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STATE OF NEW JERSEY  
DEPARTMENT OF COMMUNITY AFFAIRS  
LOCAL FINANCE BOARD

MONTHLY MEETING AGENDA \*  
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Conference Room No. 129  
101 South Broad Street  
Trenton, New Jersey  
Thursday, November 12, 2015

B E F O R E: TIMOTHY J. CUNNINGHAM-CHAIRMAN  
IDIDA RODRIGUEZ-MEMBER  
ALAN AVERY-MEMBER  
FRANCIS BLEE-MEMBER

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

A P P E A R A N C E S:  
JOHN J. HOFFMAN, ACTING ATTORNEY  
GENERAL  
BY: MELANIE WALTER, ESQ.  
Deputy Attorney General  
For the Board

1           (Transcript of Proceedings, Thursday, November  
2 12, 2015, commencing at 10:25 p.m.)

3           MR. CUNNINGHAM: Okay, good  
4 morning. We're going to start the Finance Board  
5 agenda. This meeting was previously open to the  
6 public upstairs. So we can dispatch with any  
7 formalities under the Open Public Meeting Act and  
8 go right to the agenda.

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

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

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

23           In this case the Authority was  
24 notified by the trust that a service agreement had  
25 not been in place with the Township. Therefore,

1       there couldn't be subordinate debt issued. Bonds  
2       issued by the Authority will now be done on a  
3       parity the basis. And The Authority had requested  
4       the Board to revise and approve the modified  
5       financing, which I certainly would recommend.

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

10                      MR. AVERY: So moved.

11                      MR. CUNNINGHAM: Mr. Avery.

12                      MS. RODRIGUEZ: Second.

13                      MR. CUNNINGHAM: Second, Ms.

14       Rodriguez. Roll call, please, Pat.

15                      MS. MC NAMARA: Mr. Cunningham?

16                      MR. CUNNINGHAM: Yes.

17                      MS. MC NAMARA: Mr. Avery?

18                      MR. AVERY: Yes.

19                      MS. MC NAMARA: Ms. Rodriguez?

20                      MS. RODRIGUEZ: Yes.

21                      MS. MC NAMARA: Mr. Blee?

22                      MR. BLEE: Yes.

23                      MR. CUNNINGHAM: The next matter

24       listed on the agenda was the City of Newark.

25       However, the City of Newark has chosen to withdraw

1 that application. So we will not hear that matter  
2 today. The next matter then that the Board will  
3 address is Cherry Hill Township Fire District  
4 Number 13.

5 Good morning, Mr. Breslow.

6 MR. BRESLOW: Good morning.

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

11 MR. BRESLOW: Richard Breslow  
12 representing the Fire District.

13 MR. KOLBE: Thomas Kolbe, Fire  
14 Chief.

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

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

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

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

1 facility?

2 MR. BRESLOW: Correct.

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

5 MR. BRESLOW: Thank you, Director.  
6 This application involves a burn building training  
7 facility. It is on property where there is a  
8 firehouse located. This is not the construction  
9 of a new facility. It is the construction of a  
10 replacement to replace the buildings on site,  
11 which have received an engineering analysis and  
12 have been determined to be unsafe and no longer  
13 subject to use by the Fire District.

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

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

21 The bid would be \$1,725,234. In  
22 terms of the financing it would be over a ten year  
23 period. It would involve a \$500,000 cash  
24 contribution by the District, with the remaining  
25 balance of \$1,225,234 being financed

1                   We did secure competitive bids for  
2     the financing. There were three bids. And the  
3     low bid was Municipal Asset Management at 2.81  
4     percent.

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

12                   I would like the Chief to be able  
13    to--

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

23                   MR. KOLBE: The current buildings  
24    that we have in place have been in the Fire  
25    Department's operations since 1973.

1                   When we consolidated the districts  
2                   in 114, we became certified as a Tier One eligible  
3                   Board under the New Jersey Statutes to have fire  
4                   training courses delivered there. Also we were  
5                   approved by the Division of Fire Safety back in  
6                   1994 to have live fire training conducted at this  
7                   property.

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

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

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

20                   I'll give you an analogy of a  
21                   football team. Firefighters need to train as a  
22                   team. We could not afford to send two engines and  
23                   a ladder to either of these facilities for a  
24                   period of time, due to the distance that they are  
25                   from the Fire Department, for responses. And the

1 overtime costs that we need to incur to backfill  
2 positions to make sure that we provide safety to  
3 the citizens of Cherry Hill when the firefighters  
4 are trained.

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

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

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

22                   MR. BRESLOW: If I could, Director?

23                   MR. CUNNINGHAM: Please.

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



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

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

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

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

24 MR. CUNNINGHAM: Thank you.

25 MR. KOLBE: I mean, we do use the

1 County facility from time to time, but it's not--  
2 it would only be for special training. Our Hazmat  
3 company in our department is part of the County  
4 Task Force. They do go there for training. They  
5 were just there last week for foam training with  
6 the County Task Force.

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

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

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

23 MR. KOLBE: Our previous buildings  
24 were used by our surrounding mutual aid companies  
25 that we respond to for fire emergencies. We train

1 with them on a regular basis. If they were to  
2 come in and train with our firefighters, there  
3 would be no cost to them. If they came in and did  
4 their own training for their own members, we would  
5 have a reasonable cost to offset the maintenance  
6 of the facility, a reasonable amount of money just  
7 to maintain the facility.

8 MR. CUNNINGHAM: Thank you. Mr.  
9 Breslow, the other question that came up and I  
10 think there was a little bit of miscommunication,  
11 but let's put it on the record today. Under  
12 40A:5A-6, the Board-- at least I am a little  
13 unclear whether or not the training facility would  
14 qualify as the type of structure that could be  
15 financed-- I'm sorry, Pat corrected me. It is  
16 under 40A:14-84.

17 MR. BRESLOW: Eighty-four, which I  
18 have the statute in front of me. I think there  
19 were two issues that I think you had raised.

20 Number one, it talks about a  
21 firehouse. And the second part it talks about fire  
22 extinguishing purposes.

23 So if I could work backward, first  
24 off, in terms of fire extinguishing purposes, this  
25 building is used for training. There are actually

1 live drills conducted there and so forth.

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

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

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

21                   I would submit that under the  
22 facts that we have here, I think it does fit under  
23 the statute. And clearly, the bigger picture is  
24 that this has been used as a training facility  
25 since 1973. If not for the fact that an

1 engineering analysis was done that it's unsafe and  
2 can no longer be used, it would still be used and  
3 we wouldn't be here. But the reality is, it  
4 serves a very valid purpose for the public. It  
5 serves a very valid purpose for the Department,  
6 and the adjoining departments, not just Cherry  
7 Hill.

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

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

14                   MR. BRESLOW: Absolutely, sure.

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

19                   MR. BRESLOW: I would.

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

24                   If that analysis comes back that we  
25 are in agreement with that, then I certainly would

1 waive the appearance for a future meeting and not  
2 ask you to come back to Trenton. However, if we do  
3 have an issue, we'll get on the phone with you, on  
4 behalf of your clients, and have the conversation  
5 with you and we would deal with it that way

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

9 The only thing I would ask is, you  
10 know the market is somewhat volatile. We have a  
11 very nice interest rate. Our interest rate is  
12 2.81. We're trying to preserve that rate. So if I  
13 can get you an opinion letter quickly and if I  
14 could ask for a very quick turnaround? I'm sure  
15 you're asked this by everybody, but that's the  
16 difficulty.

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

20 MR. BRESLOW: I appreciate that,  
21 thank you.

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

25 MR. BLEE: Second.

1 MR. CUNNINGHAM: Second by Mr. Blee.

2 Take a roll call please, Pat.

3 MS. MC NAMARA: Mr. Cunningham?

4 MR. CUNNINGHAM: Yes.

5 MS. MC NAMARA: Mr. Avery?

6 MR. AVERY: Yes.

7 MS. MC NAMARA: Ms. Rodriguez?

8 MS. RODRIGUEZ: Yes.

9 MS. MC NAMARA: Mr. Blee?

10 MR. BLEE: Yes.

11 MR. CUNNINGHAM: We'll proceed

12 under that fabric and we'll be back in touch.

13 MR. BRESLOW: I wanted to just say

14 real quick, this is a synopsis of the power point.

15 The power point was done through email or--I don't

16 really remember that. But would it be helpful if

17 we just left this?

18 MR. CUNNINGHAM: Absolutely.

19 MR. BRESLOW: It's a condensed

20 version of what the power point is. I think it

21 will explain a little bit more detail of what the

22 Chief was speaking to.

23 MR. CUNNINGHAM: Yes, that would be

24 very helpful. I would ask that you leave it with

25 Emma. We'll be back in touch. We'll wait for your

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

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

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

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

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

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

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

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

24 MR. CUNNINGHAM: Okay, thanks very  
25 much.



1                   Sticking with the fire district  
2           theme, Haddon Township fire District Number 4.  
3           Good morning, gentlemen.

4                   MR. WARD: Thomas Ward. I'm the  
5           solicitor for Haddon Township Fire District Number  
6           4.

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

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

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

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

22                   MR. CUNNINGHAM: That was the  
23          biggest issue. I think while you are here and  
24          have the appearance, I would like to put a couple  
25          of things on the record about this application, if

1 you don't mind?

2 MR. WARD: Sure.

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

6 MR. WARD: Thank you, Director.

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

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

24 No outstanding debt to the  
25 municipality. And Tax Exempt Leasing was chosen

1 because they were the lowest of three lenders  
2 solicited.

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

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

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

17 MR. BLEE: Second.

18 MR. CUNNINGHAM: Second by Mr. Blee.  
19 Roll call, please, Pat.

20 MS. MC NAMARA: Mr. Cunningham?

21 MR. CUNNINGHAM: Yes.

22 MS. MC NAMARA: Mr. Avery?

23 MR. AVERY: Yes.

24 MS. MC NAMARA: Ms. Rodriguez?

25 MS. RODRIGUEZ: Yes.

1 MS. MC NAMARA: Mr. Blee?

2 MR. BLEE: Yes.

3 MR. CUNNINGHAM: Thank you for  
4 appearing and for your time, we appreciate i.

5 MR. WARD: Thank you.

6 MR. CUNNINGHAM: Beach Haven  
7 Borough.

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

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

13 (Shari Boehler, being first duly  
14 sworn)

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

23 I just don't want anyone in the  
24 gallery or anyone to read the record to think that  
25 the Board routinely grants waivers of down

1 payment. It is something that we take seriously.

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

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

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

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

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

25 The program offers low interest

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

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

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

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

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

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

10                   So we're happy to answer any  
11 questions.

12                   MR. CUNNINGHAM: Thank you for that.  
13 So the Borough is going to issue a GN note to EDA  
14 to evidence the loan?

15                   MR. BITAR: Correct.

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

20                   MR. BITAR: Correct.

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

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

1 MR. CUNNINGHAM: Yes.

2 MR. BITAR: Thank you.

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

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

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

18 Then I think I would ask for a  
19 motion

20 MS. RODRIGUEZ: Motion to approve.

21 MR. AVERY: I had one question.

22 MR. CUNNINGHAM: I'm sorry.

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



1 project?

2 MS. BOEHLER: Yes. We received about  
3 \$130,000 in flood insurance that will be applied  
4 to the finances.

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

7 MS. BOEHLER: Yes.

8 MR. AVERY: That's it.

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

12 MR. BLEE: Second.

13 MR. CUNNINGHAM: Second by Mr. Blee.  
14 I would ask, Pat, for a roll call.

15 MS. MC NAMARA: Mr. Cunningham?

16 MR. CUNNINGHAM: Yes.

17 MS. MC NAMARA: Mr. Avery?

18 MR. AVERY: Yes.

19 MS. MC NAMARA: Ms. Rodriguez?

20 MS. RODRIGUEZ: Yes.

21 MS. MC NAMARA: Mr. Blee?

22 MR. BLEE: Yes.

23 MR. CUNNINGHAM: Thanks very much.

24 I wish you luck on the project.

25 MS. BOEHLER: Thank you.

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

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

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

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

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

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

19                  MR. JESSUP: And Doug Bacher.

20                  MR. BACHER: Doug Bacher, NW  
21                  Financial.

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

24                  MR. CUNNINGHAM: So you gentlemen  
25                  are seeking positive findings for project

1 financing, as well as a nonconforming maturity  
2 schedule?

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

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

9 MR. JESSUP so that's right. This  
10 application was really born out of the County  
11 having two bond sales that it was trying to  
12 undertake in the last basically six to eight weeks  
13 of the year.

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

18 Ordinarily that number would be  
19 smaller. They normally do a bond sale every year.  
20 The County did not do a sale last year, so they  
21 are sort of doubling up on the sale this year. So  
22 \$40 million worth of new money financings.

23 At the same time they have a,  
24 opportunity to do a twenty-eight and a half  
25 million dollar debt service savings refunding on

1 certain outstanding bonds.

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

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

14                   So NW Financial did an analysis.  
15 They determined that the County could save about  
16 \$290,000 by combining these sales, by virtue of  
17 the savings on the cost issuance and savings in  
18 interest rates as a result of having more interest  
19 in a larger sale at the marketplace.

20                   So we are looking for positive  
21 findings in connection with a sixty-eight and a  
22 half million dollar Improvement Authority sale.  
23 That sixty-eight and a half million dollars passes  
24 straight-through to the County for its \$40 million  
25 and its twenty-eight and a half million dollar

1 bond sales. And the County effectively sells  
2 those bonds to the the Improvement Authority,  
3 instead of out into the marketplace.

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

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

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

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

25 That proposed maturity schedule is

1 being done for a few additional reasons. One, over  
2 the next eight years the County's total debt  
3 service goes from \$34 million to about \$7.8  
4 million over eight years. There is a dramatic  
5 drop-off in the amount of debt that they have  
6 issued. This helps to fill-in some of that  
7 drop-off.

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

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

24                   Those are the reasons we are  
25 looking for a nonconforming maturity schedule. On

1 the refunding, the County is not looking for a  
2 specific approval, because the refunding meets all  
3 the parameters of LFB Rule. Nonetheless, it's part  
4 of the financing, it's part of the findings. So  
5 it's important to point out that the County would  
6 be refunding three savings of bonds--three series  
7 of bonds, excuse me.

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

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

23                   MR. JESSUP: Thank you, I forgot to  
24 add that. Since the County is trying to do this as  
25 a straight pass-through, the Improvement

1 Authority, which consists of just County personnel  
2 anyway, is not charging any upfront or ongoing  
3 financing fee. So it really is a direct  
4 pass-through with no additional costs to the  
5 County.

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

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

15 (No Response)

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

20 MR. AVERY: So moved.

21 MR. BLEE: Second.

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

24 MS. MC NAMARA: Mr. Cunningham?

25 MR. CUNNINGHAM: Yes.



1 MS. MC NAMARA: Mr. Avery?

2 MR. AVERY: Yes.

3 MS. MC NAMARA: Ms. Rodriguez?

4 MS. RODRIGUEZ: Yes.

5 MS. MC NAMARA: Mr. Blee?

6 MR. BLEE: Yes.

7 MR. JESSUP: Thank you, appreciate  
8 it.

9 MR. CUNNINGHAM: Thanks very much.  
10 Moving to the Bergen County Improvement Authority.

11 We need to make sure you will all  
12 be recognized by the court reporter.

13 MR. LANGHART: I'm Chris Langhart,  
14 bond counsel to the Improvement Authority, Mc  
15 Manimon, Scotland & Baumann.

16 MR. NYIKITA: Josh Nyikita with  
17 Acacia Financial, financial advisors to the  
18 Authority.

19 MR. MARINELLO: Dan Marinello, NW  
20 Capital, underwriter.

21 MR. MC CARTER: Matthew Mc Carter,  
22 Acting Treasurer, BCUA.

23 MR. RAGUSEO: Mauro Raguseo, spelled  
24 R-a-g-u-s-e-o. I'm the Acting Director of the  
25 Bergen County Improvement Authority.

1                   MR. WIELKOTZ: Steve Wielkocz. I am  
2 the auditor for the County of Bergen.

3                   ( Josh Nyikita, Matthew Mc Carter,  
4 Dan Marinello, Mauro Raguseo and Steve Wielkocz,  
5 being first duly sworn)

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

8                   MR. LANGHART: I'll start.

9                   MR. CUNNINGHAM: Counsel, sure.

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

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

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

25                  The lead or the anchor pool will be

1 the Bergen County Utilities Authority. They will  
2 be refunding approximately \$43 million of the  
3 pool.

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

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

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

20 That's problematic for me and I  
21 have to share that with you. But at the same time  
22 the reason why I kept this on the agenda today was  
23 I understand that the markets are favorable right  
24 now and this is an attractive savings. We  
25 certainly don't want to see those savings lost.

1                   But to the extent that, you know,  
2                   any of the applicants come before the Board again,  
3                   we are going to require the questionnaire in a  
4                   more timely fashion. So I do want to put that on  
5                   the record.

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

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

17                  MR. LANGHART: Sure, I understand.

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

23                  MR. NYIKITA: Yes.

24                  MR. CUNNINGHAM: Obviously, but  
25                  I'll put on the record anyway, the refunding only

1 proceeds if the net present value savings exceed  
2 three percent. I know you are are at 5.44 right  
3 now, but should things change you wouldn't  
4 proceed. We have all of that information.

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

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

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

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

24 The only other thing that had come  
25 up, that we just wanted to talk about a little bit

1 today was, I guess there was a discrepancy  
2 between the sources and uses and what the actual  
3 not to exceed amount was.

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

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

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

24                   MR. CUNNINGHAM: Okay. Any other  
25 questions?

1 (No response)

2 All right. I would ask for a motion  
3 and a second to approve this application?

4 MS. RODRIGUEZ: So moved.

5 MR. CUNNINGHAM: Ms. Rodriguez.

6 MR. BLEE: Second.

7 MR. CUNNINGHAM: Mr. Blee seconds.

8 Roll call, please, Pat.

9 MS. MC NAMARA: Mr. Cunningham?

10 MR. CUNNINGHAM: Yes.

11 MS. MC NAMARA: Mr. Avery?

12 MR. AVERY: Yes.

13 MS. MC NAMARA: Ms. Rodriguez?

14 MS. RODRIGUEZ: Yes.

15 MS. MC NAMARA: Mr. Blee?

16 MR. BLEE: Yes.

17 MR. CUNNINGHAM: Thanks very much.

18 We'll move to the Passaic County  
19 Improvement Authority.

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

23 MR. WIELKOTZ: I'm his  
24 representation. I will relay the message,  
25 Director.

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

4                   MR. WIELKOTZ: With no respect  
5 whatsoever.

6                   MR. CUNNINGHAM: Thank you, please.

7                   Please identify yourselves to the  
8 reporter. We'll get you sworn in and get started.

9                   MR. WIELKOTZ: Steve Wielkocz  
10 auditor for the County of Passaic.

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

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

15                   MR. MARINELLO: Dan Marinello,  
16 financial advisor.

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

20                   (Steve Wielkocz, Nicole Fox and Dan  
21 Marinello, being first duly sworn)

22                   MR. DRAIKIWICZ: If I may start? The  
23 Passaic County Improvement Authority proposes to  
24 issue in bonds in an amount not to exceed  
25 \$27,390,000. The proceeds of which will be loaned



1 to the City of Paterson, to refinance various  
2 outstanding notes of the City.

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

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

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

14 MR. MAYER: Good morning.  
15 Director, as you are aware we were here in  
16 September. At the September 9 meeting the Board  
17 approved \$27,390,000 qualified bond for the City.  
18 It approved a maturity schedule for those bonds.

19 Subsequent to that the Improvement  
20 Authority has come forward and the County has  
21 agreed to guarantee the Improvement Authority  
22 bonds.

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

1 a bond to bond transaction.

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

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

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

1 significant and it is concerning.

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

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

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

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

21 We do note there is no County  
22 bond counsel on this transaction, in terms of  
23 trying to save costs, as the Authority's bond  
24 counsel providing the County guarantee opinion in  
25 this instance to save some costs in connection

1 with the transaction. So I do want to highlight  
2 those couple of items.

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

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

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

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

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

1 costs.

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

6 The big jump is --

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

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

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

17 MR. DRAIKIWICZ: Not the  
18 underwriter.

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

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

24 MR. MARINELLO: Right.

25 MR. CUNNINGHAM: Versus \$91,000?

1 MR. MARINELLO: That's correct.

2 MR. CUNNINGHAM: Significant?

3 MR. MARINELLO: Yes.

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

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

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

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

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

18 MR. CUNNINGHAM: Any other  
19 questions from the Board?

20 (No response)

21 So what I would finish my thought  
22 with is this, I think this is an important  
23 transaction for the City. I want to see the City  
24 proceed with this. I think going through the  
25 Improvement Authority is certainly a good move.

1 But I know some of these fees are estimates and  
2 they may not, you know, come to fruition. I would  
3 ask you to be very cognizant of that point going  
4 forward with this transaction, given the fact that  
5 the City is in such precarious financial shape.

6 So I will make a motion to approve  
7 this application. I would ask for a second from  
8 one of my colleagues.

9 MS. RODRIGUEZ: Second.

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

12 MS. MC NAMARA: Mr. Cunningham?

13 MR. CUNNINGHAM: Yes.

14 MS. MC NAMARA: Mr. Avery?

15 MR. AVERY: Yes.

16 MS. MC NAMARA: Ms. Rodriguez?

17 MS. RODRIGUEZ: Yes

18 MS. MC NAMARA: Mr. Blee?

19 MR. BLEE: Yes

20 MR. CUNNINGHAM: Thank you very  
21 much.

22 Our last Improvement Authority deal  
23 before the Board today is Monmouth.

24 You have both of the gentlemen, Mr.  
25 Draikicicz and Mr. Bacher. He's already been sworn

1 in, but because he stepped off the dias, just do  
2 it one more time.

3 (Douglas Bacher, being first duly  
4 sworn)

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

17 MR. DRAIKIWICZ: Yes. Thank you so  
18 much, Director. The Monmouth County Improvement  
19 Authority proposes to issue bonds to the public in  
20 an amount not to exceed \$25,813,500. The proceeds  
21 of which will be utilized to acquire the  
22 Authority's Local Unit bonds in an amount not to  
23 exceed \$25,813,500. The proceeds will be used to  
24 finance finance various capital projects for six  
25 municipalities in Monmouth County.



1                   The Improvement Authority's bonds  
2 will be secured by a general obligation bond from  
3 each participant. And the bonds will be further  
4 secured by individual guarantees from the County  
5 of Monmouth.

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

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

16                   Monmouth is a little bit different  
17 in the sense that it is a fee for the County.  It  
18 does not come to the Improvement Authority.

19                   Back before the collapse of the  
20 bond insurers, we used to do the same transaction.  
21 We've been doing this transaction for over twenty  
22 years.  We've done it through a bond insurer,  
23 without a County guarantee.

24                   In 2008 when the bond insurers  
25 collapsed, we were in the middle of a financing.

1 The County stepped up and said we'll provide the  
2 guarantee, but we want to be realized the same and  
3 get a premium for our risk just like the bond  
4 insurers got a premium for their risk.

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

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

13 But really it comes down to their  
14 assumption of the risk here. Risk in their eyes  
15 came to fruition with Sandy. I mean, they have  
16 \$150 million worth of debt guaranteed for Sandy  
17 towns. With a slight twist of the whether those  
18 towns literally could have been a lot worse than  
19 they were.

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

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

25 MR. BACHER: Yes.

1                   MR. DRAIKIWICZ: Doug, maybe you  
2 should go into the methodology of a County  
3 guarantee premium?

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

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

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

24                   That debt service premium has been  
25 reduced in this transaction, to twenty-two basis

1 points, based on what Doug had mentioned to me  
2 previously.

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

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

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

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

25                   Which is one of the reasons why

1 this County has structured their transactions a  
2 little more rigorously, by having separate County  
3 guarantees.

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

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

20                   MR. CUNNINGHAM: So I certainly  
21 appreciate the County's philosophy in preserving  
22 its AAA. The only thing I would just have to say,  
23 and maybe this is coming from a bit of a personal  
24 space, is that, I think the State has done an  
25 extraordinary job in preventing defaults by Sandy

1 towns. We worked extraordinarily hard with those  
2 towns that you cited.

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

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

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

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

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

21 Any other questions from the Board?

22 (No response)

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

25 MR. BLEE: I make the motion.

1 MR. CUNNINGHAM: Motion by Mr. Blee.

2 MR. AVERY: Second.

3 MR. CUNNINGHAM: Second by Mr.

4 Avery. Roll call, please?

5 MS. MC NAMARA: Mr. Cunningham?

6 MR. CUNNINGHAM: Yes.

7 MS. MC NAMARA: Mr. Avery?

8 MR. AVERY: Yes.

9 MS. MC NAMARA: Ms. Rodriguez?

10 MS. RODRIGUEZ: Yes.

11 MS. MC NAMARA: Mr. Blee?

12 MR. BLEE: Yes.

13 MR. CUNNINGHAM: Thanks very much.

14 MR. DRAIKIWICZ: Thank you.

15 MR. CUNNINGHAM: The City of Camden.

16 MR. SCERBO: I am Ryan Scerbo. I am

17 attorney to the Camden County Municipal Utilities

18 Authority.

19 MR. THOMPSON: David Thompson,

20 advisor to the City of Camden.

21 MR. JONES: Glenn Jones, Director of

22 Finance for the City of Camden.

23 MR. COWLEY: Jim Cowley, American

24 Water.

25 (David Thompson, Glenn Jones and

1 Jim Cowley, being first duly sworn)

2 MR. CUNNINGHAM: Mr. Scerbo, do you  
3 want to introduce the matter?

4 MR. SCERBO: Yes, thank you. I  
5 appreciate you accommodating us on your agenda.

6 We are here in connection with the  
7 City of Camden's water/wastewater contract with a  
8 new operator, American Water, under NJSA 58:27-19  
9 and 58:26-19. This is for water and wastewater  
10 services.

11 MR. CUNNINGHAM: As I read the  
12 application and the accompanying staff report, I  
13 guess without going into names, there had been a  
14 previous operator. That relationship was  
15 terminated early, now giving need to a new  
16 contract, I assume?

17 MR. SCERBO: Yes. Actually, the  
18 City of Camden's current relationship with the  
19 current operator was extended for one year beyond  
20 its original expiration, so as to allow for this  
21 process to reach a full conclusion.

22 It has taken the City and the  
23 CCMUA, beginning in 2013, when they began the  
24 discussion of undertaking a new procurement. Most  
25 of the procurement took place between '14 and part



1 of '15. We're here today before the Board for a  
2 conclusion of that process.

3 MR. CUNNINGHAM: And that process  
4 appears, from our prospective, to yield savings to  
5 the City. And correct me if I'm wrong, but if we  
6 were to look at a comparison between the cost that  
7 had been incurred had that other contract remained  
8 in place, we'd be looking at a little over \$14  
9 million. And this proposed agreement would be for  
10 \$12.6 million?

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

19 MR. CUNNINGHAM: We did have this  
20 application reviewed by Division staff to include  
21 both the gentleman that handles recruitment  
22 matters for us, as well as the monitors that are  
23 in place, given the fact that the City of Camden  
24 is both under mirrored supervision and  
25 transitional aid.

1                   One of the recommendations that we  
2                   have had--and I apologize, I should have reached  
3                   out to you with this suggestion --

4                   MR. SCERBO: That's okay.

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

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

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

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

25                  We explained to them the "whys" and

1 "what fors" in terms of the scope of services.  
2 And they'll be performing that and reporting to  
3 the City.

4 MR. CUNNINGHAM: Okay. Any  
5 questions for the applicant?

6 (No response)

7 All right. I guess the two  
8 thoughts is, we're going to include that as a  
9 condition in the Local Finance Board resolution.

10 MR. SCERBO: Absolutely, of course.

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

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

22 MR. BLEE: Second.

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

25 MS. MC NAMARA: Mr. Cunningham?

1 MR. CUNNINGHAM. Yes.

2 MS. MC NAMARA: Mr. Avery?

3 MR. AVERY: Yes.

4 MS. MC NAMARA: Ms. Rodriguez?

5 MS. RODRIGUEZ: Yes.

6 MS. MC NAMARA: Mr. Blee?

7 MR. BLEE: Yes.

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

10 MR. SCERBO: Thank you.

11 MR. CUNNINGHAM: Cumberland County  
12 Improvement Authority.

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

15 MR. INVERSO: Anthony Inverso,  
16 Pheonix Advisors, financial advisor to the  
17 Authority.

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

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

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

25 MR. WINITSKY: Jeffrey Winitsky.

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

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

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

24                   As part of that application we  
25     had mentioned that there was a possibility of the

1 utilization of new market tax credits. We were  
2 sort of in an amorphous phase at that point. We  
3 hadn't gotten too far into the deal. Subsequent  
4 to our appearance that has coalesced. We now  
5 intend to proceed with the utilization of new  
6 market tax credits.

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

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

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

22                   The second is, the ultimate  
23 borrower is the nonprofit 501(c)(3), not the  
24 County College. The nonprofit 501(c)(3) is  
25 eligible to receive monies from what's called a

1 Community Development Entity, who has access to  
2 monies through new market tax credits.

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

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

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

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

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

23 MR. INVERSO: Which reduces the size  
24 of the borrowing from about two and half million  
25 dollars to just over a million.

1 MR. CUNNINGHAM: \$1.1 million, I  
2 think we have down.

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

5 MR. CUNNINGHAM: Tax exempt?

6 MR. WINITSKY: That's correct.

7 MR. CUNNINGHAM: Any questions from  
8 members of the Board

9 (No response)

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

16 MR. BLEE: Second.

17 MR. CUNNINGHAM: Second by Mr. Blee.  
18 Roll call, please, Pat.

19 MS. MC NAMARA: Mr. Cunningham?

20 MR. CUNNINGHAM: Yes.

21 MS. MC NAMARA: Mr. Avery?

22 MR. AVERY: Yes.

23 MS. MC NAMARA: Ms. Rodriguez?

24 MS. RODRIGUEZ: Yes.

25 MS. MC NAMARA: Mr. Blee?



1 MR. BLEE: Yes

2 MR. CUNNINGHAM: Thank you very  
3 much.

4 MR. WINITSKY: Thanks very much.

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

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

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

12 MR. MAYER: Bill Mayer, De Cotiis,  
13 Fatzpatrick & Cole, bond counsel, City of Newark.

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

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

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

24 Dome Tech did the original energy  
25 audit for the City and came back with a number of

1 recommendations. The City then went out and bid  
2 for an energy savings company, which Honeywell was  
3 the successful bidder. The City and Honeywell have  
4 been working for a long time now on how to finance  
5 this, the savings that were going to come about  
6 and what projects were priorities for the City.

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

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

13                   MR. THOMAS: It has been approved.

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

16                   MR. THOMAS: I'm sorry about that.

17                   MR. MARINELLO: No, that's great.  
18 What we did, we took the savings that Honeywell  
19 has projected and verified by Matrix, and created  
20 financing to meet and be financed by those  
21 savings. So there is no additional financial hit  
22 to the City of Newark.

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

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

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

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

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

19 You know, we're looking at  
20 improving the electrical infrastructure, you know,  
21 rolling in specific efficiency incentive programs,  
22 and just a lot of work to our rooftop air handling  
23 units and much needed capital improvements that  
24 have dealt with a lot of deferred maintenance  
25 issues in the past.

1                   When we went through, back in  
2   2010, the LGEA Program, we identified the minimum  
3   recommendations that we could, you know, export to  
4   achieve savings. You know, in working with our  
5   public building staff, we saw that the need to  
6   kind of get to the second level program and really  
7   do an investment audit to really identify the  
8   issues and resolve them through this process.

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

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

18                   (No response)

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

21                   MR. BLEE: Motion.

22                   MS. RODRIGUEZ: Second.

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

25                   MS. MC NAMARA: Mr. Cunningham?

1 MR. CUNNINGHAM: Yes.

2 MS. MC NAMARA: Mr. Avery?

3 MR. AVERY: Yes.

4 MS. MC NAMARA: Ms. Rodriguez?

5 MS. RODRIGUEZ: Yes.

6 MS. MC NAMARA: Mr. Blee?

7 MR. BLEE: Yes.

8 MR. MARINELLO: Thank you.

9 MR. CUNNINGHAM: Good luck with  
10 it.

11 I will make a motion to adjourn.

12 MR. BLEE: Second.

13 MR. CUNNINGHAM: Second by Mr. Blee.

14 MS. MC NAMARA: Any ayes?

15 (Unanimous response)

16 Any nays?

17 (No response)

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

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25

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

2

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

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

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

20

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23

24 CHARLES R. SENDERS, CSR NO. 596

25 Dated: November 24, 2015

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