When you do an OPRA request and get old audits one of
the comments of the audits is port is not adopted
budget. And the oldest one I have in my possession, I
think it's from 1996, said this is a habitual issue
that this Port Authority has had, disregard for the
Local Finance Board requirements.

MR. CUNNINGHAM: Okay. Thank you, gentlemen.

MR. LIGHT: I missed the amount. How much was the amount of the award.

MR. BONCI: The judgment now I actually just came back last night. I was out of the country and I got an order in from Judge Curio dated March 3, 2015 indicating that as of October 24, 2014 it's $823,201.72.

MR. LIGHT: Thank you.

MR. CUNNINGHAM: Thank you, gentlemen.

So in a public forum like this comments of the public is certainly welcome. Those comments will be reflected in the formal record. However, I don't know that this Board is in a position to, you know, entertain a back and forth on those issues. So remembering, again, that we're limiting our attention right now specifically to the budget approval. If there was anything that the Authority wanted to respond you should feel free.

MR. McMANIMON: I'm not really sure.

First of all, for the record our firm represents the

STATE SHORTHAND REPORTING SERVICE, INC.
city as its bond counsel. We're not the bond counsel
to for the Port Authority. But as we represented at
the August meeting of the Local Finance Board, it's
very clear that the city with the Authority and under
some suggestions from the Local Finance Board tend to
wind down the affairs of the Port. They're doing their
budgets and they're doing their audits based on money
that's provided to the Port by the city because they
don't have funds. And the budget is designed to
provide in connection the operations as opposed to
these other liabilities which are reflected in the
audit. So our view is by the end -- and they're
attempting while that's going to occur to meet the
obligations that are imposed on authorities under
statute to provide a budget and an audit which doesn't
have a lot in it. And there's no suggestion otherwise
in terms of all the representations that are made about
the operations of the Authority that they expect to
wind down the affairs of this Port Authority. And
we'll address in the next application the nature of the
obligations, but that's (inaudible).

MR. CUNNINGHAM: I think that's right,
counselor. So I think Mr. Bonci and his client brought
up some points that this Division has noticed as well.
Some of the habitually late filings and those type of
things. And as we said in the next application we're
going to, I guess, talk a little more about the
Authority's future as a going concern. But in the
interest of time and with the budget that's been put in
front of this Division and that has been reviewed by
Division staff I think that we're in a position today
where we're going to seek a motion to approve this. So
I'll set forth that motion and ask for a second from my
colleagues.

MR. LIGHT: May I ask a question. Just
something I don't understand. On the last page of the
budget the unrestricted net assets are shown as
313,886. What is an unrestricted asset?

MR. McMANNIMON: I'll let Mr. Goodreau
answer that, but I believe it's the property that they
have, that they're attempting to sell and expect to
close on because it doesn't have a restriction in terms
of the property itself.

MR. LIGHT: That's an estimated
appraisal value of the property?

MR. GOODREAU: Yes, from a prior year
audit that was the amount that was carried forward.

MR. LIGHT: Thank you. Sorry.

MR. CUNNINGHAM: I should have polled
the Board and I apologize for that. So there's a
motion on the table. I would ask for a second.

MR. BLEE: Mr. Chairman, please, procedurally are we addressing the debt in the very next action item?

MR. CUNNINGHAM: Yes.

MR. BLEE: Because I would say on the record I'm not prepared to vote for a budget approval unless -- I want to hear a firm action (sic).

MR. CUNNINGHAM: My motion -- we can let that motion fail without a second. And then we can table it. We can move to the next agenda item. Talk that through. And then we can do both votes simultaneously. I was just trying to make sure that we kind of distinguished the conversation about the two elements.

MR. BLEE: Thank you.

MR. CUNNINGHAM: So with that said, we'll table the adoption of the budget and we'll now move to the second matter that's before the Board today on the agenda. And I know, Rebecca, you had sent a memo. And I don't know if you or someone else on behalf of the Authority wants to just kind of discuss that with the Board members.

MR. McMANIMON: Make a brief comment first. Let me just procedurally this Board approved an
application by the Port Authority to sell a piece of
directly, certainly the strong suggestion, of the
Suggested that the parties go to remediation. They did
do that. Unsuccessfully but they went to remediation
in December. There was also an ancillary piece of
litigation on not this property but the property that
is adjacent to it which is part of the redevelopment
plan and project for the property that is involve in
the sale. And that was resolved last month. It wasn't
resolved in August or September. That was an issue
that has held up the developer from closing or
arranging the closing because he owns that property,
but both the property that the Port seeks to sell to
them as well as that property is involved in the
development that he's dealing with. That matter has
now, there's been a motion for SERT filed at the
Supreme Court the challenge of three to nothing
decision by the Appellate Division and decisions by the
trial court that was in favor of the property owner to
have right to that property without the liens that are
involved in the dispute.

I bring this up primarily because I know the legal issues are in dispute. And I don't contend otherwise. The Port doesn't suggest that this obligation is not an obligation of the Port. It has obviously limited resources. Whether or not it is a non-recourse obligation which means payable from the property of the Port or something else the Port only has the amount of money that it has. The loan agreement, the note that was purchased and held by Mr. Bonci's client, is an obligation that is payable by the Port. And it doesn't dispute that obligation but it doesn't have the money to pay it. So as we represented, when the original approval was granted in August by this Board the money that is derived from that sale and any other funds that the Authority has would be deposited in the court and then litigation that's pending with regard to how to resolve this loan.

Now, this loan was originally an $800,000 back in 1988. And there was a note in the mortgage. And I won't try to disparage the point of view of Mr. Bonci, but I think it's pretty clear to the Port and it's certainly to the city that the obligation is payable from certain security not unlike when the EDA does a financing it's not a loan that the state
makes it's a loan that's secured by a mortgage on a piece of property. The mortgage was declared to be invalid under the statute but the Port essentially held the value of that property as money that should be paid to Mr. Bonci's client. We can't sell that property until we have a closing. And the closing has been held up for variety of reasons not because of the delays by the Port but a remediation, resolution of a litigation, litigation still pending.

In our view at least from the I'll represent on behalf of the city that they would want to wind down the affairs of this Authority but to suggest they don't have a port, they have property. And the property is sought to be developed. There is a redevelopment plan adopted by the city. The Port Authority is involved in attempting to develop that property for the benefit of the citizens of Bridgeton. And they intend to do that. And with the property that is in dispute here as Rebecca's memo indicated would expect to close in June. At which time that money would be deposited in the court. Now, the city has advanced money to the court. And how that money gets allocated is an issue that the court will resolve. It won't be $800,000. And in our view that doesn't mean that the Port isn't acknowledging the obligation. It
only has a certain amount of revenue just like any of 
these other nonrecourse obligations that are made 
either buy economic development authorities, 
redevelopment agencies, ports, others, that are payable 
from a specific identified piece of property. I know 
Mr. Bonci disagrees with that, but if that's the 
position they have we'll be in court for another three 
years. And if that's what he wants to do, fine. But 
that's the issue.

MR. CUNNINGHAM: What I would remind all 
parties today is that this Board is not a fact finder 
in that regard or several others. What I've heard from 
you is that a motion for SERT has been made but there 
has not been a response from the Supreme Court under 
SERT grant.

MS BERTRAM: And just to clarify, that's 
for -- not for the property that is subject to the 
order to sell. It's for adjacent property. But the 
property that is subject to your prior approval to sell 
is still involved in litigation. And in fact, late 
yesterday I got another motion from Mr. Bonci regarding 
that parcel which, again, puts the ability to move 
forward for the Port to sell the property to the 
redeveloper further delayed because until that is, 
again, now resolved and applications are made the court
hears it, they're not able to move forward while that's pending. And unfortunately, that came in after I provided the information yesterday. I got it about 4:30.

MR. CUNNINGHAM: Fine. I don't think it really --

MR. McMANIMON: I think the point simply is that there are delays. And the Authority certainly acknowledge in August that they have been less than compliant with prior obligations with regard to their budgets. And they have since that time not just because I got involved but they have attempted to comply so that they can finalize what they're going to do.

And just one last point, the city represented at the meeting in August, it does so again in Rebecca's memo, that there are other properties that have limited value, but in 2006 when the market was strong they had appraised value of about $215,000. The city indicated that it would buy those properties for as an effort to settle in remediation provide those properties to the litigants for them to use as they please or the city will buy them and attempt to include them in the development and take the value that existed in 2006 as opposed to now which is much less and add
that to the pot. That's simply a representation made
without prejudice in the context of how this all gets
resolved, but the effort here is to provide the assets
that the corporation of the Authority has, convert them
to money and deposit them into court and let the court
decide who gets the money. It's not an obligation. It
was never guaranteed by the city.

MR. CUNNINGHAM: I understand that's
your position. I certainly do.

MR. McMANIMON: That's fine. Okay.

MR. CUNNINGHAM: And this is the first
time that I've in my short tenure as Chairman of this
Board that I've had the opportunity to, you know, have
the Authority come before the Board. But I did make a
point and I feel the need on behalf of the Board's
account to amplify which is that this Authority has
been, we could use several adjectives, dormant,
noncompliant, whatever the case may be. And I think
that if there's not going to be a service provided to
the public, if there's not going to be, you know, a
legitimate business purpose to keep it as a going
concern then this Board is going to insist on the
dissolution of the Authority. What I'm hearing today,
and we certainly -- and Patty or Donna, correct me if
I'm wrong -- I don't believe we have to take a vote on
this matter today. This is just advisory to the Board at this point. And then we'll turn return to the budget. As I read the budget, and I think Mr. Light pointed out a number on the bottom, but I actually think you're operating in the red as I view the document. Could be relying on the sale of property in order to pay any debts of the Authority. And whether or not debts beyond that that may be owed to people that are here today certainly will be something for a separate judicial body to determine the facts on. Nevertheless, I think the point, and please correct me if I'm wrong, is that the Authority cannot be dissolved as long as this litigation is ongoing because the facts have to be settled to that regard. Is that what I'm hearing you say?

MR. McMANIMON: I guess I wouldn't say it can't be dissolved. There's two ways as you know that an Authority can be dissolved. One is by application of the city that created it and the other is by application by the Local Finance Board on its own. And the statute provides that among other things adequate provision is made for the payment of the obligations that the Authority has before you can dissolve them. And the question is what does adequate provision for the payment of the obligations mean?
Obviously, again, I shouldn't even say. I'm going to speak for Mr. Bonci. He's already said this to this Board that he believe that if you dissolve the Authority either you do it or is the city does, well, then the city has to pay the obligations. And our view is the statute does not say that at all.

MR. CUNNINGHAM: I think that's the point I was trying to make. I mean, might while we can technically dissolve the Authority at any time I just don't know how prudent that would be as long as there's a material fact in dispute that really has to get adjudicated before, you know, an ultimate decision can be made. So, you know, I think the Board has expressed its concern with the going concern of the Authority. I think that it's undisputed by this Board that the Authority needs to move toward dissolution, but I nevertheless recognize that there are still valid legal disputes in front of the court. So let me just ask before we the invite members of the public to come up and offer comment is there anything else that you wanted to talk to the Board about? And then I'm going to ask my colleagues on the Board whether they have any additional questions. If I cut you off mid statement and you had other things you wanted to offer to this Board I wanted to allow you an opportunity no finish
those thoughts. And then the Board members may have
some in additional questions for you.

MR. McMANIMON: As you know, the Board
knows if you don't cut me off I probably speak forever.
I guess my only point is because of the size of the
obligation it creates a sense that this Board doesn't
care or doesn't acknowledge the obligation. In my view
the obligation was one that was incurred. It's been
sold four times by the holder of the note. And I don't
know exactly what they paid. I think there was some
discovery that it was $250,000 was paid for this note.
Each of the parties who held the note and the security
that went with the obligation we're talking about,
clearly, if they thought it was being paid by the city
they certainly wouldn't have paid it at a discount at
the number they're talking about. So they knew what
the obligation was. Meaning it was secured by the
property that was the subject of the loan. And there's
many indication, I won't go through them because I did
it before, in the loan document itself. There's
certainly no pledge of revenues or any of those things.
So it isn't because the Authority doesn't care. They
simply because of their own making they're unable to
pay the obligation as it increases by ten percent, you
know, from the time that it was incurred. But they
only have certain revenue to pay it from. And all of
that is going to be liquidated. And the city intends
at the behest of this Board to wind down these affairs
and dissolve the Authority. They don't expect the
Board to have to dissolve the Authority. It is our
view, and I think it's certainly backed up prior
actions of this Board, that if you do dissolve them the
adequate provision for the payment of the obligations
is provide for them the same way they exist. They
don't exist as a general obligation of the city.

And so as a result, when they take it
over, whatever it is, I'm sure Mr. Bonci says you can
dissolve them, but and if you do our view is that if
you did dissolve them the adequate provision for the
payment of the obligation is to take all the money and
all the property they have, liquidate the money and put
into court and that would be the provision for it.
Even though it's not $800,000 because that's all they
have. So anyway, that's just the point I wanted to
make.

MR. CUNNINGHAM: I understand. And Mr.
Bonci's not an applicant before this Board today, but
certainly he nevertheless entitled to come up, he's a
member of the public, and make comment. That said, as

I previously stated, there's clearly a difference of
opinion in terms of the applicability of the
Authority's debt to other parties, the city included.
And this Board is not the ultimate fact finder. Our
responsibility today is, number one, to kind of insure
a prudent dissolution of the Authority and its assets
and more importantly to approve the budget just so we
can be in compliance with those statutory requirements.
So before we bring we offer the public the opportunity
to come up and make comment I would just ask Board
members whether they had any questions for the
Authority or their professionals.

MR. LIGHT: I just think I need some
clarification. Apparently they can't dissolve the
Authority unless we approve the budget. Is that
correct?

MR. CUNNINGHAM: I believe that to be
accurate, yes.

MR. LIGHT: So although the budget may
be confusing and like no other budget that I've seen if
we take no action on that then that puts an obstacle in
the community, the township's way of being able to
dissolve the Authority. I know you made the motion
before but nobody made a second because I want to make
sure that I understood.

MR. CUNNINGHAM: Of course. As you
certainly well should. Admittedly, I view the budget approval as a perfunctory task but I understand the challenge with it. And I would note that Ann Zawartkay from the Division's team who has examined this budget as there are specific questions we could ask her to either answer them now or we could certainly get you answers on any specific items contained in the budget.

MR. LIGHT: There's not many items in the budget. I think the gentlemen answered the one I was concerned about, what was the un-refunded debt.

MR. CUNNINGHAM: But keep in mind that that number has parens around it. So I actually think --

MR. LIGHT: Negative.

MR. CUNNINGHAM: Right.

MR. LIGHT: So as far as item number one is concerned. I'm just talking out loud. I know you had put a motion on the floor. I seem to think we have our arms tied behind our back we got to take the action to approve that so that the Authority has the ability to go forth -- the town has the ability to go forth and dissolve the Authority. As far as the second fiscal control act, I'm not sure --

MR. CUNNINGHAM: There's not a vote being sought by the Board today. It's an advisory
MR. LIGHT: Well, what's your opinion of where we stand and what we should do on that as far as the situation is concerned?

MR. CUNNINGHAM: I think we should if you would indulge me I think we should here from the public. There are members of the public that would likely want to make comment. And then we can offer our recommendation or discussion after that if that's acceptable.

MR. LIGHT: Would you want to hold then on the approval of the first or you want to go forward with the budget?

MR. CUNNINGHAM: I'm fine holding it. And as far as I'm concerned motion failed. And at the appropriate time we'll seek a new motion and a second if that's acceptable.

MR. LIGHT: Thank you.

MR. CUNNINGHAM: Okay. So I would ask representatives from the Authority, again, return to the gallery and I'll invite members of the public who want to come up and make comment. Considering we're in the same forum in the same topic I don't believe we need to have members of the public be sworn in again. I believe you have their names for the record.
Correct? So again, Mr. Bonci, I know you'll likely want to make comment again. I would ask just as I asked Mr. McManimon we're not fact finders. You feel free to put your comment on the record, but that's the extent that this Board can get involved with.

MR. BONCI: Thank you, Mr. Chairman.

Let me correct the record starting off. What we have are two different actions going on that's been referenced to you. The other action doesn't involve the Bridgeton Municipal Port Authority. They're not a party to the action. The land was not sold by the Bridgeton Municipal Port Authority. It was owned by a private entity was. My client was in the process of foreclosing that property on a tax lien. We ended up in dispute with the city. One, they're linking these together. They're not linked. And if you remember, I know. Mr. Chairman, you weren't here, but back in the August Jack Plackter from the buyer, Renewable Jersey, came to you and asked you to approve the sale because they wanted chose before the end of the year. And you did. And we did not appeal that. And they still haven't closed in defiance of the judge's order. So they still have not sold. There's nothing in that contract to buy the property from the Bridgeton Municipal Port Authority that makes it contingent on
the property next door being purchased by the private
entity, which they did purchase, which we have under
appeal.

So simply, they came to you and they
told you they would have to settle before the end of
the year. You gave them your approval and they did not
settle. And I did file a motion before Judge Curio
because she has a court order telling them to purchase
the property. And they didn't. And all the money from
that purchase has already been allocated by Judge Curio
under her order. I've given all this stuff and your
Deputy Attorney can review it. And if he has any
questions I'll provide it to him. But that money's
already allocated to go to my client subject to reserve
being made to clean up environmental remediation, but
none of that money's going to make its way back to
Bridgeton Municipal Port Authority in their budget. I
sat there in the audience. And Mr. McManimon is not
directly involved in that litigation. And he only
knows probably what was told to him, but the other two
attorneys are. And they know that that was not
accurate what was told you. It simply was not
accurate.

So again, they have done nothing. And
there's no reason keep this Authority alive because I
did not appeal your order. So the only thing outstanding is the sale of that property. And I don't know why this Board allows the city to use the Port Authority as a redevelopment tool. The city should be the redevelopment tool. The Port Authority exists to operate a port which doesn't exist. Hasn't existed ever. It's a failed project.

Now, again, you said there's no application before you. Mr. Chairman, I have written and made a formal application in writing to dissolve this Board. So I am an applicant. I know necessarily we're not going to get a vote today, but I have made it. And we have been around a while trying to get this thing resolved. And everybody delays, delays, delays, but all it does is increase the debt that's not addressed. The issue of whether or not what happens when the Port Authority is dissolved is a legal issue. I agree with you. We have the statutes that say the literature said it. Although, I don't believe it's really much in contention. 40:63A-38 says, you know, if such Authority has any debts other than bonds outstanding the municipality shall appropriate the moneys required to enable that such debts be discharged in full.

MR. CUNNINGHAM: You're welcome to put
your points on record but we're not the fact finder.

MR. BONCI: Yeah, I understand. But what my point to you is is that what happens afterward's been decided by the legislature. And I'm only asking you to dissolve it. Order it to be dissolved. And whatever happens happens. If we have to fight out in court we will. Although, I don't think there's a big mystery. Mr. McDanovich suggested that there's two kinds of debt. There's secured and unsecured debt. And if you're not secured, although, ironically this debt was supposed to be secured, not by you guys but a prior Local Finance Board even approved it back in '88. But all public debt has to be paid. And to stand for the proposition or argue to you that somehow public debt doesn't have to be paid because it's unsecured that we're going to take those people there and not pay them I don't believe is a sound. It's certainly not what the Local Finance Board stands for. And in this particular case, Judge -- not Judge.

MR. CUNNINGHAM: I told you we're not fact finders.

MR. BONCI: I'm usually in court. Mr. Chairman, members of the Local Finance Board, all of you have been involved in local government. I know Mr. Blee was Chairman of the city council in Absecon. And
I believe he paid all his debt when he was there. He just didn't pay the security debt. Okay. And I think that's true of all the governmental entities involved. And to turn around -- and this has been a situation of total lack of responsibility. And to keep this entity in existence, which the only reason they want to delay is they don't want to deal with the issue if they're dissolved. And from the very beginning of the first time we were here Chairman Neff, your predecessor, said I don't know why we have an Authority existing when there is no port. And we're still -- to me there's no real issue. There's no real facts in dispute. It's always been the same every time we come here. There is no port. It was a failed project. Monies were expended. Debt was taken. And you have to pay it back. And by not paying it back because this is so old the deal that they made after the Appellate Division remanded the matter back down they made a deal. And because we're dealing back in the late 80's, early 90's when interest rates were much higher they agreed at that time a fair interest rate. The problem is they never paid the debt. And they continue to sit there -- and most amazing thing in this thing is that you would not know about this if we didn't tell you. We're the ones who told you about this. The State Local Finance
Board did not even know that this Authority was still in existence even though it wasn't really operating. And it had the debt because the city never told you in their statement. The only reason that they have an audit it is because you ordered an audit. And we went before the judge when they didn't do audit and they brought the audit in before the judge because they didn't want to face the judge. So what we've done is we tried to work within the rules of government trying to do what's right here. But in this particular instance there's no reason to keep this Authority.

Now, if you're going to pass a budget to dissolve the Authority we're all for that. I don't think we have a problem with that. We just don't want a budget that's just going to continue to waste money fighting us on an issue we already one. I have an order which I can provide you that was signed last week, again, asserting -- oh, they come to you and they tell you the judgment's not valid. Well, according to the judge it is. And if they don't think it is let them go back and tell the judge not you. And the fact that my client assigned -- took an assignment of the judgment, as I'm sure your Deputy Attorney General will tell you an assignee gets the same rights as an assignor. No greater no less. And they're trying to
sit there and put a negative -- we told you why from
the very beginning why my client fought the judgement.
My client wanted the land and was willing to overpay
for it for the legitimate business purposes. They
don't want to take the offer. We came to you and said
we would pay almost the entire judgment for the land so
my client could move his business there that's been in
Bridgeton since the 1940's. And it's been longer there
than anybody in this room, but they said no, they'd
rather have redeveloper come in and build homes for low
income people in a place where there's no jobs, no
public transportation. I can't stop them from doing
that. Although, I question the motive of that. At the
same point in time they got to pay the judgment.
So for all those reasons, and I don't
mean to preach in the sense that I just feel strongly
about this, I'm just amazed that a public entity
doesn't pay its debt and comes to you and says we don't
want to pay the debt. The city created it. And when
the legislature wrote these statutes whether they do it
or you do it, order a dissolution, it says what it
says. We're not going to change it. A judge can
interpret, a court can, but they shouldn't be kept in
existence because there's just simply no reason. And
there is no current litigation against the Bridgeton
Municipal Port Authority by my client other than seeking them to comply with the order of Judge Curio. They are not in a matter before the Supreme Court. And there's nothing in the contract that says that the purchase of this one property from a man down in Florida that they already closed on, we questioned whether or not they had a right to redeem my client's lien, has nothing to do with the property next door which is this property which you ordered the sale of or you approved the sale of in August with the extent promised that they're going to close by the end of the year which they haven't.

MR. CUNNINGHAM: Thank you. Do your colleagues have additional comments?

MR. W. MARTIN: When I look at this budget -- you know, I'm a business person. And we buy things and we combine things and we sell them for more. And that's revenue. We also have assets. We sell assets. I guess that's kind of fuzzy revenue, but I mean, I don't necessarily see if you're putting together a budget you should have the revenues in your expenses to balance out and your assets should be in another column in my opinion. But I'm just saying that. That's probably about it. Other than the fact that the city made a deal with the redeveloper with a
redevelopment agreement and they're underpaying for the port's property. If they want to make them whole, and the redeveloper is supposedly getting $10,000,000, you know, why don't they invest the money and pay all the debts of the port. That's what they should be doing.

That's it. Thank you.

MR. T. MARTIN: I have another comment, also. It's been presented that there are two ways that the Authority can be dissolved. And I believe the one way is that the municipality chooses to vote and dissolve it on their own. I believe that requires a two-third vote of the voting body of the municipality. And in this situation two of the members of the municipality are actually members of the Port Authority and a third member of the Port Authority's wife according to the audit was left -- conducted all transactions of the Port Authority when the Port Authority fired all employees its in the past. So it seems as if there's actually three members of the voting body that actually have a highly vested interest in this Authority that may not actually even be able to vote on the dissolution. So that the municipality even if they wish to dissolve it and appropriate the funds they might not be able to vote on it and actually dissolve it on their own.
MR. CUNNINGHAM: Thank you, gentlemen.
MR. McMANIMON: I'll exercise some discretion for the truth not get a tit for tat because I think you've heard enough. I think that there's a lot of issues that are not accurately stated. And rather than use this forum to deal with it the city, the mayor, was here in August. He stated that the intent is to have this port complete its operations by providing the development of the properties. They don't expect run as a port. The city expects, you know, the fact that there are commissioners that are on the Port, the city expects that they would wind down the affairs of this body which was represented in August. It's represented again. To suggest that the parties of -- that the properties are not linked in the context of development is absurd. They're not in litigation but they are related in the sense of the timing and when you sell property. So rather than get into all of those issues there are hundreds of millions of dollars of public debt that are not paid that are in default because they are secured by specific items as opposed to general revenues. The EDA all of the time.

MR. CUNNINGHAM: As I've said, we're not going to resolve that issue today.
MR. McMANIMON: I only say it because I
don't know whether Mr. Blee in the context of the budget has a concern that there is an irrelevancy view by the Authority. There's not. They simply have what they have. The same way it exists on any other nonrecourse debt that has specific security as opposed to general revenue. So I just point that out. It will be resolved in court because the city's going to unwind the affairs of this Authority. They will, Mr. Light uses dissolution, but, you know, that really would be the end result but they need to wind down the affairs, deposit the money in the court and let the court resolve all these issues.

MR. CUNNINGHAM: I'm unwilling at this moment to order an immediate dissolution of the Authority. And a large portion of my reticence is simply the fact that I'm probably the person in the room that has the least bit of knowledge and the least bit of history with this. What I think I would ask our executive secretary to do is, unless my colleagues on the Board have a different opinion, I would ask that this matter be relisted for two meetings from now. That will give me some time to get additional background, to consult with the Attorney General's office and to get a status update from the Authority on the immediate next steps. Again, I think that budget
for today's purposes and for statutory purposes should be and it has to be adopted. That's my general thoughts on it, but I want to, you know, hear from the other members if there's additional discussion, debate or any questions that need to be asked today. I would certainly encourage them.

    MR. LIGHT: Based on what I've heard after we raised the question of the budget I have no problem seconding the motion that you had made to approve the budget in the form that it is today so that that part of it is in essence resolved and then it goes back to the hands of the Authority and back to the hands of the township. I'm not so sure that I'm ready or willing to vote on the second part which I think is the part that you were saying you would like to have postponed.

    MR. CUNNINGHAM: It's advisory for today. I don't think there's a need for the Board to vote. I would like to have it tabled until the May meeting. And as I said, that gives us additional time to have further analysis done by the staff, to meet with the Authority as appropriate and to seek the counsel of the Attorney General's office.

    MR. LIGHT: You want to make the motion?

    I'm willing to second it.

    MR. CUNNINGHAM: Sure. Assuming the
prior motion failed I'll make the motion again that the budget for the Bridgeton Municipal Port Authority be approved subject to that.

MR. LIGHT: I'll second that.

MR. CUNNINGHAM: Thank you.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS. RODRIGUEZ: I trust the chairman. If I may.

MR. LIGHT: I vote yes.

MS. RODRIGUEZ: If I may, I trust, you know, your judgment. And I know you're going to have the time needed to look into this.

MR. CUNNINGHAM: We certainly will.

MR. LIGHT: The right way to analyze it, but the way I see the second part is that when the budget is passed that gives the community the opportunity to take the action that they wanted to take as far as the financial matter is concerned on the

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second part. If I bought a million dollars worth of
stock in General Motors and five years from now they
grew down to $500,000 I lost my $500,000. I know
that's a pretty hard analogy to make, but, you know,
when you make investments like that those are the
things that can happen. I think that's the part that
we talked about in the second part which we're going to
wait until May.

MR. BLEE: I would just add, too, I commend
you for your wisdom come in continuing to due diligence.

MR. LIGHT: We wrestled with these three
or four times before.

MR. BLEE: My lack of enthusiasm in
regard to the budget is only I'm thinking maybe that
should have been deferred to May as well so that we
have additional leverage, but on the second issue I
agree. I have complete confidence in you.

MR. CUNNINGHAM: I appreciate that.

Thank you. I believe that concludes the agenda of
today's Local Finance Board. I guess I will seek a
motion to adjourn.

MS. RODRIGUEZ: So moved.

MR. BLEE: Second.

(All responded "aye".)

(Matter is adjourned at 12:00 p.m.)
CERTIFICATE

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: March 28, 2015
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Notary Commission Expiration Date: July 29, 2016

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