STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS
LOCAL FINANCE BOARD

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MONTHLY MEETING AGENDA *
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Conference Room No. 129
101 South Broad Street
Trenton, New Jersey
Wednesday, December 9, 2015

B E F O R E: TIMOTHY J. CUNNINGHAM-CHAIRMAN
TED LIGHT-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

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(Transcript of Proceedings, December 9, 2015, commencing at 10:20 a.m.)

MR. CUNNINGHAM: Good morning. This is a meeting that's previously been open to the public upstairs. So we can dispatch with those formalities and dive right into the agenda.

The first matter before the Board today is the Township of Gloucester.

Jeff, make sure you and your colleagues are presented in front of the reporter and those that aren't counsel, be sworn in.

MR. WINITSKY: Jeff Winitsky, from Parker, Mc Cay, bond counsel.

MR. EHRET: Christy Ehret, CFO, Gloucester Township, E-h-r-e-t.

MR. NEHILA: Bob Nehila, N-e-h-i-l-a, Bowman & Company, auditor.

MR. NYIKITA: Josh Nyikita, Acacia Financial.

MR. CARDIS: Tom Cardis, business administrator, C-a-r-d-i-s.

(Christy Ehret, Bob Nehila, Josh Nyikita and Bob Cardis, being first duly sworn by the Notary)

MR. CUNNINGHAM: Good morning.

Jeff, I don't know if you or whoever wants to introduce the application to the Board?

MR. WINITSKY: Sure. We are here on behalf of the Township of Gloucester seeking approval pursuant to NJSA 40A:2-51, to finally adopt the Refunding Bond Ordinance, in the amount of $800,000.

The Refunding Bond Ordinance is being adopted in order to refund a special emergency appropriation incurred by the Township in connection, to say the very least, an extreme storm event that occurred this summer.

In particular, the storm caused extensive damage throughout the Township that they are, if fact, still paying for, they are still accruing. To date I think they expended over $1.4 million and growing on a daily basis.

Specifically, what the Township is looking to do is issue refunding notes to amortize over the course of three years. Doing so will minimize, obviously, the physical impact. While, obviously, being physically prudent at the same time.

We're looking at about $11.00 as a

tax effect per household on a three year basis.

If you have any questions about what happened with respect to the storm or with respect to how we intend to finance the appropriation, we have, obviously, everybody here to answer those questions.

MR. CUNNINGHAM: Thank you. I guess my initial threshold or my initial reaction after reading the application is, number one, I was the most scared I ever was driving a car, driving through that storm that night. That was the most scared I ever was in a car.

Afterwards, the Lieutenant Governor convened a group of cabinet officials to go down and see how we could help municipalities. One of the things that, you know, I was asked at that event, was to make sure that we made ourselves available and assisted in whatever way we can.

So when I saw this application, that certainly came to mind. I don't have any problems with the application. The impact on the tax bill, I thought it all made sense.

I guess the only condition that we're considering that we wanted to discuss with you, would be-- it would depend on the timing of the FEMA reimbursement.

MR. WINITSKY: Right.

MR. CUNNINGHAM: I guess the condition that we would propose for approval would be that if the FEMA reimbursement came prior to the three year pay down, that it be used to payoff the expenses.

MR. WINITSKY: Meaning amortize the note or payoff storm expenses in particular?

MR. CUNNINGHAM: Amortize the note.

MR. WINITSKY: The reason-- I mean that's a perfectly legitimate solution for this. The Township, as you know, is pulling dollars from not just this appropriation but from other sources. Because clearly we're only looking for $800,000 on the notes.

MR. CUNNINGHAM: I really applaud and appreciate that, I really do.

MR. WINITSKY: So we may have to sort of fund up some other areas. We're sort of robbing Peter to pay Paul to put this all together.

So if you put that condition on it, it may not work from a budget protective. I would defer to Christy or to Tom, to see how that might work for them or not.

MR. CARDIS: For the 2016 year right now, as we put our numbers together, we have a tax levy cap problem. We're working right now to try to resolve that.

This would be important to be able to stretch out over a period of three years, if we could, rather than raise it as a deferred charge next year in one year. That would really sock us.

MR. CUNNINGHAM: I think what we're conditioning and maybe I'm not articulating this right. These are going to potentially be, because we as a state went out and had this as a declared disaster, you are now able to open project worksheets with FEMA. I assume you have CATs A and B worksheets for debris removal and emergency protection measures? I'm not sure. Do you have other CATs C through G, which would be more capital repair or is it all CAT A and B?

I don't recall from the application what the nature of these storm expenses are?

MR. CARDIS: I believe A and B, yeah.

MR. CUNNINGHAM: That money for

CATs A and B, could potentially come more quickly than other more permanent construction projects.

And my proposed condition is if you get that money prior to through your amortization occurring, we would suggest that that money be used for to pay the notes down.

We're not suggesting that we deny the applications and make you take this as a deferred charge next year.

MR. WINITSKY: Right, no, understood. I think I was-- maybe I wasn't clear in explaining. I think what the Township's concern was that if we are required to use the money specifically for amortization of the notes, rather than perhaps refunding their capital fund or wherever else it might need to go that we're paying out of now, that may put them in a little bit of a bind.

MR. CUNNINGHAM: Your point, Jeff, is that-- I think you said it, but I just want to make sure that it's clearly on the record. Your point is that because the Township is paying for these storm expenses out of sources of funds other than just these notes --

MR. WINITSKY: Correct.

MR. CUNNINGHAM: --to require the FEMA reimbursement to be used only for the notes, would put the Township in a disadvantaged position, because you would have other--

MR. WINITSKY: That's exactly what I'm saying.

MR. NYIKITA: To the tune of about $600,000. That difference is coming out-of-pocket.

MR. WINITSKY: Ultimately, as you know, to the extent that it is required under the code to reimburse the note with FEMA proceeds, we would absolutely do that, to the extent that is required.

But if there is the ability to sort of use that money to fund up these other sources, we would like the option to do that. Then once those are refunded, to, obviously, amortize. That I don't think the Township has any problem in doing.

It's just sort of to bridge the gap to re-up or reimburses those other sources. I think that's the problem.

MR. NYIKITA: You may have said this, Jeff, but to the extent--and I just confirm what Tom has said. To the extent that the Town has reimbursed for the money out-of-pocket, that $600,000, roughly, from the FEMA funds, any additional money that comes in from FEMA will be used to pay down the note as early as possible.

So we will do that. We just want to pay back the cash out-of-pocket before the note.

MR. CUNNINGHAM: Okay. I can live with that.

MR. AVERY: I have no problem.

MR. LIGHT: No problem

MR. AVERY: It makes sense.

MR. CUNNINGHAM: We're not going to put it in as a condition, but I think we have a clear understanding.

MR. WINITSKY: I think we do. Thank you very much, appreciated.

MR. CUNNINGHAM: Then I would ask one of my colleagues for a motion and a second.

MR. BLEE: Motion.

MR. CUNNINGHAM: Motion by Mr. Blee.

MR. LIGHT: Second.

MR. CUNNINGHAM: Second by Mr. Light. Roll call, please, Pat.

MS. MC NAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS. MC NAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MC NAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. MC NAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: Okay.

MR. WINITSKY: Thank you very much.

MR. CUNNINGHAM: Township of Old Bridge.

MR. GRAHAM: Lawrence Graham, risk management consultant, for the Township of Old Bridge.

(Lawrence Graham, being first duly sworn according to law by the Notary)

MR. DRAIKIWICZ: John Draikiwicz from Gibbons, bond counsel for the Township.

MR. CUNNINGHAM: Mr. Draikiwicz, let me interrupt you for one second. No one from the Township chose to appear today?

MR. DRAIKIWICZ: The Township manage--the chief financial officer is on vacation this week. The Township manager had another meeting that he could not get out of today.

MR. CUNNINGHAM: Okay.

MR. DRAIKIWICZ: The Township of Old Bridge has proposed to issue refunding notes in an amount not to exceed $1 million. The proceeds will be utilized for the refunding of emergency appropriations in connection with the payment of supplemental assessment that will be owed to the Township's current joint insurance turned entity, if the Township elects to withdraw from some such joint insurance fund by year end.

The withdrawal from such joint insurance fund will provide savings of $110,000 in 2016, as well as additional insurance coverage benefits.

The Township desires to amend its application to have the issuance of the notes to be repaid over a two year time frame, instead of the five years that was in the application, from the date of issuance of the notes that.

The Township's approval-- we hereby request the Board's approval to adopt the Refunding Bond Ordinance to issue the notes over a two year time frame, from the date of issuance of the notes.

MR. CUNNINGHAM: Okay. Thank you for that, for that amendment.

I did have an opportunity to caucus with the Board members and advise them that we at the staff level had significant conversations regarding this application.

What I would want to note for the record is that the staff, the Township and Mr. Draikiwicz, talked on more than one occasion.

While legally permissible maybe this application would not have typically have fallen within the Local Finance Board's established policy.

But we think there is a separate policy argument to be made to advance this application, in that the Township is looking to move out of an insurance fund. Not being allowed to do this transaction would make that difficult, if not impossible.

We suggested that the two year time frame was the right repayment schedule. When we last adjourned the conversation-- last night, is that when we spoke -- I think that we--our position, after two years you were going to check with the client.

I can clearly tell from the amendment that you offered that two years is where we landed on this.

So do any of my colleagues have any questions? It is a bit complicated. The risk management world and the exodus from a JIF to a potential bid for another JIF, I got more of an education this week than I expected to. But if nobody has any other questions, then--

MR. DRAIKIWICZ: That's why we have the insurance agent down to assist.

MR. AVERY: Would the Township have to pay the $973,000 and change anyway? Or is that just a penalty for leaving the JIF at this time?

MR. GRAHAM: They would have to pay that on the basis of a ten year period, over a ten year payment program over the years that's offered with the present JIF. However, there is an obligation that if you leave that JIF, that it becomes due immediately.

MR. AVERY: I understand. But it is not, like, a penalty for leaving the JIF, it is an obligation that they have anyway?

MR. GRAHAM: Right, it's an obligation.

MR. LIGHT: It's a contractual obligation.

MR. CUNNINGHAM: I might describe it as an accelerated obligation?

MR. DRAIKIWICZ: Right.

MR. GRAHAM: It is additional.

MR. DRAIKIWICZ: You have to pay it when you leave the JIF, which would be in 2015, that's correct.

MR. LIGHT: Mr. Chairman, the timing of this, is it necessary that it goes through this month or could it be deferred? Because I'm somewhat upset, because Old Bridge is not a small community. I am somewhat what upset that somebody. Somebody in the line of administration couldn't have been here to represent the community before the Board.

MR. CUNNINGHAM: I don't disagree. I was rather surprised. But I do-- to answer your question, in order to allow the municipality to terminate its arrangement with the JIF, this application would have to be done-- would have to be heard by the Board today?

MR. GRAHAM: Yes.

MR. DRAIKIWICZ: That's correct. We

would be moving to the JIF in the new calendar year of 2016.

MR. CUNNINGHAM: So I would rely on Mr. Draikiwicz to please go back and advise your client that the Board in the future would expect that some representative from the municipality. Either elected or otherwise, appear before the Board next time an application is submitted.

With that said, because I really support the policy of allowing the municipality to try to contract for insurance services in a way that is most affordable, I think it's incumbent upon this department, this division and ultimately this Board, to try to facilitate those type of costs savings.

Any other questions?

(No response)

Then I'll make a motion to approve this application.

MR. BLEE: Second.

MR. CUNNINGHAM: Thank you, Mr. Blee. Roll call, Pat.

MR. LIGHT: How many votes is required?

MR. CUNNINGHAM: We need three

votes.

We'll do a roll call.

MS. MC NAMARA: Mr. Cunningham?

MR. CUNNINGHAM: I'll vote yes.

MS. MC NAMARA: Mr. Avery?

MR. AVERY: Yes

MS. MC NAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. MC NAMARA: Mr. Light?

MR. LIGHT: I'll abstain.

MR. DRAIKIWICZ: Thank you. I will take that message back to the Township.

MR. GRAHAM: Thank you very much.

MR. CUNNINGHAM: John, thanks for your constant responsiveness and help with this. This is a complicated one.

MR. DRAIKIWICZ: Our appreciation to the Board.

MR. CUNNINGHAM: Okay, Town of Kearny.

MR. FIROZEI: Shuaiv Firozei, S-h-u-a-i-v, F-i-r-o-z-e-i.

(Shuaiv Firozei, being first duly sworn according to law by the Notary)

MR. CUNNINGHAM: Good morning.

MR. JESSUP: Good morning. Matt Jessup, Mc Manimon, Scotland & Baumann, bond counsel to the Town of Kearny. To my right is Shuaiv Firozei, the chief financial officer of the town.

This is an application pursuant to the Municipal Qualified Bond Act, for the issuance of $27,499,000 worth of general obligation bonds. That PAR amount consists of general improvement bonds in the amount of $19,367,000 and water utility bonds in the amount of $8,132,000.

The proceeds are being used to payoff $24,840,056 of short term bond anticipation and water utility anticipation notes that come due on February 5th of next year. And to provide $2.66 million in new money to finance the three Bond Ordinances that were approved by this Board and adopted by the Town in 2015.

The ordinances in the sale have also previously been reviewed and approved by the Board.

The existing Qualified Bond Act Debt Service of the Town is a little over $6 million right now. This new debt in its height in the aggregate will increase that by $2.5 million.

So you have approximately $8.5 million in Qualified Bond Act debt against $18.465 million of Qualified Bond Act revenues.

There are two main reasons we're looking at the sale now. Obviously, whispers are growing louder that rates are looking to go up in the near future. And the Town's debt drops dramatically from 2015 to 2016 and, again, from between 2016 to 2017. So it felt like-- this is a completely conforming maturity schedule. But it also fits nicely into the existing debt profile of the Town.

The bonds-- again, the maturity schedule is conforming. The bonds mature in 2016 to 2032 for the general improvement and to 2035 for the water utility.

And at this point I'll ask if you have any questions?

MR. CUNNINGHAM: Matt, remind me, why is a portion of the bonds taxable and a portion not taxable?

MR. JESSUP: There is a small piece in the general improvement that's taxable because we failed to meet the reimbursement requirements. The project was done and not initially short term financed until after the reimbursement window to reimburse yourself tax exempt happened. As a result, that small piece had to be done taxable as notes and it will be done taxable as bonds.

That's about 1.7 million withing the general improvement side. It's a federal reimbursement tax issue.

MR. CUNNINGHAM: The other difficulty that we had that I just have to put on the record is, the list of projects. I think we are particularly sensitive because Kearny is a transitional aid municipality and we do oversight.

There was some--I don't necessarily know if there was miscommunication, but I think there had been a little confusion wherever it originated from, of what the staff was looking for. We finally got it. We got it late in the day yesterday. Because of that, it wasn't able to be shared with the members.

It was difficult for us, because we're asking them to vote on something that they may not have the full prospective that I otherwise would have liked to have provided to them.

So I do have to ask the Town, when applications come before the Board, it is imperative that, you know, the information that we ask, that we get, you know, ASAP, in order to allow them to be sent out.

I'm not proposing that we don't vote on the item, because I don't want to see the municipality harmed by the increasing interest rates. But I do have to put that on the record.

But that's my comments and concern. Any other questions from the Board?

(No response)

Hearing none, I'll ask for a motion and a second.

MR. BLEE: Motion

MR. LIGHT: Second.

MR. CUNNINGHAM: Thank you guys. Roll call, please, Pat.

MS. MC NAMARA: Mr. Cunningham?

MR. CUNNINGHAM. Yes.

MS. MC NAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MC NAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. MC NAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. JESSUP: Thank you very much.

MR. CUNNINGHAM: Thank you. The next two matters on the agenda, the Township of Cherry Hill Fire District and Manalapan Township Fire District, have been deferred from the agenda. So we're going to move to--let's see where we are time wise? We're fine.

So we're going to move to the dissolution of Jackson Township Fire District Number One.

(Short Pause in Proceedings)

The Executive Secretary corrected me. Just so the minutes are accurate, the 10:15 item for the Cherry Hill Township Fire District was deferred. However, the 10:20 agenda item for the Manalapan Township Fire District was withdrawn.

So I just note that distinction.

Mr. Breslow, welcome. Would you please introduce your colleagues and have those that aren't counsel be sworn in?

MR. BRESLOW: I have here Mike Nagerka, who is the Jackson Township Attorney, and Oliver Walling, who is the accountant for Jackson Fire Districts One and Two.

Mr. Director, I'm going to be

presenting the application. We felt it might be more appropriate, because it has to do with the Fire Districts.

(Oliver Walling, being first duly sworn by the Notary)

MR. NAGERKA: Before we start, I do want to note that I did send all the documents to everybody. I did send it to Mr. Blee, but it came back unreceived. I just want to make that part of the record.

MR. CUNNINGHAM: Did you move?

MR. BLEE: Three years ago.

MR. CUNNINGHAM: Mr. Breslow, please?

MR. BRESLOW: Thank you. If I may, I think I would be remiss if did not do this. I wanted to indicate for the record, that since this process has started with the Fire Districts engaged in discussion about the dissolution and the ultimate consolidation of One and Two, I had a lot of opportunity to deal with the DCA and staff. They have been most helpful, most courteous. It's been a most beneficial process.

Whether this is a ground swell for ultimate consolidation of other districts, we don't know. I think this is the first consolidation since Cherry Hill.

I just specifically want to go on record, Don Huber was very helpful and the entire staff was. I felt it was appropriate to put that on the record.

MR. CUNNINGHAM: As the Director of the Division, I really do appreciate that. I will make sure that is shared.

MR. BRESLOW: Thank you. Jackson Township has four Fire Districts. The districts initially attempted at looking at the possibility of a consolidation of all four districts. They created a contracting--a joint contracting entity, a joint Board, whatever other terminology we wish to utilize.

Ultimately the districts recognized that they weren't going to achieve what they wanted to through that process.

So Districts One and Two, who have always worked very well together, engaged in discussion among those two districts and said we think it is appropriate, we think it's beneficial. We can continue to not only provide the same services, but perhaps an enhanced service and produce it at a cost savings. Why don't we consolidate Districts One and Two. Essentially dissolve District One and then have the District One area go into District Two.

What you have before you is an application to do just that. There is an initial cost savings, a reduction in spending, of $83,000.

We think that the savings is going to be long term, because of no duplication of equipment and no duplication of services.

Currently the tax rate in District One is eleven cents. The tax rate in District 2 is 7.5. The tax rate will go down to 7.4 if the consolidation occurs. That will be the new tax rate for District Two. There will be no layoff, no firehouse closings, no fire company closings.

Basically, I know you wanted a representation for the record that District Two is more than capable of continuing the quality fire service for both Districts One and Two, and that is absolutely the case.

I will also indicate that for months since this decision was made by the fire districts, they have had a monthly meeting. They have subcommittees. They didn't want there to be any unresolved issues or open issues. They have been working extremely hard at coordinating their policies and what they are going to do going forward.

I think it's a very beneficial process to the taxpayers. I think it's very beneficial to the districts. We think it is a very good application and it should be approved

MR. CUNNINGHAM: Thank you. The one question I had and I didn't think to ask you when we spoke the other day, is, I note there is going to be an analysis done of District One and District Two's equipment, to ensure that there are no redundancies?

MR. BRESLOW: Yes.

MR. CUNNINGHAM: I would assume, but as the applicant I'd like you to answer the question. What happens to the extent there is duplicate equipment?

MR. BRESLOW: Well, I can tell you that among the people I have here, we have Scott Rauch, who will be basically the administrator for both districts. They engaged in discussions at every monthly meeting about what's appropriate to buy, what's excess? That discussion has been going on for months.

I would suggest to you, number one, it is a better routine because now they are putting their heads together. They are discussing it with the Fire Company and among the Commissioners, as to what's appropriate to buy both equipment and fire truck wise down the road. There has already been some discussion that if there is excess trucks and so forth, dispose of it, sell it in accordance with statute and generate that revenue.

That discussion has been ongoing and will continue to evolve. Because there seems to be a recognition, and we know this is a common problem, there is probably too much equipment and too many trucks on the road.

So that's already been--and what's also been enlightening is the type of truck. You know, maybe they don't need a particular thing that had been envisioned, maybe another truck would be more appropriate.

So I can represent to you that, again, it's been an ongoing discussion and will continue.

MR. CUNNINGHAM: Thank you. Any questions from the Board before we actually have a discussion how about this?

(No Response)

No. I guess the only thing I wanted to know, were there any members of the public that came and that wanted to be heard on this application?

(No response)

Okay. I just want to make sure that there hadn't been anybody that came to ask questions or had a different viewpoint.

We see a lot of fire district applications. We see a lot of talk about fire district consolidations, but we don't actually see them occur.

I think that this is a really--personally it's tremendous to see. I think it does reduce redundancy, saves taxpayers money. So I do applaud the colleagues that you brought here today, for coming to what can be a difficult decision.

The staff has looked at it. I will share with Don Huber your comments. The staff has looked at this very, very closely. I'm happy to actually see the application here on the agenda today.

That's my comments and I defer to my colleagues.

MR. LIGHT: Just one question, out of an interest. I know Jackson is a very large community land wise. One and Two, what part of the community are those two districts, the southern part?

MR. BRESLOW: I can tell you, one is Whitesville. It's the Whitesville and Cassville area. I don't know if that helps.

MR. LIGHT: I think that does.

MR. BRESLOW: If I could, I just forgot, the commissioners deserve a lot of credit. I just wanted to say that, Mr. Director. I do agree, this is a very difficult thing. Districts, you don't see them consolidating because of many issues, power, control, et cetera.

I think the fact that you are getting a reduced tax rate in both districts. The fact that the districts are willing to do this, this is rare in fire service.

Again, whether it produces others? I would hope they pay attention, because I think we're going to be a model.

I was here many years ago when Cherry Hill consolidated, which is a bit of a different story. I don't think there has been any consolidation since.

MR. CUNNINGHAM: The only thin-- our executive secretary has a very sharp memory. She recalls there being one other consolidation.

MR. BRESLOW: Which was it, I can't remember?

MS. MC NAMARA: Buena Vista. It was the same thing, though, where they dissolved one and just encompassed--the same.

MR. BRESLOW: You have a very good memory, I have to tell you.

MR. CUNNINGHAM: It saves me on more than one occasion, I have to tell you.

The only thing I just want to clarify, because I understand that the overall tax rate is going down. But when I had read the staff report on it, I had actually thought that the one district is having a slight increase over where they are now.

MR. BRESLOW: I will tell you that the budget was introduced for District Two the other nigh. It is actually going to go from 7.5 to 7.4. So even the new district with the consolidation and all their responsibilities, will have a reduced tax rate.

MR. CUNNINGHAM: Okay.

MR. WALLING: I think initially when the application was prepared, it looked like it was going to go up a tenth. But we got the CNC-3 with the new ratables and the construction, and it actually went down.

MR. CUNNINGHAM: That likely explains it.

MR. LIGHT: You are going to have Districts two, three and four?

MR. BRESLOW: We're going to have two, three and four. Honestly, we do believe that what we're doing might spur off additional conversation, certainly within the Township, to lead to some further activity. That's what we believe is going to occur. So we'll see.

MR. CUNNINGHAM: We join you in that hope. If there are no other questions for the applicants, then I will look for a motion and a second.

MR. BLEE: Motion.

MR. AVERY: Second.

MR. CUNNINGHAM: Motion by Mr. Blee, second by Mr. Avery. Roll call, please.

MS. MC NAMARA: Mr. Cunningham?

MR. CUNNINGHAM. Yes.

MS. MC NAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MC NAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. MC NAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. BRESLOW: Okay, thank you very much.

MR. CUNNINGHAM: Thank you. Thank you, gentlemen. I think you really put the taxpayers first, thank you.

The Board will move to the Township of Haddon.

Good morning, gentlemen. Will you please identify yourselves to the reporter. And then those that aren't counsel will be sworn in.

MR. PLATT: Good morning. My name is Stuart Platt, attorney for Haddon Township. Platt, P-l-a-t-t, S-t-u-a-r-t.

We my is John Foley. He's a member of the governing body and our Director of Public Safety, F-o-l-e-y.

(John Foley, being first duly sworn according to law by the Notary)

MR. CUNNINGHAM: Good morning, Mr. Platt. Nice to meet you in person. I know we've spoken on the phone. Would you care to introduce the application to the Board?

MR. PLATT: We certainly will. This is the application to dissolve Fire District Number Two, which is a so called dry district, which serves the West Collingswood Extension of the Township.

I also want to echo the sentiments of my colleague who was here before, your staff was extremely helpful for us in shepherding this through the process.

MR. CUNNINGHAM: Thank you for that.

MR. PLATT: So the two real issues here are whether or not we are able to address the debt and make provisions for the firefighting services for this district.

As you've seen from our

application and our supplements, this problem occurred as a result of this district not adopting budgets since 2013, not having audits since 2011. It just became problematic for us.

Essentially, Collingswood is owed approximately $25,000 for 2014. The idea here is that the municipality will pay for that debt. It was funded in the 2015 budget. We would fund the obligations going forward.

We have a shared services agreement with Collingswood that has not been executed. There is one legal issue that I'm working out with the solicitor.

Essentially, Collingswood will provide the firefighting services for the Fire District Number Two area, as it had been when Fire District Number Two was in existence.

So really nothing is changing, other than the municipality's funding it, versus just the citizens of that particular area of the Town. So that's our application.

MR. CUNNINGHAM: So Mr. Foley, Haddon is--or at least a section thereof, is non-contiguous?

MR. FOLEY: That's correct. Haddon

Township has four disparate fire districts. District One handles the Westmont Section. District Two handles the West Collingswood Heights. District Three handles what we call the Bellowoods Section, which is very close to Oaklyn. District Four handles the West Collingswood Extension over near Camden.

Only two of the fire districts actually have apparatus. Fire District Number Two is a dry district and Number Three is also a dry district.

So Mr. Platt, just to make sure I understand, the obligation of the fire district being dissolved is going to be absorbed by the Township.

MR. PLATT: Correct.

MR. CUNNINGHAM: Okay. I guess the only other concern I had, but you had already referenced, was the fact that the shared service agreement hasn't been executed yet. That's something that the Board had been looking for.

I understand. The only thing that I would ask, we'll approve the application, or at least I'll vote to approve the application, such that the shared service agreement take the form of the draft you sent us.

If there is for some reason a substantial re-writing of the agreement or it falls apart and looks completely different, then I would ask that you let the Division know and we would a make a look at the revised document.

MR. PLATT: That's a perfectly reasonable condition. The only issue is, there is an indemnification clause in there. So the attorney and I for Collingswood are working on that issue. But the economics of that deal will not change.

MR. CUNNINGHAM: Okay. Thank you for that. Any questions from the Board?

MR. AVERY: I just one quick question. The other fire districts in Haddon, set a tax rate?

MR. FOLEY: Yes.

MR. AVERY: The fire service in District Two that's being dissolved, will be funded out of the municipal tax rate?

MR. FOLEY: Yes.

MR. AVERY: So some people are double paying for fire protection? They are paying for it in their municipal tax rate and in their fire district tax rate?

MR. PLATT: There is an incremental--if you will, incremental subsidy for that. But we can find no--we attempted to do that. We could find no legitimate way of --

MR. CUNNINGHAM: Doing a special assessment, or some other apportioned response?

MR. PLATT: In that fashion.

MR. AVERY: It must be a minimal amount in any case.

MR. FOLEY: The number that was quoted to us by our CFO for a house assessed at approximately $225,000, the amount was $5.24. So it is a negligible amount.

MR. AVERY: $25,000, on an annual basis.

MR. LIGHT: What is the population of Haddonfield?

MR. FOLEY: Haddon Township overall? It is approximately 15,000 people.

MR. CUNNINGHAM: I asked a question really I think because I had conversations with Mr. Platt. We did have an ongoing dialogue about what the options were. At first we kicked around the idea of a special assessment. But ultimately realized that it wasn't legally an option at that time. We have worked closely with the applicant in that regard.

That's why I asked the question whether or not this was being being spread over the Township.

MR. PLATT: It's not unlike, in a sense, mutual aid. In the sense that there could be people who are technically paying for services that is not directly benefiting them.

But in terms of Haddon Township, we all sink or swim together. So that's sort of the way we're dealing with it.

MR. AVERY: I knew it couldn't be a very extensive obligation in any way.

MR. PLATT: It would not be, sir.

MR. AVERY: The numbers are very small.

MR. LIGHT: In addition, when you are talking about fire districts, normally when one fire district reports they can't handle it, they call for another. So there is some backup services?

MR. FOLEY: That's right.

MR. PLATT: There is mutual aid. The key for us in this one is that we might have gone to another fire district that was active, because it is non-contiguous, Collingswood would actually provide the quickest and most efficient firefighting services for that area of Haddon Township.

That's why they had been doing it and it's the natural shared services partner for this project.

MR. CUNNINGHAM: I think in light of the fact that the district was non-operational, to use your term a paper district, they hadn't complied with the budget law and the other submission that they had to, this is certainly a prudent dissolution. One that's encouraged by the Division.

Hearing that, if there will be no other questions, I'll make a motion to approve this application

MR. BLEE: Second.

MR. CUNNINGHAM: Roll call, please, Pat.

MS. MC NAMARA: Mr. Cunningham?

MR. CUNNINGHAM. Yes.

MS. MC NAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MC NAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. MC NAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. PLATT: Thank you, have a good holiday.

MR. CUNNINGHAM: Thanks very much.

MR. PLATT: We'll send that file document to your staff, okay?

MR. CUNNINGHAM: Yes, thank you. Somerset County Improvement Authority.

Good morning, gentlemen. Would you please introduce yourselves. Those that aren't counsel, please be sworn in.

MR. SLUKA: Kevin Sluka, S-l-u-k-a, Business Administrator and Municipal Clerk for the Borough of Somerville.

MR. DRIVER: Colin Driver, D-r-i-v-e-r. I'm the Director of Economic Development for the Borough of Somerville.

MR. CUNNINGHAM: Anybody else joining you, Matt?

MR. JESSUP: Just the Borough. They

are the ultimate borrower in this instance, if that works for you? They have all the answers.

MR. LIGHT: It is nice to have all the answers.

(Kevin Sluka and Colin Driver, being first duly sworn by the Notary)

MR. JESSUP: Matt Jessup, Mc Manimon, Scotland & Baumann, bond counsel to the Somerset County Improvement Authority.

This is an application pursuant to 40A:5A-6, in connection with the issuance of a not to exceed $900,000 County Guaranteed Lease Revenue Bonds.

This transaction comes out as a result of Somerville requesting that the Improvement Authority assist in the acquisition of an existing eighty-four space parking lot in the Downtown Somerville.

This lot is contiguous to a larger existing Borough lot in downtown. It requires very little construction or improvement to fully integrate this new lot in with the existing lot in downtown.

Given all of the ongoing redevelopment and very successful redevelopment in downtown, parking is always a concern for the Borough.

The purchase price of the property is expected to be $750,000. The financing is structured as follows: The Improvement Authority would issue bonds. They would use the proceeds of the bonds to, among other things, buy the parking lot for $750,000.

They would then lease that parking lot to the Improvement Authority. Lease payments--excuse me, lease the parking lot to the Borough of Somerville. The Borough of Somerville would, in exchange, make lease payments to the Improvement Authority, in an amount equal to debt service on the bonds.

We have projected--or the Borough has projected the interest rates at six percent, which is, obviously, dramatically higher than today's rates. It was done simply in an effort of being overly cautious.

At that rate, annual debt service is expected to be approximately $78,500 a year. When you add about $2,500 a year in O&M expenses on those spaces, you are looking at about an $81,000 a year annual cost that the Borough will be paying. Against which, the Borough has conservatively projected $123,000 in annual revenues.

Those numbers come from primarily two sources. One is a $25,000 per year contribution to the Borough by the Borough's business improvement district, the Downtown Improvement District. Then the balance was based on use of only fifty-five of the eighty-four spaces. Again, in an effort, I think, to be extremely conservative. Fifty-five of the eighty-four spaces at eleven hours of use, but only at sixty percent occupancy.

So computing all of that into one number, you get $123,000 in annual revenue. That does not account for the additional twenty-nine spaces that I just left out of the analysis, again, to be as conservative as possible. It leaves out potential revenue, which I think they are planning on doing, for permitting and leasing of spaces overnight, but simply a metered revenue analysis.

As a result, at least at the Improvement Authority/County level, there is a comfort that there is significant revenue over and above the debt service and the O&M expenses.

On a final note, while this seems like a whole lot, even just in the documents to accomplish the $750,000 financing, the Borough and the Improvement Authority have worked in the past. We've had several meetings in the past. We have worked closely with them on their existing and future parking needs, as I mentioned earlier.

And as these guys certainly can speak better than I, Downtown Somerville's redevelopment efforts are very successful, they are ongoing. They have a significant number of additional units in the ground, on their way or in the planning stages. As we all here know, parking is critical to the success of redevelopment.

So these documents not only provide for this financing, but they also provide for the foundation for additional parking use financing by the Borough through the Improvement Authority.

We do not anticipate that this is a whole lot of work, a whole lot of effort for $750,000. We anticipate that this is the first of several uses of these foundation documents for additional parking projects throughout the Borough.

MR. CUNNINGHAM: I'm sorry, but I'm I'm curious as to why your client didn't feel the need to send anyone to represent them at the meeting today. I'm hung up on this matter.

MR. JESSUP: Okay. My apologies on behalf of the client. They are the conduit issuer. They are acting at the direction of the Borough. The Borough has structured the deal. The Borough has negotiated largely the deal.

The Borough has requested that the Improvement Authority act, but the Improvement Authority is simply acting in a conduit fashion through-- you know, at the request of the Borough of Somerville.

So it was not any intention other than the heart of what is being performed here is being performed here by the Borough of Somerville. It is being done at the direction of the Borough of Somerville, as conduit financings typically are, and not at the direction of the Improvement Authority.

MR. CUNNINGHAM: Is the Improvement Authority taking a fee on the deal?

MR. JESSUP: I don't believe that's been negotiated. I know that any fee they have taken in the past has been less than or equal to the amount set by statute recently. They have not taken a fee more than an eighth, which I think is the current statutory fee.

MR. CUNNINGHAM: You guys have questions?

MR. LIGHT: No. I was a little concerned with the purchasing of the property and value that is above the appraised value.

MR. CUNNINGHAM: I was going to ask that question.

MR. LIGHT: I'm concerned. I guess legally you can do it. But I was concerned with the fact that the property is being purchased for not a heck of a lot more, but $30,000 more than what the appraised value is.

MR. SLUKA: The particular parcel of land, as Mr. Jessup has said, is contiguous to an existing parking lot. So it has extreme value for us. We do have several municipal lots throughout the municipality, strategically located in the interior of the Downtown.

So that particular lot has value to it. It was appraised at $720,000. The negotiated price is $750,000. In addition to that particular price, to the value, that particular lot is approved-- already approved for a sixteen unit development that would take place in that lot if it doesn't become parking.

They do have existing approval for the lot. So it does have some greater value to the municipality than its actually appraised value.

MR. CUNNINGHAM: Gentlemen, do you have other concerns?

MR. BLEE: Yeah. I think you just raised a concern. If I heard you correctly, you just said that where we're approving a parking deal, you are talking about how important parking is for redevelopment. And you just said in case we don't use this as a parking lo, to put a--

MR. SLUKA: Well, the site currently has a development approval on that site that's currently in place. Whether the private owner would move forward with that would be up to that private owner. But the municipality has approved development for that site. It was through a variance approval back on May 15th of 2013, that's correctly active.

MR. JESSUP: I think the point of

that is, the existing owner has development rights, which makes the land obviously valuable. Which goes to the question why you are paying a little more than the appraised value.

MR. LIGHT: You are saying the appraised value was based on existing ownership. And you expect it will be a higher value than if it was appraised for the purposes for what you are going to use it for as a parking facility.

MR. JESSUP: For that matter, it is more valuable to the existing owner for what they can do to it as it stands today, versus what we want to do or what the Borough wants to do with it, which is to take it and make sure that doesn't happen. Buy it and use it as a lot, instead of if the developer or the owner, keeps it themselves. They have--right now it sounds like they have approval to be able to go build units on top of it, which would only compound the parking problem, rather than actually alleviate the parking problem.

I think that was the point of the development approvals.

MR. CUNNINGHAM: Then I guess--I'm sorry, go ahead.

MR. AVERY: Didn't the appraisal take into account the value of the approval for the residential units?

MR. SLUKA: The appraisal did.

MR. AVERY: Then it is accounted for.

MR. SLUKA: It valued it at, I think $14,000--I'm sorry. It was valued per unit cost in the value, which resulted in the $720,000

MR. AVERY: So it was appraised based on the residential potential, not parking revenue?

MR. DRIVER: Can I just cut in?

MR. JESSUP: Please.

MR. DRIVER: The Borough is in a where parking-- not to be too dramatic, is critical rights now with the development that's going on,

The governing body felt that if we didn't acquire this property, we would be put into a situation were we'd have to go into construction on another one of our parking lots, to put a deck up. I think you all understand the cost of a deck these days is pretty enormous.

Putting a moderate deck in would

cost six or seven million dollars.

At this time, the governing body felt that they could not do this. This was the most viable alternative to provide additional spaces in the Downtown area, which is extremely pressed to provide parking as it is.

So that it was-- to coin a phrase, it was the most expedient way to provide an extension to an existing parking lot without having to go through the expense of putting up a structure to address that issue.

MR. BLEE: I have another question. I want make sure. If I'm understand transaction correctly, and we've approved dozens if not hundreds of financing deals through improvement authorities. I always applaud the municipalities when they get a better rate from the Authority.

In this particular case are we saying that the--is the Authority going to be the owner? The municipality is going to lease from the Authority?

MR. DRIVER: Yes.

MR. JESSUP: That's correct. But the same benefits that you are talking about exist here.   So the Improvement Authority is going to issue bonds. They are County guaranteed bonds. So there is a credit enhancement to Somerville's credit profile, so debt service is lowered.

That debt service is being past straight through to the Borough via the lease payments. They are basically making the debt service payments. They are just making it through a lease payment. So they are going to pay a lower payment on the debt service on the Improvement Authority's bonds as a result of doing it this way. Than the interest rate they would have--that would have been applied on their bonds if they had issued the bonds out themselves.

So your thoughts of the benefits are there. It's a lease transaction versus a bond to bonds transaction, I think you've seen both over the years, as you said hundreds of times.

But in either even, it is simply one of two legal mechanisms to have the underlying borrower make payment of debt service on the ultimate bonds, at a lower rate than the rate they would have received had they borrowed themselves.

MR. AVERY: Yeah, I understand that. My question is, at the end the day the

municipality will never take ownership of that?
MR. JESSUP: No. The way the financing deals work, at the end of the term of the bonds the asset is conveyed for nominal consideration, for a dollar, basically, over to the local unit. They are lease purchased. So they are lease/purchasing over time.
MR. BLEE: The bottom line question is why didn't you do this yourself?
MR. JESSUP I should have made that clear. At the end of the lease term, when the bonds are paid, the title to the lot will revert to the Borough. That's an excellent detail to point out, I appreciate it.
MR. CUNNINGHAM: Is the Borough operating the parking--this is for pay parking; right?
MR. JESSUP: Correct, metered, permit, correct.
MR. CUNNINGHAM: And the Borough is--
MR. DRIVER: WE operate the parking.
MR. CUNNINGHAM: The other question I had, Matt, was the debt service schedule. It's a bit tiered; right?

MR. JESSUP: No, it's flat. I think it's roughly--we are looking for roughly level overall debt service.

MR. CUNNINGHAM: I'm sorry, let me be more specific. Our note was that the principal is a bit ramped. I mean, it starts at 2017, $20,000 and then in '35 and the late years, the principal is, like, $70,000.

MR. JESSUP: I'm sorry, that is correct. The reason for that is, that's how you ultimately produce a level debt service schedule.

The reason that--and they I think the County would want a level debt service schedule, is because if revenues today are more than enough to pay date service in the first year, then if debt service is going up then you have to worry about revenues going up.

If debt service is never going up and revenues stay flat, we are still at this two times one coverage of debt service. So it is sort of a more conservative approach for the benefit of the County, that debt service does not increase over time, which requires an increase in revenue. Revenue can stay dead flat as we're saying it today, for the next twenty years. Then since debt service never goes up, you never lose that two times coverage, you are always protected.

If debt service was going up, you have to make sure revenues are going up as well, in order to keep up with the debt service.

MR. CUNNINGHAM: What happens, like, fifteen years down the road when some improvements need to be made to the lot or the operating system. I don't know whether it is gates, whatever it is you use. How does that get factored in?

If it is a small scale capital project, then it can be done by the Borough through an agreement with the Improvement Authority. If it is a larger scale capital project, large enough that it makes sense to do, these documents lay the foundation for future parking lot improvements. Whether it be decks, as Colin mentioned earlier, whether it be capital upgrades, you know, to the system, et cetera, it allows for future capital improvements.

MR. CUNNINGHAM: Counsel asks--the condition of the property right now, I is it something that requires resurfacing or is it already set, ready to be used for parking?

MR. DRIVER: It is an existing private parking lot. It is ready to use now. It will, once we are leasing it, I guess that's word, it would fall under the regular maintenance program the Borough has. But it is there now, it is striped. All the parking areas are readily identifiable.

MR. JESSUP: I think that's part of the attraction, is that it is fully set to go as a parking lot, right next to an existing Borough parking lot.

MR. CUNNINGHAM: Gentlemen, anything else?

MR. LIGHT: No.

MR. CUNNINGHAM: Take a motion and a second.

MR. BLEE: Motion.

MR. AVERY: Second.

MR. CUNNINGHAM: I think we're ready for a roll call.

MS. MC NAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes. But I ask you to relay my comments back to your client. I don't want do do anything to penalize the Borough, so I'll vote yes.

MS. MC NAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MC NAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. MC NAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. JESSUP: Thank you very much.

MR. CUNNINGHAM: City of Newark. Good morning. Would you be good enough to introduce yourselves and those of you that aren't counsel be sworn in.

MR. EISMEIER: Tim Eismeier, NW Financial, the City's financial advisor.

Mr. OBERDORF: Cheryl Oberdorf, O-b-e-r-d-o-r-f, De Cotiis, Fitzpatrick and Cole, bond counsel the the City of Newark.

MR. GUZMAN: Benjamin Guzman, G-u-z-m-a-n, City of Newark, Department of Finance.

(Timothy Eismeier and Benjamin Guzman, being first duly sworn according to law by the Notary)

MR. CUNNINGHAM: Tim, good morning--or Cheryl, I don't know which, do either of you want to kind of socialize the application for the Board?

MS. OBERDORF: Sure, I'll do the honors. Thank you very much, Director. This application is submitted on behalf of the City of Newark, for a proposed refunding of bond ordinances-- actually, excuse me let me start again.

These are proposed applications for the approval of a refunding of bonds in an amount not to exceed $14,200,000, consisting of two traunches of bonds. One redevelopment refunding bonds in an amount not to exceed $2.7 million, and the second traunch of $11.5 million of water utility refunding bonds.

We request approval pursuant to 40A:2-51. And also we request approval by the Board that the bonds be issued as qualified municipal bonds pursuant to NJSA 40A:3-4.

The original bonds were issued in 2005. And the refunding bonds are structured in that it is compliant with the administrative code provisions of the Local Finance Board for refundings.

We're not extending the term of the bonds. It is a current refunding. At the time of the submission of the applications, the debt service savings was about 5.37 net present value, of about $722,000.

MR. CUNNINGHAM: Thank you very much.

MR. EISMEIER: The only thing I would add as well, is that the original series of bonds were qualified bonds as well. So that there is no change with respect to that.

MR. CUNNINGHAM: So just to reiterate what counsel told us, the aggregate net present value savings across both series, is we had five 5.35 instead of 5.37? Either way, it's--

MR. EISMEIER: Yeah. It is approximately $700,000 across all three series, which is over five percent savings. I believe for the redevelopment bonds it is over seven percent. For the water bonds it's approximately 4.3 percent

MR. CUNNINGHAM: Our math is slightly off, but darn close. Not exceeding the final maturity, providing level savings?

MS. OBERDORF: Correct.

MR. CUNNINGHAM: I'll ask the Board

whether they have any questions?

MR. AVERY: No.

MR. CUNNINGHAM: You know, listen, nobody is more concerned about the City of Newark's financial condition than I am. The Division has a different role--I am the Local Finance Board Chair, but the Division works with the City of Newark on a near daily basis as a transitional aid municipal and as a municipality that's under State oversight, under the Supervision Act.

So any opportunity that we have to save money for the City, is something that I personally support, let alone the fact that it makes good financial sense.

Personally, I'm invested in the City in weening it off transitional aid and restoring a structural budget.

So hearing that my colleagues had no questions, I'll make a motion to approve this, I'd ask for a second and I'd ask Pat to take a role call.

MR. BLEE: Second.

MS. MC NAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes. The only

other think I should have noted, is that the fiscal monitor for the City of Newark reviewed this application and tendered a memo to the Board with his recommendation as well.

MS. MC NAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MC NAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. MC NAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: Thank you very much.

MS. OBERDORF: Thank you.

MR. CUNNINGHAM: The next matter is the Camden County Municipal Utilities Authority.

MR. KRICUN: Good morning.

MR. CUNNINGHAM: Good morning.

MR. KRICUN: Thanks for hearing our application today.

MR. CUNNINGHAM: Would you kindly introduce yourselves to the reporter and those that aren't counsel be sworn in?

MR. KRICUN: Yes, good morning. I'm Andrew Kricun, the Executive Director and--K-r-i-c-u-n--the Executive Director and Chief

Engineer of the Camden County Municipal Utilities Authority.

MR. SAPIR: I'm Rick Sapir, attorney with Hawkins, Delafield & Wood. We're special counsel to the Authority.

(Andrew Kricun, being first duly sowrn according to law by the Notary)

MR. CUNNINGHAM: Gentlemen, good morning. It is still morning, right, a couple of more minutes. Do you want to introduce the application to the Board and then we'll have a conversation.

MR. SAPIR: Yes. The application is being made pursuant to the New Jersey Wastewater Treatment Public/Private Contracting Act. It seeks approval from the Board of a contract for an anaerobic digestion and combined heat and power services.

What I'd like to do is have Mr. Kricun discuss for a couple of minutes the project and the benefits of the project. Then I'll talk for a minute or so about the process that we went through pursuant to the Act.

MR. KRICUN: Thank you, Rick. So the Camden County MUA operates and eighty million gallon per day wastewater treatment plant in Camden, New Jersey. We service all the thirty-seven municipalities of Camden County.

The purpose of this project is try to reduce our vulnerabilities to storms like Superstorm Sandy. Basically, our goal as a utility, being the third largest wastewater plant in New Jersey, is to basically get off the grid.

We already started that process with the solar panel project. Now the next step is to take bio-gas from our sludge and through this project, convert it to electricity to help power the wastewater treatment plant. Thereby reducing our reliance on the grid.

So the project will do that. It will have have two positive impacts for the Authority--actually several. It will reduce our reliance on the grid. It will also reduce our operating costs, because we'll have less--the electricity generated therein will be lower than what we're paying from PSE&G.

Also, we'll reduce our sludge disposal costs, because the sludge actually is digested, basically reduced. Then it also will reduce our odor impact. Our wastewater treatment plant is only about a hundred yards away from a residential community. By digesting the sludge, we not only reduce the quantity of sludge that we're generating, but it also makes it a less odorous process.

So those are the reasons why we wanted to go forward with the project. We contracted with Hawkins, Delafield, our special counsel, to assist us in the process.

MR. CUNNINGHAM: So counselor, did you want to talk about the process?

MR. SAPIR: Yes, I think it will be worthwhile.

MR. CUNNINGHAM: Please.

MR. SAPIR: The Wastewater Treatment Public/Private Partnership Act is an alternative to the Local Public Contracts Law requirements for the lowest responsible bidder.

The Act basically recognizes that these types of complex projects require more interaction and more evaluation of projects than may be available under the Low Bid Law.

The Act lays out a process that you would have to go through, which culminates in the approval by the Board of the contract. So we're careful to follow the provisions of the Act. We've been here several times in the past. We've done this many times before.

But just to give you a brief description, the Authority issued a Request For Proposal for these services. They received four competitive proposals. They selected Energia, Inc as the most advantageous proposer. The criteria were price, qualifications, technical approach and business issues.

MR. CUNNINGHAM: What was the name of the selected responder?

MR. SAPIR: The proposer is Energia, Inc. They formed a special purpose company subsidiary to sign the contract.

MR. CUNNINGHAM: I thought Camden Bio-Engergy, Inc?

MR. SAPIR: That's the special purpose company that was formed. Energia, Inc is also signing a guarantee, guaranteeing all the obligations of the special purpose company.

MR. CUNNINGHAM: I'm sorry, counselor.

MR. SAPIR: That's okay. It's a good question.

MR. LIGHT: Energia, Inc is the parent?

MR. SAPIR: It is the parent, yes.

So the parties were able to negotiate a contract. There will be a twenty year operating term during which the company will operate and maintain the CHP facility.

I think importantly to the Board, there is no concession fee here. It is a straight contract. As we discussed, Energia formed Camden Bio-Engergy, Inc to sign the contract, by Energia is also going to sign the guarantee agreement fully obligating itself to all the obligations of the special purpose company.

The Authority has been working with the NJEIT and the DEP and plans on financing the project through the EIT.

MR. KRICUN: I had a meeting with the DEP and the EIT two weeks ago and they indicated the project was eligible. We submitted the permit applications already. So we are on track for financing during the 2016 funding cycle.

MR. SAPIR: Under the Act, the Act requires there to be a public hearing, so that the public can give their input on the contract. And also that the Authority leave the public record open after the hearing.

That was-- that occurred. There were no adverse comments received. After the public comment period, the Authority passed a resolution authorizing the submission of the applications and the hearing report and authorizing execution of the contract upon approval of the DCA.

Those things were done. The application was submitted, the hearing report was submitted to the DEP. Neither the Authority nor Hawkins has received any feedback from the DEP, any concerns. In the past if they had concerns they would typically reach out to us beforehand, though it was very rare.

MR. KRICUN: I met with the DEP and they had positive feedback about the project as a whole and are working with us to get the permits approved in time for the 2016 EIT funding cycle.

MR. SAPIR: That will about do it. So we respectfully request your approval of the contract.

MR. CUNNINGHAM: I just want to note that public/private partnerships are reviewed by the staff before being presented to the Board for an agenda. We have a gentleman on our team who is our procurement expert, who is the party who reviews the documents and writes the staff report. I just want to report that that analysis occurred and that the recommendation was that everything was in order and this should be allowed to proceed.

But I would ask if any of my colleagues have any questions, Mr. Light?

MR. LIGHT: I do. Is this a process that takes the sludge and converts it to some sort an energy system through heat, or produces electricity?

MR. KRICUN: Yes, basically--

MR. LIGHT: That's one way you get rid of the sludge and also produce energy?

MR. KRICUN: That's exactly right. We generate about 160 tons of sludge a day, by digesting. Basically, taking that--if you think what it is, it has grease and fat in it. It takes that out and reduces the quantity of that about fifty percent.

MR. LIGHT: It produces oxygen or something like that, to digest it so that it produces electrical energy?

MR. KRICUN: That's right.

MR. LIGHT: What do you do with the sludge now?

MR. KRICUN: So what we currently do, we take it through--we have 160 tons. We basically have to haul it out after going through a drying system. We put it through a drying system. We take it down to bout forty tons a day. Then we haul if off-site.

So instead--

MR. LIGHT: --of taking it off-site, you are converting it into energy sources?

MR. KRICUN: Energy, that's right. It also makes the sludge --

MR. LIGHT: Is this done elsewhere? There are places that you know of that--

MR. KRICUN: Well, Philadelphia is doing it, presently. Oakland is probably the first to do it.

MR. LIGHT: It is nice not being the first. Because the first has the problems.

MR. KRICUN: Right.

MR. SAPIR: Ridgewood, New Jersey is doing it. I do a lot of this around the country.

It is garnering a lot of interest right now. There are several projects around the country.

MR. LIGHT: My concern is, you're investing a lot of money to do what looks like a viable project. But if you have also the background of other companies who have done it and it's successful, so that reduces the risk.

MR. SAPIR: It is proven technology.

MR. KRICUN: Yes. Having seen Oakland and Philadelphia and also Chicago having done it, that's what gave--and Chicago is the one who is doing--I'm sorry, Energia is the one who is doing Chicago.

We don't want to be the first, we'd like to be the fifth or sixth or so, agreed.

MR. AVERY: You must have some amount of sludge left at the end of this process. How do you get rid of--how does that get disposed of ultimately?

MR. KRICUN: We would be left with all of this. One-hundred sixty tons will go in. Eighty will be digested, leaving eighty left. Then the dryer will take it down to twenty, the existing dryer. So we'll still have twenty tons a day to dispose of. Since it will have been digest and also will be a Class A Bio-solids, we're hoping to be able to take it for a land application. And for some kind of approved Class A, as opposed to just a landfill. But worse comes to worse we can always go to the landfill.

MR. SAPIR: Right now after it's dry, it's taken off-site, either put into a landfill. They have to pay for this.

MR. KRICUN: Right.

MR. SAPIR: Or some of it, I think, may also go to a cement kiln.

MR. KRICUN: That won't be an option any longer, because--

MR. LIGHT: Does it qualify as a cover to the landfill?

MR. KRICUN: No, it doesn't. You really can't got to a landfill in New Jersey. But by reducing the volumes by such a great degree it will reduce our sludge disposal costs significantly.

Also, the sludge does remain less odorous, because the more odorous compounds have been taken out through the process.

MR. AVERY: What is your annual

electric bill now?

MR. KRICUN: It is about $3 million a year, for the wastewater treatment plant. So that will knock it down by about $1.5 million--well, there will still be a cost. But ultimately it is probably going to be--energy runs about a million dollars a year in electricity costs. The sludge disposal cost are probably another three quarter's of a million dollars or so.

MR. CUNNINGHAM: Any other questions, guys?

MR. LIGHT: No, thank you.

MR. CUNNINGHAM: Alan, it looks like you're thinking?

MR. AVERY: No, no.

MR. CUNNINGHAM: Then your good. Then I guess, would someone like to make a motion?

MR. BLEE: Motion.

MR. AVERY: Second.

MR. CUNNINGHAM: Motion by Mr. Blee, seconded by Mr. Avery. Roll call, Pat.

MS. MC NAMARA: Mr. Cunningham?

MR. CUNNINGHAM. Yes.

MS. MC NAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MC NAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. MC NAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. SAPIR: Thank you very much.

MR. KRICUN: Thank you very much. Have a good day.

MR. CUNNINGHAM: Good luck. The last two matters in front the Board are a little more mechanical in nature. The first in your package, members, there is a draft Local Finance Notice providing Calendar Year 2016 budget matters.

On the second page of that Local Finance Notice, there are dates for the Calendar Year 2016 budget deadline. There is a statutory date and a proposed revised dates that the staff have come up with.

We would need a vote in order to amend the statutory calendar by Local Finance Board action.

MR. AVERY: So moved.

MR. CUNNINGHAM: We have a motion.

MR. BLEE: Second.

MR. CUNNINGHAM: Seconded by Mr. Blee. Roll call, please, Pat?

MS. MC NAMARA: Mr. Cunningham.

MR. CUNNINGHAM. Yes.

MS. MC NAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MC NAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. MC NAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: The last matter on the agenda is Petition for Rulemaking. We had received a suggestion for a new regulation by an interested party. It happens to be the Township administrator of a municipality in New Jersey.

Staff has taken a preliminary look at this and recommends--or, you know, indicates that the proposal has merit to it.

So what we would ask the Board today is for permission to refer this to staff to develop rule text. They would develop what a draft document would like like. Then that could would come back to the Board prior to being submitted into the New Jersey Register as part of the rulemaking process.

So, I mean, we can certainly get into what the context is. But the letter from Mr. Kanker in the package does a perfectly good job explaining what this is. If there are no questions--or if there are, please just ask?

MR. LIGHT: Motion to approve.

MR. CUNNINGHAM: Motion by Mr. Light.

MR. BLEE: Second.

MR. CUNNINGHAM: Seconded by Mr. Blee. Roll call, please, Pat.

MS. MC NAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS. MC NAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MC NAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. MC NAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: Motion to adjourn.

MR. AVERY: So moved.

MR. BLEE: Second.

MS. MC NAMARA: All ayes?

(Upon unanimous affirmative response, the matter stands adjourned at 11:51 a.m.)

C E R T I F I C A T E

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

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

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

C:\TINYTRAN\Charles Senders.bmp

CHARLES R. SENDERS, CSR NO. 596

DATED: December 18, 2015