

1 STATE OF NEW JERSEY  
2 DEPARTMENT OF COMMUNITY AFFAIRS

3 LOCAL FINANCE BOARD MEETING

4 101 South Broad Street  
5 Trenton, New Jersey

6 Conference Room 129/235A

7 Wednesday, June 8, 2016

8  
9 B E F O R E:

10 TIMOTHY J. CUNNINGHAM, Chairman

11 PATRICIA PARKIN MC NAMARA, Executive Secretary

12 ALAN AVERY, Board member

13 FRANCIS BLEE, Board member

14 TED LIGHT, Board member

15 MELANIE WALTER, ESQ., Deputy Attorney General

16  
17 Reported by: Patricia J. Russoniello  
18 Certified Court Reporter

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## 1 I N D E X

2	APPLICATION ON CONSENT AGENDA:
3	SALEM COUNTY IMPROVEMENT AUTHORITY
4	PASSAIC CITY
	Dieter Lerch
5	Ricardo Fernandez
	Nayak Vidya
6	
	BOROUGH OF BRANCHVILLE
7	
	BOROUGH OF KEYPORT
8	Edward J. McManimon, III, Esq.
	Tom Fallon
9	
	CITY OF NEWARK
10	Cheryl J. Oberdorf, Esq.
	Benjamin Guzman
11	John George
12	TOWN OF KEARNY
13	CITY OF TRENTON
	Everett Johnson, Esq.
14	Janet Schoenhaar
	Neil Grossman
15	
	HUDSON COUNTY IMPROVEMENT AUTHORITY
16	Edward J. McManimon, III, Esq.
	Kurt Cherry
17	Daniel Marinello
18	MONMOUTH COUNTY IMPROVEMENT AUTHORITY
	John Draikiwicz, Esq.
19	Douglas Bacher
20	TRENTON CITY PARKING AUTHORITY
	Christopher B. Langhart, Esq.
21	Edward J. McManimon, III, Esq.
	Leonard Bier, Esq.
22	
	LANDIS SEWERAGE AUTHORITY
23	Christopher Langhart, Esq.
	Edward J. McManimon, III, Esq.
24	Dennis Palmer
	David Hanrahan
25	Joseph Rehm

## 1 I N D E X (continued)

## 2 APPLICATION ON CONSENT AGENDA:

## 3 NEW BRUNSWICK CITY PARKING AUTHORITY

4 Anthony Pannella, Esq.  
Mitchell Karon

## 5 HACKENSACK HOUSING AUTHORITY

6 Daniel Marinello  
Anthony Feorenza  
William Schneider

## 7 SECAUCUS TOWN HOUSING AUTHORITY

8 Cheryl J. Oberdorf, Esq.  
Daniel Marinello  
Christopher Marra

## 10 SUMMIT HOUSING AUTHORITY

11 Cheryl J. Oberdorf, Esq.  
Joseph Billy, Jr.

## 12 ENGLEWOOD HOUSING AUTHORITY

13 Cheryl J. Oberdorf, Esq.  
Daniel Marinello  
Domingo Senande

## 14 ESSEX COUNTY UTILITIES AUTHORITY

## 15 SOUTH ORANGE VILLAGE TOWNSHIP

16 Steven Rother, Esq.  
Barry Lewis  
Howard Levison  
Walter Clarke

## 18 MERCER COUNTY (appeal)

## 19 LAKEWOOD TOWNSHIP FIRE DISTRICT #1 (appeal)

## 20 CHERRY HILL TOWNSHIP FIRE DISTRICT #13

21 Richard Braslow, Esq.  
Thomas Kolbe, Chief

22

23

24

25

1                   MR. CUNNINGHAM: Good morning. We're  
2 going to resume this portion of the Local Finance  
3 Board agenda.

4                   As many of you know the meeting is  
5 open to the public in a separate forum upstairs.

6                   I do want to apologize, though, to you  
7 because sometimes these meetings that we have on  
8 ethics matters are controversial and -- and  
9 sometimes very complex. We certainly ran late today  
10 so we will endeavor to move through the agenda as  
11 quickly as possible.

12                   I have one application that is on the  
13 consent agenda and that is the -- arises out of  
14 Salem County.

15                   This is a -- it's the Improvement  
16 Authority doing a -- a refunding. All documents  
17 have been received. The matter won't go forward  
18 unless the requisite 3 percent savings are met. We  
19 expect the debt service to be level. The savings  
20 would be 5.1 percent or over \$60,000 and I should  
21 note that Salem is a -- as a city -- well, it  
22 doesn't matter. It's a County Improvement Authority  
23 application so I'll just ignore, that and I want to  
24 ask the members unless they have any specific  
25 questions for a motion and second on that matter.

1 MR. BLEE: Motion.

2 MR. AVERY: Second.

3 MR. CUNNINGHAM: Thank you.

4 May we have rollcall, Pat.

5 MS. MC NAMARA: Mr. Cunningham?

6 MR. CUNNINGHAM: Yes.

7 MS. MC NAMARA: Mr. Avery?

8 MR. AVERY: Yes.

9 MS. MC NAMARA: Mr. Blee?

10 MR. BLEE: Yes.

11 MS. MC NAMARA: Mr. Light?

12 MR. LIGHT: Yes.

13 MR. CUNNINGHAM: Okay.

14 Next matter before the Board is the  
15 City of Passaic.

16 MR. LERCH: Good morning.

17 MR. CUNNINGHAM: Good morning.

18 Would you -- if you have not already  
19 please identify yourself to the reporter and those  
20 that aren't counsel be sworn in.

21 MR. LERCH: Yeah. Good morning.

22 Deiter Lerch, Auditor for the City of  
23 Passaic.

24 To my right Vidya Nayak, Chief  
25 Financial Officer, the City of Passaic, and to her

1 right, Rick Fernandez, Business Administrator for  
2 the City of Passaic.

3 MR. CUNNINGHAM: You're free to sit  
4 down. You can be -- you can be sworn in as you're  
5 seated. Thank you.

6 MR. DEITER: I think we all have to be  
7 sworn in.

8 (Witnesses sworn.)

9 MR. DEITER: Thank you.

10 On behalf of the City of Passaic we're  
11 here today to request approval to have the City  
12 convert from a State fiscal year to a calendar year.

13 We've submitted a proposed transition  
14 budget for the six-month period, July 1st through  
15 December 31st, and we've also submitted a pro forma  
16 budget for calendar year 2017.

17 By doing the conversion the City has  
18 available to it approximately 12.5 million dollars  
19 of State aid and its plan to use 3.5 --  
20 approximately 3.5 million of that in the transition  
21 year.

22 MR. CUNNINGHAM: I guess the first  
23 thing I'd note for the rest of the membership is  
24 there's only about -- this would be about eight --  
25 eight towns --

1 MS. MC NAMARA: Nine.

2 MR. CUNNINGHAM: -- left that are --

3 MS. MC NAMARA: Nine.

4 MR. CUNNINGHAM: Nine? Okay.

5 Majority of the State is -- it's

6 funny. The State's on a fiscal year but the

7 majority of the municipalities -- the vast majority

8 of the municipalities are on a calendar year.

9 So under this -- as we read the

10 application, there's no debt issuance being -- being

11 proposed to effectuate this --

12 MR. DEITER: That -- that is correct.

13 There is no debt and there is also no transition

14 bonds that are still outstanding.

15 MR. CUNNINGHAM: No deferred charges.

16 No -- no FIABs; anything like that?

17 MR. DEITER: There are no FIABs.

18 All -- no, sir.

19 MR. CUNNINGHAM: So just in looking at

20 the -- so for '16 the levy was at 61 and in '15 it

21 was at 60. Is that -- that correct?

22 MR. LERCH: Yeah. That is correct.

23 MR. CUNNINGHAM: So the -- the

24 Division Staff looked at the effect on the levy in

25 terms of what this transition year would look like.

1                   So the requested levy is -- is a  
2 little over a point which would be one-half of the  
3 prior year fiscal levy, correct?

4                   MS. NAYAK: That's correct.

5                   MR. CUNNINGHAM: Okay. Also the staff  
6 looked at the impact on -- on the pension as well.

7                   Staff has therefore recommended to the  
8 Board that this matter be approved and I'd like to  
9 ask my colleagues on the Board whether or not they  
10 have any questions of the City while they're here  
11 today.

12                  MR. LIGHT: None.

13                  MR. CUNNINGHAM: Hearing none, I'd ask  
14 for a motion to second to approve the transition  
15 of -- of Passaic City from a fiscal year to a  
16 calendar year.

17                  MR. BLEE: Motion.

18                  MR. CUNNINGHAM: Motion, Mr. Blee.  
19 Second?

20                  MR. AVERY: Second.

21                  MR. CUNNINGHAM: Second, Mr. Avery.  
22 Rollcall, please, Pat.

23                  MS. MC NAMARA: Mr Cunningham?

24                  MR. CUNNINGHAM: Yes.

25                  MS. MC NAMARA: Mr. Avery?



1 MR. AVERY: Yes.

2 MS. MC NAMARA: Mr Blee?

3 MR. BLEE: Yes.

4 MS. MC NAMARA: Mr. Light?

5 MR. LIGHT: Yes.

6 MR. DEITER: Thank you very much.

7 MR. CUNNINGHAM: Thank you very much.

8 Again, trying to move through the  
9 agenda as quickly as possible, the next application  
10 listed on the agenda is the -- the Borough of  
11 Branchville in Sussex County.

12 I -- I waive that appearance for them  
13 today because the issue involves a nonconforming  
14 maturity schedule but it arises out of the USDA  
15 program which has a different maturity payback in  
16 terms of their semi -- semi-annual.

17 So it's a 4.46 million project.  
18 They're going to be constructing a sewer system in  
19 the Borough. All the paperwork was complete and the  
20 USDA is a very valuable or very effective program  
21 offered to the Federal Government so I waive the  
22 application here, and I would ask my -- my  
23 colleagues on the Board to support this application.

24 I would therefore ask for a motion and  
25 a second.

1 MR. LIGHT: Make a motion.

2 MR. CUNNINGHAM: Mr. Light motions.

3 MR. BLEE: Second.

4 MR. CUNNINGHAM: Mr. Blee seconds.

5 Rollcall, please, Pat.

6 MS. MC NAMARA: Mr. Cunningham?

7 MR. CUNNINGHAM: Yes.

8 MS. MC NAMARA: Mr. Avery?

9 MR. AVERY: Yes.

10 MS. MC NAMARA: Mr. Blee?

11 MR. BLEE: Yes.

12 MS. MC NAMARA: Mr. Light?

13 MR. LIGHT: Yes.

14 MR. CUNNINGHAM: Okay. So we'll move

15 to the -- the Borough of Keyport.

16 Good morning, Mr. McManimon.

17 Would you and your colleague please --

18 MR. FALLON: Tom --

19 MR. CUNNINGHAM: -- to the reporter

20 and have your colleague be sworn in if necessary.

21 MR. FALLON: Tom Fallon, finance

22 officer.

23 (Witness sworn.)

24 MR. Mc MANIMON: Thank you.

25 For the record, Ed McManimon from

1 McManimon, Scotland and Baumann, the bond counsel to  
2 Keyport.

3 We have Tom Fallon, the chief finance  
4 officer for the Borough of Keyport.

5 This is an application in connection  
6 with a \$3,750,000 USDA loan similar to the one you  
7 just approved.

8 I asked Tom to come because here we --  
9 for accounting purposes we're not self-liquidating  
10 and as a result we need a down payment waiver.

11 We generally ask for a down payment  
12 waiver anyway and we ask for a nonconforming  
13 maturity schedule.

14 The down payment waiver is generally  
15 asked for so that the loan amount that's in the bond  
16 ordinance is the amount that the USDA has approved.  
17 If you have a down payment, then it's a different  
18 amount, but I was asked by staff to have Tom come to  
19 explain the accounting involved.

20 The accounting shows about a \$22,000  
21 shortfall from being self-liquidating. They  
22 actually had money. They had reserves so they  
23 weren't short of funds but the accounting shows  
24 they're not self-liquidating so we need a down  
25 payment waiver, and I -- Tom can explain that or if

1 you have specific questions to address --

2 MR. CUNNINGHAM: To be honest --

3 MR. MC MANIMON: I think you had an  
4 issue with that.

5 MR. CUNNINGHAM: -- I -- I think  
6 you -- you clearly understand the issue.

7 The reason we didn't waive the  
8 appearance for Keyport, I have no way to object to  
9 the USDA deals. I think they're very good deals and  
10 I'm sure they'll be beneficial for Keyport.

11 It was the failure of the -- of the  
12 utility to be self-liquidating. I just wanted to  
13 have it explained in front of the Board so we just  
14 kind of understand, you know, that aspect of it.

15 MR. FALLON: Yeah, yeah. Although in  
16 2015, you know, in the annual debt statement we  
17 prepare a self-liquidating calculation for the water  
18 and sewer utility.

19 We were -- according to that  
20 calculation we -- we ran a deficit in revenues of  
21 about \$22,000 so although we had a deficit in  
22 revenues of \$22,000 and the self-liquidating  
23 calculation we did have -- in the financial  
24 operations we had a lapsing of appropriation  
25 reserves, the prior year's budget lapsing of around

1 \$45,000, so we did run an operating surplus on the  
2 financial end. We did run a -- a self-liquidating  
3 deficit.

4                   The deficit was due to the -- we had a  
5 minor deficit in two revenue categories. Our water  
6 store rents came in a little bit less, about \$20,000  
7 less than anticipated, and we -- and one of our  
8 water store -- or actually our water tower  
9 self-sites there was a -- one of the providers had  
10 a -- their lease did not expire but they combined  
11 with another provider and we had to renegotiate that  
12 lease. So, anyway, those were two of the items.

13                   I did run projections for the next  
14 five years.

15                   Based upon this project, the new debt  
16 service that will be a joint and also based upon the  
17 fact that we just instituted a meter-wide  
18 replacement program for the Borough's water meters  
19 we expect a -- a 10 to 15 percent increase in our  
20 meter flows and both our water and sewer rates are  
21 based on meter flows so based upon -- on those  
22 assumptions the next five years are projected that  
23 we're going to run a surplus of between 2 to  
24 \$300,000 each year with this financing taken into  
25 account.

1                   MR. CUNNINGHAM: So the -- the  
2     metering that will improve the accuracy and -- and  
3     thus billings was that -- you -- you previously  
4     bonded for that or that -- that --

5                   MR. FALLON: That was a -- a USDA  
6     project --

7                   MR. CUNNINGHAM: Okay.

8                   MR. FALLON: -- as well that we closed  
9     last year, and we're just completing the project.  
10    It was a 3 million dollar loan and a -- it was  
11    combined with some other projects as well but we had  
12    also a million dollar grant for that project.

13                  MR. CUNNINGHAM: Okay.

14                  MR. MC MANIMON: I think this project  
15    that they're financing is actually going to save  
16    them money that's greater than the debt service  
17    that's on here and so the net effect is that without  
18    rate increases they have the ability to pay for  
19    this.

20                  MR. FALLON: This project will save us  
21    about \$120,000 in our costs to acquire water because  
22    we're going to be able to treat up to our  
23    allocated --

24                  MR. CUNNINGHAM: And therefore --

25                  MR. FALLON: -- DEP permit.

1 MR. CUNNINGHAM: -- you don't have  
2 to -- you don't have to buy.

3 MR. FALLON: That -- excuse me?

4 MR. CUNNINGHAM: You're going to be  
5 buying less outside water?

6 MR. FALLON: Absolutely.

7 Yeah. The contract that we just  
8 negotiated last year with the New Jersey Water  
9 Supply Authority and Shorelands allowed us to  
10 decrease our allocation from them if we put these  
11 improvements into place in our water treatment plan  
12 and we'll -- so we'll actually save money and  
13 provide I think better service to our customers.

14 MR. CUNNINGHAM: Thank you.

15 Board have any other questions?

16 MR. AVERY: Move it.

17 MR. CUNNINGHAM: Okay. Thank you.

18 MR. BLEE: Second.

19 MR. CUNNINGHAM: Rollcall, please,  
20 Pat.

21 MS. MC NAMARA: Mr. Cunningham?

22 MR. CUNNINGHAM: Yes. And I think  
23 that was a very clear and -- and appreciated  
24 response to the question so thank you.

25 MR. FALLON: Thank you.

1 MS. MC NAMARA: Mr. Avery?  
2 MR. MC MANIMON: Maybe we should  
3 submit it again --  
4 MR. AVERY: Yes.  
5 MR. MC MANIMON: -- I don't know.  
6 MS. NC NAMARA: Mr. Blee?  
7 MR. BLEE: Yes.  
8 MS. MC NAMARA: Mr. Light?  
9 MR. LIGHT: Yes.  
10 MR. FALLON: Thank you.  
11 MR. MC MANIMON: Thank you very much.  
12 MR. CUNNINGHAM: Thank you.  
13 Appreciate it.  
14 Who's next? Belleville's off.  
15 So we're going to go to City of  
16 Newark. Water utility bonds.  
17 Cheryl, how are you?  
18 MS. OBERDORF: Good morning. I'm  
19 fine, Director. How are you doing?  
20 MR. CUNNINGHAM: Thank you.  
21 Would you please make sure --  
22 MS. OBERDORF: Sure. I have to my  
23 right --  
24 MR. CUNNINGHAM: -- noncounsel  
25 witnesses be sworn in.



1 MS. OBERDORF: I'm Cheryl Oberdorf,  
2 DeCotiis bond counsel to City of Newark.

3 I have to my right John George who is  
4 the chief engineer for the City of Newark and to my  
5 far right Ben Guzman, Senior Systems Analyst in the  
6 Department of Finance, City of Newark.

7 (Witnesses sworn.)

8 MR. CUNNINGHAM: Good morning.

9 MS. OBERDORF: Good morning.

10 The members have before them an  
11 application from the City of Newark for consent to  
12 the adoption of a bond ordinance and approval for  
13 the issuance of 5 million dollars bonds and notes  
14 for a water utility project to be financed to the  
15 New Jersey EIT program and also through the State  
16 Acting and the DEP.

17 The bond ordinance is for the  
18 acquisition and installation of temporary -- not  
19 temporary -- sorry -- emergency generators at two  
20 pump stations; one located in Wayne and one located  
21 in Clifton. Mr. George can speak to the -- to the  
22 scope of the project.

23 The bond ordinance was originally  
24 introduced on May 18th and assuming Board consent  
25 and approval will be finally adopted on June 15th

1 and after that the City will proceed to a -- an  
2 interim financing through the EIT.

3 The -- as of 12/15 -- 12/31/15 the  
4 water utility is self-liquidating and Mr. Guzman can  
5 speak to the continuing self-liquidating --

6 MR. CUNNINGHAM: That would be  
7 appreciated.

8 MS. OBERDORF: -- nature of the -- of  
9 the water utility.

10 MR. GUZMAN: All right.

11 So as Miss Oberdorf stated, we are --  
12 the water source is self-liquidating as of the end  
13 of 2015. Everything points to being  
14 self-liquidating in 2016.

15 The City did adopt an ordinance to  
16 increase its water and sewer rates in 2015 which  
17 would then also allow it to increase rates for the  
18 next five years in order to stay ahead of its  
19 operating costs and we -- we intend to stay  
20 self-liquidating between now and the next five years  
21 and further into it.

22 MR. CUNNINGHAM: Thank you.

23 MR. OBERDORF: I don't know if the  
24 Board would like to have Mr. George speak further on  
25 the nature of the project.

1                   MR. CUNNINGHAM: I would, and I note  
2                   that this project serves more than just the City of  
3                   Newark. It -- it serves -- I can't say adjacent  
4                   but -- but other -- other municipalities.

5                   Could you just, you know, explain the  
6                   concept and the importance of the emergency back-up.

7                   MR. GEORGE: Sure.

8                   The City of Newark has two sources of  
9                   supply; one at Pequannock aqueduct system and the --  
10                  well, we are already -- Newark is also part owner of  
11                  the North Jersey District Water Supply Commission  
12                  System.

13                  So there are two pump stations in this  
14                  project. One is located in Wayne Township on Black  
15                  Oak Ridge Road and the other in the City of Clifton  
16                  at Chittenden Road.

17                  Both these pump stations are used to  
18                  pump water from North Jersey's system into Newark  
19                  aqueduct at Wayne and Passaic Valley and Jersey City  
20                  systems into Newark aqueduct at the Clifton station.

21                  In addition to Newark's citizens,  
22                  Newark Pequannock system also supply other towns  
23                  such as Belleville, Bloomfield, Elizabeth, Nutley  
24                  and such towns and also some big areas such as the  
25                  Budweiser plant and so on; Newark Airport. So

1 it's -- it's not only Newark citizens. It's other  
2 water supply companies as well as towns.

3 MR. CUNNINGHAM: Okay. Thank you very  
4 much.

5 MS. OBERDORF: So the City  
6 respectfully requests approval of the -- for consent  
7 of adoption of the bond ordinance, issuance of 5  
8 million dollars qualified bonds, participation in  
9 the NJEIT program and approval of a nonconforming  
10 maturity schedule as a result of participation in  
11 the NJEIT program.

12 MR. CUNNINGHAM: Thank you very much.

13 I just want to note that of the matter  
14 that's before us today, you know, almost two-thirds  
15 of it is coming through -- as -- as the EIT program  
16 works, I just have to note that 3.75 million of that  
17 comes through a zero percentage which is --

18 MS. OBERDORF: Yes.

19 MR. CUNNINGHAM: -- obviously very  
20 favorable for the municipality with the remainder  
21 being at market rates.

22 I do know that the project exceeds  
23 the -- the normal statutory life but, you know, we  
24 had discussed that and it's not an issue from our --  
25 our perspective.

1                   What I was more -- just wanted to  
2 check on was that I knew that Wayne and DEP had done  
3 the -- you know, everything they needed to do but  
4 there was a note in my staff report that it expected  
5 permits from DEP wetlands and FHA by May 31st of  
6 '16, and I -- i don't know if you mentioned it or  
7 not but I just wanted to find out whether that was  
8 actually received yet.

9                   MR. GEORGE: Yes. We actually  
10 received the FHA and the reliance permit on May  
11 31st. I have a copy with me which we received  
12 through E-mail.

13                   MR. CUNNINGHAM: Thank you very much.

14                   And then the other is not so much --  
15 well, two -- two statements.

16                   Number one, obviously, the City of  
17 Newark is -- is not only a transitional aid town  
18 subject to a -- a -- an MOU but it's also subject to  
19 the State Supervision Act. We do have a monitor,  
20 assigned a monitor, prepared a written report for  
21 us, you know, agreeing that this was a valuable  
22 project for the City.

23                   The only thing I would ask all of you  
24 to take back to your -- to your colleagues and --  
25 and the State monitor will certainly be doing so --

1 is that on the 216 -- 2016 FDS roster for the City  
2 of Newark 368 individuals were listed. Of them as  
3 of June 2nd only 138 -- I'm sorry -- 138 of the 368  
4 have not filed and that's very concerning to me  
5 including the Deputy Mayor. So I would ask you to  
6 please take back as -- as the State monitor will  
7 that this is unacceptable and may affect future  
8 decisions.

9                   With that said I would ask my  
10 colleagues on the Board whether they have any  
11 additional questions or comments?

12                   Mr. Light? Yes.

13                   MR. LIGHT: I just have one.

14                   You spoke of the aqueduct system and  
15 the reservoirs.

16                   Do you -- does Newark have any wells  
17 for back-up water supply?

18                   MR. GEORGE: No. Newark system does  
19 not use any private well -- I mean any wells.

20                   MR. LIGHT: Any wells.

21                   MR. GEORGE: It's -- it's all  
22 reservoir surface water --

23                   MR. LIGHT: Comes from the reservoir  
24 and the aqueducts.

25                   MR. GEORGE: Yes.

1 MR. LIGHT: Okay.

2 MR. CUNNINGHAM: Thank you.

3 Any other questions, gentlemen?

4 Okay. Then if there's no other  
5 questions I would ask for a motion and a second.

6 MR. BLEE: Motion.

7 MR. LIGHT: Second.

8 MR. CUNNINGHAM: Mr. Blee. Mr. Light.

9 Rollcall, please, Pat.

10 MS. MC NAMARA: Mr. Cunningham?

11 MR. CUNNINGHAM: Yes.

12 MS. MC NAMARA: Mr. Avery?

13 MR. AVERY: Yes.

14 MS. MC NAMARA: Mr. Blee?

15 MR. BLEE: Yes.

16 MS. MC NAMARA: Mr. Light?

17 MR. LIGHT: Yes.

18 MR. CUNNINGHAM: The Township of  
19 Kearny -- Kearny has chosen to -- thank you very  
20 much. I appreciate --

21 MS. OBERDORF: You're welcome.

22 MR. CUNNINGHAM: -- your -- appreciate  
23 your time.

24 Township of Kearny has deferred their  
25 application, asked not to be heard today which will

1 then bring us to the City of Trenton.

2 Good morning all. How are you?

3 MR. JOHNSON: Good morning.

4 Morning. My name is Everett Johnson.

5 I'm a partner with Wilentz, Goldman and Spitzer,

6 bond counsel to the City of Trenton.

7 To my right, I have Janet Schoenhaar  
8 who's the CFO of the City and to my far right is  
9 Neil Grossman who is the financial advisor to the  
10 City of Trenton.

11 MR. CUNNINGHAM: It just seems he's on  
12 a separate team. He's seated...

13 MR. GROSSMAN: We'll see how it goes.

14 MR. JOHNSON: Depends on what you say.

15 (Witnesses sworn.)

16 MR. CUNNINGHAM: Just to be clear for  
17 the record, the Board was approached with three  
18 separate app -- three separate components that they  
19 wanted heard today.

20 First is water utility improvements  
21 which we will proceed with, the second is sewer  
22 utility improvements that we'll proceed with and we  
23 will not proceed with the capital improvement  
24 portion of the deal. We are arranging a meeting  
25 with the City to talk. I did let the Mayor -- well,



1 I -- I tried to connect with the Mayor -- we didn't  
2 connect -- but we did let the Administrator know and  
3 my office is going to be reaching out to the City to  
4 set a meeting up for that so we can figure out some  
5 of the -- we can answer some of the questions that I  
6 have on it.

7                   So with -- with that said on the table  
8 maybe you just want to set the table on the -- on  
9 the water and sewer piece or take them one at a  
10 time; whatever you want to do.

11                   MR. JOHNSON: Sure. Thank -- thanks a  
12 lot, Tim.

13                   So this morning we're here to discuss  
14 the approval of two ordinances, the water  
15 ordinance -- water utility ordinance in the amount  
16 of 16.25 million dollars and also a sewer utility  
17 ordinance in the amount of \$775,000.

18                   Both ordinance -- both utilities are  
19 self-liquidating and therefore neither of the  
20 ordinance -- that neither of the ordinances will  
21 impact the City's borrowing capacity.

22                   We are also requesting these  
23 ordinances be approved pursuant to the Municipal  
24 Qualified Bond Act.

25                   Both ordinances were introduced and

1 passed by City Council on June 2nd.

2                   The sewer utility ordinance primarily  
3 provides for improvements to buildings and also  
4 acquisition of vehicles, and the water utility  
5 ordinance, the primary portion of that will be, you  
6 know, meter replacement. There's a portion also  
7 dealing with buildings and also a tank  
8 rehabilitation.

9                   With that being said I'm not quite  
10 sure if you have any further questions about either  
11 of these ordinances but we are requesting your  
12 approval so that we can go ahead and adopt these  
13 ordinances.

14                   We're not actually requesting right  
15 now approval to issue bonds --

16                   MR. CUNNINGHAM: Yes.

17                   MR. JOHNSON: -- under the Qualified  
18 Bond Act. That will become a separate point in time  
19 with that request.

20                   MR. CUNNINGHAM: Okay.

21                   Couple -- couple questions, probably a  
22 lot of comments. Just want to get a couple things  
23 on the record.

24                   I guess the first question and -- and  
25 I think I recall the answer to this being yes -- I

1 noted the utility ordinance -- at the time we were  
2 handing the agenda out we extended some courtesy to  
3 the City because the ordinances were scheduled for  
4 adoption on -- or -- was it the first or the second?  
5 On the second.

6 MR. JOHNSON: Introduction, correct.

7 MR. CUNNINGHAM: Okay. Did -- did  
8 that wind up occurring?

9 MR. JOHNSON: Yes.

10 MR. CUNNINGHAM: Okay. Thank you.

11 MR. JOHNSON: And we set those  
12 ordinances down to the LFB.

13 MR. CUNNINGHAM: Okay. Thank you.

14 I would have had -- probably had a  
15 note if staff didn't get them but I just wanted  
16 to --

17 MR. JOHNSON: That's fine.

18 MR. CUNNINGHAM: -- to put on the  
19 record and confirm.

20 And I also just want to make the point  
21 because this is going to relate when we talk about  
22 the -- the capital piece of it eventually in a  
23 meeting, but the -- the debt on these  
24 self-liquidating utilities is deductible from first  
25 debt and therefore no down payment required.

1 MR. JOHNSON: Correct.

2 MR. CUNNINGHAM: It's not going to  
3 affect the City's 10 percentage and I just want to  
4 get that point on -- onto the record.

5 City is not planning or implementing  
6 any fee increases. You don't believe any -- any fee  
7 increases will be required in order to maintain the  
8 self-liquidating capability of the utilities?  
9 That's correct?

10 MS. SCHOENHAAR: That's correct.

11 MR. CUNNINGHAM: I would ask then if  
12 any of my colleagues on the Board have any  
13 additional questions?

14 MR. LIGHT: Just so that I understand,  
15 though, we're only going to act on the first two and  
16 defer the capital improvements?

17 MR. CUNNINGHAM: The capital piece is  
18 being deferred, yes, at my request.

19 MR. JOHNSON: Just one thing I want to  
20 add as well; that about 2 million dollars of the  
21 water utility ordinance will be part of the NJEIT  
22 project. Just to let you know.

23 MR. CUNNINGHAM: Yes.

24 I'll say the same thing to you that I  
25 said to Newark as a transitional aid town. Under an

1 MOU we do have a monitor assigned but I'm very  
2 concerned about the City of Trenton's compliance  
3 with the local Government ethics law and failure of  
4 many, many people to file financial disclosure  
5 statements and I will be having that conversation  
6 with the Mayor as well so I would ask you to please  
7 take that back to other folks in -- in the City as  
8 well.

9                   You can make that -- that note.

10                   Okay. So, once again, we have a --  
11 you know, just building on that last point, we do  
12 have a fiscal monitor. The fiscal monitor has  
13 reviewed, issued us a recommendation in terms of the  
14 water and sewer pieces.

15                   We can -- we can proceed. So I would  
16 ask my colleagues on the Board for a motion and a  
17 second.

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

19                   MR. CUNNINGHAM: Mr. Light moves.

20                   MR. BLEE: Second.

21                   MR. CUNNINGHAM: Mr. Blee seconds.

22                   Rollcall, please, Pat.

23                   MS. MC NAMARA: Mr. Cunningham?

24                   MR. CUNNINGHAM: Yes.

25                   MS. MC NAMARA: Mr. Avery?

1 MR. AVERY: Yes.

2 MS. MC NAMARA: Mr. Blee?

3 MR. BLEE: Yes.

4 MS. MC NAMARA: Mr. Light?

5 MR. LIGHT: Yes.

6 MR. CUNNINGHAM: Thank you very much.

7 MR. JOHNSON: Thank you.

8 MS. SCHOENHAAR: Thank you.

9 MR. CUNNINGHAM: The City of Bayonne  
10 deferred their application so they won't be heard  
11 today.

12 So we will move to the Hudson County  
13 Improvement Authority and their pooled note program.

14 Good morning, gentlemen.

15 A VOICE: Good morning.

16 MR. CUNNINGHAM: Good to see you  
17 again.

18 Would you please go on the record and  
19 those that aren't counsel be sworn in.

20 MR. MC MANIMON: Kurt Cherry who's the  
21 Executive Director of the Authority and Chief  
22 Financial Officer.

23 Dan Marinello from NW Financial  
24 Service -- financial -- financial advisor to the  
25 Authority.

1 (Witnesses sworn.)

2 MR. MC MANIMON: Thank you.

3 For the record Ed McManimon from  
4 McManimon, Scotland and Baumann. Our firm is the  
5 bond counsel to the Hudson County Improvement  
6 Authority.

7 This is the hearing on the deferred  
8 application from last month on a 90 million dollar  
9 renewal of the pooled loan program.

10 This is Series 2016B.

11 There are three participants in this  
12 program; Weehawken for \$16,744,000, Union City for 7  
13 million dollars and the City of Bayonne for  
14 \$53,298,471.

15 Since the last meeting, we met with  
16 the staff with regard to this program. Questions  
17 arose as to how long these participants would remain  
18 in this program and whether thoughts have been given  
19 to permanently financing some or all of this debt.

20 We did provide a written statement  
21 from each of the participants through Dan  
22 Marinello's firm.

23 The City of Bayonne and Union City and  
24 Weehawken have all indicated that they intend to  
25 stay in this program but will be permanently

1 financing some of this within the next two years and  
2 for new debt they will do the same thing and so  
3 certainly permanent financing is part of the overall  
4 use of this program.

5                   They also as they continue in the  
6 program make the required pay-downs under the local  
7 bond law so assuming that that information which we  
8 did submit to the Board staff is satisfactory we'd  
9 ask for the Board to provide the positive findings  
10 for renewal of the notes as part of this program and  
11 answer any questions.

12                   MR. CUNNINGHAM: Thank you.

13                   As I've communicated to you and  
14 colleagues, Dan, yours, I don't know. There's still  
15 something about this program that just -- just --  
16 I'm not comfortable with but I have no ability to  
17 articulate them such that the application should not  
18 be heard and -- and, frankly, passed but I do just  
19 want to expand upon Mr. McManimon's comments.

20                   The difficulty I was having is -- is  
21 why this was the only pool -- pooled bond program --  
22 pooled note program when the rest of the State seems  
23 to go to a -- a -- a pooled note program.

24                   I did hear the answers that were given  
25 and they're partially persuasive to me, but one of



1 the biggest discomforts I had was not understanding  
2 how these pooled notes were being incorporated as  
3 part of the municipality's overall financial plan.

4                   It was difficult to ascertain whether  
5 this information was -- or whether -- whether the  
6 participation of this program, you know, was the  
7 only debt outstanding of the municipality or whether  
8 they were planning on issuing more, and we did ask  
9 for and received -- and I -- and I -- I appreciate  
10 that and I compliment NW for getting it, but as Mr.  
11 McManimon said we received -- from the City of  
12 Bayonne, the City of Union City and the Township of  
13 Weehawken we received, you know, a document that  
14 explained their overall debt picture and -- and  
15 their overall debt plans and, you know, at this  
16 point that's really, you know, all I -- all I could  
17 ask for. So -- but I wanted to know whether any of  
18 the Board members had questions about this  
19 particular program or any of the municipal  
20 components of what was being financed before we  
21 proceed.

22                   MR. LIGHT: It would be a million  
23 dollars pretty soon it's real money, right?

24                   MR. CUNNINGHAM: Pretty soon.

25                   MR. LIGHT: There's also some

1 documents that aren't -- not unless they've been  
2 submitted since.

3 MR. CUNNINGHAM: So we have a couple  
4 of things. I think Mr. Light's referring to the  
5 Executive -- I'm sorry?

6 MS. MC NAMARA: It all came.

7 MR. CUNNINGHAM: It all came. Okay.

8 MR. MC MANIMON: If I could just  
9 briefly for the record, the reason that the County  
10 is in a note program instead of a bond program is  
11 that they've committed 300 million dollars of their  
12 guarantee and their very high credit rating to these  
13 municipalities in the County who have very poor  
14 credits and often difficulty accessing the market at  
15 legitimate rates.

16 The County doesn't want to be on the  
17 hook for a long term so these municipalities are  
18 generally in the Qualified Bond Act Program so when  
19 they go to issue bonds they don't have a problem in  
20 accessing the market because they have the back-up  
21 of the State's qualified Bond Act Revenue programs  
22 which enable them to sell bonds without having the  
23 County on the hook long term for these, plus the  
24 note program has enabled towns like Hoboken and  
25 others who needed it for awhile until they got back

1 on their feet. So they're not in the note program  
2 any more because their credit is better. So this is  
3 a program that's saved an enormous amount of money  
4 for these poor credit towns that otherwise would  
5 probably be able to borrow but at a much higher  
6 interest rate so that's the reason this is a note  
7 program pooled for municipalities only for the  
8 municipalities in the County who need the credit.  
9 It's not a bond program long term for everybody in  
10 the County because that's not the need they were  
11 trying to fill. So I just for the record --

12 MR. CUNNINGHAM: No. I appreciate --

13 MR. MC MANIMON: -- I think that's the  
14 issue so...

15 MR. CUNNINGHAM: I -- I appreciate you  
16 getting your response on the record. I really do.

17 And maybe not to belabor the point too  
18 much but could you explain why in -- in a market  
19 where interest rates are particularly attractive  
20 right now it's not advantageous or whatever word you  
21 want to use to -- to bring these to a -- a more  
22 permanent financing solution rather than the notes.

23 MR. MC MANIMON: Well, again, that's  
24 up to the towns.

25 The Improvement Authority who we

1 represent is in this to provide access to the market  
2 for short-term debt.

3 MR. CUNNINGHAM: But to be fair --

4 MR. MC MANIMON: And --

5 MR. CUNNINGHAM: -- financial --

6 MR. MC MANIMON: Yeah. The  
7 advisors --

8 MR. CUNNINGHAM: -- advisors to those  
9 towns is the same financial advisor to the  
10 Improvement Authority so I think they're relying on  
11 your expertise, Dan, so maybe, you know, just --

12 MR. MARINELLO: There's -- there's no  
13 question that they do and -- and I think they go  
14 through a real issue with when you have such tight  
15 budgets and that being a pretty significant line  
16 item for them to go to permanent financing bonds  
17 even at the low interest rates it increases their --  
18 their annual payments significantly, you know, as  
19 opposed to just paying the 1 percent interest with  
20 the statutory pay-down. If you had to actually  
21 amortize it over that period of time that you can,  
22 it could be three or four times what they're paying  
23 annually now so it is a thing that they go through  
24 and I have to figure out that balance but right now,  
25 you know, so far it's been --

1                   MR. CUNNINGHAM: The other option is  
2 to not finance what you can't afford but, you know,  
3 call me crazy.

4                   MR. MC MANIMON: Okay.

5                   MR. CUNNINGHAM: I think I've made the  
6 point. I think I've belabored the point over and  
7 over. We have met personally.

8                   I just want -- I just, you know, want  
9 people to understand that, you know, the Division  
10 Staff works very hard when we meet with  
11 municipalities and applications come in so by the  
12 time they come here we -- we generally have a sense  
13 of -- of what they are. We fully understand them.

14                   I -- I think the -- I mean unless any  
15 of the -- any of the Board members have questions?

16                   MR. BLEE: No.

17                   MR. CUNNINGHAM: So I'll move the  
18 application and I would ask for a second from my  
19 colleagues.

20                   MR. BLEE: Second.

21                   MR. CUNNINGHAM: We have a second from  
22 Mr. Blee.

23                   And, Pat, I'd ask for a rollcall.

24                   MS. MC NAMARA: Mr. Cunningham?

25                   MR. CUNNINGHAM: Yes.

1 MS. MC NAMARA: Mr. Avery?

2 MR. AVERY: Yes.

3 MS. MC NAMARA: Mr. Blee?

4 MR. BLEE: Yes.

5 MS. MC NAMARA: Mr. Light?

6 MR. LIGHT: Can I call you crazy

7 before I go?

8 MR. CUNNINGHAM: Yes. You won't be

9 the first.

10 MR. LIGHT: Yes.

11 MR. CUNNINGHAM: Okay. Thanks.

12 MR. MCMANIMON: Thank you very much.

13 MR. CUNNINGHAM: Next on the agenda is

14 a program I understand a little bit better which is

15 the Monmouth County Improvement Authority's Loan

16 Revenue Refunding Bonds.

17 Hello, Mr. Draikiwicz, Mr. Bacher.

18 How are you?

19 MR. DRAIKIWICZ: Good morning.

20 MR. BACHER: Good morning.

21 MR. CUNNINGHAM: Please introduce  
22 yourself and, Doug, you'll have to get sworn in.

23 MR. DRAIKIWICZ: Yeah. John  
24 Draikiwicz from Gibbons, PC, bond counsel to the  
25 Authority.

1                   MR. BACHER: Doug Bacher, B-a-c-h-e-r,  
2                   financial advisor to the Monmouth County Improvement  
3                   Authority from NW Financial.

4                   (Witness sworn.)

5                   MR. DRAIKIWICZ: Thank you.

6                   If I may, the Monmouth County  
7                   Improvement Authority proposes to issue its  
8                   refunding bonds in an amount not to exceed a hundred  
9                   million dollars, the proceeds of which will be  
10                  utilized to refund the Authority's outstanding 2009,  
11                  2010 and 2011 pool loan bonds as well as to refund  
12                  bonds of Asbury Park, Ocean Board of Education and  
13                  Shore Regional Board of Education.

14                  The structure of the transaction will  
15                  be similar to the MCIA transactions that we have  
16                  presented previously which is a two-tier structure.

17                  The Authority will issue a bond in an  
18                  amount not to exceed 50 million which will be sold  
19                  to the public, the proceeds of which will be  
20                  utilized to acquire not to exceed 50 million dollars  
21                  of the Authority's bonds which will be used to  
22                  acquire each participant's local unit bond.

23                  The bonds will be secured by a general  
24                  obligation of each participant as well as guarantees  
25                  from the County of Monmouth which is rated as -- is

1 a AAA-rated county in an amount not to exceed 50  
2 million dollars.

3 The transaction will be structured to  
4 provide 3 percent present value savings but do want  
5 to note that we'd be -- requested that if a  
6 particular participant falls to 2-1/2 percent and  
7 provided that the overall savings is still 3 percent  
8 that we can still move forward with the program as  
9 set forth in the application.

10 MR. BACHER: We're well above the 3  
11 percent, by the way, so I -- we don't anticipate any  
12 problems.

13 MR. DRAIKIWICZ: You're interrupting.

14 MR. BACHER: Sorry, John.

15 MR. DRAIKIWICZ: Okay.

16 In addition to asking for positive  
17 findings for the Monmouth County Improvement  
18 Authority and the County guarantee we are also  
19 seeking positive findings for Monmouth County Bay  
20 Shore Outflow Authority and South Monmouth Regional  
21 Sewerage Authority for their respective project  
22 financings as participants in the Authority's pool  
23 loan financing program.

24 If you have any questions we'd be  
25 happy to answer them at this time.



1                   MR. CUNNINGHAM: Well, the main reason  
2 I asked, you know, for your appearance today was I  
3 think you -- you answered as part of your  
4 presentation today.

5                   I saw in the application the request  
6 to allow the -- the deal to continue forward even if  
7 individual municipalities dip below the 3 percent  
8 savings requirement.

9                   What I missed in the application was  
10 that you were going to have a -- a floor and that  
11 floor was 2-1/2 according to the testimony I heard  
12 today, and that's one thing that I was going to  
13 require approval to this but it's already there and  
14 as Mr. Bacher interrupted Mr. Draikiwicz, you're  
15 doing -- you're confident that it's not going to be  
16 an issue anyway.

17                  MR. BACHER: Yeah. Right now I think  
18 we're -- we're good. I -- we don't anticipate any  
19 problem.

20                  MR. CUNNINGHAM: Okay. Well, I do  
21 really appreciate the thoroughness of the -- the  
22 presentation that the Board heard today.

23                  Like I said you already captured the  
24 one primary issue that I had.

25                  You know, this deal's been in front of

1 the Board numerous times and it's a deal that works  
2 very well for the Monmouth County municipalities.

3 So unless any of the Board members  
4 have any questions or concerns.

5 Mr. Avery?

6 MR. AVERY: I have one question.

7 Does the South Monmouth Regional  
8 Sewerage Authority -- do you know if they have their  
9 own treatment facility?

10 MR. BACHER: They do. I'm pretty sure  
11 they do.

12 MR. CUNNINGHAM: Mr. Avery, do you  
13 want us to get an answer on that?

14 MR. BACHER: It's the outfall  
15 authority that doesn't have a treatment facility.  
16 It's just an outfall pipe.

17 MR. AVERY: I understand that.

18 I just wanted to be sure that they  
19 weren't sending any waste water to the county --  
20 Ocean County Utility's Authority --

21 MR. BACHER: Oh.

22 MR. AVERY: -- of which I'm a member.

23 That's all.

24 MR. CUNNINGHAM: Any other questions?

25 Then I would ask for a motion and

1 second to approve this application.

2 MR. BLEE: Motion.

3 MR. CUNNINGHAM: Mr. Blee motions.

4 MR. LIGHT: I'll second.

5 MR. CUNNINGHAM: Mr. Light seconds.

6 Can we have rollcall, please, Pat?

7 MS. MC NAMARA: Mr. Cunningham?

8 MR. CUNNINGHAM: Yes.

9 MS. MC NAMARA: Mr. Avery?

10 MR. AVERY: Yes.

11 MS. MC NAMARA: Mr. Blee?

12 MR. BLEE: Yes.

13 Ms. MC NAMARA: Mr. Light?

14 MR. LIGHT: Yes.

15 MR. CUNNINGHAM: Okay. Thank you very

16 much.

17 The Board will next turn to the City  
18 of Trenton's Parking Authority.

19 MR. LANGHART: For the record, Chris  
20 Langhart, McManimon, Scotland, Baumann.

21 To my right is Len Bier, general  
22 counsel to the Trenton Parking Authority and  
23 consultant to the Parking Authority.

24 To my further right is Ed McManimon  
25 who you may have met every now and then from

1 McManimon, Scotland and Baumann.

2 We're here on behalf of the Trenton  
3 Parking Authority requesting positive findings for  
4 the refunding of two series of bonds; one on taxable  
5 basis, one on a tax-exempt basis and for positive  
6 findings for the issuance of a third series of bonds  
7 to issue not to exceed \$500,000 of new money bonds  
8 for our capital improvements for the Parking  
9 Authority.

10 I think it's a pretty straightforward  
11 application. We're not going to proceed with the  
12 refundings. Also, we have 3 percent savings on both  
13 issues.

14 Right now we have 7 percent on one  
15 issue and over 3 percent on the second issue.

16 The new money bonds will be various  
17 capital improvements as far as some of the parking  
18 garages in the City of Trenton.

19 If you have any questions we're happy  
20 to answer them.

21 (Witness sworn.)

22 MR. LANGHART: Director, I should add  
23 one more thing.

24 The -- the bonds will be guaranteed by  
25 the City of Trenton pursuant to an existing

1 guarantee that the City has in place.

2 MR. CUNNINGHAM: That's one of the  
3 things I wanted to get on the record.

4 MR. LANGHART: Yes.

5 MR. CUNNINGHAM: So \$445,000 certainly  
6 is not a large amount of capital repair items.

7 MR. BIER: That's correct.

8 MR. CUNNINGHAM: So I -- I -- you  
9 know, maybe it's for one discrete thing but would  
10 you mind just advising the Board as to what the --

11 MR. BIER: What the purpose is?

12 MR. CUNNINGHAM: -- what the Parking  
13 Authority plans to use the funds for?

14 MR. BIER: Yes.

15 The -- as members may know, we have  
16 four parking garages here in the City of Trenton  
17 most of which actually serves the State of New  
18 Jersey.

19 MR. CUNNINGHAM: Which -- which  
20 garages are operated by TPA?

21 MR. BIER: The Lafayette Yard Garage,  
22 the Broad and Front Garage right here behind us, the  
23 Liberty Commons behind us, and the Warren Street  
24 garage just up the block, two blocks up.

25 MR. CUNNINGHAM: Thank you.

1                   MR. BIER: The Broad and Front Street  
2 garage is presently closed. We have three that are  
3 open and operating.

4                   The access revenue control systems --  
5 in English, that's the system that makes the gates  
6 go up and down that you pay -- the company that  
7 produced them which was a division of Federal Allied  
8 Signals, that company was sold. It was sold to 3M  
9 and 3M when they bought the company -- they didn't  
10 actually bought that company. They bought the toll  
11 road expertise and within six months they decided to  
12 kill that entire division.

13                   All of our parking access revenue  
14 control is now Legacy equipment. That is Federal  
15 APD equipment. That would then -- the next anywhere  
16 from two to three years will become completely  
17 functionally obsolete so we don't want to wait for  
18 that period of obsolescence. We want to phase in  
19 replacing that equipment with new -- new equipment  
20 that will be supported both from a hardware and a  
21 software standpoint.

22                   Hard -- the hardware for the system is  
23 no longer manufactured or produced so we can only go  
24 to existing inventories.

25                   There is a company that has picked up

1 the Legacy -- has picked up the license relative to  
2 software but they're not going to continue to  
3 develop it. They're just going to support it until  
4 it dies. So it's like having Windows 98.

5 MR. MC MANIMON: And the benefit is  
6 that this small amount can piggyback into this  
7 refunding without having it be a significant cost to  
8 borrow it.

9 MR. CUNNINGHAM: Very -- very --

10 MR. MC MANIMON: It's already going to  
11 the market.

12 MR. BIER: Right. But the point  
13 that -- that it makes is well-taken.

14 The savings will, in fact, offset the  
15 cost of debt and will still have a savings and then  
16 in 2 -- in 2023 our larger indebtedness drops out  
17 and then we go to -- we go cash positive a million  
18 five because we pay off one of our bonds.

19 MR. CUNNINGHAM: When is the work  
20 supposed to commence?

21 MR. BIER: Well, if you give us the  
22 money it will commence rather rapidly.

23 MR. CUNNINGHAM: I just want to  
24 compliment one of your employees.

25 You have a gentleman working at the

1 Front Street garage in the evenings who might be the  
2 nicest guy I've ever met in my life and I've met Ed  
3 McManimon, but hell of a nice guy. I give him a  
4 slap on the back. Keep him. And keep him at that  
5 garage because I like talking to him on the way out.

6 Do the Board members have any  
7 questions on this application?

8 Okay. I agree. It's a  
9 straightforward application.

10 We appreciate your thoroughness, we  
11 appreciate your appearance in front of the Board  
12 today.

13 I'll make the motion to approve  
14 positive findings of this transaction and I would  
15 ask for a second from one of my colleagues.

16 MR. BLEE: Second.

17 MR. CUNNINGHAM: Mr. Blee seconds.

18 Rollcall, 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: Mr. Blee?

24 MR. BLEE: Yes.

25 MS. MC NAMARA: Mr. Light?



1 MR. LIGHT: Yes.

2 MR. CUNNINGHAM: Thank you very much,  
3 gentlemen.

4 MR. LANGHART: Thank you.

5 MR. BIER: Thank you.

6 MR. CUNNINGHAM: So now how long is it  
7 going to take for the equipment to go in? I  
8 answered your question. You answer mine.

9 MR. BIER: Well, we -- again, as you  
10 know, fortunately or unfortunately, we're -- we're  
11 subject to public -- to bidding so there are --  
12 there are two or three systems that we would like  
13 and would do the job for us so we have to put it  
14 out, put the specs out, but we -- we can begin  
15 conversion within six months of receiving the funds.

16 MR. CUNNINGHAM: Mr. Bier, nice  
17 meeting you.

18 Thank you, Chris and Ed, and --

19 MR. BIER: I just want to note for the  
20 record -- I don't know if Mr. Light remembers. I  
21 was his intern out of Rutgers University when he was  
22 the Mayor of Piscataway. I'm sure it affected his  
23 vote today since it -- since it was only about 40  
24 years ago so it may have -- may have slipped his  
25 mind.

1 MR. CUNNINGHAM: Might have a conflict  
2 here now.

3 MR. BIER: Yeah. I think so.

4 MR. LIGHT: You're asking me to  
5 remember. I don't remember what I did yesterday.

6 MR. BIER: I can appreciate the fact,  
7 sir.

8 Thank you.

9 MR. LIGHT: Nice to see you.

10 MR. CUNNINGHAM: Landis Sewage  
11 Authority.

12 MR. MC MANIMON: Yes.

13 MR. CUNNINGHAM: For those gentlemen  
14 who are doing -- Ed and Chris, would you please  
15 identify yourself and those that aren't counsel be  
16 sworn in.

17 MR. PALMER: Dennis Palmer, Executive  
18 Director and Chief Engineer of the Authority.

19 MR. HANRAHAN: I'm Dave Hanrahan. I'm  
20 president of Capital Bank of New Jersey.

21 MR. REHM: And I'm Joe Rehm, Chief  
22 Lending Officer of Capital Bank.

23 MR. MC MANIMON: I'll take the first  
24 shot at this.

25 The -- the Landis --

1                   MR. CUNNINGHAM: Those that haven't  
2 been -- counsel, I have to...

3                   MR. MC MANIMON: Sorry.

4                   MR. CUNNINGHAM: Witnesses be sworn  
5 in.

6                   (Witnesses sworn.)

7                   MR. MC MANIMON: Just laying notice,  
8 we spent a lot of time on this transaction but --  
9 internally in the office we've spent a lot of time  
10 getting to this point so I just want to explain that  
11 this is a 25 million dollar capital improvement  
12 program for a number of items that are laid out in  
13 the application. I don't need to repeat.

14                   This Authority has existed for a long  
15 time and has never had a service contract with the  
16 City nor needed to have it.

17                   They are one of the lowest rating --  
18 rates charged in the area but in trying to go to the  
19 market we went to an investment banking firm and  
20 they have outstanding bonds that don't insure their  
21 auction rate bonds that were an advance for funding  
22 in 1993 and they're not callable and they're out  
23 until 2019.

24                   They also have some rigid provisions  
25 in their general bond resolution affecting that

1 transaction because of the way that was structured.  
2 There's a build-up of additional reserves in the  
3 general fund which make it difficult to have the  
4 general fund be of any use to the Authority, and in  
5 that context of trying to do a financing in the  
6 market was difficult because while the other bonds  
7 remain outstanding, new bonds would be subordinate  
8 until that time and you can only pay for  
9 subordinated bonds by flowing money through the  
10 general fund.

11 So we considered refunding the  
12 outstanding bonds and we'd have to do it on a  
13 taxable basis because they've already been advanced  
14 for funding and they're not callable and that would  
15 come at a cost to the Authority so in our  
16 discussions with the investment banking firm it just  
17 became complicated unless you could get a service  
18 contract which was not something that was either  
19 being considered by the Authority or the City, and  
20 we also considered the NJEIT but it's not eligible  
21 for the NJEIT because we don't have --

22 MR. CUNNINGHAM: No service contract.

23 MR. MC MANIMON: -- a service contract  
24 and we don't have the appropriate credit rating and  
25 we can't get a credit rating that would be possibly

1 applicable for eligibility through the trust unless  
2 we refunded the prior bonds at a cost.

3                   So David Kotock (phonetic) who's the  
4 Authority's financial advisor approached the  
5 conservative local banks which these gentleman  
6 represent which we weren't sure they would want to  
7 buy but they -- we have a tremendous proposal from  
8 them because it's under 4 percent. It's for 30  
9 years. We don't have to fund the reserve fund until  
10 the prior bonds are paid off and we can use the  
11 reserve fund from the prior bonds at that time.

12                   So there's a significant benefit to  
13 this Authority to proceed with this financing in  
14 this fashion but we asked the bankers to come in  
15 case you had any questions and asked Dennis to be  
16 prepared as to why the Authority wants to go forward  
17 with this and it's strongly recommended by their  
18 financial advisors and we are ready to proceed and  
19 so we'd answer any questions you have.

20                   MR. CUNNINGHAM: Well, maybe if you  
21 would be kind enough to explain why the waste water  
22 treatment plant and waste water collections system  
23 is in need of upgrade.

24                   MR. PALMER: Okay.

25                   The last time we did a significant

1 upgrade was 1993; the bonds we talked about.

2 Through the years we've done a  
3 pay-as-you-go program. We've probably done about 10  
4 million dollars worth of upgrades, expansions, new  
5 facilities.

6 We had a third evaluation of our  
7 facilities tied to both the City's master plan that  
8 goes at 2040. We have one of the few -- and I think  
9 the only one in the county -- NJ DEP-approved waste  
10 water management plans that go out to 2040.

11 We want to make upgrades to our  
12 facilities. We're calling the project 2040; what do  
13 we have to do to our facilities that they'll still  
14 be running in 2040?

15 We have some pumping stations that  
16 were designed and constructed in '49 and 1950. They  
17 don't meet any codes today. Once you go in and make  
18 one change to the pumps, motors or anything else,  
19 you have to bring them up-to-date.

20 That's one of the significant items.

21 Aeration. Most expensive part is  
22 dealing with electricity. We're going to make  
23 upgrades that are going to save at least 20 percent  
24 of electric cost on our plant, make it more  
25 efficient.

1 MR. CUNNINGHAM: Great.

2 And how old is the Landis Sewage  
3 Authority?

4 MR. PALMER: 1946.

5 MR. CUNNINGHAM: So the City of  
6 Vineland was chartered after...

7 MR. PALMER: Right. We're older than  
8 the City than our --

9 MR. CUNNINGHAM: Hence --

10 MR. PALMER: -- appointed body.

11 MR. MC MANIMON: That's why they  
12 have --

13 MR. PALMER: Quite unique.

14 MR. MC MANIMON: -- no service  
15 contract.

16 MR. CUNNINGHAM: That was the point.  
17 So no service contract because of  
18 the...

19 It's pretty interesting.

20 A SPEAKER: It is unique.

21 MR. MC MANIMON: And -- and the --  
22 this debt because it kicks in after the debt comes  
23 off the books in 2019 requires a very modest  
24 increase, maybe \$10 --

25 MR. PALMER: \$10.

1                   MR. MC MANIMON:  -- and -- and their  
2     rate now is \$370 a year and Buena is 545,  
3     Millville's 520 and Bridgeton's 476 so there's no  
4     real need to push to get a service contract at the  
5     City when their rates are this fashion so...

6                   MR. CUNNINGHAM:  You don't want to fix  
7     what's not broken.  Stick -- stick with --

8                   MR. MC MANIMON:  Right.

9                   MR. CUNNINGHAM:  -- fixing the stuff  
10    that is broken or -- or will break if it's not  
11    attended to.

12                  MR. LANGHART:  I think one of the  
13    other benefits is we adopt a new general bond  
14    resolution.  We get rid of some of those burdensome  
15    covenants in the other one.  Dennis is then able to  
16    flow money out of his general fund which he has a  
17    problem with now.

18                  MR. CUNNINGHAM:  So maybe with having  
19    the President of the bank and the Chief Lending  
20    Officer would you like to comment about your level  
21    of comfort with this deal and how it fits into your  
22    portfolio?

23                  MR. HANRAHAN:  Sure.  We have a high  
24    level of comfort.  I have known Mr. Palmer through  
25    the Vineland Rotary for about ten years.  We hold



1 the Landis Sewerage Authority in high regard.

2 The fact that they haven't borrowed  
3 money from -- for 23 years.

4 Even though guys like Joe and me make  
5 our living lending money the best credits are the  
6 ones that are the most debt-abhorrent and want to  
7 stay away from it. So we feel very comfortable with  
8 the credit.

9 It's unusual for a commercial bank to  
10 do a 30-year fixed rate of interest; however, our  
11 bank and the other institutions that we've brought  
12 into our consortium has gotten comfortable with the  
13 rate. We're pleased that we're able to offer  
14 pricing and a structure that is very attractive to  
15 the Authority and we think it will provide a  
16 satisfactory return to us.

17 It also fulfills part of our  
18 regulatory requirement to lend money back into the  
19 very community from which we gather deposits  
20 including in low and moderate income areas.

21 You may or may not know that some  
22 sections of the City of Vineland have moderate  
23 income tracts, and as I understand from Mr. Palmer  
24 some of those sanitary sewer lines might be terra  
25 cotta pipe laid in the early 1900s.

1                   So not only do we find it to be a  
2                   financially satisfactory credit for us, we -- we're  
3                   going to feel good knowing that we're improving the  
4                   infrastructure throughout the City including some of  
5                   those old monitors.

6                   MR. CUNNINGHAM: And these are still  
7                   CRA requirements that -- that are out there on the  
8                   --

9                   MR. HANRAHAN: That is correct.

10                  MR. REHM: The only thing I would add  
11                  to that is while it's not a rated issue from a bond  
12                  -- from a rating agency, it's still a very good  
13                  credit from our perspective and we're happy to  
14                  purchase it and hold it on our books for that  
15                  duration.

16                  MR. CUNNINGHAM: Okay.

17                  Well, we have a lot of matters that  
18                  come before the Board that are controversial and the  
19                  parties we see quite often and, you know, I think  
20                  often there is over-extension, and part of our job  
21                  is to, you know, develop -- or approve applications  
22                  that kind of reverse that trend but in this  
23                  application there's no issue that the -- the system  
24                  isn't providing very, very valuable services to the  
25                  municipality at a low cost.

1                   Any of the Board members have  
2                   questions?

3                   MR. LIGHT:    Just a question.

4                   Your -- the Sewerage Authority has a  
5                   collection system and a water treatment plant?

6                   MR. PALMER:   Waste water treatment  
7                   plant.

8                   MR. LIGHT:    What size is the daily  
9                   flow of the -- the --

10                  MR. PALMER:   The plant has a permit  
11                  for 10.2 million.  That actually takes us out to  
12                  about 2040.  Our actual flow is closer to 6 million.

13                  MR. LIGHT:    Okay.  And where does the  
14                  discharge go?  Right out to the --

15                  MR. PALMER:   Actually, it's the most  
16                  interesting plant in New Jersey.  It all goes back  
17                  to the ground.

18                  MR. LIGHT:    Okay.

19                  MR. PALMER:   So recharge the aquifer  
20                  through very high levels of treatment.

21                  MR. LIGHT:    How do you get the water  
22                  back into the ground?  You have various wells that  
23                  you --

24                  MR. PALMER:   No.  We have two things  
25                  on that.  Thank you for the question.

1                   One is very large spray guns. They  
2 almost look like the size of a fire boat cannon and  
3 they run like a very large sprinkler and there are  
4 very large sand beds; 31 large sand beds. Water --  
5 water goes in, across the sand bed, gets filtered  
6 further and into the ground.

7                   MR. LIGHT: And this is all part of  
8 the property around your plant?

9                   MR. PALMER: We have 1800 acres. We  
10 have a fairly large piece of property. We have also  
11 our own farm, too. That's where the solids go.

12                  MR. HANRAHAN: I toured the facility  
13 with Dennis and he referred to it as the Disneyland  
14 of sewage authorities.

15                  MR. LIGHT: You just didn't want to  
16 run through the spray, right?

17                  MR. HANRAHAN: That's true, although  
18 he told me someone once drank the water. I don't  
19 know --

20                  A SPEAKER: Chairman, it went to about  
21 94 --

22                  MR. LIGHT: You advertise that it's  
23 clean enough to drink but I don't know anybody who  
24 wants to take the test.

25                  MR. CUNNINGHAM: No other questions?

1 All right, then. I'll ask for a  
2 motion and a second.

3 MR. BLEE: Motion.

4 MR. AVERY: Second.

5 MR. CUNNINGHAM: Rollcall.

6 MS. MC NAMARA: Mr. Cunningham?

7 MR. CUNNINGHAM: Yes.

8 MS. MC NAMARA: Mr. Avery?

9 MR. AVERY: Yes.

10 MS. MC NAMARA: Mr. Blee?

11 MR. BLEE: Yes.

12 Ms. MC NAMARA: Mr. Light?

13 MR. LIGHT: Yes.

14 MR. CUNNINGHAM: Okay.

15 MR. MC MANIMON: Thank you.

16 MR. CUNNINGHAM: Thank you. Very good  
17 application.

18 New Brunswick City Parking Authority.

19 MR. CUNNINGHAM: Good morning,  
20 gentlemen.

21 MR. PANNELLA: Good morning.

22 MR. CUNNINGHAM: New Brunswick City  
23 Parking Authority coming before the Board today with  
24 respect to some retail space.

25 MR. PANNELLA: Yes.

1 MR. CUNNINGHAM: Mr. Cantolupo, would  
2 you --

3 MR. PANNELLA: Mr. Cantolupo?

4 MR. CUNNINGHAM: I'm sorry?

5 MR. PANNELLA: That's okay.

6 MR. CUNNINGHAM: You did it to me one  
7 time so I guess I did it back subconsciously to you.  
8 I apologize so much.

9 Would you please introduce yourself  
10 because apparently I need to know and your colleague  
11 and if your colleague isn't counsel to be sworn in.

12 MR. PANNELLA: Tony Pannella, Wilentz,  
13 Goldman and Spitzer.

14 MR. KARON: Mitchell Karon, New  
15 Brunswick Parking Authority.

16 (Witness sworn.)

17 MR. CUNNINGHAM: Please.

18 MR. PANNELLA: Okay. Tony Pannella,  
19 Wilentz, Goldman and Spitzer, bond counsel to New  
20 Brunswick Parking Authority.

21 I have Mitch Karon with me today, the  
22 Executive Director of the Authority.

23 This is an application for permission  
24 to issue a one-year \$810,000 project note so that  
25 the Parking Authority can purchase via long-term

1 lease approximately 13,000 square feet of retail  
2 space located adjacent to one of the Parking  
3 Authority's decks that's currently housed inside a  
4 Rutgers University multi-purpose redevelopment  
5 project that was constructed in 1992.

6           This retail space -- again, six  
7 different units, mostly food-related and one hair  
8 salon -- has been op -- owned and operated by the  
9 Housing Authority of New Brunswick for years not  
10 directly through retention of rental consultants,  
11 and the upshot of it is that over the years it's in  
12 essence been a break-even venture for the Housing  
13 Authority because whatever the profits were from the  
14 space after payment of the debt service, most of  
15 that money has gone to the parking -- has gone to  
16 the rental consultants that have been managing the  
17 space.

18           Unlike the Housing Authority in New  
19 Brunswick, the Parking Authority in New Brunswick  
20 has long-standing significant experience managing  
21 retail and office space through the various  
22 redevelopment projects the Parking Authority has  
23 sponsored for the City over the years.

24           So there's a -- a confluence of things  
25 that are going on here.

1                   The -- the debt that relates to this  
2 retail strip which started out at 3 million 30 years  
3 ago as of July 1 will be down to \$790,000.

4                   It's very, very difficult to do a  
5 refinancing of a \$790,000 principal amount and have  
6 it make any sense, but the New Brunswick Parking  
7 Authority has a spectacular relationship with Amboy  
8 Bank which is the bond trustee on its outstanding  
9 long-term debt.

10                  Amboy has routinely over the years  
11 purchased notes from the Parking Authority on this  
12 financing. Even though this note is taxable, Amboy  
13 has offered a 1 percent one-year note rate.

14                  So the Mayor of New Brunswick and both  
15 Authorities view this as a win because we're going  
16 to take long-term debt that runs to 2024 at 5.75  
17 percent -- remember. It was 1992 -- and we're going  
18 to take that debt out as of August 1, '16 with 1  
19 percent, one-year note, and we're going to have an  
20 experienced manager of retail spaces manage it  
21 without any payments to any consultants any more.

22                  So for this Parking Authority it's  
23 a -- a big win.

24                  As we put in the application, they --  
25 you may recall, they -- they had submitted an



1 application three months ago on their refunding of  
2 their Build America bonds, and that financing was so  
3 crazy successful beyond anything we could have ever  
4 dreamed -- right?

5 MR. KARON: Yes.

6 MR. PANNELLA: Safe in saying that.

7 The debt services reserve fund  
8 requirement on the Parking Authority's long-term  
9 debt drops 3.3 million dollars in January 2021.

10 So what the Authority intends to do is  
11 issue 3-1/2 years of one-year notes -- I think  
12 you're going to do about 50,000 a year in principal  
13 pay-down -- and then in January of 2021 with a  
14 portion of its reserve fund that's freed up it will  
15 pay off the remainder of these notes. Then the  
16 retail space becomes a cash cow because there's no  
17 more doubt.

18 So that's what the application is; a  
19 whole lot going on for a very small amount of money.

20 MR. CUNNINGHAM: So your last comment  
21 was a perfect segue into my questions, and my  
22 questions really deal with the Authority's  
23 involvement and success in keeping the retail space  
24 leased, and as I read the staff report there was a  
25 period where some -- some of the retail space

1 operated by this Authority had -- had gone vacant  
2 for a little while.

3 MR. PANNELLA: Right.

4 MR. CUNNINGHAM: Can you discuss that  
5 a little bit --

6 MR. KARON: Sure.

7 MR. CUNNINGHAM: -- and why?

8 MR. KARON: Well, we had --

9 MR. CUNNINGHAM: I just want -- I --  
10 what I'm really getting at just -- just so you know  
11 the answer -- you know where I'm trying to get as  
12 far as an answer is, why is it going to be better  
13 now? And -- and I heard the comment about having an  
14 experienced manager, but can you address that,  
15 please?

16 MR. KARON: Sure.

17 Well, I -- I think in the past we  
18 also -- if you're familiar with New Brunswick, we  
19 had -- we ran retail at the Ferren Mall, and that --  
20 it was announced back in 2000 that mall was going to  
21 be redeveloped, that area, so once that came out in  
22 the -- in public no one wanted to rent the space  
23 because they figured they would be out in x-amount  
24 of years at that time and it was going to be  
25 redeveloped within five years.

1                   Now, it's still standing. It's closed  
2 at this point but it's going to be demolished  
3 shortly.

4                   So that really hurt our -- our -- the  
5 attractiveness of getting retail into that facility.

6                   Since that time we've -- we've opened  
7 up the Gateway Village. We have 60,000 square feet  
8 of commercial space which is totally rented at this  
9 point.

10                  We have approximately 12 -- 12,000,  
11 13,000 retail space which is totally rented since  
12 day one.

13                  We now also rent out close to 100,000  
14 square feet with a supermarket at the Wellness  
15 Center and also a Wellness Center -- a gym if you  
16 will -- with Robert Wood Johnson.

17                  So everything else that's available to  
18 be rented is fully rented at this point.

19                  MR. CUNNINGHAM: Do you hire a company  
20 to -- to do -- I mean, you don't do that in-house,  
21 right?

22                  MR. KARON: Yeah. We do it in-house.  
23 We have our own maintenance department so...

24                  MR. CUNNINGHAM: You have your own  
25 leasing?

1                   MR. KARON: Yeah. We -- we do  
2 everything ourselves.

3                   MR. CUNNINGHAM: Oh, okay.

4                   MR. KARON: Yeah.

5                   MR. PANNELLA: And the other thing to  
6 know is that with respect to -- to these six rental  
7 spaces -- they're about 13,000 feet -- five of them  
8 are food.

9                   If you spent more than five minutes in  
10 New Brunswick there's a food establishment every  
11 four feet in New Brunswick.

12                   So those six units have been fully  
13 rented since 1992.

14                   The space at the New Brunswick Parking  
15 Authority that went vacant was a big box enterprise.  
16 It was the grocery store that was attached to the  
17 Gellen Street (phonetic) redevelopment project.  
18 Completely different creature.

19                   It's now fully rented up with a --  
20 with a new grocery provider but those -- these six  
21 spaces that we're talking about, that is a  
22 completely different market than someone coming into  
23 New Brunswick -- New Brunswick hadn't had a  
24 supermarket since the fight at the OK Corral.

25                   There -- there -- no one would come in

1 and run a supermarket in New Brunswick so that  
2 particular space did go vacant for a period of time.

3 It's now fully rented up but that's an  
4 orange and these retail spaces we're talking about,  
5 they're apples. Very, very different.

6 MR. CUNNINGHAM: Thank you for the  
7 explanation and answer.

8 Any questions by the members?

9 What I can't argue with is the fact  
10 that it's a good deal from a financial standpoint.

11 You know, I'm sure you'll do well with  
12 the leasing as well but based on the financing for  
13 us no reason not to approve this so I would ask for  
14 a motion and second from the Board members.

15 MR. LIGHT: I make a motion to  
16 approve.

17 MR. CUNNINGHAM: Mr. Light motions.

18 MR. BLEE: Second.

19 MR. CUNNINGHAM: Mr. Blee seconds.

20 Rollcall, please.

21 MS. MC NAMARA: Mr. Cunningham?

22 MR. CUNNINGHAM: Yes.

23 MS. MC NAMARA: Mr. Avery?

24 MR. AVERY: Yes.

25 MS. MC NAMARA: Mr. Blee?

1 MR. BLEE: Yes.

2 MS. MC NAMARA: Mr. Light?

3 MR. LIGHT: Yes.

4 MR. KARON: Okay. Thank you.

5 MR. CUNNINGHAM: Thank you very much.

6 MR. PANNELLA: Okay. Thank you.

7 I'll say hi to John for you.

8 MR. CUNNINGHAM: Okay. Please do.

9 And now we're -- now we're even.

10 Mr. Isis (phonetic), nice to see you.

11 MR. ISIS: My pleasure.

12 MR. CUNNINGHAM: I thought you would  
13 come up here but I figured you didn't -- you didn't  
14 need to be introduced to the -- to the reporter.  
15 You're -- you know.

16 MR. ISIS: I -- but I have to give  
17 this man...

18 MR. LIGHT: Good to see you. How are  
19 you?

20 (Discussion off the record.)

21 MR. ISIS: Excuse me, everybody.

22 MR. LIGHT: At my age, I'll take  
23 whatever hugs I can get.

24 MR. CUNNINGHAM: So we're going to  
25 proceed to a -- a series of housing revenue bond

1 rental assistance demonstration projects. We have  
2 four of them so I would first call up the Hackensack  
3 Housing Authority.

4 Hello, again.

5 MR. MARINELLO: Good afternoon or is  
6 it still good morning?

7 Anthony Feorenzo is the Executive  
8 Director, Hackensack Housing Authority.

9 Bill Schneider is the consultant to  
10 the Hackensack Housing Authority, also a former  
11 Executive Director.

12 MR. CUNNINGHAM: Would you gentlemen  
13 be sworn.

14 MR. MARINELLO: Oh, yes.

15 (Witnesses sworn.)

16 MR. CUNNINGHAM: So, Dan, before --

17 MR. MARINELLO: Yeah.

18 MR. CUNNINGHAM: -- you proceed we  
19 have four very similar transactions before us --

20 MR. MARINELLO: Correct.

21 MR. CUNNINGHAM: -- so I'd like to  
22 spend a little more time with Hackensack -- sorry to  
23 those with the other Authorities.

24 I want to use Hackensack's to --

25 MR. MARINELLO: Sure.

1                   MR. CUNNINGHAM: -- dem -- you know,  
2 explain out the -- the entire RAD process --

3                   MR. MARINELLO: Right.

4                   MR. CUNNINGHAM: -- and then it'll  
5 make the review with the municipalities a little bit  
6 easier for us.

7                   MR. MARINELLO: Okay. Sure.

8                   So the Hackensack Housing Authority is  
9 here seeking findings and approval for a tax-exempt  
10 bond in a not-to-exceed amount of 3-1/2 million  
11 dollars.

12                   We were here once before for a  
13 previous Housing Authority for this program called  
14 the RAD program that HUD has -- HUD has now opened  
15 to Housing Authorities across the country so  
16 previously you wouldn't have seen Housing  
17 Authorities here for financings because they weren't  
18 issuing bonds. Now that opportunity has arisen for  
19 them.

20                   The public housing is funded typically  
21 from HUD through the Section 9 program which is  
22 public housing. It's an operating fund subsidy and  
23 a capital fund subsidy, and over the last decade or  
24 so those funds have significantly decreased.

25                   Congress is just not putting that --



1 the kind of money into that program that they used  
2 to and so they have been looking for ways for  
3 Housing Authorities to be able to get the proper  
4 funding and be able to do all the construction needs  
5 that they have. Because these Housing Authorities  
6 have been around for a long time, there's a lot of  
7 work that needs to get done.

8                   And so HUD created the RAD Program  
9 which is the Rental Assistance Demonstration  
10 Program, and what that program allows Authorities to  
11 do is change the way they get funded through -- from  
12 HUD so it's now more like the Section 8 model which  
13 you might be familiar with which is a rental  
14 subsidy.

15                   They're not changing in the amount of  
16 money that they're getting at the Housing  
17 Authorities but it's changing in the way it gets  
18 funded and from the part of HUD that it gets funded  
19 from, and by doing that and it becomes rents, it  
20 allows these Authorities to now go out and finance  
21 on their own secured by the rental revenue whatever  
22 construction needs they might have.

23                   Before, the only way that they were  
24 able to do so for the construction work and rehab  
25 was there was a capital leveraging bond program in

1 the mid-2000s that some of these Authorities  
2 participated in and HUD allowed you through a bond  
3 issue through the New Jersey HMFA to leverage a  
4 portion of what you were getting in their capital  
5 subsidy every year but obviously that subsidy has  
6 been decreasing over the years so there's not an  
7 opportunity to do a financing like that any more.

8           So this is really the only opportunity  
9 these Authorities have to create the funds that they  
10 need for the work that has to get done, and they  
11 have two real ways that they can do it.

12           They can do it as you see why we're  
13 here for which is a privately-placed tax exempt  
14 financing on their own or they could go through the  
15 HMFA and do a tax credit process, and all that  
16 really depends on how much work they really need to  
17 get done and what condition these units are all in.

18           As part of the program the Housing  
19 Authority went out for bid for an engineer.  
20 Engineers came in, did a third-party review of all  
21 of their units, exterior, interior, and created what  
22 we call rehab needs which are stuff that needs to  
23 get done right away, and then the needs for the  
24 units over the next 20 years. And HUD requires us  
25 to finance both the up-front needs and to deposit an

1 amount into a rehab fund which will be good enough  
2 along with their annual deposits to do all the work  
3 over the next 20 years.

4                   So if -- if this goes the way it  
5 should go these units will be in very good position  
6 for now and for the next 20 years.

7                   In Hackensack's case the engineers  
8 came up with about 3-1/2 -- 3.2 million dollars'  
9 worth of work that needs to get done relatively  
10 quickly. Those are windows, emergency generators.  
11 In the back of your packet there's a list. Although  
12 I know it's a little difficult to read the -- the  
13 spreadsheets are so -- so large. Kitchens, HVAC  
14 systems and so on and so forth.

15                   In Hackensack's case once we get the  
16 engineer's report done we submit a financing plan to  
17 HUD. We've done so. We are waiting for HUD's  
18 approval of that plan.

19                   At the same time we're coming here  
20 because it's part of our requirements to get your  
21 approval here.

22                   Once we get both of those approvals  
23 HUD will give us a closing date, assign us a closing  
24 coordinator and then we hope to issue the bonds by  
25 the end of October.

1                   That's an important time for the  
2   Housing Authorities because they really need to get  
3   through this program before November of this year  
4   because if -- without going too deep into it, but if  
5   they go beyond November then the subsidy for next  
6   calendar year won't be at the level they are hoping  
7   it will be because then HUD pushes you into another  
8   year of their -- of their funding program so it is  
9   important for us to get in now.

10                   The other thing is is there are a lot  
11   of Housing Authorities across the country that are  
12   going through the same thing so the sooner we can  
13   get sort of on HUD's closing radar, the better for  
14   us.

15                   MR. CUNNINGHAM:   Okay.

16                   MR. MARINELLO:   And so again this is a  
17   3 point -- not-to-exceed 3-1/2 million project.  We  
18   have to -- you know, we have significant reserves  
19   ourselves --

20                   MR. CUNNINGHAM:   Dan, just to correct  
21   for the record unless --

22                   MR. MARINELLO:   Yeah.

23                   MR. CUNNINGHAM:   -- I'm wrong.

24                   MR. MARINELLO:   No, no.  Go ahead.

25                   MR. CUNNINGHAM:   I think it's actually

1 not-to-exceed 4-2 but you don't necessarily expect  
2 to issue that much?

3 MR. MARINELLO: Is that what we --

4 MS. OBERDORF: Correct.

5 MR. MARINELLO: -- did? 4-2?

6 MS. OBERDORF: Correct. Yeah. We  
7 did --

8 MR. MARINELLO: Oh, okay.

9 MS. OBERDORF: -- do not --

10 MR. CUNNINGHAM: I mean --

11 MR. MARINELLO: I'm sorry.

12 MR. CUNNINGHAM: -- just make --

13 MR. MARINELLO: Yeah.

14 MR. CUNNINGHAM: -- sure the  
15 record's -- the record's accurate.

16 MR. MARINELLO: Okay. Yeah.

17 And we -- and we have, you know,  
18 fin -- you know, set the financing up so that the  
19 debt service coverage doesn't fall below the HUD  
20 requirements of 1.1.

21 We went out to bid competitively to a  
22 number of banks.

23 In Hackensack's case Mariner's Bank  
24 was selected. A fixed 4.25 percent interest rate  
25 for 18 years.

1                   We know from the revenue that we have  
2                   and the way that HUD requires you to do the pro  
3                   formas that one of the things we've done with these  
4                   Authorities is require or negotiate a no prepayment  
5                   penalty on these bonds because we know we're going  
6                   to have excess cash flow annually.

7                   MR. CUNNINGHAM:   Okay.

8                   MR. MARINELLO:   So although it's an  
9                   18-year term we feel pretty comfortable that we're  
10                  going to get through this much sooner than that.

11                  MR. CUNNINGHAM:   Could -- could I ask  
12                  the Authority to speak in terms of what this means  
13                  to residents in terms of the advantages to them?

14                  I could think of two but...

15                  MR. FEORENZO:   Well, the -- for -- for  
16                  our senior buildings we're doing all the kitchens  
17                  over.  The kitchens are outdated and they're run  
18                  down.  Give them a better quality of life.

19                  In our residential units we're  
20                  replacing all the windows.  We get a lot of  
21                  complaints about heat because the windows are  
22                  outdated and both buildings of windows will be  
23                  replaced so we won't be getting the heating calls in  
24                  the winter.

25                  MR. CUNNINGHAM:   And I assume from

1 a -- from a portability standpoint now they're  
2 Section 8. Does that make it easier for residents  
3 to move or is -- is it no impact whatsoever?

4 MR. FEORENZA: The voucher stays with  
5 the unit in this case.

6 MR. CUNNINGHAM: Even -- so even if  
7 it's 8?

8 MR. FEORENZA: It's not 8. I'll let  
9 my consultant explain that.

10 MR. SCHNEIDER: Yeah. It's -- it's  
11 Section 8 but project-based.

12 You're referring to the tenant-based --

13 MR. CUNNINGHAM: Oh. Oh.

14 MR. SCHNEIDER: -- program.

15 MR. CUNNINGHAM: Okay. Okay.

16 MR. SCHNEIDER: You can move anywhere;  
17 however, this program does have a component called a  
18 choice mobility component and this Housing Authority  
19 because it currently doesn't have a voucher program  
20 will not be able to implement that. If they did,  
21 people would get a voucher and move elsewhere so it  
22 is not. It's project-based.

23 MR. CUNNINGHAM: And one other  
24 question.

25 This was in Hackensack's case 134

1 units?

2 MR. FEORENZO: 504. We have AMP 1 and  
3 2. We have -- senior buildings are AMP 2, residents  
4 are AMP 1; family units.

5 MR. SCHNEIDER: Six properties.

6 MR. FEORENZO: Six total properties.

7 MR. LIGHT: 500-plus.

8 MR. CUNNINGHAM: I don't want to dig  
9 -- I don't want to dig the application out but  
10 you -- you have it in front of you.

11 MR. MARINELLO: Where does it say  
12 that?

13 MR. CUNNINGHAM: We actually -- we --  
14 we have in the staff report that the Authority's  
15 going to enter into -- they negotiate with  
16 Mariner -- oh, is it just that it's -- it's  
17 secured --

18 MS. MC NAMARA: It's security.

19 MR. CUNNINGHAM: It's secured by 134  
20 of the units but all -- all the units are being  
21 done?

22 MR. FEORENZO: Correct.

23 MR. CUNNINGHAM: Okay. Thank you. We  
24 missed that.

25 Yeah. That -- that's right. We -- we



1 did that.

2 Okay. So --

3 MR. FEORENZO: Yeah. That's right.

4 It's all right.

5 MR. MARINELLO: The other thing just  
6 to get on the record, too, Director, is this -- this  
7 Authority did enter into the bond program back in  
8 2004 with the New Jersey HMFA so as part of this  
9 program we will be paying off those bonds so...

10 MR. CUNNINGHAM: That -- very good to  
11 put on the record. Thank you.

12 So you gentlemen understand -- have  
13 enough information --

14 MR. LIGHT: Yeah.

15 MR. CUNNINGHAM: -- to vote on this?  
16 Okay.

17 I mean, ultimately I think it's -- it  
18 makes sense financially. I mean, HUD's  
19 transitioning so we kind of want -- I'm sure the  
20 Authorities want to follow, you know, that and take  
21 advantage of this financing as the other pools dry  
22 up. Beneficial to the residents getting new  
23 improvements.

24 So I -- I don't have any questions  
25 unless any of the members do.

1 MR. LIGHT: No.

2 MR. CUNNINGHAM: And I'll just put on  
3 the record as well that, you know, this isn't the  
4 first time we're -- we're looking at this. We did  
5 meet internally a couple of times and -- and Dan and  
6 I spoke on the phone and so we did have a lot of our  
7 questions answered prior to today's meeting.

8 With that said, hearing no other  
9 questions, I'll make a motion for positive findings  
10 of this project and I would ask one of my colleagues  
11 for a second.

12 MR. BLEE: Second.

13 MR. CUNNINGHAM: Roll call, please,  
14 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: Mr. Blee?

20 MR. BLEE: Yes.

21 MS. MC NAMARA: Mr. Light?

22 MR. LIGHT: Yes.

23 MR. CUNNINGHAM: Thank you very much.

24 And we'll in turn move to Secaucus  
25 Housing Authority.

1                   So would you please introduce  
2 yourself --

3                   MR. MARRA: Sure.

4                   MR. CUNNINGHAM: -- and if you're not  
5 a lawyer be sworn in.

6                   MR. MARRA: I'm Christopher Marra.  
7 I'm the Executive Director for the Secaucus Housing  
8 Authority.

9                   (Witness sworn.)

10                  MR. CUNNINGHAM: So maybe you could  
11 tailor this to just --

12                  MR. MARINELLO: Sure.

13                  MR. CUNNINGHAM: -- Secaucus and  
14 talking about the -- the number of units and the --  
15 the math realizing it's the exact same deal that  
16 was -- was going through --

17                  MR. MARINELLO: Same --

18                  MR. CUNNINGHAM: -- Hackensack.

19                  MR. MARINELLO: Right. Same track --  
20 same program at the same timing as the -- as  
21 Hackensack's.

22                  Secaucus has three buildings and owns  
23 and operates 275 units so about half of what you  
24 just saw in Hackensack.

25                  Secaucus also did the same program

1 with regards to the engineer and came up with the  
2 needs of the -- of all the units.

3 We also did a competitively-bid  
4 process for banks to bid on the -- on the debt and  
5 in this case Pagoda Bank was selected and in that  
6 case -- the interesting difference here is that it's  
7 not a fixed rate. That was fixed rate 18 years.  
8 This is a 20-year term but it's a variable rate deal  
9 so it's got a 3.375 interest rate for the first ten  
10 years and then from years 10 to 20 it will be based  
11 on the Wall Street prime rate plus 25 basis points;  
12 however, we negotiated a cap on that so it can't be  
13 any higher than 6 percent at its max.

14 Part of the RAD program, HUD actually  
15 requires you to have a fixed rate loan if you're  
16 going to do that and we've sat with them and  
17 negotiated with them that this meets that  
18 requirement, they approved it for other Authorities  
19 in the past and we want in this particular case to  
20 take advantage of as low a rate as we can get in the  
21 beginning because we are very comfortable with the  
22 cash flow.

23 HUD requires and the banks require us  
24 to do the vacancy and bad debt at 5 percent.

25 Currently and historically there has

1    been no vacancy or bad debt so that's a significant  
2    cash flow in the model that we know we're going to  
3    have at the end of the day and with no prepayment  
4    penalties it allows us to make payments on the  
5    principal amount of that mortgage so we can pay it  
6    off much sooner.

7                    Even if the rate in years, you know,  
8    11 to 20 was at 6 percent, we know our principal  
9    amount at that time is going to be so low that  
10   that's not going to -- that's not going to impact us  
11   at all.

12                   MR. CUNNINGHAM:  Would you kindly just  
13   put on the record for the Board the improvements  
14   that will be undertaken for Secaucus residents?

15                   MR. MARRA:  Sure.

16                   So right now we have four  
17   improvements.  Two of our buildings are having their  
18   roofs replaced.  One building is from 1986.  It's  
19   the original roof.  That same building is having the  
20   air handler -- it's a 16-story building.  It is  
21   having an air handler replaced.  It hasn't worked in  
22   a couple of years for the common area and one of the  
23   best -- what we feel and the Board feels -- one of  
24   the best projects is we have a building built in  
25   1975 which is an all electric building, one meter,

1     which the Housing Authority pays the whole bill for.  
2     We're converting that building to gas heat, still  
3     one meter but gas heat, and we think that -- that  
4     helped us also in the financing because it helped  
5     lower some of our energy costs going forward.

6                     So those are the four projects that we  
7     have right now for this -- the RAD.

8                     MR. CUNNINGHAM:  When you're dealing  
9     with low income housing -- whatever the correct term  
10    is -- if you had an individually-metered building do  
11    the residents pay their proportional share of the  
12    utilities?

13                    MR. MARRA:  What they -- what happens  
14    is on individually-metered buildings residents are  
15    provided with a utility allowance.  So in some -- in  
16    some buildings where -- I have one building where  
17    they just pay their electric bill.  That particular  
18    unit resident gets a \$25 utility allowance so we're  
19    heating the unit.  In the other building they're  
20    paying both to heat and cool their units so they  
21    receive a \$70 utility allowance so that comes off  
22    their rent and lowers their rent \$70 every month,  
23    and that's how that's addressed when they are --  
24    have their own meter.

25                    MR. CUNNINGHAM:  Thank you.

1                   Okay. So any questions on Secaucus  
2 Housing Authority?

3                   So it's the same deal. We understand  
4 the -- the terms are --

5                   MR. MARINELLO: And for the record  
6 this -- this Secaucus was part of a second HMFA bond  
7 pool back in 2007 so they, too, have a balance of  
8 about 970,000 on that bond issue which we will be  
9 paying off as a requirement of this program.

10                  MR. CUNNINGHAM: Okay. Thank you.

11                  MR. LIGHT: The application indicates  
12 that there was a schedule for the budget to be  
13 adopted --

14                  MR. CUNNINGHAM: Yeah. Please. Yeah.  
15 That was the only other comment I had.

16                  Thank you, Mr. Light.

17                  Yeah. We -- we didn't get I guess a  
18 return copy of the -- of the budget after the public  
19 hearing to adopt.

20                  MR. MARRA: Yes. And I got the E-mail  
21 and I -- I -- I had sent the same one every year but  
22 apparently it wasn't what I was supposed to send.  
23 It was the same -- I just thought I was supposed to  
24 send the signed sheets but I did send them back a --  
25 the -- a whole complete budget as adopted.

1 MR. CUNNINGHAM: Do we have what we  
2 need or are we still --

3 MELISSA: I can go check and come back  
4 if you want.

5 MR. CUNNINGHAM: Actually, maybe -- if  
6 you wouldn't mind, Melissa, could you just --

7 MELISSA: Sure.

8 MR. CUNNINGHAM: -- coordinate and  
9 then --

10 MELISSA: Sure.

11 MR. CUNNINGHAM: -- make sure that's  
12 addressed.

13 MELISSA: No problem.

14 MR. CUNNINGHAM: Thank you very much.

15 No other issues or questions I'll make  
16 the motion to approve Secaucus Housing Authority  
17 positive findings and ask --

18 MR. LIGHT: I'll second.

19 MR. CUNNINGHAM: Mr. Light seconds.

20 Rollcall, please, Pat.

21 MS. MC NAMARA: Mr. Cunningham?

22 MR. CUNNINGHAM: Yes.

23 MS. MC NAMARA: Mr. Avery?

24 MR. AVERY: Yes.

25 MS. MC NAMARA: Mr. Blee?



1 MR. BLEE: Yes.

2 MS. MC NAMARA: Mr. Light?

3 MR. LIGHT: Yes.

4 MR. CUNNINGHAM: Thank you very much.

5 MR. MARRA: Thank you.

6 MR. CUNNINGHAM: Appreciate it.

7 Moving then to Summit Housing

8 Authority.

9 MR. BILLY: Afternoon.

10 MR. CUNNINGHAM: Good morning -- or

11 good afternoon. Yeah, you're right.

12 MR. BILLY: Mr. Joseph Billy. I'm the

13 Executive Director of the Summit Housing Authority.

14 MR. MARINELLO: Got to raise your

15 hand, Joe.

16 (Witness sworn.)

17 MR. MARINELLO: Okay. Again, we're

18 here for positive findings and approval of a 1.7

19 million dollar loan for the Summit Housing

20 Authority.

21 Summit Housing Authority operates 195

22 units. They were not as part of any other bond

23 issue in the past so we don't have any existing debt

24 on the -- on the units at all.

25 The Summit Housing Authority went out

1 to bid again with the -- the successful bank this  
2 time was Lakeland Bank.

3 Again, like the Pagoda Bank loan it's  
4 a variable rate loan at 3.125 for the first ten  
5 years.

6 For the second ten years it adjusts  
7 based on the Federal home loan bank ten-year rate at  
8 that time.

9 Again, we negotiated a cap on that so  
10 that the rate cannot get any higher than 3-1/2  
11 percent more than the previous rate.

12 Summit as well with regards to its pro  
13 forma has not had any vacancies or bad debts so we  
14 have that in the pro forma so we are very  
15 comfortable with our no prepayment penalties to be  
16 able to prepay this loan very significantly -- much  
17 significantly quicker than the amortization that we  
18 negotiated with the bank.

19 You can -- want to speak to some of  
20 the rehab work we're doing.

21 The units -- again, this is a small  
22 loan than the others. It's less units. The units  
23 are in very good condition.

24 MR. CUNNINGHAM: But these -- but  
25 these are all the units of -- of this Authority?

1 MR. BILLY: Yes.

2 MR. MAYER: All the units, yup.

3 MR. BILLY: We're going to do a lot of  
4 energy-saving improvements, some lighting -- parking  
5 lot lighting, water-saving issues, toilets, showers,  
6 upgrading elevators in the senior building, new  
7 windows at some of the family sites.

8 We have two family sites and one  
9 senior site.

10 The family sites are older. They're  
11 about 40 years old so we've done some things there  
12 but, you know, this will be a great influx of cash  
13 to bring the place forward.

14 MR. CUNNINGHAM: Okay.

15 MR. MARINELLO: And again this is --  
16 remember, it's work to be done today and for the  
17 next 20 years so as part of that schedule we have,  
18 you know, kitchens being done some today. The --  
19 you know, those that we haven't done today are going  
20 to be done in another 15 years so we -- we will have  
21 that funding in place for all of that work going  
22 forward.

23 MR. CUNNINGHAM: Any questions?

24 We have no other items in the staff  
25 report so hearing none I'll make a motion for

1 positive findings for this project.

2 MR. BLEE: Second.

3 MR. CUNNINGHAM: Rollcall, please,

4 Pat.

5 MS. MC NAMARA: Mr. Cunningham?

6 MR. CUNNINGHAM: Yes.

7 MS. MC NAMARA: Mr. Avery?

8 MR. AVERY: Yes.

9 MS. NC NAMARA: Mr. Blee?

10 MR. BLEE: Yes.

11 MS. MC NAMARA: Mr. Light?

12 MR. LIGHT: Yes.

13 MR. CUNNINGHAM: Thank you very much.

14 And then I would ask Englewood Housing  
15 Authority representatives to come forward.

16 Kindly introduce yourself to be sworn.

17 MR. SENANDE: Domingo Senande,

18 Executive Director of Englewood Housing Authority.

19 (Witness sworn.)

20 MR. MARINELLO: Okay. The Englewood  
21 Housing Authority also is here for positive findings  
22 and approval of a 1.5 million dollars loan, tax-  
23 exempt bonds.

24 This time we also went out for a  
25 competitively-bid process and the bank that was

1 awarded this loan is the Bank of New Jersey.

2 Bank of New Jersey offered a 20-year  
3 fixed loan for 4.35 percent.

4 The -- the immediate needs in  
5 Englewood were -- were not as great as the other  
6 ones.

7 We have a small immediate need of  
8 about \$265,000 worth of work. The rest of the money  
9 will be put into the account for the requirement of  
10 funding the rehab work that's going to be done over  
11 the next 20 years.

12 There is some stuff that is in the  
13 first five years that has to get done that we'll be  
14 funding.

15 Again, it's the same process where  
16 we're at with the others so...

17 Domingo, if you want to speak a little  
18 bit to some of the work we're going to be doing.

19 MR. SENANDE: Sure.

20 We're going to be replacing all the  
21 electrical panels, the roof, waterproofing the  
22 exterior and taking out all of the -- and also  
23 replacing all the windows.

24 MR. CUNNINGHAM: And the 152 is the  
25 entirety of the --

1 MR. SENANDE: It is.

2 MR. CUNNINGHAM: -- of this

3 Authority's proposed --

4 MR. SENANDE: Yes.

5 MR. CUNNINGHAM: Okay.

6 Dan and Cheryl, on this one we had a

7 discrepancy in the cost of issuance -- cost of

8 issuance. We're 55,000 --

9 MR. MARINELLO: Let me just see.

10 You mean the numbers don't add up?

11 MS. MC NAMARA: According to the

12 sources and uses I think. Must be two different

13 pages.

14 MR. CUNNINGHAM: Do you have the

15 sources and uses in front of you?

16 MR. MARINELLO: Well, the estimated

17 financing fees and costs were at 165,000 and the

18 sources and uses in the miscellaneous was separated

19 there; 70. On the next page I have the 70 in that

20 for a total of 235,000.

21 MR. CUNNINGHAM: I'm at 220 so we're

22 off by a little bit more.

23 (Pause.)

24 MR. MARINELLO: Okay.

25 MR. CUNNINGHAM: Rather -- rather than

1 hold the --

2 MR. MARINELLO: Yeah.

3 MR. CUNNINGHAM: I'm not going to put  
4 a condition of the -- of the resolution.

5 I would just ask you to send an E-mail  
6 clarifying the cost of issuances when you have a  
7 moment.

8 MR. MARINELLO: Okay. Sure. Not a  
9 problem.

10 MR. CUNNINGHAM: Any other questions  
11 by the Board?

12 Hearing none, thank you.

13 I'll make a motion for positive  
14 findings for the Englewood Housing Authority's  
15 application before the Board and ask for a second.

16 MR. BLEE: Second.

17 MR. CUNNINGHAM: Thank you.

18 MS. MC NAMARA: Mr. Cunningham?

19 MR. CUNNINGHAM: Yes.

20 MS. MC NAMARA: Mr. Avery?

21 MR. AVERY: Yes.

22 MS. MC NAMARA: Mr. Blee?

23 MR. BLEE: Yes.

24 MS. MC NAMARA: Mr. Light?

25 MR. LIGHT: Yes.

1 MR. CUNNINGHAM: Thank you very much.

2 MR. MARINELLO: Thank you very much.

3 MS. OBERDORF: Thank you.

4 MR. CUNNINGHAM: The next matter  
5 before the Englewood Housing Authority was a -- a  
6 refunding. I therefore -- I'm sorry -- the Essex  
7 County Utilities Authority. I therefore waive the  
8 appearance.

9 It's a -- a refunding where they're  
10 doing it by negotiated sale. A projected savings  
11 over 6 percent.

12 All the documents were received so we  
13 can vote on that.

14 I would ask for a motion and a second.

15 MR. BLEE: So move.

16 MR. AVERY: Second.

17 MR. CUNNINGHAM: Thank you.

18 Rollcall, please.

19 MS. MC NAMARA: Mr. Cunningham?

20 MR. CUNNINGHAM: Yes.

21 MS. MC NAMARA: Mr. Avery?

22 MR. CUNNINGHAM: Yes.

23 MS. MC NAMARA: Mr. Blee?

24 MR. BLEE: Yes.

25 MS. MC NAMARA: Mr. Light?



1 MR. LIGHT: Yes.

2 MR. CUNNINGHAM: South Orange Village  
3 Township.

4 Good morning, gentlemen.

5 MR. ROTHER: Good morning.

6 Steven Rothera, Post, Polack, Village  
7 Counsel for South Orange.

8 With me is Barry Lewis, the  
9 Administrator, and two of our governing body  
10 members, Howard Levinson and Walter Clarke with an  
11 e.

12 The trustees, the governing body  
13 members are --

14 MR. CUNNINGHAM: I'm -- I'm just going  
15 to ask for those who aren't counsel to be sworn in.

16 (Witnesses sworn.)

17 MR. ROTHER: Our governing body  
18 members are members of the Water Committee that has  
19 been overseeing the transition from a concession  
20 arrangement South Orange has had with the East  
21 Orange Water Commission for both the supplying of  
22 water and the management of its water system.

23 This is the last of a series of legal  
24 steps that the Village has to take in order to  
25 transition from that concession arrangement with the

1 East Orange Water Commission to a separate new  
2 supply of water and this operation and management  
3 contract pursuant to Title 58 for managing the water  
4 system.

5 MR. CUNNINGHAM: So you were  
6 previously unhappy with the --

7 MR. ROTHER: Yes.

8 MR. CUNNINGHAM: -- existing --

9 MR. ROTHER: Yes. We -- we had two --  
10 two issues; one of which resulted in the indictment  
11 of the two top executives at the East Orange Water  
12 Commission which was namely not correctly reporting  
13 a contamination of VOCs in the water, and the second  
14 was that over the term of that concession  
15 arrangement the system was not adequately maintained  
16 and so there's been a lot of deferred maintenance.

17 MR. CUNNINGHAM: I think that  
18 certainly is a -- a grounds for being dissatisfied  
19 with that provider.

20 So now the Village would be entering  
21 into a water purchase agreement with New Jersey  
22 American Water?

23 MR. ROTHER: That's -- that's correct,  
24 and -- and this -- this O and M contract with an  
25 affiliate of New Jersey American to operate the

1 system.

2 MR. CUNNINGHAM: And you're -- and  
3 you're buying water currently through American  
4 Water, correct?

5 MR. ROTHER: No.

6 MR. CUNNINGHAM: That's not?

7 MR. ROTHER: No. It's still -- the --  
8 the concession arrangement expires January 1, 2017.

9 We're entering into this contract now  
10 with New Jersey American's affiliate in two -- two  
11 phases.

12 As soon as we can approve finally this  
13 contract they will be taking over phase one which  
14 will be the transitioning of the operation of the  
15 system away from East Orange Water, and on January 1  
16 American Water will then be supplying the water to  
17 the system.

18 MR. CUNNINGHAM: Okay. And as you  
19 said this is a services contract so there's no  
20 financing component associated with this  
21 application?

22 MR. ROTHER: None -- none. And there  
23 are no concessions being paid.

24 MR. CUNNINGHAM: Our -- our notes  
25 indicate that we received all of the required

1 submissions to make this application complete.

2                   The Board does have certain review  
3 criteria which is set out and staff have reviewed  
4 them and determined that to be complete and  
5 compliant, but I have one I guess comment or -- or  
6 request that I'd like to put upon the Village.

7                   We've seen these private/public  
8 partnerships go one of two ways. They tend to go  
9 either very well or they tend to go very poorly.

10                   One thing that we noticed is a lot of  
11 times there isn't stable leadership as the -- as the  
12 contract runs forward so what we were going to  
13 request of the Village is to have one person  
14 designated as the administer of -- of the  
15 arrangement and have that person's name submitted to  
16 the Division for my review and then we would ask for  
17 quarterly reports on how the -- how the contract's  
18 proceeding and -- and any issues that the Board  
19 should be made aware of.

20                   Is that a series of conditions that  
21 would be acceptable to the Village?

22                   MR. ROTHER: Absolutely.

23                   MR. CUNNINGHAM: Yeah. Municipal  
24 budget.

25                   A SPEAKER: Yeah. We did -- and I --

1 I initially appreciate the Chair's courtesies in  
2 allowing this matter to be heard.

3 As I explained to staff, we had our  
4 budget teed up, ran into an issue involving the  
5 interpretation of a financial agreement on A  
6 redevelopment project that's just completed and not  
7 so much -- everybody was in agreement with how the  
8 payment in loop would be calculated. The issue  
9 related to the timing of it and our interpretation  
10 versus their interpretation amounted to a -- almost  
11 between a 4 and \$500,000 swing in anticipated  
12 revenue for this year.

13 We have resolved that issue. We had  
14 to address it in -- in part by deferring some  
15 initiatives and other projects we were going to do  
16 this year to next year when we will enjoy the full  
17 benefit of that revenue. We do have the budget  
18 otherwise ready. We will introduce this month and  
19 adopt next month.

20 I'm happy to report that it -- it will  
21 reflect -- it will be our 50 year in a row with both  
22 levy -- levy increase and gross overall levy  
23 increases below 2 percent. And, again, the five-  
24 year average after applying levy exceptions is well  
25 below 1 percent. We have a million and a half of

1 bank levy cap that we have not touched in five years  
2 and will not touch.

3 MR. CUNNINGHAM: Okay. Any objection  
4 from staff? No?

5 Okay. Any questions from members?

6 MR. LIGHT: No.

7 MR. CUNNINGHAM: All right. I'll make  
8 a motion to approve this with the two conditions  
9 that I articulated which would be, number one, a  
10 designated representative, you know, approved by me  
11 and quarterly reports so that we just keep an eye on  
12 it.

13 If -- we have that motion on the  
14 table. I'd ask for a second.

15 MR. BLEE: Second.

16 MR. CUNNINGHAM: Mr. Blee seconds.

17 Rollcall, please.

18 MS. MC NAMARA: Mr. Cunningham?

19 MR. CUNNINGHAM: Yes.

20 MS. MC NAMARA: Mr. Avery?

21 MR. AVERY: Yes.

22 MS. MC NAMARA: Mr. Avery?

23 MR. AVERY: Yes.

24 MS. MC NAMARA: Mr. Blee?

25 MR. BLEE: Yes.

1 MS. MC NAMARA: Mr. Light?

2 MR. LIGHT: Yes.

3 MR. CUNNINGHAM: Thank you very much  
4 for your appearance.

5 I just want to do two housekeeping  
6 items.

7 The Mercer County Appeal of Director's  
8 Decision has been deferred to a future meeting as  
9 has the Lakewood Township Fire District Appeal of  
10 Director's Decision.

11 So the only two matters left on  
12 today's agenda relate to the Cherry Hill Fire  
13 District Number 13, their appeal to my decision so I  
14 will therefore vacate the dais and turn it over to  
15 Mr. Light and let him...

16 MR. LIGHT: Do you think we could take  
17 five minutes?

18 MR. CUNNINGHAM: Sure.

19 MR. LIGHT: I need to get a drink of  
20 water.

21 (Recess taken at 12:26 p.m.)

22 (Resumes at 12:31 p.m.)

23 MR. LIGHT: All right.

24 I -- I don't know if you have any  
25 comments that you want to submit. I think we've had

1 all of your information --

2 MR. BRASLOW: I --

3 MR. LIGHT: -- you know where we  
4 stand.

5 MR. BRASLOW: Whatever -- by the -- I  
6 guess -- Richard Braslow representing Cherry Hill --

7 MR. LIGHT: Right.

8 MR. BRASLOW: -- Fire District 13 for  
9 the record.

10 No. Whatever written documentation I  
11 submitted we will stand on and whatever oral  
12 argument or, you know, arguments I offered at the  
13 last meeting -- I don't know if you need me to go  
14 into anything further but I'll rely upon that. I  
15 don't have anything further to add.

16 MR. LIGHT: No. And then -- then one  
17 of our members -- Idida had a family situation so  
18 she was not able to be here so we have only the  
19 three members but the three members can act, and  
20 this has gone on long enough so we had discussions  
21 and we decided that we think it's time that we have  
22 to come to a decision rather than have it deferred  
23 once again.

24 I just want to make a statement on  
25 behalf of the -- three of us who are here to hear



1 this.

2                   We all have a high respect for fire  
3 prevention. Fire people do provide -- most of us  
4 have had personal even contacts with -- with various  
5 fire -- fire divisions and we know that they provide  
6 life-saving and protection for all of our  
7 communities and we could go through examples --  
8 thousands of examples of how that's happened.

9                   I've had only personal ones with  
10 Piscataway with fires that lasted three days with  
11 communities with not only have the host community  
12 but have a dozen of other machines there to help.  
13 And Sandy is a storm when we had responses from the  
14 fire and emergency rescues.

15                   So on the one side of the coin the --  
16 what might be considered over-redundancy in the  
17 structures -- and I'm sure there's rooms for  
18 economies in -- in all of the operations and many  
19 areas that have been talked about that the State is  
20 trying to consolidate and save some moneys, and  
21 maybe that's something that the State should look  
22 into further, but at this point in time we have to  
23 come to a difficult decision.

24                   First of all, on the first -- and I  
25 suppose the easiest part of it is the first part of

1 the application is the -- let's see. I had these  
2 backwards I think.

3 The application for bonding which was  
4 the one that's listed here as 1140, that we have a  
5 ruling from the AG's Office is not legally allowed.  
6 So I suppose we should act on these separately.

7 So as far as the bonding is concerned  
8 I would turn to the -- my two colleagues and ask if  
9 we could have a motion to uphold the Director's  
10 decision on that because legally we're told from the  
11 Attorney General it's a matter that we cannot  
12 approve by law, and I --

13 MR. BRASLOW: Can I -- can I -- before  
14 you act -- I didn't mean to interrupt you but I just  
15 want you to know for the record it's not bonded.  
16 Just so you know that. It was not bond financing.  
17 It was a form of financing but it wasn't bonds and I  
18 just -- but just for the record.

19 MR. LIGHT: Make me clear in what my  
20 difference was that I didn't understand?

21 (Pause.)

22 MR. LIGHT: This is the one that's  
23 listed at 1084 and it's statute 40A:14-85, right?

24 MS. WALTER: Yes.

25 MR. LIGHT: Okay. I'm not sure...

1                   MR. BRASLOW: The -- the application I  
2 believe was under 84 but I just wanted you to know  
3 it wasn't bonding just for the record. It had to do  
4 with financing, yes, which I think is where you're  
5 coming from but it wasn't per se issuance of bonds.

6                   MR. AVERY: And the same determination  
7 applies to that financing aspect.

8                   MR. BRASLOW: It's what I think -- I  
9 just wanted to set for the --

10                  MR. AVERY: I understand.

11                  MR. BRASLOW: -- record, though, the  
12 one distinction.

13                  MR. LIGHT: All right. The statute  
14 that we're referring to is 40A:14-84 and we've been  
15 told by the attorney -- I didn't get to that one  
16 yet. That's the second one, isn't it?

17                  Okay. And 85. 40A:14-85.

18                  And we've received a report from the  
19 Attorney General's Office that we cannot proceed to  
20 approve that because it's not permitted by law for  
21 the municipality to fund it in that manner.

22                  Now, did you -- did I say it clearly  
23 or did you...

24                  MR. BRASLOW: No. I understand the  
25 position. You know I obviously don't agree but I

1 understand your --

2 MR. LIGHT: Okay.

3 MR. BRASLOW: -- statement for the  
4 record.

5 MR. LIGHT: Okay. Did you -- anybody  
6 have any --

7 MR. BLEE: Make a motion to uphold the  
8 Director's decision.

9 MR. AVERY: Second that.

10 MR. LIGHT: All right. So we have a  
11 motion to uphold the Director's decision. And would  
12 the secretary please call the roll.

13 MS. MC NAMARA: Mr. Avery?

14 MR. AVERY: Yes.

15 MS. MC NAMARA: Mr. Blee?

16 MR. BLEE: Yes.

17 MS. MC NAMARA: Mr. Light?

18 MR. LIGHT: Yes.

19 Okay. That takes us to the second one  
20 then which is an application now where the Applicant  
21 had asked to fund as part of the budget -- change  
22 the budget and the Director turned that down and  
23 said for financial reasons that -- he felt that it  
24 was not the right way to do it.

25 And we've discussed this.

1                   You have anything that you want to  
2 give to us?

3                   MR. BRASLOW: I -- I would. I just  
4 want to reiterate some points I made last time  
5 starting with the fact that we have the approval.  
6 We have Planning Board approval.

7                   This is a replacement of an existing  
8 division of fire safety certified building and I  
9 think one of the other compelling issues -- and I  
10 pointed this out last time -- is that Toms River  
11 Fire Districts 1 and 2 have put up the exact same  
12 facility and at the time they submitted their  
13 budgets that Attorney General's opinion was out  
14 there; yet their budgets which very clearly  
15 identified burn building was approved, that burn  
16 building has been constructed and if this Board  
17 should determine that we cannot proceed it's a very  
18 difficult issue to understand when I've got another  
19 district that has the exact same structure which  
20 they also had to replace which is allowed to proceed  
21 by amending their budget which is what we asked to  
22 do based on capital moneys available to us and based  
23 on the fact that again it's a State-certified  
24 Division of Fire Safety building.

25                   So I just want to add those relevant

1 facts before you make a determination.

2 MR. LIGHT: Okay. Appreciate it. Of  
3 course, we've heard that the last time that --

4 MR. BRASLOW: You did.

5 MR. LIGHT: -- you spoke.

6 MR. BRASLOW: I just --

7 MR. LIGHT: No. And I didn't mean  
8 that in a degrading way but this application has  
9 gone on for many months and we didn't want to refer  
10 it again.

11 Did any of our colleagues have any  
12 comments on that or...

13 MR. AVERY: Other than -- than one of  
14 the concerns that I've had is the difference between  
15 building this facility -- building a facility and  
16 operating a facility that is in existence and -- and  
17 maintaining that facility, an ongoing operation, and  
18 my understanding is that's going to be permitted to  
19 the degree that it can be under the statute and  
20 that's just -- was an ongoing concern I had as well.

21 MR. BRASLOW: No. Understood.

22 I just have to add also if I may --  
23 and I don't mean to belabor this because you have  
24 heard this from me before, but I also wanted to  
25 remind you that, you know, there's a big distinction

1 in my mind between what Toms River has done and what  
2 Cherry Hill has done.

3 I indicated last time when this was  
4 first constructed it was physically attached to the  
5 building and you might recall I made a comment last  
6 time we were here that, you know, maybe I should  
7 have called this a firehouse renovation.

8 That Toms River building which I know  
9 you're familiar with is an absolute free-standing  
10 building. There's no pretense that that has  
11 anything to do with a firehouse. It's a free-  
12 standing burn building, and I will tell you in both  
13 instances it is a replacement of a deteriorated  
14 structure.

15 So that's all. And I understand your  
16 comments. It's --

17 MR. LIGHT: And I think what enters  
18 into it was a very lengthy discussion of considering  
19 the costs of financing these types of facilities and  
20 19 out of the 21 -- after we did some research, 19  
21 out of the 21 counties in the State of New Jersey  
22 fund for fire training through a county rather than  
23 through a single district or township. So I believe  
24 they have a county facility in -- in Burlington  
25 County. Isn't that where Cherry Hill is?

1 MS. MC NAMARA: Camden.

2 MR. LIGHT: Camden County.

3 So, at any rate, we've discussed this.

4 I don't think we need to bring it any further.

5 There's been a decision by most of the  
6 members and I would open it up for a motion to  
7 approve or not to approve.

8 MR. BLEE: Motion to uphold the  
9 Director's decision.

10 MR. AVERY: Second.

11 MR. LIGHT: We have a motion and a  
12 second. And would the secretary call the roll.

13 MS. MC NAMARA: Mr. Avery?

14 MR. AVERY: Yes.

15 MS. MC NAMARA: Mr. Blee?

16 MR. BLEE: Yes.

17 MS. MC NAMARA: Mr. Light?

18 MR. LIGHT: Yes.

19 And I'm going to vote yes. I have a  
20 heavy heart in doing so but if I don't this will  
21 carry on forever so we have to have it -- wait,  
22 please. It's your turn in a minute.

23 MR. BRASLOW: Well, I just want to  
24 indicate --

25 MR. LIGHT: Just give me a minute.



1 MR. BRASLOW: Oh, I'm sorry.

2 MR. LIGHT: We have -- pardon me?

3 MS. MC NAMARA: The motion's been  
4 closed.

5 MR. LIGHT: The motion's been closed.  
6 Yes.

7 We can't allow this to continue to  
8 carry on. There are other options that do exist  
9 that -- that can be funded either through the  
10 Township or through the County and so unfortunately  
11 this Board at this time after the decision decided  
12 financially that was not the way to go.

13 MR. BRASLOW: Now, I -- can I ask for  
14 some clarification? I know you just issued your  
15 ruling but is this clarification -- is this also  
16 rejected because of an AG's opinion or for other  
17 reasons? I'm not clear.

18 MR. LIGHT: No. We've had advice of  
19 the Attorney General's Office but it was a decision  
20 by the members of the Board.

21 MR. BRASLOW: Okay. So it isn't  
22 based -- this particular appeal is not rejected  
23 based on an Attorney General's opinion.

24 MR. LIGHT: No, as was the first  
25 motion that we made. It's different.

1 MR. BRASLOW: Okay.

2 MR. LIGHT: In other words, the first  
3 motion that we had was made on the basis by the  
4 advice of the Attorney General's Office.

5 MR. BRASLOW: But the second is based  
6 upon just --

7 MR. LIGHT: The decision of the  
8 members of the Board.

9 MR. BRASLOW: Okay. I mean, I just  
10 want -- I respect the Board. I -- I've appeared  
11 here many times but I just want to indicate we are  
12 going to go further with this. I don't think we  
13 have a choice.

14 I totally, respectfully disagree with  
15 the determinations but again...

16 MR. LIGHT: Well, to be honest with  
17 you we fully expected that that's what your reply  
18 was going to be and not to have any action today  
19 would only carry this further so we had to come to a  
20 determination and --

21 MR. BRASLOW: Understood.

22 MR. LIGHT: -- and I need to say  
23 whatever you feel is the proper course to take is  
24 yours to take.

25 MR. BRASLOW: Okay. Thank you.

1                   MR. LIGHT: We appreciate your coming  
2 before us. We appreciate the service of the fire  
3 people who serve and best wishes. I don't know what  
4 else to say.

5                   MR. BRASLOW: No. I -- I appreciate  
6 that like I said and I'm going to be here in the  
7 future and I -- and I have no difficulties dealing  
8 with the Board.

9                   This is just one of those instances  
10 where I obviously disagree but we have those cases  
11 that do come up every now and then. So thank you  
12 very much.

13                   MR. LIGHT: Okay. Is there any other  
14 information -- any other...

15                   MR. AVERY: No. Motion to adjourn.

16                   MR. LIGHT: May we have a motion to  
17 adjourn?

18                   MR. AVERY: Second.

19                   MR. LIGHT: All in favor?

20                   MR. BLEE: Aye.

21                   MR. LIGHT: We are adjourned.

22                   (12:48 p.m.)

23

24

25

## 1 CERTIFICATE OF OFFICER

2

3 I, PATRICIA J. RUSSONIELLO, a

4 Certified Court Reporter and a Notary Public of the

5 State of New Jersey, do hereby certify that the

6 foregoing is a true and accurate transcript of the

7 proceedings as taken stenographically by and before

8 me at the date, time and place aforementioned.

9 I DO FURTHER CERTIFY that I am

10 neither a relative nor employee, nor attorney or

11 counsel to any parties involved; that I am neither

12 related to nor employed by any such attorney or

13 counsel, and that I am not financially interested in

14 the action.

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