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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
April 22, 2015

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

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STATE SHORTHAND REPORTING SERVICE, INC.

1 MR. CUNNINGHAM: This meeting previously
2 being opened upstairs is reconvening in room 129. We
3 can proceed with the agenda. The first matter before
4 the Board today is a matter on the Consent Agenda
5 regarding the Pompton Lakes Borough Utilities Authority
6 who is coming before the Board seeking approval under
7 the New Jersey Environmental Infrastructure Trust
8 Program. Obviously under Consent Agenda no appearance
9 is required. With this, I would ask my colleagues on
10 the Board for a motion and a second to approve the
11 financing for us.

12 MR. BLEE: Motion.

13 MR. AVERY: Second.

14 MR. CUNNINGHAM: Roll call, please.

15 MS McNAMARA: Mr. Cunningham?

16 MR. CUNNINGHAM: Yes.

17 MS McNAMARA: Mr. Avery?

18 MR. AVERY: Yes.

19 MS McNAMARA: Mr. Blee?

20 MR. BLEE: Yes.

21 MS McNAMARA: Mr. Light?

22 MR. LIGHT: Yes.

23 MR. CUNNINGHAM: Next matter before the
24 Board is Hopewell Borough Fire District Number one.

25 (All parties sworn.)

1 MR. McMANIMON: Thank you. Ed McManimon
2 from McManimon, Scotland and Baumann. And our firm is
3 the bound counsel to the Hopewell Township Fire
4 District Number One. I do note on your agenda it says
5 Hopewell Borough. It is Hopewell Township. As you
6 know, fire districts are (inaudible). So even though
7 they have a vote they still have to come here to have
8 findings. So asking for the Board to make positive
9 findings in connection with financing \$175,000 to
10 acquire an ambulance to replace an ambulance that
11 they've had for several years, since 2000, actually,
12 that has over 100,000 miles on it. So they're trying
13 to just continue their upgrade of the facilities. They
14 have a loan that's being provided by the Hopewell Bank.

15 I know there's a question raised about
16 whether they sought other options. And they did. They
17 asked the Peapack Gladstone Bank. Peapack Gladstone
18 has agreed to acquire bonds that are in the million
19 dollar less range, but they on March 10th sent a letter
20 back indicating they were not interested in this loan
21 because it was too small to do the due diligence. That
22 is generally the problem trying to market very small
23 fire district bonds. But they did seek from and did
24 not get a quote from Peapack Gladstone but they did get
25 an e-mail that said they were not interested because

1 they didn't have the ability to do a due diligence for
2 that small of an amount. So I believe this is a very
3 beneficial rate for a deal this small in the market.
4 But, you know, Matt's here to answer any questions you
5 have about it.

6 MR. CUNNINGHAM: Counsel, I'll address
7 to you first. We have two other fire districts before
8 us today. And competitive financing was sought under
9 them. And I don't think that the rate that Hopewell
10 Community Bank is offering the township is a bad rate,
11 but it's not as low as some of the other rates that
12 I've been seeing over the last couple of months coming
13 in front of the Board for approvals. Had it been an
14 egregiously high rate I think I would have probably
15 called and asked that the application be pulled from
16 the agenda, but I just wanted to -- I'm glad to hear
17 that you explored alternate financings, but going
18 forward I would ask that you perhaps broaden the pool
19 of potential lenders to make sure that you are getting
20 in fact the rate.

21 I reviewed the application. I
22 understand the need for the new vehicle. I also know
23 that the financing fees as originally presented to this
24 Board in the application have been reduced. So I think
25 that your counsel has answered the questions that I

1 had. And I would ask any of my colleagues on the Board
2 had additional questions for this application. Hearing
3 none, I would seek a motion.

4 MR. BLEE: Motion.

5 MR. LIGHT: Second.

6 MR. CUNNINGHAM: Take a roll call.

7 MS McNAMARA: Mr. Cunningham?

8 MR. CUNNINGHAM: Yes.

9 MS McNAMARA: Mr. Avery?

10 MR. AVERY: Yes.

11 MS McNAMARA: Mr. Blee?

12 MR. BLEE: Yes.

13 MS McNAMARA: Mr. Light?

14 MR. LIGHT: Yes.

15 MR. CUNNINGHAM: Okay. Thank you. The
16 next two matters listed on the agenda are also fire
17 districts acquiring equipment. These applications were
18 complete. And we, therefore, waive the appearance
19 requirement. So just on the first one, Maurice River
20 Fire District Number Three, the fees were good. They
21 received a low rate and put \$60,000 cash down into the
22 deal. So on Maurice River there is no need to have the
23 fire district appear. So I would ask for, unless any
24 of the Board members have questions, I would ask for a
25 motion and a second on that.

1 MR. BLEE: Motion.

2 MR. CUNNINGHAM: Thank you.

3 MR. LIGHT: Second.

4 MR. CUNNINGHAM: Second. Take roll
5 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. I just walked in
12 but I saw all these applications. So yes.

13 MR CUNNINGHAM: Thank you.

14 MS McNAMARA: Mr. Blee?

15 MR. BLEE: Yes.

16 MS McNAMARA: Mr. Light?

17 MR. LIGHT: Yes.

18 MR. CUNNINGHAM: Next matter before the
19 Board, and I perhaps spoke incorrectly, we did not
20 waive the appearance on this one, Wall Township fire
21 District Number Three. Good morning, gentlemen.

22 MR. SENDZIK: Good morning, Mr.
23 Chairman. Jay Sendzik appearing before the Board of
24 Fire -- representing Board of Fire Commissioners. To
25 my left is Chief John Sahatjian.

1 (All parties sworn.)

2 MR. CUNNINGHAM: Thank you very much for
3 coming in today. The Board's read the application in
4 front of us. And I note that the fire district is
5 achieving a good rate on the financing. And I thought
6 the fee structure assigned to the application was
7 certainly prudent. The one question I had just deals
8 kind of with the fire district's overall budget. And I
9 note that in most of the applications that have been
10 coming in front of the Board we see that some cash is
11 put down and that we're not financing the entirety of
12 the application. I was hoping that perhaps on behalf
13 of the district you could just talk about that a little
14 bit and help us understand, you know, why that's not
15 happening here.

16 MR. SENDZIK: Yes, we do have a reserve,
17 a surplus in our budget of about \$600,000. The Board
18 has a plan, a replacement schedule. And we're trying
19 to maintain a level tax rate. And when one financing
20 ceases we try to substitute it with another financing
21 of a similar rate so that we're not impacting the tax
22 rate. But the Board does have healthy surplus, about
23 \$650,000. If they had to they could put down a deposit
24 on it, but they found to maintain the tax rate in the
25 district it's a lot more prudent to do it this way.

1 Especially with interest rates at 1.99.

2 MR. CUNNINGHAM: Okay. Any of my
3 colleagues on the Board have additional questions or
4 concerns for the district?

5 MR. LIGHT: No. I move the application
6 be approved.

7 MR. CUNNINGHAM: We have a motion.

8 MS. RODRIGUEZ: Second.

9 MR. CUNNINGHAM: We have a second. Roll
10 Call.

11 MS McNAMARA: Mr. Cunningham?

12 MR. CUNNINGHAM: Yes.

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.

21 MR. CUNNINGHAM: Thank you for your
22 appearance today. We'll next move to Chesterfield
23 Township. The township's before the Board today for a
24 proposed cap waiver utilizing surplus. And perhaps you
25 could just walk the Board through the highlights of the

1 application before we ask questions.

2 MR. MALEY: The township is requesting
3 some \$476,000 cap waiver for the use of surplus outside
4 the 1977 cap law. This is year number 11 the township
5 has had to do this. It's as a result of them having a
6 tax rate of less than \$.10 when the law changed
7 bringing in those communities with less than \$.10 tax
8 rate. And the base was never high enough to support
9 the operations of the township. Additionally, over the
10 years the township's been growing. It's expanding.
11 And obviously, those expenses within the cap are
12 increasing but at a rate greater than what the law will
13 allow.

14 MR. CUNNINGHAM: Okay. The township has
15 been growing significantly. And a lot of this as I
16 understand in reading the application, and I should
17 mention for my colleagues on the Board that Tina
18 Zapicchi from the DLGS staff is here. And Tina has
19 reviewed this application and has been in contact with
20 the applicants. And to the extent we need her
21 expertise on any of this she's available to us. But
22 it's my understanding from the application that
23 development rights have been sold and have consistently
24 put an influx of cash into the budget. But I guess the
25 concern I have is the surplus is decreasing. And I'm

1 wondering at what point are you going to get into an
2 issue with the levy cap.

3 MR. MALEY: Will be soon. We are
4 projecting we will get through 2016. We're expecting
5 in 2017 to have to go to the voters to request a
6 waiver, this waiver and the two percent levy waiver.
7 Of course, as the surplus decreases it affects both of
8 our waivers. Our caps. So you may not see us after
9 2017.

10 MR. CUNNINGHAM: So you would do the
11 referendum in '17?

12 MR. MALEY: We're thinking, yes. Of
13 course, it would work well if this waiver became
14 permanent. Then we'd only have to ask the voters for
15 the two percent waiver. In this case we're going to
16 ask the voters for two waivers at the same time. It
17 hurts.

18 MR. CUNNINGHAM: Understood. I mean,
19 that was my biggest concern with the application and in
20 talking to the staff about it. It's just I understand
21 and I used to live not that far Chesterfield. And I
22 have seen the growth that's occurred there, but I
23 imagine that, you know, the corresponding expenses, the
24 police, public works and all those things have been
25 increased at a must be extraordinary rate considering

1 where the township may have been 20 years ago.

2 MS WULSTEIN: It's envisioned that the
3 police department will be not increased as the full
4 development completes, but under varying circumstances
5 which is it used to only be one officer per shift, as
6 the development was starting through varying, you know,
7 as we know the world today, it became prudent to put
8 two officers per shift. But yet, all that development
9 is still not yet built. We still have another three or
10 four years until we get to that final population in the
11 town.

12 MR. CUNNINGHAM: So considering that the
13 township in this instance has grown so quickly has
14 there been conversations with other municipalities
15 about, you know, shared services or any other programs
16 that, you know, could be consolidated in order to
17 somewhat lessen the impact on the tax rate and
18 potentially obviating the need to go for a levy cap
19 waiver down the road?

20 MS WULSTEIN: They have looked at it on
21 some areas. There's a lot of shared services. It's
22 not a technical shared service agreement. There's a
23 lot of, you know, back and forth with other towns. The
24 first department we're actually going to probably look
25 at is public works as that's a very small department of

1 a certain age. And all of them are going to go at
2 once. As for the police department, the township
3 supports that police department. The residents support
4 it. So there's areas that they've looked at in terms
5 of communication is done on a countywide level. But
6 whether or not they're going to go to some kind of
7 shared police force, I'm not sure that's where they're
8 headed, but it has been analyzed. It will continue to
9 be. We have privatized the rescue services. We have
10 fire districts. So they are actually out of the
11 township budget.

12 MR. CUNNINGHAM: I'm sure the residents
13 support the police as I'm sure the council do, but
14 every time you're putting a referendum in front of them
15 to exceed the property.

16 MR. MALEY: 23 referendums.

17 MS WULSTEIN: We know it. It's
18 something that's actually been discussed. I've been in
19 the township over three years. It's discussed every
20 year. A referendum is something we know is coming.
21 Even before the levy cap they knew eventually it was
22 going to lead to a vote. How the vote will actually go
23 when the vote is held is the unknown, but we explain it
24 to the residents. We educate them. They're our
25 partners in this. We're not doing this without their

1 knowledge.

2 MR. CUNNINGHAM: Understood. I've asked
3 a lot of questions. I don't know if any other members
4 of the Board have additional questions on this
5 application.

6 MS. RODRIGUEZ: Seems like, if I may,
7 seems like you're preparing yourself for the growth
8 that is basically at hand.

9 MS WULSTEIN: But Chesterfield's
10 population has doubled in the past, you know, seven
11 years. And it will continue to increase on that end.
12 That's something with the TDR program that's the
13 inevitable effect. So it's just a way of managing it.

14 MR. CUNNINGHAM: I would then seek a
15 motion to approve. And I would just ask that you take
16 my comments to heart and share them with the governing
17 body just in advance of what you may be facing in 2017.

18 MS. RODRIGUEZ: Make a motion.

19 MR. BLEE: Second.

20 MR. CUNNINGHAM: Take roll call.

21 MS McNAMARA: Mr. Cunningham?

22 MR. CUNNINGHAM: Yes.

23 MS McNAMARA: Mr. Avery?

24 MR. AVERY: Yes.

25 MS McNAMARA: Ms Rodriguez?

1 MS RODRIGUEZ: Yes.

2 MS McNAMARA: Mr. Blee?

3 MR. BLEE: Yes.

4 MS McNAMARA: Mr. Light?

5 MR. LIGHT: Yes.

6 MR. CUNNINGHAM: Thank you very much.

7 Next matter before the Board is Kearny. Hudson County
8 proposed adoption of a qualified bond issuance.

9 MR. McMANIMON: By the way, before
10 presenting this matter I asked the Wall Township people
11 who they got their loan from. And he gave me the card.
12 And I gave it to Hopewell Township party to check out.

13 MR. CUNNINGHAM: We appreciate that.
14 The system works.

15 MR. McMANIMON: Ed McManimon from
16 McManimon, Scotland and Baumann, bond counsel to the
17 Town of Kearny. As you know, the town is under the
18 Qualified Bond Act program. So any bond ordinance that
19 they adopt has to come before the Board for
20 consideration. They have introduced two bond
21 ordinances. One for water utility infrastructure
22 improvements in the amount of \$600,000 and the other a
23 million and a half dollars for the acquisition of
24 property for the Dukes street pump station in the
25 amount of 1.5 million with \$1,425,000 in bonds and

1 notes.

2 The outstanding debt that's covered by
3 the Qualified Bond Act is 7,304,000. The annual
4 Qualified Bond Act revenues are 18,465,000. So even
5 adding the 150,000 which would be the approximate debt
6 service on these bonds over that 20 years doesn't
7 affect at all the almost 3 to 1 ratio of revenues to
8 debt service.

9 Now, I know there was a question raised
10 about the fact that the water utility is not self
11 liquidating which is why this down payment here on it
12 when you wouldn't need one if it was self liquidating.
13 And at the behest of the staff the town asked to
14 represent that they put a rate increase in in December.
15 They're putting another rate increase in in November.
16 And they have a lot of surplus water. And they're
17 exploring who they can sell that water to. And until
18 they figure out the revenue benefits from doing that
19 they don't really want to put in a rate increase that's
20 too high, but they think they will know by the end of
21 the year what the revenue requirements are to be self
22 liquidating and will expect to be that.

23 MR. CUNNINGHAM: Well, that was the
24 concern I had with the application. And I wasn't sure
25 the answer we were going to get, but, certainly, the

1 answer I wanted to hear is that a move toward a self
2 liquidating utilities is on tract. So that was my
3 question. Do any of the other Board members have
4 questions for the applicant at this time? Hearing
5 none.

6 MR. LIGHT: Motion.

7 MR. BLEE: Second.

8 MR. CUNNINGHAM: Roll call, please.

9 MS McNAMARA: Mr. Cunningham?

10 MR. CUNNINGHAM: Yes.

11 MS McNAMARA: Mr. Avery?

12 MR. AVERY: Yes.

13 MS McNAMARA: Ms Rodriguez?

14 MS RODRIGUEZ: Yes.

15 MS McNAMARA: Mr. Blee?

16 MR. BLEE: Yes.

17 MS McNAMARA: Mr. Light?

18 MR. LIGHT: Yes.

19 MR. CUNNINGHAM: Thank you, gentlemen.

20 And I should have mentioned that there had been a
21 matter on the agenda. Next matter before the Board,
22 the City of Newark.

23 (All parties sworn.)

24 MR. CUNNINGHAM: Gentlemen, City of
25 Newark under transitional aid. I've been working with

1 officials in the city very closely. Working together
2 with the professionals, obviously, to try to move the
3 city toward a better structural budget position.
4 You're here in front of us today for an application.
5 And I believe, counsel, you may want to amend the
6 application from before a little bit or we can have
7 that conversation --

8 MR. MAYER: Yes, thank you, Mr.
9 Chairman. As I discussed with you and Ms McNamara, I
10 would ask that the qualified bonds be increased from
11 51,553,000 to the total of 56,673,000. I am expecting
12 that we may need to issue the whole amount as qualified
13 bonds. We would like the rest of the application to go
14 as presented in the agenda, but it would go to 51,533
15 for the qualified bonds to 56,673. That's just the
16 total of the two pieces. That's all I got.

17 MR. CUNNINGHAM: Dan, I would address
18 this question to you given the city's complicated
19 financing the amount of debt they have outstanding,
20 it's no secret that one of the issues that I've talked
21 about on this deal and others is the city's need for a
22 nonconforming maturity schedule. And for the rest of
23 the Board's benefit, the application, the nonconforming
24 maturity schedule that's in the application, is
25 different than the one first presented. And we've gone

1 back and forth on that a little bit as the Board often
2 gets a little bit leery about doing those types of
3 things, but I think we landed at a place where we
4 thought was kind of in the best interest. And I would
5 just ask you to explain why this is being done and the
6 benefit it has on the city's finances to the sit.

7 MR. MARINIELLO: Sure. The application
8 that was originally submitted was revised. We had been
9 going back and forth with regard to what fit with what
10 the city could afford and what the city's current debt
11 situation is. Obviously, any financial or economic
12 benefit that the state can help provide to the city is
13 what we're looking for.

14 There were two series of bonds here.
15 The school bond we amended from the original
16 application to the revised to be a conforming schedule.
17 The city piece of it we revised to bring it not so back
18 loaded as we had originally showed. We created a chart
19 that gives an idea our debt service significantly drops
20 as you go out. And in fact, in 2028 it drops
21 significantly. So the idea of it was the city's
22 dealing with a lot of budgetary issues not add income
23 compound to that as we go. We have to permanently
24 finance these bonds. It's not something that we're
25 going to be able to avoid. So the idea was how we best

1 fit it into the schedule that we have. And I think
2 we've come up with an opportunity not only to fit into
3 the current schedule but there are going to be other
4 things that the city has to finance over the years.
5 And we didn't want to in the next few years add a
6 significant burden to the budget that we're already
7 trying as best we can to deal with.

8 MR. CUNNINGHAM: Yeah, it certainly is a
9 balancing act because we want to restore fiscal sanity
10 to the city. And sometimes I'm tempted to feel the
11 pain and get it over with and then the city would be on
12 a better long term footing, but we can't go too far
13 with that. I'm speaking from the Division standpoint
14 as, you know, head of the Transitional Aid Program
15 because we wound up -- you know, we would up spiting
16 ourselves and hurting the residents of the city. So I
17 think, you know, the revised nonconforming maturity
18 schedule while certainly not, you know, in a perfect
19 world I think we would avoid it, but given the city's
20 current debt and given the debt that's going to be
21 coming off I think it is prudent. Do any of the other
22 members of the Board have any questions on that?

23 Dan, we have a couple different versions
24 of the maturity schedule floating around. Just for
25 purposes of the record, can you confirm the date so we

1 all make sure we're looking at the right one? I
2 believe it's March 25th.

3 MS. DANIELS: Yes, March 25th is the
4 last one.

5 MR. CUNNINGHAM: Okay. So assuming the
6 Board votes in a positive manner then Board staff would
7 work with you to amend the resolutions that may be
8 needed to fully understand the decision to go with the
9 56 and QBA. And again, hearing no other questions from
10 the Board members I would seek a motion for this
11 application.

12 MR. BLEE: Motion.

13 MS. RODRIGUEZ: Second.

14 MR. CUNNINGHAM: Roll 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: Thanks, gentlemen.

1 Next matter before the Board is the proposed
2 dissolution of redevelopment agency in Morristown.

3 (All parties sworn.)

4 MR. CUNNINGHAM: I'm sorry. I wasn't
5 listening. Would you kindly introduce yourself to the
6 Board?

7 MR. DONATELLI: My name is Dean
8 Donatelli. I'm with Inglesino, Webster, Wyciskala and
9 Taylor. We are special redevelopment counsel for the
10 Town of Morristown. With me today is Frank Mason. He
11 is the CFO for the town.

12 MR. CUNNINGHAM: Good morning. And
13 thank you for attending. So this is a proposed
14 dissolution of a redevelopment agency. And as I read
15 the report that was prepared by staff of the Division
16 it appears that the redevelopment entity no longer has
17 real estate or assets, does not have debt, neither a
18 tenant or a landlord. Is there anything else that
19 would still be on the books, so to speak, that would
20 have to continue to exist or is this final and done and
21 no other lingering obligations?

22 MR. MASON: The only thing that's on the
23 books is \$2,188 that the town owes the redevelopment
24 agency. It's been on the books for at least a number
25 of years. And I think it's a moot point to pay it over

1 and then take over those funds. So that can be
2 cancelled on the town's side.

3 MR. CUNNINGHAM: Okay. And the purpose
4 of the MRA was redeveloping something referred to as
5 the Vale Mansion site?

6 MR. DONATELLI: Yeah, it's a Vale
7 Mansion redevelopment area which was established in
8 1998. The redevelopment project has now been completed
9 to its full execution. All the space is occupied.
10 There's a new restaurant that just went in. You should
11 try it. It's actually really good, Jockey Hollow Bar
12 and Kitchen. And now most of the redevelopment
13 projects go to the town council now as a redevelopment
14 authority. So the agency really has no further
15 function.

16 MR. CUNNINGHAM: Okay. Any other
17 questions?

18 MR. LIGHT: So that I understand,
19 financially all that they need to do so far as the
20 books are concerned is cancel the debt that's due to
21 the town?

22 MR. MASON: The town has to cancel it on
23 our side. Correct. We can do that as soon as it's
24 dissolved.

25 MR. CUNNINGHAM: Any other questions?

1 MS. RODRIGUEZ: No, I have a comment.

2 He's right. That's a great restaurant. I've been
3 there.

4 MR. CUNNINGHAM: No employees of MRA.

5 Right?

6 MR. DONATELLI: No employees.

7 MR. LIGHT: I'll move the application.

8 MR. BLEE: Second.

9 MR. CUNNINGHAM: Roll 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: Thank you for your
21 appearance this morning. Union County Improvement
22 Authority.

23 (All parties sworn.)

24 MR. CUNNINGHAM: Thank you very much for
25 your appearance this morning. I would ask just because

1 I didn't hear all the introductions if folks would
2 introduce themselves prior to speaking. And I guess
3 the first thing that caught my eye in the application
4 was the Roselle Mind and Body Complex project. And I
5 was hoping maybe someone could just kind of enlighten
6 the Board about exactly what that is and then talk
7 about the two components of the project, one for the
8 Borough and one for the Board of Ed. So, Counsel
9 Jessup.

10 MR. JESSUP: Chairman, I'll take a crack
11 at that. Let me first introduce everybody. You Dan
12 Sullivan, the executive director of the Union County
13 Improvement Authority. Allan Roth who is counsel to
14 Roselle Board of Education. Mayor Dansereau, mayor of
15 the Borough of Roselle. Dave Block who's the business
16 administrator for the Board of Education. And all the
17 way at the end there is Dan Mariniello who's financial
18 advisor to the Improvement Authority.

19 This is essentially a true shared
20 service facility project financial between the Borough
21 and the Board of Education. The Board of Education has
22 a significant need for a pre K and kindergarten
23 facility. Those kids are about 200 kids that are
24 currently spread out in two separate facilities that
25 are leased by the Board of Education. They're not

1 owned by the Board of Education. They are substandard
2 facilities. Recreation takes place in a parking lot in
3 one facility. There's no recreation opportunity in a
4 second facility. One of them is located on Saint
5 George's Avenue which is a main thoroughfare without
6 Roselle. There is overcrowding in significant number
7 of the classrooms. Many have upwards of 20 kids pre K
8 and kindergarten. The target number is more like 15
9 kids. So there's overcrowding. There's currently a
10 wait list for pre K enrollment that can't be
11 accommodated by the current leased facilities. And
12 obviously, with a wait list there's no expansion
13 possibilities under the existing facilities at all.

14 The new pre K and kindergarten
15 facilities, the Board of Ed piece of this project,
16 alleviates all those issues, obviously. This is a
17 brand new state of the art built facility particular to
18 pre K and kindergarten. And the nice thing about it
19 because both of these projects are on the same parcel
20 of land about 200 feet across the hall or across the
21 way from the pre K and kindergarten facility will be a
22 brand new library and a community center and a
23 recreation center where there will be there's a
24 swimming facility. There's recreation opportunities.
25 There is currently no rec center throughout the

1 borough. So the borough has rec center needs.

2 The borough has a very popular and
3 active library which right now is antiquated and too
4 small. They run all of their -- a lot of there
5 community services through the library. In Roselle
6 there is a significant and growing immigrant
7 population. So the library does things like employment
8 opportunities, English as a second language,
9 citizenship. They run all of those types of programs
10 through their library. In addition, you know, in
11 Roselle and a lot of other places where you have, you
12 know, two working parents you want a nice facility, a
13 good facility where kids can go after school and end up
14 at a library versus out somewhere else. In this case,
15 obviously, that facility is literally right across the
16 way on the same parcel of property.

17 So there's a need by both. Obviously,
18 the mayor and the business administrator can describe
19 it in more detail if you'd like. There's a need for
20 both. Because construction is all taking place on one
21 parcel of land and because there's a need for financing
22 the borough and the Board of Ed had entered into a
23 shared services agreement with the Improvement
24 Authority requesting that the Improvement Authority
25 control everything sort of from top down. So letting

1 of contracts, contracts management. And if you had two
2 separate entities doing it you've got trucks from two
3 different places coming at the wrong time, obviously
4 that can end up being a disaster on one parcel of
5 property.

6 So recognizing that there's a financing
7 need and recognizing that there's administrative
8 efficiencies obviously, there's contract letting
9 efficiencies, the borough and the Board of Ed had
10 requested that the Improvement Authority through a
11 shared services agreement that was executed last May
12 that they basically run the construction as well as do
13 the financing for the project. That financing is --
14 will be two bond resolutions but sold at the same time.
15 It will be bonds will be issued by the Improvement
16 Authority. The proceeds of the bonds will be used by
17 the borough of side to build the community and rec
18 center not to exceed \$30 million. And proceeds will be
19 used on the Board of Ed side to build early childhood
20 education center not to exceed 19 and a half million
21 which is why you have a total of 49 and a half million
22 on the agenda.

23 The borough will make a lease payment
24 equal to debt service on the bonds under a lease
25 agreement. They will be leasing the facility from the

1 Improvement Authority once it's complete. That's a ad
2 valorem lease payment made by the borough. The Board
3 of Ed will be making a lease payment. That will be
4 subject to appropriation lease payments by the Board of
5 Ed to lease to build early childhood education center
6 from the Union County Improvement Authority. That
7 lease payment will also be equal to debt service on the
8 bonds.

9 MR. CUNNINGHAM: Mayor, did you want
10 make a statement in support of the project?

11 MR. MAYER: Yes. I think he's pretty
12 thorough with what our needs are, you know, from the
13 community side. You know, when we talk about the
14 children, the need for education, capturing them in
15 they terms of just the library alone, you know, you
16 have a captured audience. You know, we have schools
17 that can't afford to put libraries within the school.
18 So having it right in that general area where the
19 teachers can bring them right in there is a big plus.

20 In our community the average income per
21 household is about \$60,000 gross. So there is -- and
22 there are two working parents minimally. The issue
23 comes down to after school and what is a safe
24 environment for them to have an opportunity to know
25 their children, not in the sense of needing a daycare

1 operation because these are the middle school children
2 who can be independent, but to have places for them to
3 go for recreation that's safe off the streets so they
4 don't align themselves with groups that we all know,
5 you know, are pervasive in communities like ours in
6 particular when they are having no direction. The
7 library has done a phenomenal job. But as they said,
8 it is too small and it houses so many of our youth.
9 And it does so much for them but it can't do all of
10 this.

11 Having a structured recreational
12 environment that they can go to daily, you know, will
13 keep them off the streets, keep them you culturally
14 active and to help to educate them in terms of the
15 needs that they have to understand how to become fully,
16 you know, full citizens of this community in a positive
17 direction. The parents simply cannot afford to send
18 their children outside the community for these
19 extracurricular activities. And so therefore, their
20 education of the world in general is not comprehensive
21 or as comprehensive as it could be if not having these
22 other opportunities in an urban community. So we are
23 asking you humbly. We appreciate the Board's, you
24 know, giving us this opportunity to express this need.
25 And I would ask you please to continue passing this

1 application. Thank you.

2 MR. CUNNINGHAM: Is there a significant
3 tax increase that would be required to support the
4 lease payment that the borough would now have to the
5 Improvement Authority?

6 MR. JESSUP: The debt service on the
7 bonds of approximately \$1,600,000 for the borough
8 portion is level.

9 MR. CUNNINGHAM: And that would equal
10 the -- the lease payment you said would equal the debt
11 service. Correct?

12 MR. JESSUP: That's exactly right. And
13 that would equate to -- I can't speak to whether they
14 need to do this, but it would be on the average
15 assessed valued home of \$118,400. It's a tax increase
16 of approximately \$253.

17 MR. CUNNINGHAM: Do any of the other
18 Board members have questions for the applicant?

19 MR. LIGHT: I was going to ask -- and I
20 appreciate you asking that. The other one I was
21 concerned with is that I realize this is a large
22 application. It's \$50 million, but the cost of
23 issuance is over \$600,000. And that seemed to strike
24 me as being high. A lot of it I guess are fixed fees
25 like the underwriter fees and so forth, but there's a

1 miscellaneous \$50,000 down at the bottom. And it's
2 small compared to some of the other numbers we're
3 talking about, but \$600,000 for full issuance cost of
4 issuance seems.

5 MR. CUNNINGHAM: I had the same
6 question. And I'm glad that another Board member asked
7 it before I had to. But that is a concern that the
8 Board has. And perhaps you could just discuss the fee
9 structure.

10 MR. MARINIELLO: Just to add to that,
11 two big fees in that are driven obviously by the size
12 of the deal. It's a big deal.

13 MR. LIGHT: \$50,000,000 bond structure.

14 MR. MARINIELLO: The miscellaneous and
15 the other big piece is really on the insurance part of
16 it, the bond insurance premium which is this is not a
17 county guaranteed project. So at \$50 for the Borough
18 of Roselle to get bond insurance which would save them
19 a lot more money in the interest rate when they go out
20 and issue the bond, what that price is going to be is
21 still up in the air. We've had a number of
22 conversations but we don't know where it's going to end
23 up. So the numbers that you see in there for bond
24 insurance and miscellaneous is for that fluctuation.
25 We're just not sure what the insurance company is going

1 to look for.

2 MS. RODRIGUEZ: If I may, I'm trying to
3 wrap my head around the fee for the UCIA of \$104,000.
4 Improvement Authorities come in front of us all the
5 time. And I've never seen a fee this high. Maybe you
6 can explain it to me. Is it because it's two separate
7 entities? It is \$104,000. Never seen anything like
8 that.

9 MR. JESSUP: I think it's couple things.
10 One, the structure is sort of a standard structure that
11 the Improvement Authority uses across all deals. Part
12 of is related to the size of the bond issue, but in
13 this case I think what's more applicable is the fact
14 that, again, unlike a deal where maybe the Improvement
15 Authority is simply passed through financing deals for
16 other municipalities, in this case the Improvement
17 Authority is going to be doing all of the construction
18 management, contract letting, et cetera. So in this
19 case there is an active role of the Authority and of
20 its members to coordinate letting of contracts across
21 both entities and both projects, coordinating the
22 professionals, the engineer, the architect, et cetera,
23 across both contracts. Letting those contracts,
24 managing distribution of funds and managing the higher
25 construction process.

1 MS. RODRIGUEZ: So they're acting as
2 contract, plus we're talking about construction
3 management -- not construction management. But
4 contract managers in this. And this is what you're
5 telling? So my question is they're going to be --
6 you're going to be -- the Authority, okay, is going to
7 be the contract or the project manager for this
8 project?

9 MR. JESSUP: That's correct.

10 MS. RODRIGUEZ: Because in that case the
11 fee would make sense to me. You're going to oversee
12 all the soft costs and then into the actual fruition of
13 the project.

14 MR. SULLIVAN: That's what we're doing
15 now on several other projects. It's the same thing.

16 MR. AVERY: And the Authority has the
17 staff to -- expertise to do this, to rely on
18 consultants?

19 MR. SULLIVAN: We have two active
20 construction projects right now. We'll have a third in
21 the City of Plainfield over the next couple of months.
22 And yes, we have the ability to do it.

23 MR. LIGHT: I want to thank the mayor
24 for coming. I know he thanked you already but it's
25 obvious you care about your community and the young.

1 What is the population of Roselle?

2 MS. DANIELS: We have almost 23,000 in a
3 2.6 mile square town. So we're quite dense. And of
4 course, you know, in our school I believe it's over --
5 our schools it's over 2,000 children and growing.
6 There's documented coming into the community. Of
7 course other children age out. But as we speak, and I
8 know I'm speaking on behalf of the schools, you know,
9 but that's part of your community because there are no
10 boundaries. And so it's very important, you know, as a
11 whole family if we're servicing the entire families of
12 Roselle we have to be mindful of the needs. And a
13 piece that hasn't really been discussed, the extra
14 rooms that will be part of the recreation center will
15 house a great many services, you know, additionally
16 that the community needs. Social services through
17 nonprofit, you know, organizations that we work with
18 currently now that need the kind of help. And kind of
19 a one-stop shopping area for community activism and
20 positive cultural exposure.

21 MR. LIGHT: Thank you.

22 MR. ROTH: Chairman, if I may. I'm
23 Allan Roth, counsel for the Board. We have almost 2800
24 kids. We have a waiting list for pre K of 100
25 children. We only can accommodate right now 200. So

1 without -- we're talking about being able to expand our
2 program. The way the aging out as the mayor said our
3 population is high school's getting smaller, our
4 elementary's getting larger. So we will be tapped out.
5 And I think everyone would appreciate even though this
6 is not the Department of Education, but appreciate that
7 I don't want to have to put 6th, 7th and 8th graders
8 into my high school. That would be a concern.

9 The other thing is that with the
10 buildings, Mr. Jessup said, I don't know, 400 yards
11 apart, whatever would be, we would be able to now put
12 in the community center a wrap around program which we
13 do not have now. And quite frankly, an urban type
14 district really needs as the mayor had said. And the
15 Board is looking to develop a wrap around program which
16 we would be able to accommodate the needs of not only
17 the pre K but the older kids. And there is not a
18 resource facility to do that here.

19 MR. CUNNINGHAM: Thank you. I do want
20 to return to the fees. I guess these are proposed and
21 estimated fees. Correct?

22 MR. JESSUP: Absolutely.

23 MR. CUNNINGHAM: So they may not be this
24 high?

25 MR. JESSUP: Correct.

1 MR. CUNNINGHAM: I think as I go down
2 the list I think some of them are significant. I think
3 the underwriter's counsel, county bond counsel I would
4 ask why that's \$20,000 when this isn't a county
5 guaranteed deal. So I'm just curious, you know, was
6 that just a place holder or do you guys actually expect
7 that to be that full amount?

8 MR. JESSUP: That's correct. That's
9 just a place holder. There was a discussion about
10 whether or not the county would be involved in that
11 regard. At this point obviously through this
12 application there is no county guarantee being
13 contemplated. So that, for example, would be a cost
14 that would not be incurred. Obviously, if the county
15 got involved we'd have to come back to you anyway for
16 additional approvals.

17 MR. CUNNINGHAM: Then the last thing I
18 would say, this would be directed toward the
19 Improvement Authority, I'm not prepared at this time,
20 but staff is preparing an analysis of Improvement
21 Authority fees. So I'm not singling out Union County
22 in anyway, but as the Improvement Authority deals come
23 before the Board it has often been a concern among
24 Board members over various years of the fees being
25 varied and the fees of some complex being too high.

1 And it's no secret that I started my career off in an
2 improvement authority. So I'm particularly sensitive
3 to that. And in this case I certainly understand as Ms
4 Rodriguez asked that the Board is doing more than just
5 financing, they're also doing construction management.
6 But on a kind of going forward basis, I just want all
7 the improvement authorities to know that the Division
8 staff are going to be undertaking analysis to try to
9 identify the spectrum of fees. And those improvement
10 authorities of outliers potentially could be questioned
11 on that. So I only mention that as an advisement but
12 that study is not complete. And I'm not indicating
13 anything untoward about the fee or saying that UCI
14 would be one of the outliers on the spectrum. I'm just
15 making you aware of that future and ongoing effort.

16 I think the project is an exciting
17 project for the borough to include the Board of
18 Education. Clearly, it's expensive, but, nevertheless,
19 it seems for the impact on the tax rate the result
20 that's being kind of attributed or provided to the
21 children and to the residents of the town is fairly
22 extraordinary. So unless there's any other questions
23 on the application, but, again, I would please ask you
24 to be mindful of the fees as you move forward in all
25 respects. I would ask if there's any other questions.

1 If not, we'll seek a motion.

2 MR. BLEE: Motion.

3 MS. RODRIGUEZ: Second.

4 MR. CUNNINGHAM: We have a second Ms

5 Rodriguez. Take roll 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: I'd just like to have a

17 sidebar with counsel very, very quickly and then we'll

18 move to the next item on the agenda. Thank you for

19 your appearance.

20 (Whereupon there is a recess.)

21 MR. CUNNINGHAM: Next application before

22 the Board is the Monmouth County Improvement Authority.

23 (All parties sworn.)

24 MR. CUNNINGHAM: So the Improvement

25 Authority is in front of the Board today for some

1 significant refundings. And Counsel Draikiwicz was
2 kind enough to talk to myself and Division staff just
3 explain a little bit about the set up of how the
4 Improvement Authority in Monmouth does their issuances.
5 As I look through the application, I know that there's
6 a broad variety of participants in the deal. And the
7 vast majority are achieving the requisite savings. I
8 know that two of the participants, Manalapan and
9 Shrewsbury in particular, may not have or Shrewsbury's
10 case may be close. Would you just be prepared to
11 discuss that a little bit, counselor, and explain to
12 the Board why nevertheless although those participants
13 it makes sense to include those issuances in the
14 refunding? Please.

15 MR. DRAIKIWICZ: There are actually --
16 thank you, Director and rest of the Board. There are
17 18 participants that are involved in the transactions.
18 And we're taking out the 2007, 2008 Monmouth County
19 Improvement Authority bonds where there are many
20 participants as well as three other entities, Red Bank,
21 Avon Board of Education and Little Silver Board of
22 Education. But in connection with the two Improvement
23 Authority refundings that are going on from '07 and
24 '08, there's 15 participants involved in those. And
25 out of those 15 participants three of them, Manalapan,

1 Township of Shrewsbury and the Borough of Shrewsbury,
2 are below three percent -- are either close to three
3 percent or below three percent. Depending upon
4 obviously time of the market. Since this refunding
5 involves 15 participants in those two series of bonds
6 some of them are at five percent, six percent, four
7 percent, three percent. There's a variety. Because
8 when the bond issued originally their debt schedule
9 obviously varied depending upon their own needs.

10 So in order to finance -- refinance the
11 '07, '08 deal and get the three percent savings the
12 savings varied. And in order for us to do the
13 transaction to get overall three percent savings some
14 do not have that requisite three percent. So if we
15 refunded it without those three participants those
16 three participants would be left behind. And if
17 they're left behind that would mean there's still
18 ongoing fees from the trustee in terms of annual fee
19 from the trustee for one to have ongoing fees still.
20 Not significant but they're still ongoing fees. And
21 the ability to refund those bonds in which probably
22 have four to six years left on them would probably
23 would not be occurring.

24 So in order to pick up those negligible
25 savings and towns really benefits the other 15. So

1 even though they may not have done it on their own
2 they're still getting some savings. And it's
3 benefitting the entire pool of participants.

4 MR. CUNNINGHAM: So speaking of the
5 entire pool, as I understand it the net present value
6 savings on this deal is 2.9 million or about
7 5.2 percent?

8 MR. DRAIKIWICZ: Financial advisor.

9 MR. MARINIELLO: As a whole that's about
10 it.

11 MR. CUNNINGHAM: When the Board requires
12 minimum savings one of the prime goals of that is to
13 prevent fees from being generated on projects that
14 really don't have a lot of merit to them. Not that
15 there wouldn't be savings. It would be negligible
16 savings and it wouldn't justify the professional fees.
17 Here a different situation as explained by counsel in
18 that those fees are really being absorbed across a
19 large pool. So once again, I know I've done most of
20 the questioning, but if any of the members of the Board
21 have questions for this applicant please feel free. If
22 not, I would certainly entertain a motion and a second.

23 MR. LIGHT: Staggering, again, on the
24 cost of issuance, but the 2.9 is net with the cost of
25 issuance. Included in that you still have a 2.9 and

1 five percent savings.

2 MR. DRAIKIWICZ: Yes.

3 MR. LIGHT: So you're spending a million
4 to get. Almost three million savings. No. Okay.

5 MR. CUNNINGHAM: Motion on the table.
6 We'll resume that. Seeking a second. Mr. Blee.

7 MR. AVERY: Second.

8 MR. CUNNINGHAM: Mr. Avery with the
9 second. Roll call, please.

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. DRAIKIWICZ: Thank you for your
21 consideration.

22 MR. CUNNINGHAM: City of Asbury Park.

23 (All parties sworn.)

24 MR. McMANIMON: I'm going to briefly
25 introduce the matter because Jen has spent a great deal

1 of the last few years working on this project. This is
2 a companion financing to a very large waterfront
3 redevelopment project in Asbury Park. The primary
4 project itself was approved by this Board on
5 February 13, 2013. Involved a very large residential
6 component development on the waterfront. And this is a
7 hotel piece that's a companion part of the financing
8 which is why there is a lot of documents and a lot of
9 structure to this, similar to the transaction that was
10 presented to you back in 2013.

11 This involves a \$1,250,000 completely
12 non-recourse redevelopment area bond for which the city
13 is not on the hook at all. It involves two matters
14 under the redevelopment statute, 40A:12A-29A-3 which is
15 the approval of a financing that's a private sale and
16 40A:12A-67b which is a financial institute that
17 involves a special assessment and a payment in lieu of
18 tax. And the bond issue is being done primarily to
19 facilitate a payment in lieu of tax that will make this
20 project feasible. Without the bond issue and the
21 removal from the constrictors that are under the
22 formulas under the long-term tax exemption law this
23 project would not be affordable. There is a specific
24 payment that's being made. And the amount of this
25 issue and the interest rate on it does not impact in

1 anyway on the amount of money that the City of Asbury
2 Park will receive both in the special assessment and
3 the payment in lieu of tax. And so it's not as if this
4 interest rate, it's not that we don't care about this
5 interest rate. It's a high interest rate. But it's
6 consistent with the project from 2013. And it is
7 because it's a non-recourse obligation. It has a
8 construction risk. The person who's buying the bond
9 has to rely on this project being built and then
10 producing the revenue that it's designed to produce so
11 they get paid. There's no backup to this. So there is
12 a complete risk element to this type of financing.

13 So I'd open it up to questions because I
14 think the project itself speaks for itself. The
15 contract has been before this Board on a much broader
16 scale. I asked Dave Kaplin to come with the city and
17 John Cantalupo who is the city bond counsel. I don't
18 know why they changed from us to him. I can't figure
19 that out. So the city is not involved -- with regard
20 to the city who is intimately involved in this even
21 though their credit is not, I just wanted them here so
22 that if you had questions about it they could address
23 it because they've been as involved as Jen has been.

24 MR. CUNNINGHAM: I should first note
25 that Asbury Park being a transitional aid town is

1 obviously then of particular interest to the Division.
2 I hadn't had a lot of interaction with the city. I
3 didn't know all that much about it when I took this
4 job, but last week I did go down and actually met with
5 the city. I met with the developer. And I actually
6 walked the sites. And I'm now much more familiar from
7 a visual concept with the redevelopment that's going
8 there. As I said to the mayor and I think I would want
9 to reiterate in the front of the Board and in front of
10 the public is I think Asbury Park is on the precipice
11 of some incredibly exciting development opportunities.
12 And I think that as Asbury Park is also getting very
13 close to redeveloping their way out of the Division's
14 transitional aid program. So I think it's incumbent
15 upon the Division to support the programs that are
16 going forward. Our effort then becomes ensuring that
17 the deals that are being put forth are truly in the
18 best interest of the city and ultimately the residents
19 Asbury Park. And I will also fully and freely admit
20 that when I looked at the application and realized that
21 I don't have a lot of perspective into it I did call,
22 you now, counsel. I called Mr. Jessup. And I had a
23 question about that rate. And I appreciate you
24 bringing it up this morning because I did have concern
25 and I thought it was high. But we did have a

1 conversation that you relayed to the entirety of the
2 Board it's not a rate that adversely affects the City
3 of Asbury which, then, therefore, reduces a lot of my
4 concerns as a Director of the Division. And I can kind
5 of just put my Chairman of the LP hat back on and move
6 forward with it.

7 So I don't know that the hotel project
8 by itself could be called transformative, but I do
9 think that and the by (sic) project which the developer
10 had done will be catalyst for some of the larger
11 development coming. And those larger developments, and
12 including the PILOT revenues and other things, are
13 going to put cash or payments in lieu of taxes into the
14 city's coffers which I think is ultimately, you know, a
15 very, very good thing. So I appreciate the time that
16 all of you put into this deal and helping explain it to
17 the Board. Did any of the Board members want to talk
18 about the project or about the financing?

19 MS. RODRIGUEZ: I guess more of a
20 comment. Because I go to Asbury Park all time. I
21 think this is -- I think you hit the nail on the head
22 when you said transformative because right now with the
23 flow of people that come to Asbury Park, and I always
24 encourage people to go to the beach there because I've
25 never seen anything like that in any beach in New

1 Jersey. And I think this is an asset for the city
2 because I think more people would come down, more
3 people would stay there if there was an alternative
4 hotel. Not that the one that is there -- I mean, the
5 one that's there is pretty much booked all through the
6 Summer. So I think it's a good project for the city.
7 I do.

8 MR. CUNNINGHAM: Any other questions for
9 the applicants? I'll make motion to approve this.

10 MS. RODRIGUEZ: I second it.

11 MR. CUNNINGHAM: Take roll call.

12 MS McNAMARA: Mr. Cunningham?

13 MR. CUNNINGHAM: Yes.

14 MS McNAMARA: Mr. Avery?

15 MR. AVERY: Yes.

16 MS McNAMARA: Ms Rodriguez?

17 MS RODRIGUEZ: Yes.

18 MS McNAMARA: Mr. Blee?

19 MR. BLEE: Yes.

20 MS McNAMARA: Mr. Light?

21 MR. LIGHT: Yes.

22 MR. CUNNINGHAM: Thank you very much.

23 (All parties sworn.)

24 MR. CUNNINGHAM: Good morning. Thanks
25 for your appearance. Similar to the City of Asbury

1 Park I've been working very, very closely with the City
2 at Atlantic City on their efforts. And we have a lot
3 of stuff with the Division going on there. This
4 financing is one component of that. Kind of a
5 multi-faceted approach to dealing with a lot of the
6 City of Atlantic City's issues. I'm obviously well
7 aware of this project. And I've participated in the
8 calls and the conversations. I wanted the Board to
9 have the ability to ask any questions of the city, but
10 I understand, you know, what's going on here. The only
11 thing I would ask, and I would direct this to Ms
12 Edwards, if you would, could you just explain to the
13 Board the need for the nonconforming maturity schedule
14 why that makes sense given Atlantic City's that drop
15 off. If you would address that then we can open up the
16 questions for the Boards members.

17 MS EDWARDS: Sure. Absolutely. As
18 you're aware, we're here to get approval under 2-51 and
19 2-55 for the approval of the refunding bond ordinance,
20 as well as a nonconforming maturity schedule and use of
21 the municipal qualified bond act for the ordinance for
22 not to exceed 43 million. 43 million will go to
23 funding an emergency appropriation that will be used to
24 repay the state loan in the amount of \$40,000,000.

25 The structure of the maturity schedule

1 is laid out to defer principle for the first five years
2 of the transaction and then funding the balance out 25
3 years. The deferment of principle for five years is to
4 alleviate the city of additional debt service burdens
5 as they're dealing with their financial distress over
6 the next several years. In addition, the maturity
7 schedule is wrap around the additional municipal
8 qualified bonds that were approved earlier in the year
9 for \$12,000,000. They will be packaged together. And
10 the structure of the wrap is to give the city the
11 highest amount of coverage possible under the act and
12 the available aid that is given to the city. With this
13 structure we're able to provide the city based on total
14 aid received almost up to four times debt service
15 coverage if we're able to get the nonconforming
16 maturity schedule approved. That's the minimum
17 coverage. The maximum coverage is about 5.3 percent.
18 So as you can see, it's certainly a good thing to have
19 this nonconforming maturity schedule for the city as
20 it's working through its financial distress.

21 MR. CUNNINGHAM: Thank you for that.
22 Any questions from the Board? Once again, I'll make a
23 motion for this and seek a second.

24 MS. RODRIGUEZ: Second.

25 MR. CUNNINGHAM. Thank you. Do roll

1 call.

2 MS McNAMARA: Mr. Cunningham?

3 MR. CUNNINGHAM: Yes.

4 MS McNAMARA: Mr. Avery?

5 MR. AVERY: Yes.

6 MS McNAMARA: Ms Rodriguez?

7 MS RODRIGUEZ: Yes.

8 MS McNAMARA: Mr. Light?

9 MR. LIGHT: Yes.

10 MR. CUNNINGHAM: I believe that

11 concludes the matters before the Board today. So

12 motion to dismiss. Or motion to adjourn.

13 (All: So moved.)

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15 (Matter is adjourned at 11:25 a.m.)

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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.

C:\TINYTRAN\CARMEN.BMP

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

Dated: April 24, 2015
License No. 30XI00192200
Notary Commission Expiration Date:
July 29, 2016

STATE SHORTHAND REPORTING SERVICE, INC.

