1	STATE OF NEW JERSEY
2	DEPARTMENT OF COMMUNITY AFFAIRS LOCAL FINANCE BOARD
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5	MONTHLY MEETING AGENDA *
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8	Conference Room No. 129 101 South Broad Street
	Trenton, New Jersey
9	Wednesday, August 10, 2016
10	B E F O R E: TIMOTHY J. CUNNINGHAM - CHAIRMAN
11	IDINA RODRIGUEZ - MEMBER TED LIGHT - MEMBER
11	FRANCIS BLEE - MEMBER
12	ALAN AVERY - MEMBER
13	ALSO PRESENT:
14	PATRICIA MCNAMARA - EXECUTIVE SECRETARY EMMA SALAY - DEPUTY EXECUTIVE SECRETARY
15	
16	APPEARANCES:
10	JOHN J. HOFFMAN,
17	ACTING ATTORNEY GENERAL
18	BY: MELANIE WALTER, ESQ. Deputy Attorney General for the Board
19	
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21	
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1 MR. CUNNINGHAM: Good morning. We'll

- 2 open this meeting of the Local Finance Board. I
- 3 would ask the executive secretary to take roll call
- 4 and read the public notice of public open meeting
- 5 statement.
- 6 MS. McNAMARA: Mr. Cunningham.
- 7 MR. CUNNINGHAM: Here.
- 8 MS. McNAMARA: Mr. Avery.
- 9 MR. AVERY: Here.
- 10 MS. McNAMARA: Ms. Rodriguez.
- MS. RODRIGUEZ: Here.
- MS. McNAMARA: Mr. Blee.
- MR. BLEE: Here.
- MS. McNAMARA: Mr. Light.
- MR. LIGHT: Here.
- MS. McNAMARA: We are in compliance with
- 17 the Open Public Meetings Act. Notice was given to
- 18 the secretary of state, Star-Ledger and The Trenton
- 19 Times.
- MR. CUNNINGHAM: Thank you.
- 21 The board has one matter on the consent
- 22 agenda before it today. It's a refunding by the
- 23 Bergen County Improvement Authority of their county
- 24 guaranteed full government loan refunding revenue
- 25 bonds, as well as the Northwest Bergen County

- 1 Utilities Authority revenue refunding bonds.
- 2 As we typically do, we move this to the
- 3 consent agenda because the refunding meets all of the
- 4 requirements and all the documentation was received.
- 5 To put that on the record, the
- 6 improvement authority is projecting above 3 percent
- 7 present value savings for all participants. The
- 8 amounts that each would save would range from 5.6
- 9 percent to 13 and a half percent, with an average of
- 10 6 and a half percent in present value savings. In
- 11 actual debt service, the savings would range from
- 12 \$207,000 to \$2.7 million for a total projected
- 13 savings of \$6.7 million.
- 14 Given the amount of the savings and, as
- 15 I said, that the documents were received, we listed
- 16 this matter on the consent agenda, and unless any of
- 17 the members have questions, I would ask for a motion
- 18 and a second.
- 19 MR. LIGHT: Make a motion to approve.
- 20 MR. CUNNINGHAM: Mr. Light makes a
- 21 motion.
- MR. BLEE: Second.
- MR. CUNNINGHAM: Mr. Blee seconds.
- Roll call, please.
- MS. McNAMARA: Mr. Cunningham.

- 1 MR. CUNNINGHAM: Yes.
- MS. McNAMARA: Mr. Avery.
- 3 MR. AVERY: Yes.
- 4 MS. McNAMARA: Ms. Rodriguez.
- 5 MS. RODRIGUEZ: Yes.
- 6 MS. McNAMARA: Mr. Blee.
- 7 MR. BLEE: Yes.
- 8 MS. McNAMARA: Mr. Light.
- 9 MR. LIGHT: Yes.
- 10 MR. CUNNINGHAM: Thank you.
- 11 The board will hear from the Township of
- 12 Irvington.
- Good morning, Mr. McManimon. How are
- 14 you.
- MR. McMANIMON: Good morning. Thank
- 16 you.
- 17 MR. CUNNINGHAM: Would you please have
- 18 your clients introduce themselves and those are that
- 19 aren't counsel be sworn in?
- 20 MR. McMANIMON: The administrator and
- 21 the chief financial officer. Musa Malik is the
- 22 administrator. Faheem Raoof is the director of
- 23 finance. I'm Ed McManimon from McManimon, Scotland &
- 24 Baumann, bond counsel to Irvington Township.
- 25 This is a request --

1 MR. CUNNINGHAM: They need to be sworn

- 2 in.
- 3 (Musa Malik and Faheem J. Raoof, first
- 4 having been duly sworn by the Certified Court
- 5 Reporter.)
- 6 MR. McMANIMON: Thank you.
- 7 The township is, as you know, under the
- 8 Municipal Qualified Bond Act, and so the request this
- 9 morning is in connection with two bond ordinances
- 10 which they have introduced and under the rules under
- 11 that program they are required to have this board
- 12 approve the bond ordinances before they can finally
- adopt them. One ordinance is for \$4,647,000.
- 14 \$1,467,600 authorizes bond or notes of \$4,415,000,
- it's for a number of bonds or notes for various
- 16 capital projects. The other is a park improvement
- upgrade for \$650,000 with bonds and notes of
- 18 \$325,000.
- The township is within its borrowing
- 20 margin; they're at 3.049 percent. These two bond
- 21 ordinances increase it to 3.258 percent. They have
- 22 Municipal Qualified Bond Act revenues of \$11,641,169.
- 23 The Qualified Bond Act debt service currently
- 24 outstanding pledged against those revenues is
- 25 \$7,966,000. The debt service projected for these two

amount of bonds is -- the maximum amount is \$696,000.

- 2 So it is fully within the coverage of the Municipal
- 3 Qualified Bond Act revenues.
- I did ask Musa and Faheem to come to
- 5 answer any questions you have about the ordinances.
- 6 MR. CUNNINGHAM: Yeah. Thank you.
- 7 Good morning.
- 8 MR. RAOOF: Good morning.
- 9 MR. MALIK: Good morning.
- 10 MR. CUNNINGHAM: A couple things that I
- just wanted to go over with you.
- 12 As your counsel noted, your net debt is
- 13 currently a little over 3 percent and it's going to
- 14 rise to about a little over 3 and a quarter percent.
- 15 Certainly within the limit but 3.5 is the limit, so
- 16 municipality is getting a little close. And I just
- 17 wanted to -- we had staff look back and we looked at
- 18 the number of capital ordinances that have been done
- in prior years and we're just trying to get a sense
- of whether the township is planning on coming back
- 21 during this year for any more ordinances that would
- 22 potentially raise the debt limit.
- MR. RAOOF: No.
- MR. MALIK: No.
- MR. CUNNINGHAM: No?

- 1 MR. MALIK: No.
- 2 MR. CUNNINGHAM: The second thing I just
- 3 wanted to follow up with you on is I have a note in
- 4 the staff report that the 2016 calendar year budget
- 5 was anticipated to be adopted on the ninth and I was
- 6 wondering if that happened.
- 7 MR. RAOOF: Yes, it did.
- 8 MR. CUNNINGHAM: Okay.
- 9 And the last thing that I wanted to put
- 10 on the record was there were some issues relative to
- 11 2015 best practice questionnaire as it related to the
- 12 municipal website.
- 13 MR. MALIK: Yes.
- 14 MR. CUNNINGHAM: And we received a
- 15 response from the township that there had been some
- 16 I.T. issues and upgrades going on and some inability
- 17 to assess the share drive which is why some of the
- documents were not readily apparent even though they
- 19 were posted, and I just wanted to put on the record a
- 20 response from you just in terms of the action you're
- 21 taking and --
- MR. MALIK: All of them have been
- 23 corrected as of the date of this hearing.
- 24 MR. CUNNINGHAM: Okay. Thank you very
- 25 much.

1 And the last thing I would just note for

- 2 my colleagues on the board is that staff did work
- 3 with the township through their counsel to get more
- 4 descriptive explanations of the projects being
- 5 financed and especially in the one on the park
- 6 project, so staff did review all of the projects and
- 7 would be able to answer any questions the board
- 8 members would have.
- 9 They were the questions I had and I
- 10 would just turn it over to my colleagues if there was
- any other questions that needed to be asked on this
- 12 application.
- MR. LIGHT: Just wanted to, one question
- 14 was along the lines of the original question you
- 15 asked about the debt.
- In the next 10 years do you expect that
- that debt limit is going to hopefully get a little
- lower rather than higher? Or do you have any
- 19 projections for what might happen in the next five to
- 20 10 years.
- MR. RAOOF: Yeah, I mean, we anticipate
- 22 the debt to be coming down.
- MR. McMANIMON: As you know, the
- 24 percentage is measured against assessed values, and
- 25 then it's also measured by how much debt is

1 outstanding. They have debt that is coming due and

- 2 will reduce it. I don't know about the ratables but
- 3 the ratables if they go up, will reduce the
- 4 percentage without having paid down debt. But even
- if that doesn't happen, they have some debt that's
- 6 coming due that will reduce the amount that's
- 7 outstanding.
- 8 MR. LIGHT: So you have a feeling that
- 9 the cushion is not going pushed much higher than what
- 10 Tim was talking about, the 3.5 limit.
- 11 MR. RAOOF: Right. We do anticipate
- 12 paying down the debt which we've been doing over the
- 13 years, and one of the big initiatives we're doing to
- 14 bring more ratables in is create some of the economic
- development and turn it around.
- MR. LIGHT: Okay. Thank you.
- MR. RAOOF: You're welcome.
- 18 MR. CUNNINGHAM: If there's no other
- 19 questions I'd ask for a motion and a second.
- MR. BLEE: Motion.
- MR. CUNNINGHAM: Mr. Blee motions.
- MR. LIGHT: Second.
- MR. CUNNINGHAM: Mr. Light seconds.
- Roll call, please.
- MS. McNAMARA: Mr. Cunningham.

- 1 MR. CUNNINGHAM: Yes.
- MS. McNAMARA: Mr. Avery.
- 3 MR. AVERY: Yes.
- 4 MS. McNAMARA: Ms. Rodriguez.
- 5 MS. RODRIGUEZ: Yes.
- 6 MS. McNAMARA: Mr. Blee.
- 7 MR. BLEE: Yes.
- 8 MS. McNAMARA: Mr. Light.
- 9 MR. LIGHT: Yes.
- 10 MR. CUNNINGHAM: Thank you very much.
- 11 (There is a discussion held off the
- 12 record.)
- MR. CUNNINGHAM: Moving to Kearny.
- MR. McMANIMON: Well, I was waiting for
- 15 Shuaib, the chief financial officer. Ordinarily I
- 16 might ask to consent because I know the information
- 17 that's there, but I think you had probably want
- 18 representations from them. So --
- MR. CUNNINGHAM: I see that our
- 20 colleagues I think representing the City of Newark
- 21 are ready and available. Would you be willing to go
- 22 while we -- take Kearny's place?
- MR. MAYER: We would look forward to
- 24 that opportunity.
- MR. McMANIMON: Thank you.

- 1 MR. MAYER: Good morning.
- 2 MR. CUNNINGHAM: Good morning, Bill.
- 3 How are you?
- 4 MR. MAYER: Very good.
- 5 MR. CUNNINGHAM: Hi, Danielle.
- 6 MS. SMITH: Good morning.
- 7 MR. MAYER: Bill Mayer with DeCotiis,
- 8 FitzPatrick & Cole, bond counsel to the City of
- 9 Newark. To my right is Mr. John George, the
- 10 supervising engineer for the -- is it water or water
- 11 and sewage?
- MR. GEORGE: Water and sewer.
- MR. MAYER: Water and sewage.
- 14 And Danielle Smith, the director of
- 15 finance and the CFO.
- You two need to be sworn in.
- 17 (Danielle A. Smith and John George,
- 18 first having been duly sworn by the Certified
- 19 Court Reporter.)
- MR. MAYER: This is a \$12.65 million
- 21 bond ordinance for improvements to the city's
- 22 Pequannock water treatment plant. Mr. George can
- 23 specify the improvements if there's any interest in
- that. It's an amendment to a 2013 bond ordinance
- 25 that was \$11 million. It's a \$1.65 million increase.

1 Our application was for qualified -- is

- 2 for qualified bonds. We also submitted in the
- 3 application the request for NJEIT approval and the
- 4 nonconforming maturity schedule, which we expect, if
- 5 we get the approval here, will come from the director
- 6 directly hopefully down the road.
- 7 The ordinance was introduced. The LFB
- 8 resolution was adopted on August 3. Certified copies
- 9 of that have been submitted. The application
- 10 certification I understand has been signed and
- 11 submitted.
- 12 The director's designee Mr. Ricciardello
- 13 approved the amended bond ordinance on July 13,
- 14 quote, pending LFB approval, closed quote and we
- understand that is the approval we hope to obtain
- 16 today.
- 17 After filing this application,
- 18 Mr. George noted that the DEP flood hazard area
- 19 permit had been received through the first contract,
- 20 I believe there's two contracts here, and that a
- 21 wetlands permit was not required. And Mr. George can
- 22 answer any questions on the project and Ms. Smith on
- 23 the financial aspects.
- 24 MR. CUNNINGHAM: Thank you. A couple
- 25 questions, and I am not as well-versed in water and

- 1 sewer plant operations as I know some of my
- 2 colleagues on the board are, particularly Mr. Light.
- 3 But I did, in the very early part of my career, have
- 4 the unfortunate issue of working with an improvement
- 5 authority that built a sledge plant that still sits
- 6 on Duck Island with not being operational to this
- 7 day. And when I read about the -- when I read about
- 8 the type of project and thickened sledge being used
- 9 through a centrifuge to produce dry cake to be
- 10 removed of, it immediately conjured awful memories of
- 11 that plant down there. And I was wondering is this a
- 12 proven technology? A utilized technology? Is there
- any issues that this is speculative? Or is this the
- 14 industry standard in terms of how sledge can be
- disposed of?
- MR. GEORGE: Oh, yeah, this is used all
- over the country. We have similar kind of process in
- a plant near our office, actually, in the Jersey City
- 19 waterworks. They use the centrifuge to produce the
- 20 dry cake from the sledge that's coming out of the
- 21 thickeners; and the thickener is another technology
- 22 that's used in the Passaic Valley water treatment
- 23 plant in Little Falls.
- 24 So these two things are we are using a
- 25 combined system with the thickener tank to produce a

1 thickened sludge which is a high concentration than

- 2 what's coming out of the plant, and then the
- 3 centrifuge to produce the dry material.
- 4 MR. CUNNINGHAM: Thank you.
- 5 MR. LIGHT: Can I just ask a --
- 6 MR. CUNNINGHAM: Yeah, please. I'm not
- 7 a science nor engineering --
- MR. LIGHT: No, which is fine. But what
- 9 do you do with the dry cake then?
- 10 MR. GEORGE: That is material that could
- 11 be disposed of in a landfill.
- 12 Mr. Light: Landfill?
- 13 MR. GEORGE: Yes.
- MR. LIGHT: As cover?
- MR. GEORGE: Yes.
- MR. CUNNINGHAM: One thing that I just
- 17 hadn't thought of today until this morning is I know
- 18 that we had some other municipalities that had some
- 19 challenges getting through the final stages of EIT
- 20 because of their current bond rating, and I was just
- 21 curious whether you've had any conversations with EIT
- or any concern about the city's rating being able to
- 23 remain a participant in the program.
- MR. MAYER: Well, one of the reasons
- 25 we're here is, of course, to be able to issue

- 1 qualified bonds.
- 2 MR. CUNNINGHAM: So that would obviate
- 3 the --
- 4 MR. MAYER: Yes. Mr. Nolan made it
- 5 pretty clear to me early on that this process has to
- 6 occur.
- 7 MR. CUNNINGHAM: Okay. Thank you.
- 8 The other thing, Bill, I don't know if
- 9 you mentioned but I think it's important to put on
- 10 the record is that last year, in '15, the city
- implemented a three-year rate increase and that would
- 12 cover the period '15 through '17. And am I correct
- in saying that the city does not expect to raise
- rates further if this project is completed?
- MR. MAYER: That's my understanding.
- MS. SMITH: That's true.
- 17 MR. MAYER: I was very pleased when I
- got into this that the utility is self-liquidating.
- 19 You know, and the supplementals have
- 20 been done and filed and there seems to be adequate
- 21 surplus revenue. Now, there's a couple more projects
- 22 coming and they're focused on -- it's a very large
- 23 water system.
- MR. CUNNINGHAM: I wouldn't doubt.
- Okay. Any other questions from the

- 1 board?
- 2 MR. LIGHT: I make a motion to --
- MR. CUNNINGHAM: Before we do, Pat, can
- 4 you just confirm, in the staff report there was some
- 5 documents that we were waiting on and I just wanted
- 6 to know --
- 7 MS. McNAMARA: They came in on Thursday.
- 8 MR. CUNNINGHAM: Okay. Then if we have
- 9 all the documentations --
- 10 MR. LIGHT: Pardon me? Oh, I'm sorry.
- I make a motion.
- MR. CUNNINGHAM: Mr. Light makes a
- motion.
- MS. RODRIGUEZ: And I second.
- MR. CUNNINGHAM: And Ms. Rodriguez
- seconds.
- 17 Roll call, please.
- MS. McNAMARA: Mr. Cunningham.
- MR. CUNNINGHAM: Yes.
- MS. McNAMARA: Mr. Avery.
- MR. AVERY: Yes.
- MS. McNAMARA: Ms. Rodriguez.
- MS. RODRIGUEZ: Yes.
- MS. McNAMARA: Mr. Blee.
- MR. BLEE: Yes.

1 MS. McNAMARA: Mr. Light. Mr. Light.

- 2 MR. LIGHT: Oh, yes.
- 3 MS. McNAMARA: Sorry.
- 4 MR. CUNNINGHAM: Thank you very much.
- 5 MR. MAYER: Thank you very much.
- 6 MR. CUNNINGHAM: We can go back to
- 7 Kearny.
- MR. McMANIMON: Yes.
- 9 MR. CUNNINGHAM: Okay. Great.
- MR. McMANIMON: Thank you.
- 11 I'll spell the chief financial officer's
- 12 name: Shuaib, S-H-U-A-I-B. Last name Firozvi,
- 13 F-I-R-O-Z-V-I.
- 14 (SHUAIB FIROZVI, sworn.)
- MR. McMANIMON: Thank you. For the
- 16 record, Ed McManimon from McManimon, Scotland &
- 17 Baumann, bond counsel to the Town of Kearny. I have
- 18 Shuaib Firozvi, who is the chief financial officer
- 19 for the city.
- 20 Like Irvington, Kearny is in the
- 21 Qualified Bond Act program and they're required to
- 22 have all bond ordinances as introduced approved by
- 23 this board before they're finally adopted. So this
- 24 request is in connection with two bond ordinances
- 25 that total \$5,545,000. One of them is a water

1 utility ordinance for \$3,750,000. The other is for

- 2 various capital improvements in the amount of
- 3 \$2,100,000.
- 4 There were issues that got raised by
- 5 staff about the level of environmental remediation
- 6 for the ambulance squad building, which that
- 7 information was provided to the staff; it's one of
- 8 the various capital improvements. There were issues
- 9 about the water utility improvements and the roads;
- 10 those were provided to the staff ahead of time, but I
- did ask Shuaib to come prepared to answer any
- 12 questions.
- They have a much lower debt ratio than
- 14 Irvington did; they have a 1.38 percent net debt. It
- goes up to 1.51 percent with these two bond
- 16 ordinances.
- 17 The Qualified Bond Act revenues
- available under this program for them is \$18,465,489.
- 19 The qualified bond debt service prior to this bond
- 20 issue is only \$6,450,749.38. The debt service on
- 21 these two bond issues would be approximately five or
- 22 six hundred thousand maximum. So they still maintain
- 23 the coverage significantly almost 3 to 1 under the
- 24 program.
- 25 So Shuaib is here to answer any

1 questions if you have them about the roads that are

- 2 being improved for the water improvements, which we
- 3 didn't have when the original application was
- 4 submitted a few months ago so we withdrew it,
- 5 resubmitted it when the information was known and
- 6 actually put into the bond ordinance as opposed to by
- 7 reference to a list.
- 8 MR. CUNNINGHAM: Thank you.
- 9 So I first want to note that Kearny is a
- 10 current participant in the state's transitional aid
- 11 program. And I don't remember how many months ago
- 12 but an application came in for financing of projects
- 13 to include, among other things, a dog park, which
- 14 admittedly stuck in my craw and I had an issue with
- 15 that and we did not approve that. So when this
- 16 application came in, I did ask staff to take a very
- 17 close look at the projects being financed to ensure
- 18 that there were things that the municipality truly
- 19 needed. And I just want to read a couple of them so
- 20 that the public and the record can get a sense of the
- 21 types of projects.
- 22 Environmental remediation at the
- 23 ambulance squad building. Our transitional aide
- 24 monitor worked with the municipality, and it's our
- 25 understanding, and please correct me if I say

1 anything wrong, that the work being done here is a

- 2 result of DEP compliance issues --
- 3 MR. FIROZVI: Right.
- 4 MR. CUNNINGHAM: -- and that's been
- 5 going on for some period now.
- 6 MR. McMANIMON: Yes.
- 7 MR. CUNNINGHAM: So clearly necessary
- 8 and required by DEP.
- 9 The other areas were fire department
- 10 equipment including self-contained breathing
- 11 apparatus, turnout gear, 911 system upgrades and
- 12 recording system, and, again, staff, you know,
- understands that that's a public safety component so
- 14 we certainly thought that that was a worthwhile
- 15 project. And then there was some additional
- 16 acquisition of fire apparatus including a pumper and
- 17 ladder trucks.
- In addition, although not a huge amount,
- 19 there was some improvements to the municipal building
- 20 including work done at the health department and
- 21 firehouse, and we looked at those projects and staff
- 22 requested backup in several instances and we received
- 23 that to our satisfaction.
- I guess the only thing, and, Ed, you
- 25 alluded to a little bit, but when the ordinance funds

- water main utility improvements and related road
- 2 improvements, are we talking road improvements just
- 3 over the areas where water main work is doing or is
- 4 this somehow the authority doing fuller and more
- 5 complete paving work than necessarily matches the
- 6 underlying project?
- 7 MR. FIROZVI: These are basically road
- 8 improvements that are necessary because of the water
- 9 infrastructure improvements only in those areas.
- 10 And I just wanted to clarify: Kearny
- 11 currently this year is not receiving transitional
- 12 aid. We are still under the Memorandum of Agreement
- from last year but this year we did not apply
- 14 for transitional --
- MR. CUNNINGHAM: You did not apply for
- 16 calendar year '16, correct, and thank you for
- 17 clarifying that. Right. Still under the MOU but I
- 18 appreciate that clarification.
- 19 Any questions from the board?
- Hearing none, I would ask for a motion
- 21 and a second.
- MS. RODRIGUEZ: So moved.
- MR. LIGHT: I second.
- 24 MR. CUNNINGHAM: Ms. Rodriguez moves.
- 25 Mr. Light seconds.

- 1 Roll call, please, Pat.
- MS. McNAMARA: Mr. Cunningham.
- 3 MR. CUNNINGHAM: Yes.
- 4 MS. McNAMARA: Mr. Avery.
- 5 MR. AVERY: Yes.
- 6 MS. McNAMARA: Ms. Rodriguez.
- 7 MS. RODRIGUEZ: Yes.
- 8 MS. McNAMARA: Mr. Blee.
- 9 MR. BLEE: Yes.
- MS. McNAMARA: Mr. Light.
- MR. LIGHT: Yes.
- MR. CUNNINGHAM: Thank you very much.
- MR. McMANIMON: Thank you.
- 14 (There is a discussion held off the
- record.)
- MR. CUNNINGHAM: Sea Isle City.
- 17 (There is a discussion held off the
- 18 record.)
- 19 MR. McMANIMON: Leon Costello,
- 20 C-O-S-T-E-L-L-O, is the auditor.
- 21 Paula Doll, D-O-L-L, chief financial
- 22 officer.
- Sherry Tracey, T-R-A-C-E-Y, she is the
- 24 financial advisor to the city from Phoenix Advisors.
- 25 (Leon Costello, Paula Doll and Sherry

1 Tracey, first having been duly sworn by the

- 2 Certified Court Reporter.)
- 3 MR. McMANIMON: Thank you.
- 4 For the record, Ed McManimon, McManimon,
- 5 Scotland & Baumann, bond counsel to the City of Sea
- 6 Isle City.
- 7 To my right is Paula Doll who is the
- 8 chief financial officer; and to her right is Sherry
- 9 Tracey from Phoenix Advisors who is the financial
- 10 advisor for the city; and Leon Costello, to her
- 11 right, is the auditor for the city.
- 12 The city is asking for the approval of
- 13 this board to issue \$14 million of general
- improvement bonds with a nonconforming maturity
- 15 schedule from what is otherwise required under the
- local bond law. The schedule is conforming after the
- 17 third year. The first three years there's principle
- 18 payments that are lower than what would enable the
- 19 issue to be compliant with the local bond law.
- 20 Leon's firm and Sherry's firm put
- 21 together financial plans and it assumed that this
- 22 particular issue would be financed long term in 2019
- 23 along with other debt. They have a note that was
- issued in January for \$18,680,000, and it's their
- view that the market has tremendous benefits if they

- 1 sell now rather than wait to comply with the plan,
- which is really a budget-driven plan. And if they
- 3 could sell the bonds now but have a lower principal
- 4 payment than would otherwise be required for the
- 5 first three years through 2019, it would have a
- 6 tremendous benefit in the market with interest rates.
- 7 And with the budget plan that Leon and Sherry have
- 8 put together for them pretty much stays within that
- 9 plan if they do this. So we think it's a prudent
- 10 move to sell these bonds now.
- 11 The remaining part of the \$8 million in
- 12 notes will be rolled over in notes and be financed in
- 13 2019 as originally planned, but this is largely the
- 14 municipal building that was damaged by Hurricane
- 15 Sandy and was rebuilt, and figure this is the best
- 16 time to permanently finance it.
- So we'd ask the approval of this board
- 18 to do that.
- MR. CUNNINGHAM: So for the benefit of
- 20 my colleagues on the board, I got a call one day
- 21 asking, "How do you feel about nonconforming maturity
- 22 schedules?"
- Geez, I love them.
- 24 But I did have a conversation with both
- 25 Mr. McManimon and Mr. Costello, and I have to say

1 that in a context like this I think there is a place

- 2 for nonconforming maturity schedule. I think that
- 3 counsel clearly put on the record that while there
- 4 are some potential increase in interest costs in the
- 5 early years, the ability to take advantage of the
- 6 markets the way they are right now and get the debt
- 7 in a permanent state as opposed to rolling bands each
- 8 year and incurring those expenses, I think there is
- 9 clearly an advantage to that.
- 10 I just have to say that the average
- 11 assessed home wouldn't be adversely affected. And
- 12 this proposal keeps the total debt service
- 13 substantially level, which I think is certainly to be
- 14 noted.
- So I think that given the fact that the
- 16 municipality, like so many municipalities having
- 17 endured necessary repair costs from Sandy which is
- 18 something that everyone that has appeared before the
- 19 board knows was professionally and personally, you
- 20 know, detrimental to me, I understand that the city
- 21 had to take that debt on, and the ability to be
- 22 flexible and allowing them to take full advantage of
- 23 the market I think is advisable. So I talked to the
- 24 professionals and I do not have an issue with this
- 25 nonconforming maturity schedule.

1 The other thing I just wanted to say and

- 2 I just wanted to compliment the city on prior to the
- 3 board asking other questions is that of the 49 local
- 4 government officers listed on the FDS filing roster,
- 5 all have filed their financial disclosure statements,
- 6 so I thank the municipality for their compliance in
- 7 that regard, and I would ask that you share that with
- 8 your mayor and your administrator as well.
- 9 I know the nonconforming maturity
- 10 schedule perhaps a little bit out of the norm. If
- 11 there's any questions from the board that
- 12 Mr. McManimon or I haven't been able to adequately
- 13 address, I please ask that you ask questions.
- 14 MR. LIGHT: I think their explanation is
- 15 good.
- MR. CUNNINGHAM: Okay. If there's no
- 17 questions, then I'd make a motion to approve Sea Isle
- 18 City's proposed nonconforming maturity schedule in
- 19 the amount -- for the amount of \$14 million.
- MR. BLEE: Second.
- 21 MR. CUNNINGHAM: Mr. Blee seconds.
- 22 And I'll take a roll call please, Pat.
- MS. McNAMARA: Mr. Cunningham.
- MR. CUNNINGHAM: Yes.
- MS. McNAMARA: Mr. Avery.

- 1 MR. AVERY: Yes.
- MS. McNAMARA: Ms. Rodriguez.
- 3 MS. RODRIGUEZ: Yes.
- 4 MS. McNAMARA: Mr. Blee.
- 5 MR. BLEE: Yes.
- 6 MS. McNAMARA: Mr. Light.
- 7 MR. LIGHT: Yes.
- 8 MR. McMANIMON: Thank you very much.
- 9 MR. CUNNINGHAM: Middlesex County
- 10 Improvement Authority.
- 11 MR. LIGHT: Before we start, can I just
- 12 put on the record that I do have involvement in
- 13 Middlesex County, I'm on the Middlesex County
- 14 Utilities Authority, but I don't have any direct
- 15 connection or involvement with Middlesex County
- 16 Improvement Authority.
- 17 MR. CUNNINGHAM: Thank you. Thanks for
- 18 noting that on the record.
- 19 Good morning.
- MR. INVERSO: Are we ready?
- 21 MR. CUNNINGHAM: Mr. Inverso, whoever
- 22 wants to begin.
- MR. PANNELLA: Tony Pannella, Wilentz,
- 24 Goldman, Spitzer, bond counsel to the Middlesex
- 25 County Improvement Authority.

1 To my right, Anthony Inverso from

- 2 Phoenix Advisors, the financial advisor to the
- 3 authority.
- 4 And further to my right, Mr. Leonard
- 5 Roseman, the long-time chairman of the Middlesex
- 6 County Improvement Authority.
- 7 MR. CUNNINGHAM: Thank you very much.
- 8 MR. INVERSO: So this is our
- 9 twenty-fourth year of undertaking the authority's
- 10 capital -- county guarantee capital equipment and
- improvement financing program. This year's program
- we're asking for a principle amount of bonds in the
- amount not exceeding \$9,150,000. It's the typical
- 14 financing structure that we've been utilizing since
- we had the structural change several years ago with
- 16 former director Jack Abuchi (phonetic). We have a
- 17 loan program for all capital items and nonpassenger
- 18 vehicle equipment items, and then we have a separate
- 19 lease program that relates to all police patrol cars
- 20 and other forms of passenger vehicles.
- We're happy to answer any questions.
- MR. CUNNINGHAM: Thank you.
- 23 As I often say in these meetings, a lot
- of the heavy lifting goes on behind the scenes and by
- 25 the time an application makes its way to the board

- 1 agenda, a significant number of questions have
- 2 already been answered. And I just want to note for
- 3 my colleagues on the board that as of three o'clock
- 4 yesterday, we weren't sure this application was going
- 5 to make the agenda, but we did have a conversation
- 6 with counsel, a rather lengthy conversation, and were
- 7 able to hash out the majority of the issues.
- I think that the program has been
- 9 successful over the years for its participant
- 10 municipalities, that's nothing that the board has an
- issue with, but I need to note for my colleagues that
- 12 the financing fee is well over the amount that is
- currently permitted under the -- what we
- 14 affectionally refer to as the DCA clean-up bill.
- 15 It's above the 0.125 percent of par value. We had a
- 16 conversation with counsel about that yesterday and
- 17 this application, and we may have to do it in two
- 18 separate votes, we would need a super majority of the
- 19 board to approve the deal with the financing fee.
- 20 And I just wanted to note for the
- 21 improvement authority that we do have other
- 22 improvement authority applicants who had financing
- fees significantly higher than Middlesex and have
- 24 lowered theirs. And going forward we would ask MCIA
- 25 to take a look at their financing fees as well to see

1 if they could come back to a number that would be

- 2 more in line with the statute.
- But that said, I think that we're going
- 4 to be able to at least proceed today.
- 5 The other issue we had had was a
- 6 technical issue regarding the vehicle portion of the
- 7 lease portion dealing with vehicles, and I think that
- 8 the board's position is made clear and on a
- 9 go-forward basis I think we won't have any more
- 10 issues with that.
- 11 So we really hashed out a lot between
- 12 staff going back and forth, including over the
- 13 weekend, which, you know, I certainly appreciate the
- 14 responsiveness of the work of my staff and the
- 15 professionals on this deal to get things resolved.
- So if there's -- I guess I'll turn it
- over to the members if they have any questions about
- 18 the application or their participating municipalities
- or the items being financed thereunder.
- 20 Okay. So hearing none, I guess we're
- 21 taking -- there's three requested action: Number
- one, there'd be positive findings of the project
- 23 under 40A:5A-6.
- MR. PANNELLA: Yes.
- 25 MR. CUNNINGHAM: There'd be a county

- 1 guarantee by Middlesex under 40A:5A-6.
- 2 MR. PANNELLA: Right.
- 3 MR. CUNNINGHAM: And I would just ask,
- 4 is there a county guarantee fee?
- 5 MR. PANNELLA: No.
- 6 MR. CUNNINGHAM: County is not charging
- 7 a guarantee fee?
- MR. PANNELLA: No. Never has been.
- 9 MR. CUNNINGHAM: And then the third
- 10 action would be an approval by the board at at least
- 11 two thirds of the members to allow the financing fee
- 12 to exceed the 1.25 percent. There are three actions
- in front of the board.
- I suppose if there's no dissension, we
- 15 can deal with that through one vote and I guess I
- 16 would attempt that first. So I would ask for a
- 17 motion and a second.
- MR. BLEE: Motion.
- MR. CUNNINGHAM: We have a motion from
- 20 Mr. Blee.
- MR. AVERY: Second.
- MR. CUNNINGHAM: Mr. Avery seconds.
- May we have roll call, please.
- MS. McNAMARA: This is for everything?
- MR. CUNNINGHAM: This is for everything.

- 1 MS. McNAMARA: Mr. Cunningham.
- 2 MR. CUNNINGHAM: Yes.
- 3 MS. McNAMARA: Mr. Avery.
- 4 MR. AVERY: Yes.
- 5 MS. McNAMARA: Ms. Rodriguez.
- 6 MS. RODRIGUEZ: Yes.
- 7 MS. McNAMARA: Mr. Blee.
- 8 MR. BLEE: Yes.
- 9 MS. McNAMARA: Mr. Light.
- MR. LIGHT: Yes.
- 11 MR. CUNNINGHAM: I was going to give you
- 12 a symbolic no on the financing fee fees but I think
- 13 I've made myself clear so we'll leave it at that.
- 14 Okay?
- MR. PANNELLA: Okay. Thank you.
- 16 MR. CUNNINGHAM: Continuing on with
- improvement authorities, Bergen County Improvement
- 18 Authority.
- 19 MR. DRAIKIWICZ: John Draikiwicz, bond
- 20 counsel to the improvement authority.
- 21 MS. EHLERS: Julie Ehlers, Powell
- 22 Capital Markets, financial advisor to the improvement
- 23 authority.
- 24 MR. RAGUSEO: Mauro Raguseo, acting
- 25 executive director of Bergen County Improvement

- 1 Authority.
- 2 MR. MOORE: Robert Moore, vice president
- 3 of finance of Greater Bergen Community Action.
- 4 MR. DeGIULIO: Allen DeGiulio, executive
- 5 vice president, Greater Berger Community Action.
- 6 MR. PEARLMAN: Steve Pearlman, Pearlman
- 7 & Miranda, counsel for Greater Bergen.
- 8 MR. CUNNINGHAM: Thank you. Wondering,
- 9 Steve. Welcome.
- 10 Would those that aren't counsel please
- 11 be sworn.
- 12 (Julie Ehlers, Mauro Raguseo, Robert
- Moore, and Allen DeGiulio, first having been
- duly sworn by the Certified Court Reporter.)
- MR. DRAIKIWICZ: Thank you.
- 16 The Bergen County Improvement Authority
- 17 propose to issue bonds in an amount not to exceed \$15
- 18 million, the proceeds of which will be loaned to
- 19 Greater Bergen Community Action, which is a
- 20 New Jersey not-for-profit corporation, and they will
- 21 make -- use of those loan proceeds to finance various
- 22 capital projects, as well as to refinance certain
- 23 existing debt of the Bergen County Improvement
- 24 Authority issued in 2004 and 2011 for the benefit of
- 25 Greater Bergen. The refinancing is being done for

1 two purposes: The first and primary purpose of which

- 2 is to release the lien that was created under various
- 3 properties that were mortgaged under the prior 2004
- 4 and 2011 bond transactions. And the second reason is
- 5 also to undertake a refinancing for savings in
- 6 connection with the refunding.
- 7 The overall present value savings on
- 8 both transactions currently is approximate
- 9 15 percent. However, I would like to note that
- 10 there's a possibility that the -- one of the series,
- 11 the 2011 series, could fall below 3 percent, and if
- that does occur, the authority still is desirous of
- doing the refinancing because the transaction will
- 14 produce overall present value savings of at least
- 15 3 percent.
- We hereby would seek your approval in
- 17 connection with this loan under the improvement
- 18 authorities law, as well as seeking positive findings
- in connection with the project, as well as the county
- 20 quarantee that's going to be utilized to guarantee
- 21 the bonds.
- 22 If you have any questions, members
- 23 present will be happy to answer them.
- 24 MR. CUNNINGHAM: What I'd ask just for
- 25 the benefit of the board and the record, prior to

1 reviewing the application I wasn't familiar with the

- 2 Greater Bergen Community Action, Inc., and I
- 3 understand it is the county's federally designated
- 4 antipoverty agency, but I was hoping that maybe you
- 5 could just give a statement on the record of the
- 6 types of work you do, and I note there are some
- 7 capital improvements so if you could talk about what
- 8 those capital improvements that the new money piece
- 9 would be used for, I think that would be helpful.
- 10 MR. DeGIULIO: Well, I'll be happy to
- 11 start and give you a very quick overview of the
- 12 agency and ask Mr. Moore to go into the next aspect.
- We've been in business now for 50 years.
- 14 We've run Head Start programs and now early Head
- 15 Start programs which are the babies in Bergen County
- 16 for all of that time.
- 17 And in the last few years we've also
- 18 expanded our brand, if you will, for Head Start and
- 19 related programs into Jersey City, and Paterson, New
- 20 Jersey. We run weatherization programs and have done
- 21 so for 40 years. And a variety of other efforts
- 22 having to do with substance abusers, having to do
- 23 with homelessness, with teen runaways, throwaways, if
- you will, if you know the business a little bit.
- 25 And we provide the county's LIHEAP

- 1 program, the low-income home energy assistance
- 2 program, to many thousands of residents in Bergen
- 3 County. And a host of other programs which probably
- 4 number on an annual basis in at least 100 separate
- 5 mostly federal- but also state-funded programs. And
- 6 a variety of other efforts with the private sector as
- 7 well, including solar energy activity that we've been
- 8 doing for several years now. We do a variety of
- 9 programs with respect to home repair. Very active in
- 10 Sandy at its peak. And I could go on and on but you
- 11 don't want --
- MR. CUNNINGHAM: Let me ask you then
- just -- or maybe I'll read into the record and I just
- want to make sure I'm accurate, that the new money
- 15 piece, it relates primarily to your operations with
- 16 the Head Start program, there's going to be capital
- improvements to your facility in Garfield including
- 18 nine Head Start classrooms?
- 19 MR. DeGIULIO: Early Head Start
- 20 classrooms, correct.
- MR. CUNNINGHAM: And then you're also
- going to be acquiring and furnishing a warehouse and
- 23 office facility in Hackensack?
- MR. DeGIULIO: In Hackensack.
- MR. CUNNINGHAM: And what's the

- 1 warehouse used for?
- 2 MR. DeGIULIO: That will be our offices
- 3 for our administrative and related staff, as the
- 4 building we are currently in is going to be torn down
- 5 and an apartment house will come into being.
- 6 MR. PEARLMAN: And, Mr. Chairman, for
- 7 the record, just we had a lot of discussions with the
- 8 county about the county guarantee and the security,
- 9 and Greater Bergen is putting up a collateral package
- 10 that's roughly equal to the par amount of the bonds.
- 11 So the county, we feel, is protected.
- 12 In addition, the contracts when they get
- 13 the money to repay the loan, primarily comes from the
- 14 federal government. They're not contracts that go as
- long as the bonds, they're five-year contracts, but
- 16 they've been getting them for 40 years and they've
- 17 always been renewed and they're current on every
- 18 obligation they have.
- 19 MR. CUNNINGHAM: Okay. Thank you very
- 20 much.
- 21 And while we're on the county guarantee,
- is the County of Bergen charging the guarantee fee?
- MR. DRAIKIWICZ: There's no guarantee
- 24 fee.
- MR. CUNNINGHAM: There's no guarantee

- 1 fee. Okay. Thanks.
- John, if you would, there was one piece
- 3 when you were talking that I hadn't been aware of and
- 4 I want to make sure that I fully understand and it
- 5 deals with the 2011 piece potentially not achieving
- 6 the requisite 3 percent savings. Could you delve
- 7 into that a little bit more for me?
- 8 MR. DRAIKIWICZ: Sure. My pleasure.
- 9 Again, the transaction is being
- 10 undertaken for savings but also for the primary
- 11 purpose which is to release the liens of some
- 12 property for them to undertake the price as they're
- doing today. And I'll ask the financial advisor, who
- 14 has an estimate as to the current present value
- 15 savings of the 2011 at this time.
- MS. EHLERS: At this time the 2011 bonds
- are projected to have greater than 5 percent present
- 18 value savings, but because we are refunding and
- 19 defeasing all of the old bonds in order for those
- 20 prior liens to be released, it's possible, depending
- on the market conditions, it might slip under, and,
- 22 again, the -- it's necessary for the project that
- 23 those liens be released and the new -- and replaced
- 24 with the new property liens.
- 25 MR. CUNNINGHAM: But the aggregate --

1 MS. EHLERS: The aggregate savings right

- 2 now --
- 3 MR. CUNNINGHAM: -- slipping under your
- 4 worse case projections?
- 5 MS. EHLERS: Right now the aggregate
- 6 savings are estimated to be 15 percent. So
- 7 between -- with both of them, we certainly expect to
- 8 be far above the 3 percent savings when we come to
- 9 market.
- 10 MR. PEARLMAN: And, Mr. Chairman,
- 11 releasing the liens that we're alluding to, it's the
- 12 building that Allen spoke about that's being torn
- 13 down, so --
- 14 MR. CUNNINGHAM: Okay. And if for some
- 15 catastrophic reason the aggregate 3 percent savings
- were not realized, the transaction would not proceed.
- 17 MS. EHLERS: The intention is that it
- 18 would proceed in order to release the liens. The
- 19 savings are a wonderful bonus but not the key point
- of the defeasance and refunding.
- MR. CUNNINGHAM: Okay.
- MS. EHLERS: However, again, we're at 15
- 23 percent present value savings which is \$1.2 million.
- 24 I mean, we are getting savings and we --
- MR. CUNNINGHAM: When do you think the

- 1 deal will go to market?
- 2 MR. MOORE: I was just going to say,
- 3 we're scheduled to close within the next --
- 4 MR. DRAIKIWICZ: Well, let me just
- 5 mention, go to the timing on it.
- 6 The county has already introduced the
- 7 county guarantee. The second reading is scheduled
- 8 for August the twenty-fourth. Then we have to wait
- 9 the 20 days for the accounting guarantee estoppel
- 10 period to take effect. So the bonds will likely be
- 11 sold mid to late September, late September.
- 12 MR. CUNNINGHAM: We certainly would see
- 13 that projected of market fluctuations on it during
- 14 that period.
- MR. PEARLMAN: Right.
- MS. EHLERS: Right.
- 17 MR. CUNNINGHAM: Okay. I don't think we
- 18 need a condition, Pat.
- MS. McNAMARA: Just an --
- MR. CUNNINGHAM: Yeah.
- 21 So the actions requested for the board
- 22 today are positive findings, positive finding of the
- 23 county guarantee, positive finding that Greater
- 24 Community Action is eligible under the county
- financing, that's under 37A-54(I).

- 1 MR. DRAIKIWICZ: It's actually an
- 2 approval of the loan under 54(L), it's an approval of
- 3 the loan.
- 4 MR. CUNNINGHAM: Thank you.
- 5 MR. PEARLMAN: (L) I think.
- 6 MR. DRAIKIWICZ: Yeah, so one is an
- 7 approval, the other two are findings.
- 8 MR. CUNNINGHAM: Any questions from the
- 9 board?
- MS. RODRIGUEZ: I have a comment.
- MR. CUNNINGHAM: Yeah, please.
- MS. RODRIGUEZ: I commend, you know, the
- 13 Greater Bergen County. They do -- you do phenomenal
- 14 work, and being from Paterson, I saw how you stepped
- in and took over the Head Start program and kept it.
- 16 So I am very familiar with the program for a long
- time and it's great to see well-to-do, if you will,
- 18 county really step up to the plate to help those that
- 19 are less fortunate.
- MR. DeGIULIO: We've got our share of
- 21 poverty.
- MS. RODRIGUEZ: Yeah. No, I know it
- 23 does, no, I'm not dismissing that, but I'm just
- 24 saying that for the most part the perception is what
- 25 it is and it is what it is. But for those that have

1 to help those that don't is amazing and still in this

- 2 day and time.
- MR. PEARLMAN: They changed their name,
- 4 they used to be the Bergen County Community Action,
- 5 now they're the Greater Bergen so they can help serve
- 6 other areas.
- 7 MS. RODRIGUEZ: Yeah. So exactly.
- 8 MR. DeGIULIO: Thank you for your kind
- 9 words.
- 10 MR. CUNNINGHAM: And I understand the
- 11 point that savings aren't the primary objective but
- 12 given where we are in the market is there an
- 13 objection if the board was to put a condition that
- 3 percent aggregate savings would be received?
- MR. PEARLMAN: As long as we have the
- ability to come back if it doesn't happen.
- MR. CUNNINGHAM: Of course.
- MR. PEARLMAN: Yes.
- MR. DRAIKIWICZ: We're fine.
- 20 MR. CUNNINGHAM: Did you want to make a
- 21 motion?
- MS. RODRIGUEZ: I make a motion.
- MR. CUNNINGHAM: Ms. Rodriguez motions.
- MR. BLEE: Second.
- MR. CUNNINGHAM: Mr. Blee seconds.

- 1 Roll call, please, Pat.
- MS. McNAMARA: Mr. Cunningham.
- 3 MR. CUNNINGHAM: Yes.
- 4 MS. McNAMARA: Mr. Avery.
- 5 MR. AVERY: Yes.
- 6 MS. McNAMARA: Ms. Rodriguez.
- 7 MS. RODRIGUEZ: Yes.
- 8 MS. McNAMARA: Mr. Blee.
- 9 MR. BLEE: Yes.
- MS. McNAMARA: Mr. Light.
- MR. LIGHT: Yes.
- MR. DRAIKIWICZ: Thank you.
- 13 MR. CUNNINGHAM: Good luck with the
- 14 project.
- We'll move to the Monmouth County
- 16 Improvement Authority.
- 17 MR. DRAIKIWICZ: John Draikiwicz, bond
- 18 counsel to the Monmouth County Improvement Authority.
- 19 MR. BACHER: Doug Bacher, NW Financial,
- 20 financial adviser to the Monmouth County Improvement
- 21 Authority.
- MS. O'CONNOR: Teri O'Connor, Monmouth
- 23 County Administrator.
- MR. NUSE: Dave Nuse, Fort Monmouth
- 25 Economic Revitalization Authority.

1 MR.	CUNNINGHAM:	Thank	you.
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- 2 Would those that aren't counsel please
- 3 be sworn in.
- 4 (Doug Bacher, Teri O'Connor, and Dave
- 5 Nuse, first having been duly sworn by the
- 6 Certified Court Reporter.)
- 7 MR. DRAIKIWICZ: Thank you.
- 8 The Monmouth County Improvement
- 9 Authority propose to issue notes in an amount not to
- 10 exceed \$35 million, the proceeds of which will be
- 11 loaned to the Fort Monmouth Economic Revitalization
- 12 Authority, otherwise known as FMERA, for them to
- acquire approximately 560 acres of real property from
- 14 the United States Army in the Fort Monmouth area.
- 15 The real property is estimated to be approximately
- 16 \$90 million.
- 17 FMERA is the entity that's in charge of
- 18 the redevelopment of this area and part of their
- 19 mission will be to sell land that they've acquired
- 20 after the plan has been put into place for the
- 21 particular parcels to third parties, then FMERA will
- use the proceeds received from the sales of the land
- 23 to finance various improvements in the Fort Monmouth
- 24 project area including infrastructure improvements,
- as well as using those monies to pay off the Monmouth

- 1 County Improvement Authority note over an estimated
- 2 five-year time period. The notes will be secured by
- 3 a county guarantee from the County of Monmouth. We
- 4 will be requesting positive findings in connection
- 5 with the project financing, as well as the county
- 6 guarantee. We would like to, however, turn this over
- 7 to David Nuse from FMERA to discuss a little bit more
- 8 about the project, about the authority, and its
- 9 mission in the area and the vision that's
- 10 encompassed.
- 11 MR. NUSE: Thank you, Chairman.
- Just very briefly, the Fort Monmouth
- 13 Economic Revitalization Authority is a state
- 14 authority created in 2010 for the sole purpose of
- 15 redeveloping Fort Monmouth.
- The fort is 1100 acres in three towns,
- 17 Oceanport, Eatontown, Tinton Falls. It was the
- 18 largest employer in Fort Monmouth when it closed in
- 2011; over 5500 jobs on the fort, plus another 2500
- 20 contractor jobs that were in the three towns, so it
- 21 had a very huge impact on the economy of Monmouth
- 22 County.
- 23 As part of the BRAC base closure
- 24 process, FMERA has a master plan for the fort. It
- 25 calls for creation of about 10,000 jobs, about one

1 and a half million dollars of investment on Fort

- 2 Monmouth.
- 3 We already owned roughly half of the
- fort, the western half, which came in a deed in 2014.
- 5 About two thirds of that property has already either
- 6 been sold, under contract, or in negotiations.
- 7 This transaction covers the eastern half
- 8 of the fort, the older portion known as the main post
- 9 in Oceanport and Eatontown, 560 acres, where we would
- 10 be purchasing the property from the U.S. army for \$33
- 11 million. That's a discounted price, a residual value
- 12 that takes into account the items that Mr. Draikiwicz
- 13 mentioned infrastructure improvements, demolition,
- and the soft cost necessary to get the property into
- 15 private hands.
- We expect to be able to sell the
- 17 property in five years to multiple redevelopers, and
- 18 pay back the loan to Monmouth County.
- 19 Be happy to answer any questions you
- 20 might have.
- 21 MR. CUNNINGHAM: Not necessarily a
- 22 question but just expanding on discussion you were
- 23 just having.
- So the army is selling at a deep
- 25 discount of what market rate would be for the

1 property. And when we had looked at it and our staff

- 2 had reviewed the application, the actual proceeds of
- 3 the land would likely generate revenues three times
- 4 the amount paid to the army, is that an accurate
- 5 statement?
- 6 MR. NUSE: Yes, that's correct.
- 7 MR. CUNNINGHAM: So given the timing and
- 8 the amounts, we would consider this a pretty low-risk
- 9 transaction.
- 10 MR. DRAIKIWICZ: Yeah. I think I also
- like to note that the real property, the mortgages,
- there will be a mortgage of the property of the 500
- acres or so out of the 560 that will be used as
- security for the County of Monmouth's guarantee. So
- 15 that security will run directly to the County of
- Monmouth.
- 17 MR. CUNNINGHAM: Speaking of the county
- 18 guarantee, county guarantee fee?
- 19 MR. BACHER: There is a county guarantee
- 20 fee assumed. You know, this isn't general obligation
- 21 pledge by anybody here. It's FMERA and the sale of
- 22 the property. If the County of Monmouth has
- traditionally put a county guarantee fee in their
- 24 transactions, again, they treat themselves like the
- 25 insurer in these transactions and really only started

offering a county guarantee when the AAA insurers

- went away, and so we've been doing it ever since.
- 3 MR. CUNNINGHAM: You've heard the prior
- 4 improvement authority applicant that came before the
- 5 board aren't charging county guarantee fees. Right?
- 6 MR. BACHER: We heard.
- 7 MR. CUNNINGHAM: Is that county
- guarantee fee that I see \$93,000?
- 9 MR. BACHER: That sounds correct.
- 10 MR. CUNNINGHAM: Does it need to be that
- 11 high?
- 12 MR. BACHER: It's just, again, I mean, I
- 13 can't speak for how we've been doing it. It's a
- 14 calculation that we've used since 2008, again, just
- 15 to represent what costs would be if in fact they were
- 16 going out to an insurer.
- 17 MR. NUSE: And, Mr. Chairman, I would
- 18 add that FMERA does regard that fee as reasonable.
- 19 MR. CUNNINGHAM: Okay. Well, if the
- 20 client's happy with it, who am I to argue.
- MR. LIGHT: I'd like to argue about it.
- 22 Seems like a lot of money to me.
- MR. CUNNINGHAM: Any questions from the
- 24 board?
- MR. LIGHT: Sorry. I didn't mean that,

- 1 I just couldn't control myself.
- 2 MR. BLEE: Just one, Chairman.
- I think I may have actually seen the
- 4 fruits of your labor might be, I guess, on the
- 5 eastern portion of the campus, but the Pace, the new
- 6 Pace Center I think is --
- 7 MR. NUSE: Yeah, Beacon. Yeah, it was
- 8 the former army hospital which was one of the first
- 9 buildings to be redeveloped.
- 10 MR. BLEE: Correct, yeah. I was up
- there for a visit and they've done a fantastic job,
- 12 so --
- MR. NUSE: Yes. Thank you. Very proud
- 14 of that.
- MR. BLEE: If all the projects come out
- 16 like that you'll be in great shape.
- MR. NUSE: Thank you.
- 18 MR. CUNNINGHAM: Mr. Blee, do you want
- 19 to make a motion?
- MR. AVERY: Administrator, good to see.
- 21 MS. O'CONNOR: Hi. How are you?
- MR. AVERY: Good.
- 23 My question really stems, are there any
- 24 environmental issues on this land that's going to be
- 25 acquired by the FMERA?

1 MR. NUSE: The army is required to go

- 2 through an environmental clearance process. They
- 3 refer to it as a Finding of Suitability to Transfer.
- 4 They have gone through the process for this eastern
- 5 half of the fort; they have to post their findings
- 6 for public review and comment. That comment period
- 7 is closed. State DEP has also weighed in.
- 8 Unlike private parties, the federal
- 9 government has the ability to identify any
- 10 environmental areas of concern and carve them out of
- 11 the transaction and then convey them at a later date
- 12 after they've received environmental clearance.
- So there are some areas on the property
- 14 that have not yet been either fully investigated or
- 15 remediated. However, army has an obligation to
- 16 complete that process, and those parcels, those
- 17 environmental parcels, are excluded or will be
- 18 excluded from the county's mortgage.
- 19 MR. AVERY: Okay. I have -- having a
- 20 former mil- -- or current military installation in
- Ocean County where I was employed, the standards that
- 22 the navy has to clean up to aren't different than
- 23 state standards? Once the land is transferred away
- in the federal government, which standard then
- 25 applies?

1 MR. NUSE: The army only needs to meet

- 2 federal CERCLA standards. However, developers of the
- 3 property on Fort Monmouth will need to comply with
- 4 state DEP standards.
- 5 MR. AVERY: So is there any concern that
- 6 there would be a need for remediation that would
- 7 affect the sale of the property under those terms?
- 8 MR. NUSE: The bulk of the property that
- 9 constitutes these environmental carve-out areas on
- 10 this 560-acre parcel are landfill areas that have
- 11 been designated as future passive open space, so for
- 12 the most part, we're not anticipating any significant
- 13 remedial actions needed by the redevelopers other
- than asbestos, lead-based paint, and other minor
- 15 items.
- MR. AVERY: So the carved-out areas are
- 17 known -- were known to have environmental issues? It
- isn't like someone in sampling or something
- 19 discovered a problem?
- MR. NUSE: Correct, yes.
- 21 And fortunately, Fort Monmouth was the
- 22 home of the Signal Corp, so compared to a lot of
- installations around the country, even compared to
- 24 Lakehurst, for example, it didn't have the type of
- 25 munitions and heavy chemicals that you would often

- 1 find.
- 2 MR. AVERY: Okay.
- 3 MR. DRAIKIWICZ: David, I think the hole
- 4 is about 50 acres -- isn't it approximately 50 acres
- 5 where the issues are?
- 6 MR. NUSE: Yeah. It's between 50 and
- 7 100 acres. But, again, the bulk of that is landfill
- 8 area and these were not hazardous landfills, they
- 9 were used for demolition debris primarily.
- 10 MR. AVERY: Well, I know that when Fort
- 11 Monmouth closed, a number of employees resided in
- Ocean County and they took a hit, so I hope you have
- great success in redeveloping this as a job magnet
- 14 for the region.
- MS. O'CONNOR: That is the hope of the
- 16 county. Almost double the amount of jobs that were
- 17 lost when the army left.
- 18 MR. AVERY: It's been devastated up
- 19 there around the fort, commercially, anyway.
- That's all my questions.
- 21 MR. CUNNINGHAM: I violated Robert's
- 22 rules of order; we have a motion on the table and I
- let discussion go on. But we'll ignore that and I
- 24 would take a second.
- MS. RODRIGUEZ: Second.

1 MR. CUNNINGHAM: Ms. Rodriguez seconds.

- 2 Roll call, please, Pat.
- 3 MS. McNAMARA: Mr. Avery.
- 4 MR. AVERY: Yes.
- 5 MS. McNAMARA: Ms. Rodriguez.
- 6 MS. RODRIGUEZ: Yes.
- 7 MS. McNAMARA: Mr. Blee.
- MR. BLEE: Yes.
- 9 MS. McNAMARA: Mr. Light.
- MR. LIGHT: Yes.
- MS. McNAMARA: Mr. Cunningham.
- MR. CUNNINGHAM: No. While you're okay
- 13 with the financing -- with the county guarantee fee,
- I am not. I'm a no on it. Motion carries.
- MR. DRAIKIWICZ: Thank you.
- MS. O'CONNOR: Thank you for your time.
- 17 MR. CUNNINGHAM: Thank you. Good seeing
- 18 you.
- 19 (There is a discussion held off the
- 20 record.)
- 21 MR. CUNNINGHAM: We'll move to the
- 22 Atlantic County Improvement Authority.
- MR. FLEISHMAN: Good morning, Mr.
- 24 Chairman, members of the board. Joel Fleishman, bond
- 25 counsel to the Atlantic County Improvement Authority.

1 I'm going to let everyone just introduce

- 2 themselves for the record.
- 3 Doug.
- 4 MR. BACHER: Doug Bacher, financial
- 5 advisor to the Atlantic County Improvement Authority.
- 6 MR. LAMEY: John Lamey, I'm the
- 7 executive director of the Atlantic County Improvement
- 8 Authority.
- 9 MS. LINDAUR: Bonnie Lindaur, Atlantic
- 10 County treasurer.
- 11 MR. BEALL: Scott Beall, financial
- 12 advisor to the County of Atlantic.
- MR. CUNNINGHAM: Thank you.
- And those that aren't counsel be sworn.
- 15 (Doug Bacher, John Lamey, Bonnie
- 16 Lindaur, and Scott Beall, first having been
- duly sworn by the Certified Court Reporter.)
- MR. FLEISHMAN: Again, Mr. Chairman,
- 19 members of the board, good morning.
- We're here this morning seeking your
- 21 approval for a new pooled governmental loan program
- 22 to be undertaken by the authority in the aggregate
- 23 principle amount of \$16,500,000. This program, at
- 24 the present time, we have four participating
- 25 municipalities. Obviously the idea there to have the

- 1 municipalities issue their bonds to the authority,
- 2 and the authority will go out to the market with its
- 3 stronger credit rating and with the county guarantee
- 4 that we will hope that you also approve this morning,
- 5 the use of that guarantee we'll be able to pass
- 6 savings on to these four municipalities.
- 7 We're -- essentially most of these towns
- 8 have outstanding bond anticipation notes. There's
- 9 some new money for some unfunded improvements. And
- 10 that's essentially the program.
- 11 MR. CUNNINGHAM: So this is the first
- 12 time that ACIA has undertaken the pool program?
- MR. LAMEY: It is, yeah. We -- in the
- 14 past we had -- we did have a full financing program
- that was backed by a letter of credit. That became
- 16 too extensive for the municipalities so that program
- 17 sunsetted probably about eight years ago. The county
- has agreed to step up to guarantee this financing.
- 19 We went out to different -- to all of our
- 20 municipalities to talk about the financing. We did
- 21 not get a lot of participation first couple times it
- 22 went out but this is the first time that we've had
- 23 municipalities decide that they do want to take
- 24 advantage of the program.
- MR. CUNNINGHAM: So enough critical mass

- 1 that you wind up --
- 2 MR. LAMEY: Correct.
- 3 MR. CUNNINGHAM: -- doing the deal.
- I just want to mention to the members
- 5 that -- and this isn't criticism at all, just
- 6 sometimes it happens this way; the executive summary
- 7 was not descriptive. I mean, it was various capital
- 8 improvements and various acquisitions, and through
- 9 the FA we did receive a much more comprehensive and
- 10 descriptive list of the projects that were going to
- 11 be carried out through this pool program. And I
- won't recite them all but they'll obviously be
- included as part of the record, considering they're
- in the amended staff report, we'll make sure they go
- 15 with the file at least.
- We have the City of Somers Point, some
- 17 Sandy damage repair, and then purchase of vehicles
- and construction vehicles was the largest portion of
- 19 their financing. Also Somers Point was doing sewer
- 20 improvements.
- 21 The other participants were the Township
- of Mullica. Largest portion of their participation
- was their 2015 road program and some upgrades to
- their fuel system and public safety, some vehicle
- 25 acquisitions.

1 The Township of Egg Harbor is likewise

- 2 participating: Two million some in road
- 3 improvements. Also police department and P25
- 4 compatible radios.
- 5 And then the last, I believe, was the
- 6 City of Northfield: Purchase of fire trucks, police
- 7 radios, four-wheel drives, road and drainage.
- 8 Is that adequate, they were the
- 9 participants? Did I miss anybody?
- MR. FLEISHMAN: No, that's it.
- 11 MR. CUNNINGHAM: Okay. The other
- 12 question I had, as you've heard me ask the other
- improvement authority applicants is whether there's a
- 14 county guarantee fee on this deal.
- MR. BACHER: Well, there was -- we did
- 16 put one in the application. At the time of the
- 17 application we hadn't gotten a definitive answer from
- or discussions with the county regarding the fee.
- 19 The fee can be eliminated; there will be no county
- 20 quarantee fee.
- 21 MR. CUNNINGHAM: Pat, you can switch the
- 22 roll call back and I'll go first.
- 23 Any questions from the members of the
- 24 board.
- 25 MR. BLEE: Chairman, I would just

- 1 commend the authority and the county on the record
- because as a resident of Atlantic County, I've seen
- 3 so many other authorities do this program in a very,
- 4 very successful way. So I commend you for your
- 5 foresight and maybe even sticking with it and giving,
- 6 you know, municipalities multiple opportunities.
- 7 MR. CUNNINGHAM: And I agree with
- 8 Mr. Blee entirely because it's no secret what's going
- 9 on with the City of Atlantic City and the pressure
- 10 that's putting on the surrounding municipalities, and
- 11 having those municipalities be able to avail
- 12 themselves of a low interest and proven program to
- 13 acquire things they need to acquire in the best and
- 14 most expeditious way, I agree with Mr. Blee, I think
- it was really wise that the improvement authority
- 16 kept at it and built up enough critical mass. And,
- you know, once people see this how well this works,
- 18 I'm sure that other municipalities will participate.
- MR. LAMEY: Thank you.
- 20 MR. CUNNINGHAM: Mr. Blee, you want to
- 21 make a motion then.
- MR. BLEE: Yes. Make a motion.
- 23 MR. CUNNINGHAM: Mr. Blee will make the
- 24 motion and I'll second.
- 25 Roll call, please.

- 1 MS. McNAMARA: Mr. Cunningham.
- 2 MR. CUNNINGHAM: Yes.
- 3 MS. McNAMARA: Mr. Avery.
- 4 MR. AVERY: Yes.
- 5 MS. McNAMARA: Ms. Rodriguez.
- 6 MS. RODRIGUEZ: Yes.
- 7 MS. McNAMARA: Mr. Blee.
- 8 MR. BLEE: Yes.
- 9 MS. McNAMARA: Mr. Light.
- MR. LIGHT: Yes.
- MR. CUNNINGHAM: Thank you very much.
- 12 And, Doug, could I just ask you to stay
- in that seat for one second.
- MR. BACHER: Yes.
- MR. CUNNINGHAM: The next application in
- 16 front of the board was from the Weehawken Township
- 17 Housing Authority which is represented by NW.
- 18 MR. BACHER: Yes.
- MR. CUNNINGHAM: And it's my
- 20 understanding that there's been a request late
- 21 breaking to remove that from the agenda?
- MR. BACHER: That's my understanding as
- 23 well, and I think there was an e-mail sent to staff
- 24 from Dan Marinello who actually signed that
- 25 application requesting a deferral.

1 MR. CUNNINGHAM: Okay. So the board

- 2 will consider the Weehawken Township Housing
- 3 Authority matter scheduled for 10:50 to be deferred,
- 4 and we will then move to Fort Lee Housing Authority.
- 5 MR. BACHER: Thank you.
- 6 COURT REPORTER: Mr. Cunningham, could I
- 7 interrupt and take a quick bathroom break?
- MR. CUNNINGHAM: Yes.
- 9 COURT REPORTER: Thank you.
- 10 MR. CUNNINGHAM: It is 11:12. We'll
- 11 reconvene at 11:20.
- 12 (There is a brief recess taken.)
- MR. CUNNINGHAM: Okay. So we'll resume.
- We're picking back up with the 10:55
- 15 agenda item, the Fort Lee Housing Authority. I would
- just ask, I know you probably already signed in and
- introduced yourself to the board and those that
- 18 aren't counsel be sworn in.
- 19 MS. PETRASKY: Lisa Petrasky,
- 20 NW Financial Group.
- 21 MR. CORRISTON: Terrence Corriston, Fort
- 22 Lee Housing Authority.
- MS. OBERDORF: Cheryl Oberdorf,
- 24 DeCotiis, FitzPatrick & Cole, special RAD counsel for
- 25 the housing authority.

1	(Terrence J. Corriston and Lisa
2	Petrasky-Muckle, first having been duly sworn
3	by the Certified Court Reporter.)
4	MR. CUNNINGHAM: So I just want to note
5	that over the last two meetings, there's been several
6	applications brought forth from housing authorities
7	participating in a RAD program. And we spent
8	considerable time at those prior meetings or you
9	did on behalf of your clients, particularly NW,
10	educating the board about the RAD program and the
11	advantages to that.
12	So Fort Lee had been listed on the prior
13	agenda but the board had questions because at the
14	time there had been talk about a mortgage, and I
15	think that since then the application has been
16	modified to more closely resemble the other RAD deals
17	that have come into front of the board.
18	So with that preamble, I don't know,
19	Cheryl, whether you or Lisa want to take the
20	laboring, or just kind of introduce the application
21	to the board, and then I'm just going to ask a couple
22	questions of the authority in terms of types of
23	improvements that will be made using the RAD funds.
2.4	MS. PETRASKY: Okav. We're requesting

25 approval for the Fort Lee Housing Authority financing

- 1 through the Rental Assistance Demonstration program.
- 2 We're looking to use these funds for the authority to
- 3 set up an initial deposit into the replacement
- 4 reserve account so improvements can be made to the
- 5 property over the next 20 years.
- 6 MR. CUNNINGHAM: Can we talk about a
- 7 little bit of those improvements then?
- 8 MR. CORRISTON: Sure.
- 9 MR. CUNNINGHAM: What we've asked the
- 10 prior housing authority applicants to do is just
- 11 explain, I mean, if it's garden-style apartments, is
- 12 it windows, roofs? Just in very general terms the
- 13 type of improvements that would be undertaken.
- MR. CORRISTON: Exactly.
- 15 It's a 40-unit apartment building. It's
- one six-story building and two three-story buildings
- 17 attached so it's all connected, but they do have
- 18 actually two roofing structures because of the
- 19 six-story and the three-story buildings. So I guess
- 20 our largest outlay would be for roofing. There's new
- 21 boilers anticipated. There are estimates -- I'm
- 22 sorry, anticipated kitchens, countertops, appliances,
- 23 flooring, in both the common areas and the apartment
- 24 areas.
- Now, these are not necessarily all

1 things that have to be done immediately but this is

- 2 establishing, as Lisa said, the reserve and
- 3 replacement account going forward to replace the
- 4 capital fund grants which we are not going to be
- 5 getting from HUD, and which, frankly, HUD will advise
- 6 are insufficient to maintain these items any way
- 7 because we couldn't possibly go forward with all
- 8 these improvements with the capital funds that are
- 9 available from HUD, so that's why the transfer.
- 10 So they're basically typical replacement
- 11 items that occur in any commercial low-income housing
- 12 facility.
- MR. CUNNINGHAM: All right. And,
- 14 Mr. Corriston, I have a question that I think you're
- 15 uniquely positioned to answer, and one that we didn't
- 16 get an answer on when we inquired.
- 17 You serve as the executive director?
- MR. CORRISTON: Yes.
- 19 MR. CUNNINGHAM: Are you also general
- 20 counsel and secretary?
- 21 MR. CORRISTON: I am secretary and
- general counsel to the extent that we don't have
- 23 special counsel for various items. So we have
- 24 special counsel personnel files, we have special
- counsel for the RAD deal.

- 1 MR. CUNNINGHAM: Okay.
- 2 MR. CORRISTON: And I might add also
- 3 under the statute we have authority to draw upon the
- 4 municipal attorneys as well.
- 5 MR. CUNNINGHAM: I'll leave those
- 6 conflict checks to you.
- 7 Any questions from the board?
- 8 No?
- 9 Hold on one second, please.
- 10 Okay. Then I would ask for a motion and
- 11 a second.
- MR. BLEE: Motion.
- MR. CUNNINGHAM: Mr. Blee.
- MR. AVERY: Second.
- MR. CUNNINGHAM: I think I heard second
- 16 from Mr. Avery.
- 17 Roll call, please.
- MS. McNAMARA: Mr. Cunningham.
- MR. CUNNINGHAM: Yes.
- MS. McNAMARA: Mr. Avery.
- MR. AVERY: Yes.
- MS. McNAMARA: Ms. Rodriguez.
- MS. RODRIGUEZ: Yes.
- MS. McNAMARA: Mr. Blee.
- MR. BLEE: Yes.

- 2 MR. LIGHT: Yes.
- 3 MR. CUNNINGHAM: Thank you very much.
- 4 MR. CORRISTON: Thank you.
- 5 MS. PETRASKY: Thank you.
- 6 (There is a discussion held off the
- 7 record.)
- 8 MR. CUNNINGHAM: City of Trenton Parking
- 9 Authority.
- 10 (There is a discussion held off the
- 11 record.)
- 12 MR. McMANIMON: Thank you. For the
- 13 record, Ed McManimon from McManimon, Scotland &
- 14 Baumann, bond counsel to the Trenton Parking
- 15 Authority.
- This is a supplemental request. We had
- 17 the financing that the parking authority had planned
- 18 to finance which was a refunding of a portion of the
- 19 prior bonds that were outstanding from 2006 and 2013,
- 20 and provides for some additional money. And there
- 21 was substantial savings and the savings effectively
- 22 paid the debt service on the new money piece which
- was a small amount of money that they wouldn't have
- 24 been able to finance on their own because it was too
- 25 small to do a financing through the authority.

1	1 I	n	the	course	of	setting	นาต	the	effort.

- 2 to sell those bonds, it was clear that the remaining
- 3 outstanding bonds that were not part of the refunding
- 4 that was presented could produce a substantial
- 5 savings, increase the savings from \$590,000 to \$1
- 6 million; and so we went back to the parking authority
- 7 and they adopted a supplemental resolution to
- 8 authorize an application for this board. We held up
- 9 the bond sale a week so we could come before this
- 10 board and take advantage of a significantly reducing
- 11 market that enables us to refund all of the
- 12 outstanding bonds instead of just a couple of the
- 13 maturities of them. And to Jim's credit, he tracked
- 14 that down and made that suggestion, and so we thought
- 15 it was worth, even with this aggressive market, to
- 16 wait two weeks so we could include this in it.
- 17 So the new projects were all testified
- 18 to by Len Bierer (phonetic) at the meeting a month
- 19 ago, and we're just financing more of them than --
- 20 because we have more money to do that with with the
- 21 savings that we're producing. So --
- MR. CUNNINGHAM: Any questions?
- MR. LIGHT: No.
- MR. McMANIMON: Should I explain it
- 25 again, then?

- 1 MR. CUNNINGHAM: I'm sorry?
- 2 MR. McMANIMON: No.
- 3 MR. CUNNINGHAM: I'll make a motion to
- 4 approve the application of the Trenton Parking
- 5 Authority.
- 6 MS. RODRIGUEZ: I second.
- 7 MR. CUNNINGHAM: Ms. Rodriguez seconds.
- 8 Roll call, please.
- 9 MS. McNAMARA: Mr. Cunningham.
- MR. CUNNINGHAM: Yes.
- MS. McNAMARA: Mr. Avery.
- MR. AVERY: Yes.
- MS. McNAMARA: Ms. Rodriguez.
- MS. RODRIGUEZ: Yes.
- MS. McNAMARA: Mr. Blee.
- MR. BLEE: Yes.
- MS. McNAMARA: Mr. Light.
- MR. LIGHT: Yes.
- MR. CUNNINGHAM: Okay. Thank you.
- MR. McMANIMON: Jim wanted to know how
- 21 he did.
- MR. CUNNINGHAM: Fantastic.
- MR. McMANIMON: Thank you very much.
- MR. CUNNINGHAM: I'm going to ask the
- 25 City of Clifton and Nutley Township to appear

together, we're going to handle this as one matter

- 2 although it's clearly two separate applications, and
- 3 we will do two separate votes.
- 4 MR. PEARLMAN: Very good. We have a
- 5 large contingency.
- 6 MR. CUNNINGHAM: Sure. Well, take your
- 7 time and get situated, and if some people want to sit
- 8 in the front row as long as they introduce themselves
- 9 and are sworn, that's fine.
- 10 (There is a discussion held off the
- 11 record.)
- MR. CUNNINGHAM: So, Steve, could you
- just introduce everyone that's here on behalf of the
- 14 applications and which municipality they're with and
- 15 who.
- MR. PEARLMAN: Certainly. You know,
- 17 Lisa and I are doing this together. Lisa is RAD
- 18 counsel for Clifton, and Steve Pearlman, Pearlman &
- 19 Miranda, RAD counsel for Nutley. I'll introduce the
- 20 Nutley contingency, and then pass on to Lisa for
- 21 Clifton. And then we also have some of our joint
- venture partners here and Kevin Coakly can introduce
- 23 that group. Kevin is with Connell Foley.
- 24 So, Steve Pearlman, Pearlman & Miranda,
- 25 Nutley RAD bond counsel.

1 And I have with me John Inglesino, who

- is the redeveloper's counsel for Nutley. And I have
- 3 also have Tom Evans who is the director of revenue
- 4 and finance for Nutley and an elected official.
- 5 Lisa.
- 6 MS. GORAB: Lisa Gorab from Wilentz,
- 7 Goldman, & Spitzer, bond counsel for the City of
- 8 Clifton.
- 9 And with me is Mark Semeraro, who is the
- 10 city's redevelopment counsel. And the city's city
- 11 manager, Nick Villano.
- MR. CUNNINGHAM: Thank you.
- MR. PEARLMAN: And, Kevin, why don't you
- 14 introduce who you have.
- MR. COAKLY: Good morning.
- 16 Kevin Coakly, Connell, Foley. We're
- outside counsel to the Seton Hall University.
- 18 And also here on behalf of Hackensack is
- 19 Kevin DeSimone and also Dr. Jeff Boscamp. And
- 20 Dr. Boscamp is also assistant dean of the --
- 21 associate dean of the medical school.
- MR. CUNNINGHAM: Okay. Thank you.
- So for all those who are not counsel,
- 24 would you be sworn in and then we can move through
- 25 the applications.

1 (Mark Semeraro, Nick Villano,	Kevin
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- DeSimone, Jeffrey Boscamp, and Tom Evans,
- 3 first having been duly sworn by the Certified
- 4 Court Reporter.)
- 5 MR. PEARLMAN: Okay. I am going to
- 6 start if I can.
- 7 MR. CUNNINGHAM: Sure.
- 8 MR. PEARLMAN: Thank you, Mr. Chairman.
- 9 This is a project that crosses municipal
- 10 boundaries and therefore companion applications have
- 11 been submitted by each of Nutley and the City of
- 12 Clifton. Both municipalities are seeking approval
- 13 under NJSA 40A:12A-67(g) and NJSA 40A:12A-29(a)3 to
- issue RAD bonds via private sale, each in the
- 15 aggregate principle amount not to exceed \$1 million.
- The redeveloper and urban renewal entity
- 17 associated with this project Kingsland Street Urban
- 18 Renewal, LLC, is a joint venture of Seton Hall
- 19 University and Hackensack University Medical Center,
- and Kevin introduced that group just before.
- This project and companion submission is
- 22 literally years in the making.
- Back in 2013 Hoffman-La Roche, a public
- 24 held company which researches, develops, and
- 25 manufacturers medicines, diagnostics and vitamins,

1 publically announced it would be closing its 119-acre

- 2 site, 52 acres of which are located in Nutley, 67
- 3 acres of which are located in Clifton. And
- 4 Hoffman-La Roche had been there for decades.
- 5 At first both Nutley and Clifton worked
- 6 together to see if a similar large campus corporate
- 7 user could replace Hoffman-La Roche chiefly because
- 8 of the size of the campus and proximity to New York
- 9 City with the hope that tax payments to each
- 10 municipality could remain relatively constant.
- 11 Toward that vein, a national commercial real estate
- 12 broker was brought in and local real estate contacts
- were approached. None of them yielded any comparable
- 14 corporate relocation prospect. There was no Roche
- 15 replacement.
- A high-level study was done in 2014 on
- what could be done with what we call the phase 1
- 18 project site, which I'll get to in a minute, and the
- 19 options available were uncertain.
- 20 Finally, in 2015, Roche spearheaded a
- 21 process which spurred a plan for a private developer,
- 22 Prism Capital Partners, to facilitate a phase 1
- 23 project.
- What is phase 1? Phase 1 is the
- 25 redevelopment of a 16-acre portion of the 119-acre

site, 11 acres of which are in Nutley, five of which

- 2 is in Clifton.
- 3 The first step in phase 1 would be the
- 4 transfer of title from Roche to Prism, which sale is
- 5 currently under contract, then a lease from Prism to
- 6 the joint venture to be formed by Seton Hall and
- 7 Hackensack University Medical Center.
- 8 The medical school, in addition to Seton
- 9 Hall University's College of Nursing and School of
- 10 Health and Medical Sciences to be relocated to the
- 11 site from their South Orange campus, would be housed
- in currently existing buildings identified as
- buildings Nos. 123 and 123A, which straddle the
- 14 Nutley-Clifton municipal boundary. And in order to
- 15 accommodate the medical school and the relocated
- 16 Seton Hall programs, these buildings will require
- approximately \$100 million in investment.
- 18 Phase 1 also includes the construction
- of a \$20 million parking garage to be located
- 20 entirely in Clifton will which serve buildings 123
- 21 and 123A. Those buildings total approximately
- 480,000 square feet. Approximately one third of the
- 23 building square footage is in Nutley, with the
- 24 remaining two thirds falling within Clifton.
- 25 A primary objective for the

1 municipalities is to maximize municipal revenue from

- 2 the project site. Roche has grown somewhat impatient
- 3 at the process since 2013 as there was a concern
- 4 that, as a large and profitable, well-known public
- 5 company based overseas, it would simply demolish the
- 6 remaining buildings on the entire campus, as it has
- 7 already done with numerous buildings, fence it,
- 8 continue its ongoing remediation obligations, and
- 9 only pay land taxes to respective communities.
- 10 A second concern is that the joint
- 11 venture, comprised of two nonprofit institutions,
- 12 could take title to the medical school property and
- 13 remove it from the tax rolls. Neither option is one
- 14 either municipalities desire. Which leads us to the
- 15 RAD bond structure we have before the Local Finance
- 16 Board today, and for that I'll turn it over to Lisa.
- MS. GORAB: Thank you, Steve.
- 18 So, first of all, the proposal that we
- 19 have in front of you today includes long-term tax
- 20 exemption. It would become effective, this long-term
- 21 tax exemption, upon the completion of the phase 1
- 22 project, which would be approximately 24 months.
- 23 Prior to that substantial completion, there would be
- 24 the payment of customary property taxes.
- 25 Both Nutley and Clifton have introduced

ordinances approving this long-term tax exemption and

- 2 the proposed annual service payments are
- 3 approximately \$380,000 for Nutley, and in Clifton,
- 4 about \$760,000. Both of those numbers would be
- 5 increasing at approximately 5 percent every year.
- In order to prevent the circumstance
- 7 that Steve mentioned whereby a nonprofit entity would
- 8 acquire fee to the title and both municipalities
- 9 would lose all tax revenues, both Clifton and Nutley
- 10 have determined to issue these RAD bonds to finance a
- 11 portion of the project. Under the RAD law, an urban
- 12 renewal entity is not permitted to relinquish its
- 13 status as a URE when the project is financed with RAD
- 14 bonds.
- So accordingly, by issuing our RAD bonds
- 16 that will be outstanding for 30 years, we can be
- 17 assured that the redeveloper will not purchase the
- 18 site and then relinquish its status as a URE, which
- 19 would allow it to pay conventional taxes which, in
- 20 turn, as a nonprofit entity would be zero.
- 21 The RAD bonds are essentially a means to
- 22 ensure tax PILOT payments and are protective measure
- 23 for the entire transaction. The issuance of these
- 24 RAD bonds is an essential and negotiated term of the
- 25 entire project.

- 1 The RADs would be, as Steve said,
- 2 \$1 million each or not to exceed a million. They are
- 3 taxable. They are nonrecourse to both Clifton and
- 4 Nutley. And they are payable solely by project
- 5 revenues. The projects that we are financing with
- 6 the RAD bonds are project costs including local
- 7 improvements, sewer, utilities, etc. They would be
- 8 secured by PILOT payments. Those would be the
- 9 pledged PILOT payments above and beyond the unpledged
- 10 PILOT payments, and in second instance by a special
- 11 assessment.
- MR. PEARLMAN: And to wrap up our
- 13 presentation thanks, Lisa I want to add that on
- 14 the Nutley side, Nutley went ahead with redevelopment
- 15 as a condemnation redevelopment area; Clifton did
- 16 not. Clifton's was noncondemnation.
- 17 Hoffman-La Roche challenged that designation. We
- 18 don't have the corporate authority to issue the RAD
- 19 bonds unless that litigation goes away. I am
- 20 thankful and happy to report that as part of the
- 21 overall closing that is going on, there is a real
- 22 estate closing, property is going from
- 23 Hoffman-La Roche to Prism to the joint venture,
- there's a RAD bond closing going on for each of
- 25 Clifton and Nutley, and there has to be a dismissal

- of litigation. All that has to come together. We
- 2 all agree to do this simultaneously or with a minor
- 3 escrow agreement if there's a slight difference in
- 4 timing. And the litigation will be dismissed with
- 5 prejudice, it will go away, at the closing when
- 6 everything comes together.
- 7 So wrapping up, it's on that basis that
- 8 each of Nutley and Clifton are seeking approval under
- 9 12A-67(g) and 12A-29(a)3.
- 10 You've got Nutley, you've got Clifton,
- 11 you've got Seton Hall and Hackensack University for
- 12 any questions.
- MS. GORAB: I would like to say before
- 14 questions --
- MR. PEARLMAN: Sure.
- MS. GORAB: I did misspeak. It's not
- 5 percent every year. Sorry, gentlemen. It's
- 18 5 percent every five years.
- MR. CUNNINGHAM: We knew what you meant.
- 20 MR. PEARLMAN: The joint venture, darn.
- 21 MR. CUNNINGHAM: I don't know, the
- 22 board's appetite has been whet.
- MS. GORAB: I'm sorry about that.
- 24 MR. CUNNINGHAM: I actually think it
- 25 would be helpful if the J.V. wouldn't mind just

- 1 giving a statement on their plans for the buildings
- 2 and just talking about the joint venture and what it
- 3 would bring to the Nutley-Clifton area.
- 4 MR. COAKLY: Sure. Well, maybe I can
- 5 start and doctor can fill in.
- 6 Well, Seton Hall has two schools at this
- 7 South Orange campus. And one of the school is
- 8 nursing is 800 students, and there's a school of
- 9 allied -- a graduate school of allied health
- 10 professional which has about 600 students. And so
- 11 those two schools will move to the campus, along with
- 12 the medical school. They'll move there in 2018. The
- 13 medical school will be grown over time with a small
- 14 first class of about 50 students, and over time it
- will end up with about 500 students with a class of
- 16 125. That will take five or six years. It's closely
- 17 regulated by medical licensing facilities. So it's a
- 18 very big move for Seton Hall essentially creating a
- 19 branch campus which doesn't exist. You may know that
- 20 many years ago Seton Hall did have a medical school
- 21 and they've been anxious to get one going again and
- 22 they've been very fortunate to be able to strike up
- 23 this relationship with Hackensack, and look forward
- 24 to creating a medical school which will be -- have
- 25 synergies with the existing schools but most of all

1 will provide New Jersey with doctors that we need.

- 2 MR. CUNNINGHAM: Thank you.
- 3 So just in response, I think it's
- 4 important to note my and the division's interactions
- 5 with Nutley and Clifton and this particular parcel.
- I go back as far as when
- 7 Hoffman-La Roche announced that they were pulling out
- 8 and in a different position at the time, marshalled
- 9 some state resources to include labor and others and
- 10 went up and met in Nutley City Hall at the time and
- 11 we talked about the impact that it would have on
- 12 those municipalities. And I think the shock was very
- 13 real at the time and the anxieties very high at the
- 14 time, and rightfully so.
- 15 As was expected, Hoffman-La Roche
- demolished buildings so just maybe more simply put
- 17 what Steve had already put on the record, the ratable
- 18 basis plummeted because as the employer -- employees
- 19 left, the buildings came down, we're now assessed at
- 20 land as opposed to land and improvements. And the
- 21 impact that was felt by the municipalities was pretty
- 22 astounding.
- 23 Fast forward a couple years when I
- landed in this position and the redevelopment of the
- 25 site was contemplated by the municipalities, and this

- 1 was just about the time that the Seton
- 2 Hall-Hackensack joint venture had been mentioned, and
- 3 the division deputy director Christine Caruso and I
- 4 met with the officials from Nutley and we toured the
- 5 campus. And I remember going into the building
- 6 that's going to be used as the medical school and I
- 7 was frankly shocked that Hoffman-La Roche would just
- 8 kind of pull out and leave what was a brand new
- 9 building and a fully equipped building. And I
- 10 remember coming back and saying to people, "Gosh, the
- 11 furniture that's left in there alone, the chairs had
- 12 to be worth \$1,000 apiece."
- But, you know, when you're a
- 14 multi-billion dollar, you know, international
- 15 conglomerate, you know, they make decisions on a
- 16 grander scale.
- 17 But we were fortunate, and I say we as a
- 18 state, I think, but certainly Nutley and Clifton
- 19 were -- were fortunate that the redeveloper concept
- 20 and especially with established partners, developing
- 21 a project that I think is seen as a catalyst for the
- 22 redevelopment of Nutley and Clifton is certainly
- 23 important.
- The deals have been complicated, but I
- 25 think to boil it down is to something that Lisa made

1 very clear in her remarks and I think the board and

- 2 the public and the record should be very clear about
- 3 this: This structure using the long-term tax
- 4 exemption law and using RAD financing ensures that
- 5 Nutley and Clifton will receive some payments on the
- 6 site to replace a portion of the property taxes that
- 7 Hoffman-La Roche have been paying. Not saying it
- 8 will ever approach the level of what Hoffman-La Roche
- 9 was paying, but had this property been turned over in
- 10 fee simple and an educational facility was located
- 11 there, there was the real risk that Nutley and
- 12 Clifton would receive nothing in revenue.
- 13 And here -- and I give -- I give a lot
- of credit to the joint venture through the voluntary
- 15 contribution agreement, through the PILOT and the
- 16 RAD, at least the municipalities now have some
- 17 predictable, some stable, and some guaranteed source
- of revenue coming in, and I think that everyone
- 19 feels, as I said before, that a large project like
- this certainly could be and should be a catalyst for
- 21 future development going on on the site.
- I also feel the need to put on the
- 23 record that this clearly isn't the first meeting
- 24 we've had with the municipalities or the
- 25 professionals. We've talked about this, we've spent

1 time, we've huddled around a conference room to make

- 2 sure that we as a staff completely understood the
- 3 deal and were comfortable with it. So by the time
- 4 the application came in front of the board today, it
- 5 had been vetted and had been -- and it had been
- 6 reviewed.
- 7 I think the last thing that I wanted to
- 8 put on the record, and then anyone else that would
- 9 like to certainly can speak, Nutley is a town that
- 10 receives transitional aid. And that was a result of
- 11 Nutley not having as much frontage on 3 as Clifton
- 12 did and the impact to the ratable base. And part of
- 13 that -- part of the mission of the transitional aid
- 14 program is to assist and develop strategies to help a
- 15 municipality move away from reliance on state aid.
- And the transitional aid team reviewed this
- 17 application and felt that it was in compliance with
- 18 the transitional aid MOU because the bonds are
- 19 nonrecourse, which I don't know that we've said but I
- 20 think it's important. The structure of the financial
- 21 agreement ensures that the municipality will continue
- 22 to generate revenues from the potentially tax-exempt
- 23 property. We've already covered that as obviously
- 24 Lisa did, and the township will generate more
- 25 revenues than had the buildings been vacant or

- demolished and will help generate redevelopment.
- 2 And the Office of State Planning, as
- 3 they're required for a RAD deal and the Economic
- 4 Development Authority, have weighed in and submitted
- 5 memos to the board concurring that this project is
- 6 advisable from a redevelopment standpoint.
- 7 So with that said, I would ask the board
- 8 members whether they had any questions on the
- 9 structure of the deal or the resulting project or any
- 10 of the other involved parties.
- MS. RODRIGUEZ: I have a comment.
- 12 I think this is probably one of the most
- genius developments I've seen in a long time.
- 14 And for me, I mean, I guess the thought
- that comes to mind is something is better than
- 16 nothing, right, in terms of both towns benefiting.
- 17 As a neighboring -- living in a
- 18 neighboring town to Clifton, I have to say, it's
- 19 great not to see another mall coming up and to see --
- 20 seriously, and to see something as productive and
- 21 seeing two entities, you know, of this stature in
- 22 terms of Hackensack Medical -- the university,
- 23 rather, and Seton Hall I think it's wonderful. I'm
- hoping that, you know, the students that come to this
- 25 institution will decide to stay in New Jersey

- 1 afterwards because I think there is -- there's
- 2 certainly a need, you know, for that medical in the
- 3 industry. So I commend all the parties involved. I
- 4 think it's going to be a wonderful project for the
- 5 area and for the State of New Jersey, actually.
- 6 MR. PEARLMAN: Thank you very much.
- 7 MR. CUNNINGHAM: Lisa, I don't know if
- 8 it was said by maybe correct me if I'm wrong, but the
- 9 county would receive the 5 percent?
- 10 MS. GORAB: Oh, I'm sorry, I did not say
- 11 that. Yes, the county will receive the 5 percent of
- 12 the pledged and unpledged, yes.
- MR. CUNNINGHAM: And, you know, while
- 14 Idina mentioned that it was good that we weren't
- 15 seeing another mall, it's also good, given the
- density up there, that this isn't necessarily a
- 17 housing project, at least in this phase, that would
- 18 put an onus on or additional burden upon the schools.
- 19 So, you know, once again, the structure seems to be
- 20 beneficial for the long-term redevelopment of the
- 21 municipalities.
- 22 And I don't work in the medical field, I
- 23 wasn't aware that Seton Hall had a medical school and
- 24 I'm ignorant to the shortage of doctors in the state
- of New Jersey, it's not, you know, an area that I

operate. But it certainly seems that this is clearly

- 2 a win for all the partners involved.
- I guess before the board would take any
- 4 action, I know there's members of the public here
- 5 that wanted to speak on other applications but if
- 6 there was anybody that wanted to speak publically on
- 7 this application, I'd ask that you raise your hand.
- 8 Okay. So seeing none, I think the
- 9 board, unless the members have any additional
- 10 questions, would be in a position to vote on this
- 11 application. And, again, we would take two separate
- votes, the first would be for the City of Clifton.
- 13 And I will make a motion to approve the city's
- 14 application before the board under both 67(g), which
- is proposed redevelopment area bonds, and
- 16 40A:12A-29(a) which is the proposed private sale of
- 17 bonds.
- 18 So with that motion, I would ask for a
- 19 second.
- MR. BLEE: Second.
- MR. CUNNINGHAM: Mr. Blee seconds.
- 22 Roll call, please.
- MS. McNAMARA: Mr. Cunningham.
- MR. CUNNINGHAM: Yes.
- MS. McNAMARA: Mr. Avery.

- 1 MR. AVERY: Yes.
- MS. McNAMARA: Ms. Rodriguez.
- 3 MS. RODRIGUEZ: Yes.
- 4 MS. McNAMARA: Mr. Blee.
- 5 MR. BLEE: Yes.
- 6 MS. McNAMARA: Mr. Light.
- 7 MR. LIGHT: Yes.
- 8 MR. CUNNINGHAM: And similarly, I'll
- 9 make a motion to approve the Township of Nutley's
- application both under 67(g) and 40A:12A-29(a), and I
- 11 would ask for a second on Nutley Township's
- 12 application.
- MR. BLEE: Second.
- MR. CUNNINGHAM: Second, Mr. Blee.
- Roll call, please, Pat.
- MS. McNAMARA: Mr. Cunningham.
- MR. CUNNINGHAM: Yes.
- MS. McNAMARA: Mr. Avery.
- MR. AVERY: Yes.
- MS. McNAMARA: Ms. Rodriguez.
- MS. RODRIGUEZ: Yes.
- MS. McNAMARA: Mr. Blee.
- MR. BLEE: Yes.
- MS. McNAMARA: Mr. Light.
- MR. LIGHT: Yes.

1 MR. CUNNINGHAM: I wish you all the luck

- 2 and continued success with this project. I'm very
- 3 optimistic that both municipalities will benefit, as
- 4 will Seton Hall and Hackensack. So thank you for
- 5 appearance today.
- 6 MR. PEARLMAN: Thank you very much.
- 7 (There is a discussion held off the
- 8 record.)
- 9 MR. CUNNINGHAM: Good morning,
- 10 gentlemen. Would you kindly introduce yourselves to
- 11 the board, and those that aren't counsel be sworn.
- MR. PIRO: My name is James Piro. I'm
- with the firm of Piro, Zinna, Cifelli, Paris &
- 14 Genitempo. We're counsel to PVSC.
- MR. KELLY: Joseph Kelly. I'm the CFO
- 16 for PVSC.
- 17 MR. ESTEVES: Elvin Esteves. I'm the
- 18 general counsel for PVSC.
- 19 MR. KELLY: John Kelly, Wilentz, Goldman
- 20 & Spitzer. We're the bond counsel for PVSC.
- 21 (John T. Kelly, first having been duly
- 22 sworn by the Certified Court Reporter.)
- MR. CUNNINGHAM: Good morning,
- 24 gentlemen.
- 25 I'll let you present the application.

	PIRO:	

- 2 Mr. Chairman, this is an application
- 3 under the New Jersey Waste Water Treatment
- 4 Privatization Act to take a -- to implement an
- 5 additional 20-year term -- a potential 20-year term
- 6 to a contract that has been existence for almost 20
- 7 years, it will be expiring on August 31 of 2016.
- 8 The original contract was procured under
- 9 the New Jersey Waste Water Treatment Privatization
- 10 Act, and as it approached termination -- and, by the
- 11 way, the contract is for comprehensive sludge
- 12 management services. What the contract is about is
- 13 PVSC produces daily sludge which is a by-product of
- 14 its treatment of its waste water. The sludge is then
- 15 taken off site and beneficially used usually for
- 16 alternative daily cover in landfills.
- 17 The contract is with a private entity
- 18 called Synagro WCWNJ. The contract has been not only
- 19 satisfactorily performed over the past 20 years, but
- done very cooperatively and to PVSC's great approval.
- 21 When the contract was coming to its
- 22 termination, PVSC looked at its options and the staff
- 23 determined that the cost of sludge disposal would
- 24 probably be in the area of \$90 to \$110 per ton.
- 25 Substantially over its current cost which is in the

- 1 low seventies.
- 2 It, at that point, negotiated with the
- 3 current contractor Synagro to determine whether an
- 4 extension of the contract would be desirable and at
- 5 prices which would be below the current market.
- 6 Synagro also estimated the cost of going out on a bid
- 7 basis of between \$90 and \$112 per ton. And
- 8 ultimately PVSC was able to negotiate an agreement
- 9 with Synagro to renew the contract for a five-year
- 10 term with three five-year options totally at PVSC's
- discretion, so the rate risk is all on the contractor
- going forward, at prices that were in the seventies
- and potentially into the \$83 area.
- 14 PVSC, at that point, determined that it
- 15 was in the best interest of the public and its rate
- 16 payers that it have an independent study done, so it
- 17 retained the nationally-recognized environmental firm
- of Arcadis (phonetic) who did an independent study,
- 19 and the conclusions by Arcadis were also that the
- 20 proposed contract renewal with Synagro was at rates
- 21 that were below the market and was favorable for
- 22 PVSC.
- 23 Accordingly, PVSC went through the
- 24 statutory requirements of notifying the public,
- 25 having a public hearing, and making this application

1 to the Local Finance Board. And, in addition, making

- 2 an application to the New Jersey Department of
- 3 Environmental Protection, who does not have approval
- 4 authority but does have comment authority. To date
- 5 they have not commented and we don't anticipate any.
- 6 So we're here today to ask for the
- 7 board's approval for the contract renewal.
- 8 MR. CUNNINGHAM: Thank you very much.
- 9 Very helpful presentation. Actually covered the
- 10 majority of the points I wanted to hit. I just want
- 11 to make clear two things. One a comment, one a
- 12 question.
- The first comment is this amendment
- 14 would extend the contract term to 40 years, which is
- 15 the maximum allowable period under Local Public
- 16 Contract Law, 40A:11-15.36.
- 17 And the second, and I think you said
- 18 this but I just want to make sure it's clear for the
- 19 record, that in addition to extending the terms of a
- 20 contract that have worked very well, are there any
- 21 changes to the actual terms of the contract other
- 22 than the -- other than the duration?
- MR. PIRO: Few but not really very
- 24 material. For example, during the 20-year term, PVSC
- 25 has never utilized the disposal of -- or the

1 production of centrifuge without lime sludge, so that

- 2 was taken out of the contract.
- 3 There is a 200 percent redundancy
- 4 required for disposal sites. For centrifuge with
- 5 lime that is no longer a requirement. During the
- 6 entire 20 years, the centrifuge with lime sludge has
- 7 only been used in an emergency situation during
- 8 Hurricane Sandy. So --
- 9 MR. CUNNINGHAM: The material terms of
- 10 the contract --
- 11 MR. PIRO: Are all in place. Are all in
- 12 place.
- 13 And, as I said, the three five-year
- 14 potential options are all at PVSC's discretion,
- 15 unilateral discretion. All the rate risk is on the
- 16 contractor.
- 17 MR. CUNNINGHAM: I would ask to put one
- 18 condition on the application. I don't think the
- 19 applicant will find it objectionable, but please let
- 20 me know if you do: When we've had similar entities
- 21 come in over the last several months, we've asked
- that one individual be assigned as a contract
- 23 administrator and that person be identified to the
- 24 division, and we would make that a condition of the
- 25 resolution unless there is a strong objection from

- 1 the applicant.
- 2 MR. PIRO: That's acceptable.
- 3 MR. CUNNINGHAM: Okay. Then if that's
- 4 the case, I would ask my colleagues if they have any
- 5 questions or concerns with the application.
- 6 MR. LIGHT: I just have one question.
- 7 Does all of the dried sludge go to
- 8 landfill applications?
- 9 MR. PIRO: It goes for alternative daily
- 10 cover. It's used beneficially for daily cover at
- 11 landfills. It's not disposed of in landfills, it's
- 12 used for daily cover.
- 13 MR. LIGHT: All right. Which is
- 14 required at the landfills.
- 15 And do you expect that there will be a
- 16 market for 20 to 40 years? It won't change?
- 17 MR. PIRO: Well, we do. And as I had
- indicated, the contractor, as is a requirement of the
- 19 contract, is required to provide 200 percent
- 20 redundancy for those land -- or those beneficial
- 21 uses. So we're confident that that will continue.
- 22 As a matter of fact, there has been
- 23 recently an attempt to use the sludge as alternative
- 24 daily cover in New Jersey. Most of the sledge has
- 25 previously been sent out of state by rail. We're

1 hoping that it can be maintained in New Jersey at

- 2 landfills so that the option of trucking can be
- 3 utilized as opposed to --
- 4 MR. LIGHT: It's a lot cheaper also.
- 5 MR. PIRO: Yeah, it's cheaper.
- 6 MR. LIGHT: But there's studies being
- 7 done to take some of the sludge and put it into a
- 8 gasification state for energy, and I  $\operatorname{--}$  if that comes
- 9 through in the next four to five years, you might
- 10 want the ability to be able to go to something like
- 11 that because it would be more beneficial to the
- 12 environment to do it that way and probably a heck of
- a lot cheaper if it could be sold as a fuel.
- MR. PIRO: PVSC has been pursuing all of
- those potential options. To date there has not been
- any methodology, technology developed that has any
- 17 sense of reliability.
- 18 Remember, Passaic Valley Sewage is the
- 19 largest sewage authority in New Jersey, it produces
- 20 85,000 tons of sludge each year, so it has to have a
- 21 reliable source.
- MS. RODRIGUEZ: And I guess that's why
- 23 the way the contract is set up, I mean, renewable
- 24 contract.
- MR. PIRO: Exactly.

1 MS. RODRIGUEZ: So in the event that

- 2 something, you know, is not -- and I know that folks
- 3 have gone in there with ideas about, you know,
- 4 fuel --
- 5 MR. PIRO: Absolutely.
- 6 MS. RODRIGUEZ: -- and just doesn't make
- 7 sense. It's just --
- 8 MR. LIGHT: Well, it's going to happen
- 9 in the next 10 years where not only is the sludge but
- 10 food waste is going to be put together and turned
- into some sort of a gasification energy, but they'll
- 12 face that in that time.
- MR. CUNNINGHAM: Any other questions?
- MR. LIGHT: No. Thank you.
- MR. CUNNINGHAM: Seek a motion and a
- 16 second.
- 17 MR. BLEE: Motion.
- MS. RODRIGUEZ: Second.
- 19 MR. CUNNINGHAM: Motion Mr. Blee, second
- 20 Ms. Rodriguez.
- 21 Roll call, please, Pat.
- MS. McNAMARA: With the condition?
- MR. CUNNINGHAM: With the condition,
- 24 yes, of having a contract administrator identified to
- 25 the division.

- 1 MS. McNAMARA: Mr. Cunningham.
- 2 MR. CUNNINGHAM: Yes.
- 3 MS. McNAMARA: Mr. Avery.
- 4 MR. AVERY: Yes.
- 5 MS. McNAMARA: Ms. Rodriguez.
- 6 MS. RODRIGUEZ: Yes.
- 7 MS. McNAMARA: Mr. Blee.
- 8 MR. BLEE: Yes.
- 9 MS. McNAMARA: Mr. Light.
- MR. LIGHT: Yes.
- MR. CUNNINGHAM: Thank you, gentlemen.
- 12 The next matter before the board is an
- 13 appeal of a director's decision. It involves the tax
- 14 collector of the City of Paterson. As it's my
- decision that's being appealed, I'm going to recuse
- 16 myself from the dais and ask Mr. Light. And
- 17 furthermore, I'm not even going to go on record with
- 18 any of the matters. I'm going to ask Shannon Hudak,
- 19 who heads the division's certification unit, to
- 20 present the division's findings in this matter, and
- 21 then I will resume after this portion at the table.
- So, Mr. Light, I shall turn the gavel
- 23 over to you.
- 24 MR. LIGHT: Thank you. I hope we won't
- 25 need the gavel, but thank you.

- 1 MR. CUNNINGHAM: Me, too.
- 2 MR. LIGHT: All right. We'll open this
- 3 matter. This is an appeal of the director's decision
- 4 of Kathleen Gibson. Her tax collector certification
- 5 has been expired and the director has ruled that it
- 6 was not -- certifications, thank you, that were
- 7 necessary were not made in time, and, therefore, her
- 8 certification has been declined.
- 9 And let me, if you would, introduce
- 10 yourselves and find out who you are and then I'm read
- 11 an opening statement.
- 12 So if you would swear in anybody that
- 13 needs to be sworn.
- MS. FITTIPALDI: Good afternoon. I'm
- 15 Lisa Fittipaldi from DiFrancesco Bateman. I
- 16 represent Ms. Gibson.
- 17 MR. LIGHT: Okay.
- MS. GIBSON: I'm Kathleen Gibson.
- 19 MS. HUDAK: And I'm Shannon Hudak,
- 20 manager of the certification unit within the Division
- 21 of Local Government Service.
- 22 (Kathleen Gibson, first having been duly
- 23 sworn by the Certified Court Reporter.)
- 24 MR. LIGHT: Let me just read some notes
- 25 that were given to me.

1 This comes before the Local Finance

- 2 Board on an appeal of the director's decision
- 3 revoking Kathleen Gibson's tax collector
- 4 certification. Certification was revoked because of
- 5 Ms. Gibson's failure to comply with the statutory
- 6 requirements for completion of mandatory continuation
- of education course work and her failure to complete
- 8 during the only grace period permitted by the
- 9 government -- by the governing statute. Ms. Gibson's
- 10 present claims put forth after the end of the
- 11 compliance period and after the grace period that she
- 12 was disabled during the grace period and therefore
- 13 not able to comply with her statutory obligation.
- 14 Recently Division of Local Government Finance
- 15 Services referred on a different certification matter
- 16 to the OAL or further fact finding. So this is a
- 17 matter that could be considered at this time. Let's
- 18 hear the testimony that you have and then we'll
- 19 decide and ask the board members to decide on that.
- 20 I'll let you speak first, if you would,
- 21 please.
- MS. FITTIPALDI: Thank you very much.
- 23 I'd first like to say thank you to the
- 24 deputy attorney general who extended courtesy to me
- in reaching out to me to advise me about your process

- 1 and procedure, so I'm grateful for that.
- I'm here today to talk to you about two
- 3 things; one is the appeal of the decision to revoke
- 4 her certification, and the second is to stay any
- 5 action on that revocation if you indeed decide to
- 6 deny the appeal.
- Now, I sent extensive documentation to
- 8 all of you, and I don't want to take up too much time
- 9 going over all of it again, but what I have given to
- 10 you is evidence that Ms. Gibson did have eight
- 11 credits within the statutory framework in order to
- 12 qualify for the certification credits. She,
- 13 unfortunately, experienced a -- several situations in
- 14 her personal life that could confront anyone of us at
- any time. The first was the untimely and unexpected
- 16 sudden death of her son-in-law who served our
- 17 country, was an in-service colonel for the United
- 18 States Marines and died unexpectedly. Ms. Gibson
- 19 went to Norfolk, Virginia, to assist her daughter and
- 20 their family at that time. He was buried in
- 21 Arlington Cemetery but there was a delay in that --
- 22 in that burial process.
- 23 During that time she contracted
- 24 bronchial pneumonia. That took us into the early
- 25 part of 2016 -- in 2015. Excuse me.

1 In March of 2015, she was diagnosed with

- 2 some serious eyesight loss of a macular hole which
- 3 jeopardized her ability to see. She couldn't drive
- 4 at all, so she couldn't really attend any classes.
- 5 She was hopeful, though, that after
- 6 having experienced a surgery to repair that hole,
- 7 which required her to remain face down for two weeks,
- 8 that the surgery would be successful. And because
- 9 she was so hopeful that was going to work, she in
- 10 fact registered to fulfill two more classes in April
- of 2015, which certainly would have had her
- 12 completing the balance of only seven more credits but
- 13 it was for eight. And I gave you a copy of the
- 14 voucher and proof that those courses had indeed been
- 15 paid for and she had registered for them. So she
- 16 demonstrated every intention of complying with the
- 17 rules that govern her certification.
- 18 Unfortunately, her eyesight did not
- 19 recover and she required two more surgeries after
- 20 that. She was severely restricted in her ability to
- 21 drive and in fact really do much of anything. And,
- therefore, she could not keep the appointment in
- 23 April of 2015 for those other courses.
- When she was fully recovered, she
- 25 immediately enrolled in more classes and she

1 completed eight more credits before the expiration of

- 2 2015.
- 3 She has, in her 46 years, 46 years,
- 4 please make the record clear, as a tax collector,
- 5 always complied with the rules that govern her. She
- 6 has tenure as the tax collector of the City of
- 7 Paterson; she has served there for 39 years.
- 8 A revocation of her certification
- 9 impacts more than just Ms. Gibson. Obviously it
- 10 deprives her of her valuable property right to
- 11 tenure. It deprives her of her certification so she
- 12 can't earn a living. But I learned yesterday in a
- 13 conversation with the general counsel for the Tax
- 14 Collector and Assessors Association, Treasurers
- 15 Association, that since Paterson is a fiscal calendar
- 16 city, a tax collector requires a special
- 17 certification in order to work as the tax collector
- 18 for the City of Paterson. Ms. Gibson has that
- 19 certification.
- 20 General counsel for the city reached out
- 21 to the general counsel for the Treasurer and
- 22 Collectors Association because the city has been
- 23 having trouble finding someone to take Ms. Gibson's
- 24 place because very few collectors have the
- 25 certification required to administer a city that is

- 1 on a fiscal year.
- 2 So to round out my argument, I have
- 3 given you, I think, some information that was
- 4 probably not before the director at the time the
- 5 original decision was made. And what I ask you to
- 6 consider is the fact that our state constitution, our
- 7 courts, and our federal laws require that a
- 8 reasonable accommodation be extended to someone who
- 9 has a disability.
- 10 I have shown you that Ms. Gibson's
- 11 visual impairment does qualify under the law as a
- 12 disability. All other boards extend reasonable
- 13 accommodations to people who come before them with
- 14 disabilities. The board of bar examiners, the
- 15 physical therapy board, a number of other boards, all
- 16 contain on their application forms a box that allows
- 17 you to talk about your disability and what reasonable
- 18 accomodation you need. This board should not be any
- 19 different than any other licensing board in the state
- of New Jersey.
- Ms. Gibson does not come before you as a
- 22 person who simply didn't care that the requirements
- 23 were that she complete the course work. She comes
- 24 before you because she could not complete those
- 25 courses within the amount of time allocated under the

- 1 rule.
- Now, while the statute doesn't say --
- 3 have a catchphrase that says, "And this time can be
- 4 extended," it certainly doesn't say the grace period
- 5 is prohibited from being extended. And I'm not aware
- of any law that says that, as a reasonable
- 7 accommodation, that a grace period cannot be
- 8 extended.
- 9 Certainly it seems to me that because
- 10 there is a grace period, that the legislature
- 11 contemplated that there would be circumstances that
- 12 require a collector to get additional time in order
- 13 to get their credits. So she comes before you today
- 14 having completed the credits, they're in place, they
- exist, she took the classes, so she's not asking for
- 16 more time. She actually did complete everything
- 17 within a few months of the June time frame.
- 18 The second argument that I bring to you
- is with regard to a request that if you determine not
- 20 to change your mind about the revocation of her
- 21 certification, to grant her a stay so I can go to the
- 22 appellate division. And in order to get a stay, I
- 23 have to show you that there would be a likelihood of
- 24 success on the merits of the argument. I believe
- 25 that I have presented that to you by pointing out to

1 you the law requires a reasonable accommodation being

- 2 granted.
- 3 The stay contemplates -- the statute
- 4 contemplates extending the deadline, as I said, so
- 5 asking for a couple more months is not really beyond
- 6 the realm of possibility in what the statute already
- 7 contemplates. And Ms. Gibson has always been in
- 8 compliance with all of the requirements that have
- 9 been set forth.
- The second thing I have to show you is
- 11 irreparable injury. Well, certainly depriving her of
- 12 her tenure-protected position and her ability to earn
- 13 a living by revoking her certification means she
- 14 can't work anywhere and you also have taken a
- 15 property right away from her.
- But we also need to talk about the third
- and fourth requirements that an issuance of the stay
- 18 will -- whether it will hurt others and where does
- 19 the public interest lie.
- 20 Well, it's hard to contemplate that it
- 21 would hurt others. The -- this tax collector has
- 22 served for 39 years for the City of Paterson without
- any problems and done her job remarkably well. She
- has an extremely high collection rate for the city.
- 25 And so you would not find that you're dealing with a

1 tax collector who flaunts rules and regulations, that

- 2 is simply not Ms. Gibson.
- But, more importantly, as I pointed out,
- 4 the City of Paterson requires a tax collector who has
- 5 a certification for fiscal year, and that has come to
- 6 be very difficult to find. I think anyone who would
- 7 contemplate taking her job would realize that she
- 8 would intend to appeal the decision and likely they
- 9 would not keep their position very, very long. That
- 10 would put the city in jeopardy of not having a
- 11 certified tax collector, which I don't think was the
- 12 intended consequence here.
- 13 And so I ask that you please consider
- 14 these arguments and revoke the decision to remove her
- 15 certification or stay your decision.
- Thank you very much for your time.
- 17 MR. LIGHT: Thank you.
- 18 Ms. Gibson, did you have anything you
- 19 wanted to say or your attorney covered the points
- 20 that you --
- 21 MS. GIBSON: I believe that she covered
- 22 everything, sir.
- MR. LIGHT: Okay.
- 24 A question that I might ask through the
- 25 attorney is that under the circumstances with 40 some

- 1 years of service and the medical situations that
- occurred, why hasn't your counsel -- why haven't you
- 3 just retired?
- 4 MS. GIBSON: I have no plans to retire,
- 5 sir. I enjoyed my job and I don't want to retire.
- 6 MR. LIGHT: Okay. With your medical
- 7 condition and you had problems doing -- your medical
- 8 condition has prevented you from getting a
- 9 certification, but it would not prevent you from
- 10 doing your job?
- 11 MS. FITTIPALDI: I want to clarify that
- 12 there was a time period when she could not attend
- 13 classes. Once she was able to drive and attend the
- 14 classes, she did.
- MR. LIGHT: So the medical condition is
- 16 better now?
- 17 MS. FITTIPALDI: It's better. She still
- 18 requires treatment but she's able to see and perform
- 19 her job and in fact has been doing so since the fall
- 20 of 2015.
- MR. LIGHT: Okay. Thank you.
- MS. FITTIPALDI: Yes.
- 23 MR. LIGHT: Shannon Hudak representing
- the director. Did you have some comments that you
- 25 wanted to make?

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1 MS. HUDAK: Yes. And just some
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- 2 information to add to the record with respect to the
- 3 director's decision.
- 4 By the way of background, the division
- 5 is charged with administering a number of
- 6 professional certification programs including
- 7 certified tax collectors. In order to renew a tax
- 8 collector certificate, an individual must complete 15
- 9 hours of continuing education every two years.
- 10 And the division also requires that an
- individual complete a minimum number of hours in
- 12 specific subject areas. There's also a six-month
- 13 grace period in the statute.
- 14 With regard to Ms. Gibson, her
- certificate was due for renewal on December 31, 2014.
- 16 The six-month grace period expired on June 30, 2015.
- 17 At that time, Ms. Gibson had not sent in
- a renewal application, nor did she have any other
- 19 contact with the division regarding her
- 20 certification.
- 21 Accordingly, as of that date, June 30,
- 22 2015, her certification effectively lapsed. In
- 23 January 2016, Dan Cominsky (phonetic), the former
- 24 manager of the certification unit who has since
- 25 retired, reached out to Ms. Gibson and afforded her

1 the opportunity to submit proof that she obtained the

- 2 necessary continuing education hours during her
- 3 renewal cycle, which, in this case, would have been
- 4 December 2012 to December 2014.
- 5 There was a series of communications
- 6 between Mr. Cominsky and Ms. Gibson from January
- 7 through March 2016, wherein Ms. Gibson advised
- 8 Mr. Cominsky that she had the personal and medical
- 9 issues during the first half of 2015 that prevented
- 10 her from obtaining the necessary credits.
- 11 It should be noted that during the
- 12 two-year renewal cycle, during which there was no
- 13 period of claimed disability, she only obtained four
- 14 credit hours of continuing education.
- During the grace period, she obtained an
- 16 additional four hours; four of those hours were
- obtained on May 28, 2015, which was after the period
- of claimed disability but prior to the expiration of
- 19 the renewal cycle.
- 20 And then in October through November --
- 21 October and November 2015 she obtained an additional
- 22 eight hours.
- Mr. Cominsky, during that time, advised
- 24 Ms. Gibson to submit a request for an extension of
- 25 time of the grace period to the director in writing,

- which she did by letter dated February 29, 2016.
- 2 By letter dated July 1, 2016, the
- 3 director determined that at the time Ms. Gibson's
- 4 certification expired on June 30, 2015, he was
- 5 without discretion to waive the statutory deadline
- 6 for completion of the required continuing education
- 7 hours.
- 8 Also relevant to his decision was that
- 9 Ms. Gibson had only obtained four credit hours during
- 10 her renewal cycle during a time which she was not
- 11 claiming to have suffered from a period of
- 12 disability.
- In reviewing Ms. Gibson's file, she does
- 14 have a history of submitting her renewal applications
- 15 and utilize late -- and utilizing the grace period to
- 16 satisfy the continuing education requirements. She
- 17 has utilized the grace period for six out of the last
- 18 seven renewal cycles.
- 19 Also of significance, Ms. Gibson did not
- 20 obtain the minimum retired hours in ethics as is
- 21 required by the division for her most recent renewal.
- 22 And, finally, Ms. Gibson never initiated
- 23 any contact with the division until after
- 24 Mr. Cominsky reached out to her six months after the
- 25 expiration of her license.

1 So those are the factors that were

- 2 considered by the director with regard to his July 1,
- 3 2016, decision finding that her certification had
- 4 lapsed.
- 5 MR. LIGHT: Thank you.
- I might mention for the record that we
- 7 received, I'm sure every member of the board has also
- 8 received a lot of literature on this that has been
- 9 submitted to the board members to review and I know
- 10 I've reviewed it and I'm sure the other board members
- 11 have reviewed it also.
- 12 Are there any questions or comments that
- any of the board members would like to make?
- MR. AVERY: Mr. Chairman, I have --
- MR. LIGHT: Yes. Mr. Avery.
- MR. AVERY: -- a couple questions.
- In -- and I guess I'll ask this of you,
- 18 Shannon.
- MS. HUDAK: Sure.
- 20 MR. AVERY: In the material that we
- 21 received from Mrs. Gibson's attorney, it seems to me
- 22 to cite employer law which seems to me may be
- 23 different than the obligation to an agency that
- 24 administers a certification licensure type process.
- 25 Is that accurate or how would you --

1 MS. HUDAK: Well, whether and to what

- 2 extent a state licensing agency is required to grant
- 3 a reasonable accommodation under the these
- 4 circumstances is not something that was considered by
- 5 the director in his -- prior to his July 1 decision,
- 6 so that's kind of an argument that has been raised
- 7 subsequent to the director's decision.
- MR. AVERY: And could I ask the attorney
- 9 --
- MS. FITTIPALDI: Yes.
- MR. AVERY: In one point you -- the
- 12 communication you gave us said she had been tax
- 13 collector for 46 years.
- MS. FITTIPALDI: All together.
- MR. AVERY: And then you mentioned 39
- 16 years.
- 17 MS. FITTIPALDI: For the City of
- 18 Paterson.
- 19 MR. AVERY: She's worked for the city
- for 46 years and she's been tax collector for 35 of
- 21 those years?
- MS. FITTIPALDI: Right.
- MR. AVERY: And, Mrs. Gibson, I wanted
- for the record, give my condolences to her daughter
- 25 at the loss of your son-in-law and thank him for his

- 1 service.
- MS. GIBSON: Thank you.
- 3 MR. AVERY: It seems to me that there
- 4 was a period -- that if you've been tax collector for
- 5 39 years and you know you have to get your
- 6 certification every two years, I'm not clear why you
- 7 only obtained four years -- or four credits during
- 8 the two-year period that you had to get 15 credits.
- 9 MS. FITTIPALDI: Well, she had -- if you
- 10 remember, she had time to get them, but then there
- 11 was the loss of her son-in-law in November of 2014,
- 12 which took up some time because of the way that
- 13 military burials work, so he really wasn't buried
- 14 until January. So there was a period of time there
- she couldn't complete them. So -- but she had
- 16 applied to complete them.
- Then, of course, during the grace period
- 18 she had applied to complete them as well.
- 19 I think what you have to take into
- 20 consideration is none of us knows when things happen
- 21 to us that are out of our control. We kind of all
- 22 take our health for granted. I'm certain she didn't
- 23 expect her son-in-law to pass when he did.
- MR. AVERY: I understand.
- MS. FITTIPALDI: And so from her

1 experience, she was -- she figured she was going to

- 2 be able to complete her credits as she had all these
- 3 years. Without -- notably from what Ms. Hudak said,
- 4 there's never been a finding that she failed to
- 5 complete her credits in the required period of time.
- 6 So it's not that she has a history of,
- 7 as I said earlier, not completing them and then
- 8 coming before you to ask for consideration. But I
- 9 think what's significant is that I cited one statute
- 10 to you which is the New Jersey law against
- 11 discrimination, that applies to all levels of
- 12 government, not just employers. But also there are
- 13 federal statutes that require due process and
- 14 reasonable accommodations be granted. They would be
- applied to you through 42 U.S.C. 1941 which is the
- 16 United States Civil Rights statute, section 1983.
- 17 And I -- you know, I could go through all of this,
- 18 but as a state agency and the licensing bureau, the
- 19 requirements to take people's disabilities into
- 20 account in considering a reasonable accommodation are
- 21 required. And that Ms. Hudak was very honest when
- 22 she said that the director had not been given that
- argument to consider at the time he made his initial
- decision, and so that's why I thought it important in
- 25 my appeal to set that forth so that those -- that

argument could be considered because it had not been

- 2 reviewed prior to this time.
- 3 MR. AVERY: The other new piece of
- 4 information I guess that I've heard today is what the
- 5 potential impact is on the City of Paterson, whether
- 6 that's an accurate representation that they are
- 7 without a certified tax collector and can't function
- 8 under the -- under the fiscal system that they
- 9 operate under. I don't know how that --
- 10 MS. HUDAK: I don't have any direct
- information regarding the pool of candidates that
- 12 would qualify for that position.
- MR. AVERY: Those are my questions.
- MR. LIGHT: Any other? No?
- MR. AVERY: I do have one other
- 16 question.
- 17 MR. LIGHT: It's too late.
- 18 MR. AVERY: I've always been late today.
- MR. LIGHT: That's okay.
- 20 MR. AVERY: If I've done the math
- 21 correctly, the next certification process should have
- 22 been completed in June of 2016. How does that enter
- 23 into all this?
- 24 MS. HUDAK: She -- she is due for
- 25 renewal again, assuming her license were still valid,

- 1 it should be December 31, 2016. And then the
- 2 six-month grace period would run to June 2017.
- MR. AVERY: Oh, I'm sorry. Yeah. Okay.
- 4 2017.
- 5 MS. FITTIPALDI: And to that, my client
- 6 tells me she's already taken classes to comply with
- 7 the next round --
- 8 MR. LIGHT: You mentioned that.
- 9 MS. FITTIPALDI: -- of certification as
- 10 well.
- 11 MR. AVERY: I would have.
- MR. LIGHT: Alan, anything else?
- MR. AVERY: No. That's it.
- MR. LIGHT: Mr. Blee, do you have
- 15 anything?
- Ms. Rodriguez? No?
- 17 All right.
- 18 MR. BLEE: Chairman, I might have a
- 19 question.
- MR. LIGHT: Another question. No, go
- 21 ahead. I'm sorry.
- MR. BLEE: For our attorney.
- MR. LIGHT: Oh, yeah. Sure.
- 24 MS. WALTER: When we meet in executive
- 25 session I'm happy to do so.

- 1 MR. BLEE: No. I'm good.
- 2 MR. LIGHT: Okay. Well, it does seem
- 3 like there are some questions that have been -- of
- 4 course with the volume of information we have here we
- 5 know what has occurred in the past, but now there's
- 6 some questions that indicate that there might be some
- 7 different or new issues that are raised that are
- 8 legal questions. And it appears that however we
- 9 decide right here it's going to wind up in the
- 10 courts. So it might be beneficial for us at this
- 11 time to send it to the OAL first and have them review
- 12 what has been provided and then let the OAL come back
- 13 and say what their recommendation is. And what is
- 14 the proper legal term that I'm looking for that they
- would give us an opinion?
- MS. WALTER: I think initial decision.
- 17 MR. LIGHT: An initial decision.
- Because it looks to me that if we make
- 19 the decision one way or another, it's going to wind
- 20 up in the courts anyway, so I'm just suggesting that
- as a possibility to the board members.
- MR. BLEE: You're a mind reader because
- 23 that was going to be my question.
- MR. LIGHT: Is that okay?
- 25 All right. Then I would make a motion

1 that we remand this to the OAL for additional fact

- 2 finding. And roughly how long would you estimate
- 3 that that would take, a couple of months or less than
- 4 that to get back to us?
- 5 MS. WALTER: A while. About --
- 6 MR. LIGHT: Nothing we can hold you
- 7 to --
- 8 MS. WALTER: Estimate would be 60 days.
- 9 MR. LIGHT: Sixty days. All right.
- 10 So then I would make a motion that we
- 11 remand this information that we received here as well
- 12 as the new information that was presented today to
- 13 the Office of Administrative Law, the OAL, for
- 14 additional fact finding, and ask that they get back
- to us with their opinion based on the information
- 16 that we already received and that we received today.
- 17 And if that's okay, I would ask for a
- 18 second.
- MR. BLEE: Second.
- MS. FITTIPALDI: Um --
- MR. LIGHT: We have a motion on the
- 22 floor. Let me get the second first.
- We have a second.
- MR. BLEE: Second.
- MR. LIGHT: Question.

1 MS. FITTIPALDI: I have a question, and

- 2 thank you very much for considering to remand it to
- 3 the OAL. As part of the motion I was wondering if
- 4 you would add that you would stay the revocation of
- 5 her certificate pending a finding by the OAL?
- 6 (There is a discussion held off the
- 7 record.)
- 8 MS. McNAMARA: Was that in your initial
- 9 filing?
- 10 MS. FITTIPALDI: The stay? Yes, yes.
- 11 That was my letter dated July --
- MS. McNAMARA: Oh, July.
- MS. FITTIPALDI: July 2. July 7. That
- 14 was my first request in July 7, and I reiterated the
- 15 argument in my latest filing.
- MS. McNAMARA: Okay. I don't --
- MS. FITTIPALDI: Would you like a copy?
- MS. McNAMARA: I don't have my -- but I
- do have the August if it's in the August 2.
- 20 MS. FITTIPALDI: I reiterated the
- 21 request in there, too.
- MS. McNAMARA: Okay.
- MR. LIGHT: Well, if --
- 24 MS. HUDAK: If I may, wouldn't the
- 25 request for a stay also go to the OAL because they

- 1 would have to consider the legal factors?
- 2 MR. LIGHT: I have --
- 3 MS. WALTER: The request would have to
- 4 come from the -- to the board that's going to be
- 5 transmitted, and they can certainly do that. And
- 6 then the decision would go before the OAL as to
- 7 whether a stay was granted.
- 8 MR. LIGHT: Yeah. And with the time
- 9 elements that we've had here before and the fact that
- 10 you're estimating approximately 60 days to get it, I
- don't think that we need to go any further on that.
- 12 So I would keep my motion the way that I presented
- 13 it.
- MS. FITTIPALDI: Well, I'm terribly
- 15 sorry, but --
- MS. WALTER: We need to go into
- 17 executive session if you --
- 18 MS. FITTIPALDI: Can I add one thing
- 19 before you go to executive?
- MS. WALTER: Sure.
- MS. FITTIPALDI: My concern I have is
- 22 not just for Ms. Gibson but it's what I said about
- 23 the City of Paterson. Effectively with the
- 24 director's decision it meant the city has no
- 25 collector. That's a problem for the City.

1 MR. LIGHT: Yeah. But that's not what's

- 2 facing us today.
- MS. FITTIPALDI: Well, but it is.
- 4 MR. LIGHT: What do you want to do? You
- 5 want to go into executive session?
- 6 MS. McNAMARA: I need a motion.
- 7 MR. BLEE: Motion to go into executive
- 8 session.
- 9 MR. LIGHT: We have to remove our other
- 10 motion, so I'll take it back if you take back your
- 11 second. No, he won't.
- MR. BLEE: Yes.
- MR. LIGHT: Thank you.
- MR. BLEE: I make a motion to go into
- 15 executive session.
- MR. LIGHT: And we have a second on
- 17 that?
- MR. AVERY: Second.
- 19 MR. LIGHT: Okay. Would you call the
- 20 roll, please.
- MS. McNAMARA: Mr. Avery.
- MR. AVERY: Yes.
- MS. McNAMARA: Ms. Rodriguez.
- MS. RODRIGUEZ: Yes.
- MS. McNAMARA: Mr. Blee.

- 1 MR. BLEE: Yes.
- MS. McNAMARA: Mr. Light.
- 3 MR. LIGHT: I don't really want to but
- 4 I'll say yes.
- 5 All right. So why don't we just step
- 6 out in the hall here and we'll see if we can make
- 7 this in a few minutes. We'll be right back.
- 8 (There is a discussion held off the
- 9 record.)
- 10 MR. LIGHT: First we need a motion to go
- 11 back out of the executive session. Can we have the
- 12 -- I'll make the motion to go out of executive
- 13 session.
- MS. RODRIGUEZ: I'll second, yes.
- MR. LIGHT: Seconded by Ms. Rodriguez.
- 16 Will you please call -- secretary,
- 17 please call the roll.
- MS. McNAMARA: Mr. Avery.
- MR. AVERY: Yes.
- MS. McNAMARA: Ms. Rodriguez.
- MS. RODRIGUEZ: Yes.
- MS. McNAMARA: Mr. Blee.
- MR. BLEE: Yes.
- MS. McNAMARA: Mr. Light.
- MR. LIGHT: Yes.

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1 All right. I'm going to ask our
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- 2 attorney to make a statement, if you will, and then
- 3 we'll make a motion.
- 4 MS. WALTER: So just for clarification,
- 5 a motion for stay can go before the Office of
- 6 Administrative Law but it has to be a transmittal.
- 7 So when a matter is moved to the OAL, then the motion
- 8 goes before the OAL for a stay.
- 9 MS. FITTIPALDI: Okay. Thank you.
- 10 MR. LIGHT: This is going to wind up
- 11 before the attorneys whichever way it goes and it
- seems to the board, most of the members of the board,
- 13 we'll see how they vote, but it seems that the best
- 14 and most judicial way to do it is refer it to the
- 15 attorneys first to get their fact finding and get a
- 16 recommendation from the OAL.
- 17 So we make the motion that remand this
- 18 to the OAL for fact finding and ask them to come back
- 19 as rapidly as they possibly can with a recommendation
- 20 to the board.
- MR. BLEE: Second.
- MR. LIGHT: Seconded.
- Ms. Secretary, please call -- any other
- 24 discussions on that?
- Ms. Secretary, please call the roll.

- 1 MS. McNAMARA: Mr. Avery.
- 2 MR. AVERY: Yes.
- 3 MS. McNAMARA: Ms. Rodriguez.
- 4 MS. RODRIGUEZ: Yes.
- 5 MS. McNAMARA: Mr. Blee.
- 6 MR. BLEE: Yes.
- 7 MS. McNAMARA: Mr. Light.
- MR. LIGHT: Yes.
- 9 Okay. And thank you very much.
- 10 MS. FITTIPALDI: Thank you for your
- 11 time.
- MR. CUNNINGHAM: Okay. So the board
- 13 will now hear the application from the New Jersey
- 14 Sports and Exposition Authority regarding
- 15 redevelopment area bonds as related to the American
- 16 Dream project.
- 17 MR. LIGHT: There is a young lady --
- 18 MR. CUNNINGHAM: And I should mention
- 19 we'll have the applicant come up and speak, and then
- 20 after that conversation we'll ask you to recuse
- 21 yourself. If there's members of the public that want
- 22 to speak, we'll deal with that, and then call you
- 23 back up.
- So if those of you that are going to
- 25 presented today would come up, please identify you,

- 1 and those that aren't counsel be sworn.
- 2 (There is a discussion held off the
- 3 record.)
- 4 MR. CUNNINGHAM: Gentlemen, while you
- 5 sign in, would you just introduce yourselves to the
- 6 board publically and then we can swear the people in
- 7 that aren't counsel.
- 8 MR. ARMLIN: Sure. My name is Tony
- 9 Armlin. I'm vice president of development and
- 10 construction for Triple Five representing American
- 11 Dream.
- MR. HASENBALG: Wayne Hasenbalg, CEO and
- 13 president of New Jersey Sports Authority.
- MR. TUTEUR: Robert Tuteur, a member of
- 15 Eckert, Seamans, Cherin, Mellott. We're serving as
- 16 bond counsel for the New Jersey Sports & Exposition
- 17 Authority.
- 18 MR. CASSELLA: James Cassella, mayor of
- 19 East Rutherford.
- MR. SCOTLAND: Glenn Scotland, special
- 21 counsel to Emery, LLC.
- 22 (Tony Armlin, Wayne Hasenbalg and James
- 23 Cassella, first having been duly sworn by the
- 24 Certified Court Reporter.)
- MR. CUNNINGHAM: Good afternoon, I

- 1 should say.
- MR. TUTEUR: Good afternoon.
- If the members of the board please, as I
- 4 said before, I'm Robert Tuteur of the firm of Eckert
- 5 Seamans, Cherin & Mellott. We are serving as bond
- 6 counsel to the New Jersey Sports and Exposition
- 7 Authority in connection with the application -- in
- 8 connection with the application which is before this
- 9 board at this time.
- 10 We are seeking approval of the -- for
- 11 the New Jersey Sports and Exposition Authority to
- issue a bond under the redevelopment area bond law
- 13 for purposes of financing part of the project known
- 14 as the American Dream project located at the
- 15 Meadowlands in the Borough of East Rutherford, in
- 16 Bergen County in New Jersey. The amount of the
- 17 request is not to exceed \$800 million dollars. And
- 18 we seek the board's review and approval under section
- 19 67(g) of the redevelopment area bond law.
- This is a matter which, as I'm sure the
- 21 board is aware, has been before the board on several
- 22 occasions and has in fact secured prior approval of
- 23 the board. This application is different in that it
- is an application on behalf of the Sports and
- 25 Exposition Authority, which, if you approve, will be

- 1 issuing the bond in lieu of the Borough of East
- 2 Rutherford, which was the subject matter of the
- 3 approvals that were made in prior instances.
- 4 And notwithstanding that, as our
- 5 application indicates, we ask that the board reaffirm
- 6 the prior approvals insofar as they relate to the
- financial agreement and the pledge of the payments in
- 8 lieu of taxes that will be the security for the
- 9 repayment, the sole security for the repayment of
- 10 this bond. The structure being exactly the same in
- 11 that regard to the prior structure which you
- 12 approved.
- In connection with that, I'm going to
- 14 ask Mayor Cassella to put a statement on the record
- 15 because -- to express the intentions of the Borough
- of East Rutherford insofar it relates to the prior
- 17 approvals that the board has granted.
- 18 So, Mayor.
- 19 MR. CASSELLA: Thank you, and good
- 20 afternoon. As always, it's a pleasure to be here.
- 21 This is the third time that I've been
- 22 here to speak to you on this project, and, as they
- 23 say I guess, the third time is a charm so we're
- 24 hoping that this one actually works.
- 25 But as was just mentioned, the big

1 change here is that the conduit or the issuer of the

- 2 bonds would be the New Jersey Sports and Exposition
- 3 Authority, which East Rutherford, we do support and
- 4 look forward to working through that.
- 5 And then also I would like to put for
- 6 the record to make sure that it's understood that
- 7 I -- I would like to see, as was mentioned, that
- 8 the -- this board withdraws their prior approvals of
- 9 allowing us to -- at the time it was \$675 million,
- 10 but to withdraw their prior approvals for East
- 11 Rutherford being the issuer of the bonds.
- MR. CUNNINGHAM: Okay. I'd actually
- 13 like to dispatch of the borough's piece of this first
- 14 and then we can go into the rest of the application.
- MR. TUTEUR: Sure.
- MR. CUNNINGHAM: When I heard earlier in
- 17 the week there had been talk about potentially an
- 18 action of the September agenda or has been decided
- 19 that based on the mayor's oral presentation to the
- 20 board whether we're able to take vote to rescind the
- 21 prior approval of the board.
- MS. McNAMARA: I was not --
- 23 MR. CUNNINGHAM: Then I think we'll be
- able to, at the end of this, through a separate vote,
- 25 we'll vote subject to the board's, you know,

- decision, obviously, to rescind that approval. I
- 2 don't think we need a written application to do that.
- 3 I think the mayor being here and making that request
- 4 in front of the board could be handled. So when we
- 5 do votes at some point on the application later, we
- 6 can handle that piece.
- 7 MR. CASSELLA: Okay. And just to
- 8 emphasize, too, to rescind that -- that part of the
- 9 vote, you know, everything else stays in place. Am I
- 10 correct with that? Oh.
- MR. TUTEUR: Yeah.
- MR. CASSELLA: Yeah.
- 13 (There is a discussion held off the
- 14 record.)
- MR. CUNNINGHAM: We may have -- we
- 16 may -- it may not be that easy. We'll return to that
- 17 conversation.
- MR. CASSELLA: Okay.
- MR. TUTEUR: That's a conversation we're
- 20 perfectly prepared to have and to satisfy whatever
- 21 requirements the board has. But I want to emph- --
- MR. CUNNINGHAM: Sure. We want to make
- 23 sure that, you know, legally that everything is --
- 24 because it's not the biggest issue in front of us.
- MR. CASSELLA: That's understood. And I

just want to -- I just mentioned that I wanted to

- 2 emphasize that that's the only portion that we would
- 3 like to see rescinded.
- 4 MR. CUNNINGHAM: Of course.
- 5 MR. CASSELLA: You know, about the
- 6 issuance of the bonds, everything else stays in
- 7 place.
- 8 MR. TUTEUR: We're specifically asking
- 9 that the board not take any action that would
- 10 invalidate your prior approval of the financial
- 11 agreement which was part of the proceedings that were
- 12 before you and is before you again here today.
- MR. CUNNINGHAM: Understood.
- MR. TUTEUR: Thank you.
- You know with respect to the
- 16 transaction, I think it's fairly described in our
- 17 application. Mr. Armlin is here to answer any
- 18 questions you have about the progress of the -- of
- 19 the -- of the project. And I'm certainly here and
- 20 Mr. Hasenbalg is here to answer any questions you may
- 21 have about the structure as its described in the
- 22 application.
- MR. CUNNINGHAM: Sure. Well, I do think
- it would be helpful and I was expecting, Mr. Armlin,
- 25 if you would, last time you appeared before the board

1 we had a pretty robust conversation about the status

- of the project and where things stood. Since then
- 3 there's clearly some, you know, changes and if you
- 4 could update the board on that I think it would be,
- 5 you know, helpful for the discussion.
- 6 MR. ARMLIN: Be very happy to, Mr.
- 7 Chairman. Thank you for the opportunity.
- 8 Good afternoon, board members,
- 9 Mr. Chairman.
- 10 Triple Five has moved forward with the
- 11 placement of our private financing \$1.5 billion
- 12 construction loan that will be -- placement will be
- 13 led by JPMorgan and Deutsche Bank. That process is
- coming to a quick close by the end of this month
- 15 latest, early the beginning of next month, and are
- 16 ready to move forward with also the final positioning
- and placement and sale of the two bonds, the ERG bond
- and the RAD bond, which will complete the financing
- 19 for the project. Those two components are critical
- 20 and essential for us to be able to move forward with
- 21 construction work on site which was suspended earlier
- 22 in the year as we were redirected our resources
- 23 towards off-site fabrication of other materials being
- 24 ready for construction.
- We've proceeded and completed

- 1 approximately \$600 million of investment in the
- 2 project to date, but need the construction financing
- 3 to complete and be closed so that we can proceed
- 4 vigorously with the remained of the project and move
- 5 forward and complete the construction.
- 6 As I've testified previously, this
- 7 project has enormous impact to the employment in
- 8 Bergen County and New Jersey in particular creating
- 9 over 23,000 construction jobs during the construction
- 10 phase, both on site and indirectly induced in the
- 11 economy. It produces over \$1.5 billion of labor
- 12 income during that period of construction. And when
- completed will employ approximately 23,000 people on
- and off site related to the project. So very
- important component for the overall economy of New
- 16 Jersey and the benefits to the state.
- During the construction period,
- 18 approximately \$50 million of state taxes will be paid
- 19 and -- during the operation phase. On an annual
- 20 basis we project \$133 million worth of annual taxes
- 21 generated to the state. A very important part of the
- long-term economy of Bergen County. And we're
- 23 pleased to be working with the borough and the NJSEA
- 24 to assist us in making this final placement of the
- 25 bond so that we can move forward.

1 MR. CUNNINGHAM: Thank you
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- 2 Admittedly I'm not as close to the
- 3 project but I do remember your prior testimony. When
- 4 I was reading the application, though, was the
- 5 amusement park and water park component part of the
- 6 project when you were before us back then?
- 7 MR. ARMLIN: Yes, sir, it was.
- 8 MR. CUNNINGHAM: Okay. Thank you. I
- 9 just hadn't focused on that piece.
- 10 Did you have, gentlemen, more that you
- 11 wanted to present on the deal itself or --
- MR. TUTEUR: No, not unless you have
- 13 questions about it. I certainly can go into the
- 14 structure if you like.
- 15 MR. CUNNINGHAM: I think it would be
- 16 helpful just to put on the record a brief description
- of the structure.
- 18 MR. TUTEUR: Sure.
- 19 As Mr. Armlin just stated, the
- 20 application before you, which is for the
- 21 redevelopment area bonds, is one aspect of the public
- 22 part of this financing. The second part obviously
- 23 not being before this board because there's no
- 24 requirement that it be before this board.
- 25 But as part of that, it's envisioned

1 that the New Jersey Sports and Exposition Authority

- 2 will issue the bond, if you authorize it, the RAD
- 3 bond. It will be purchased by the Wisconsin Public
- 4 Finance Authority, which will generate the money for
- 5 purposes of buying that bond.
- 6 By issuing bonds in the public market.
- 7 Those proceeds will then be used together with the
- 8 capital stack, the private financing that Mr. Armlin
- 9 alluded to, and the proceeds of the economic recovery
- 10 grant bonds not before you, for purposes of
- 11 completing the project.
- MR. CUNNINGHAM: What I'm going to do
- 13 then is I'm going to read my notes into the record,
- and I'd ask that if I say anything that's incorrect
- or inconsistent with the application, you let me know
- 16 right away. At that point we'll see if the other
- 17 board members have questions. Then I'll ask you to
- 18 excuse yourselves from the dais so members of the
- 19 public can comment and then bring you back up, answer
- 20 questions as necessary if the board has any
- 21 additional questions before, you know, deciding
- 22 whether to take a vote or not.
- 23 And I know some of this was said but I
- 24 just want to make sure that the record is clear in
- 25 terms of the Local Finance Board's past actions, the

- 1 actions in front of us now.
- 2 And I'll start that in October of '13
- 3 was the first appearance in front of the board. I
- 4 wasn't in this position at the time, but in 2015 I
- 5 certainly was here. And the borough had been the
- 6 applicant the initial time and was the applicant in
- 7 June of '15. And at that time the -- there was an
- 8 increase in the maximum issuance of the RAD from \$550
- 9 million to \$675. At that time the board also
- 10 approved consolidating the two financial agreements
- 11 contemplated, and the oh, so the amusement and the
- 12 water park clearly was there into one financial
- 13 agreement for the entire project.
- 14 And, thirdly, offered the flexibility to
- issue the bonds on both the taxable or tax-exempt
- 16 basis depending on which way the financing was more
- 17 advantageous.
- 18 And it's my understanding the applicant
- 19 is currently still seeking that same flexibility for
- 20 taxable or tax-exempt -- tax-exempt status.
- 21 MR. TUTEUR: That is correct in terms of
- 22 what the application says, Mr. Chairman. In fact,
- 23 the structure that is before you, the bonds that
- 24 would be issued -- the bond that would be issued by
- 25 the Sports and Exposition Authority will not be a

- 1 tax-exempt obligation.
- 2 MR. CUNNINGHAM: Okay. Thank you.
- 3 MR. TUTEUR: But that structure could
- 4 change, but at moment it will not be.
- 5 MR. CUNNINGHAM: I just want to make
- 6 sure I understand the applications.
- 7 MR. SCOTLAND: You said will not. Your
- 8 bond -- oh --
- 9 MR. TUTEUR: Our bond is not tax exempt.
- 10 Our bond is what's before them.
- 11 MR. SCOTLAND: Thanks.
- 12 MR. CUNNINGHAM: But for purposes of the
- 13 action requested of the board today, the flexibility
- 14 to issue taxable and tax exempt is something that's
- being sought by the applicant?
- MR. TUTEUR: Yes.
- MR. CUNNINGHAM: Okay. So as has been
- 18 stated but I just want to make sure that I and the
- 19 rest of the board understands and the record is
- 20 clear, the application before us today modifies that
- June 15 approval in the following ways. It increases
- the maximum issuance of the RAD from \$675 to \$800
- 23 million, which, again, depends on taxable/tax exempt
- 24 sway of the bonds.
- 25 It's also seeking the flexibility to

- issue -- I'm sorry, I already mentioned that.
- 2 MR. TUTEUR: If I could interrupt you.
- 3 MR. CUNNINGHAM: Please. I want to make
- 4 sure we get it right.
- 5 MR. TUTEUR: The size of the bond issue
- 6 is, I believe, unaffected by whether our bonds are
- 7 ultimately taxable or tax exempt. If the request is
- 8 for not to exceed \$800 million, that -- the amount of
- 9 the bonds to be issued will, I believe, be the same
- 10 whether --
- 11 MR. CUNNINGHAM: So can you explain,
- then, the increase between the \$675 and the --
- MR. TUTEUR: I would ask Mr. Armlin.
- 14 MR. ARMLIN: Our total intent or total
- par issuance of the bonds is to be a cumulative
- amount of \$1.1 billion dollars between the combined
- 17 ERG and RAD bond issuances to net approximately \$900
- 18 million of proceeds through or projections of what
- 19 the market will bear upon offering. That will
- 20 complete our capital stack of \$2.7 million to finance
- 21 the project.
- MR. TUTEUR: But if I understand the
- 23 chairman's question, I'd like you to put it on the
- record, I think the chairman is asking what gives
- 25 rise to the increase.

1 MR. ARMLIN: Two components. The cost

- 2 of financing has increased and the cost of
- 3 construction has increased, primarily due to the
- 4 extended period of duration of the project because of
- 5 the suspension of work.
- 6 MR. CUNNINGHAM: Okay. Thank you. I
- 7 appreciate the clarification very much.
- 8 You mention that you have certain
- 9 closings and certain mezzanine debt and other
- 10 construction loans, senior loans --
- MR. ARMLIN: That's correct.
- MR. CUNNINGHAM: -- that are coming due
- or that will be closings on in the near time frame.
- MR. ARMLIN: That's correct.
- MR. CUNNINGHAM: And at that point
- 16 construction activities would be expected to resume
- 17 and the mezz debt would be repaid?
- MR. ARMLIN: That's correct. It's
- 19 actually currently it's a bridge loan facility that
- 20 would be repaid, correct.
- 21 MR. CUNNINGHAM: Now, currently any
- 22 lands owned by the Sports and Exposition Authority
- are not obligated to pay taxes in the municipality.
- 24 However, the Sports and Exposition Authority enabling
- 25 legislation permits for the issuance of payments in

- 1 lieu of taxes.
- I'm not sure I heard this said but I
- 3 want to make sure that this is made clear to the
- 4 board: The RAD is nonrecourse to both the borough
- 5 and the SEA?
- 6 MR. TUTEUR: The sole security for the
- 7 payment of the RAD is the payments in lieu of taxes.
- 8 There is no liability on the Sports and Exposition
- 9 Authority or any of its assets or, for that matter,
- 10 any other state-related entity or the state itself,
- other than, if and to the extent -- or the borough.
- MR. CASSELLA: Yeah, please, put that on
- 13 the record, or the borough.
- MR. TUTEUR: Other than the payments --
- 15 payments derived from the payments in lieu of taxes,
- 16 that is correct.
- 17 MR. CUNNINGHAM: And no reduction in the
- amount of the PILOT to be retained by the borough
- 19 from those previously submitted to the board?
- MR. ARMLIN: That's correct.
- MR. SCOTLAND: That's right.
- MR. CUNNINGHAM: I do want to mention
- 23 for the record before we open to other questions and
- 24 then the public, that as is required under the RAD
- law, the division did receive memorandums from both

- 1 the Office of State Planning and the Economic
- 2 Development Authority, both indicating support of the
- 3 project and the application in front of the board at
- 4 this time.
- 5 So I would ask my colleagues on the
- 6 board whether they have any questions about the
- 7 application at this time or whether they prefer to
- 8 hear from the public and then we can move forward in
- 9 that direction.
- MR. LIGHT: Yeah.
- 11 MS. RODRIGUEZ: I'd like to hear from
- 12 the public.
- MR. CUNNINGHAM: Mr. Blee.
- MR. BLEE: Just one.
- Timeline for the construction?
- MR. ARMLIN: We intend to resume on-site
- 17 construction in September and we anticipate
- 18 completing in summer of 2018 and opening the project
- 19 at that point.
- MR. BLEE: Thank you.
- MR. TUTEUR: Mr. Chairman, if I could
- just amplify one comment you made and then I think I
- 23 may have interrupted you which is why you didn't
- 24 finish.
- 25 The other change from the earlier

1 approval, as the mayor stated, is the issuer that was

- 2 contemplated at that point in time was the Borough of
- 3 East Rutherford. To the extent that we're asking for
- 4 a modification of that earlier approval, obviously
- 5 the borough would no longer be the issuer.
- 6 MR. CUNNINGHAM: Understood. I'm sorry,
- 7 I didn't do a good enough job --
- 8 MR. CASSELLA: Which is the reason why I
- 9 would like to see the vote withdrawn on that portion
- of -- of the approval --
- MR. CUNNINGHAM: Understood.
- MR. CASSELLA: -- so then there's no
- 13 question. We you don't approve -- we can't -- the
- 14 bottom line is we will not have the ability to bond
- 15 because you have taken away that authorization.
- MR. CUNNINGHAM: Just trying to figure
- out when and how that would happen because if there
- is a resolution from the governing body making
- 19 application, we may need a resolution withdrawing the
- 20 application.
- MR. CASSELLA: Understood.
- MR. CUNNINGHAM: So figure out the
- 23 mechanics of that, but I think the concept has
- 24 certainly been made clear.
- MR. TUTEUR: Yeah. And we wanted the

1 record to reflect today without regard to whether you

- 2 have additional requirements for purposes of
- 3 withdrawing it, what the borough's position is.
- 4 MR. CUNNINGHAM: Certainly.
- 5 So, gentlemen, I would ask you to excuse
- 6 yourselves.
- 7 I know there's members of the public
- 8 that want to speak, so I would not -- I would not ask
- 9 everyone to come forward at one time. If you could
- 10 just maybe come up one at a time or put your hands up
- and anybody that would like to speak on the record.
- Ma'am, please, we would ask you to
- identify yourself to the reporter.
- 14 (There is a discussion held off the
- record.)
- MR. CUNNINGHAM: Because this is not --
- 17 although it's testimony, it's not a witness to the
- application, I don't think we need to swear members
- 19 of the public in for comment.
- TONI GRANATO: Okay.
- MR. LIGHT: But you still have to tell
- 22 the truth.
- TONI GRANATO: I will.
- MR. CUNNINGHAM: Welcome. Please.
- TONI GRANATO: Thank you.

1 Good afternoon. My name is Toni Granato

- 2 and I represent the New Jersey Sierra Club. Our
- 3 chapter is a Trenton-based nonprofit environmental
- 4 organization with 20,000 members throughout our state
- 5 who are committed to preserving open space,
- 6 projecting the environment, promoting clean air,
- 7 clean water; and also we're very committed to
- 8 recreation and committed to people having the
- 9 opportunity to explore nature and get out in some of
- 10 our very beautiful areas of New Jersey.
- 11 We believe that this \$800 million would
- 12 be a huge giveaway of taxpayer money to fund the
- 13 American Dream mall.
- 14 The problem with this deal is that the
- public will always be on the hook for this mall. We
- are actually losing hundreds of millions of dollars
- 17 in revenue because the American Dream mall will be
- 18 paying off bonds instead of taxes. That means
- 19 New Jersey will be losing this revenue because the
- 20 mall will cost essential government services but they
- 21 won't be paying the taxes as a result.
- 22 Instead, the bonds will be paid to
- 23 financial managers and bondholders and this will put
- 24 the state in a bigger deficit. This loss in income
- 25 will also impact other state programs that depend on

- 1 the revenue.
- 2 While the Transportation Trust Fund is
- 3 broke, why would we be using public financing for a
- 4 mall?
- 5 There's a \$1.15 billion dream -- there's
- 6 \$1.15 million for the American Dream megamall
- 7 proposed but no money to fix the lead in our drinking
- 8 water, build schools, or fix combined sewer
- 9 overflows. Municipalities could be using the money
- 10 to finance solar on homes or offshore wind power
- 11 which would also create jobs, reduce pollution, and
- 12 reduce climate change impacts.
- 13 Eight hundred million dollars
- 14 particularly could be used instead to finish the
- 15 Bergen light rail, remediate all the lead pipes in
- 16 New Jersey, or build 80 new high schools.
- 17 Banks and financial markets are clearly
- 18 trying to stay away from this project because it is a
- 19 nightmare.
- The public finance authority in
- 21 Wisconsin is a conduit for these bonds because there
- is no one on the northeast to manage them here.
- 23 Additionally, the New Jersey Sports and
- 24 Exposition Authority were only supposed to build
- 25 sports facilities, convention centers, and football

fields. The former DEP commissioner Richard Sullivan

- 2 even said that there are plenty of places for a mall.
- 3 The Meadowlands should be a world-class sports
- 4 center, not another mall.
- 5 Additionally, we are concerned about the
- 6 traffic and the environmental impacts of this
- 7 proposal. The Meadowlands is an oasis in nature
- 8 being an environmentally sensitive area and one of
- 9 the most developed places anywhere in the country.
- 10 In the Meadowlands you can be kayaking
- 11 between salt grass and then turn the corner to see
- 12 the New York skyline. There are migratory birds
- 13 flying over the New Jersey Turnpike in this area.
- 14 The Meadowlands resources are also important for
- 15 flood control and fisheries. Even though it has a
- 16 toxic legacy, the contaminated sites and the
- 17 landfills are being cleaned up and it is getting
- 18 better over time.
- 19 But now overdevelopment is a huge threat
- 20 to the Meadowlands. We are also concerned that the
- 21 wetlands in the Meadowlands should not be paved over
- for an unnecessary megamall and we should also
- 23 consider the need for this mall.
- 24 The American Dream will be a nightmare
- for the environment and the people of the

- 1 Meadowlands. The American Dream complex in the
- 2 Meadowlands will add more unnecessary development,
- 3 pollution, and congestion in an already
- 4 environmentally sensitive area and heavily trafficked
- 5 area.
- 6 We urge to reject this proposal and
- 7 protect the taxpayers from this dangerous deal.
- 8 MR. CUNNINGHAM: Thank you very much.
- 9 TONI GRANATO: Thank you.
- 10 MR. CUNNINGHAM: Other members of the
- 11 public that wish to comment?
- 12 Seeing none, then, I ask the applicant
- 13 to come back before the board.
- 14 I want to note that the Division of
- 15 Local Government Services, for the benefit of the
- 16 board members, received several e-mails over the last
- 17 several days from parties that opined on whether the
- 18 project should move forward or not. They have been
- 19 circulated, for the record, to the board members for
- 20 their review.
- I would remind my colleagues and the
- 22 public that there's really only one element of the
- 23 project in front of the board today, and that's the
- 24 approval to issue redevelopment area bonds. The
- 25 board is not involved in some of the other aspects of

- 1 the project which have been written us to e-mails
- 2 about various tax credits and grants. I know the
- 3 Sports and Exposition Authority had their meeting
- 4 and, you know, took action that they needed to do.
- 5 But the only thing that's in front of the board today
- 6 is a change to approvals previously given relative to
- 7 the redevelopment area bonds. I just want to make
- 8 that clear.
- 9 Do the members of the board have
- 10 questions for the applicant or for Triple Five, the
- 11 developer, that have not yet been answered?
- 12 Okay. So I think what I would say
- 13 before calling for a vote, we went over the changes
- 14 that had been submitted to us as it relates to that
- 15 RAD. I ask the applicant and confirm that the
- 16 modifications do not reduce any payments due from the
- 17 redeveloper to the borough or to the Sports and
- 18 Exposition Authority, nor do they change the
- 19 nonrecourse nature of the bonds. So the new
- 20 structure actually further insulates the borough and
- 21 the state since neither will be involved in the
- 22 public issuance and sale of the bonds.
- 23 So with that said, I'm in favor of the
- 24 new structure. I think it's a better structure for
- 25 the deal. And I will make a motion to approve the

- 1 application in front of us by the Sports and
- 2 Exposition Authority. And my motion, for the
- 3 executive secretary, I'm not going to address the
- 4 borough's issue yet, we'll deal with that right after
- 5 this. But the motion I'm putting forward is to
- 6 approve the application that's in front of the board
- 7 under 67(g) approving the re- -- the issuance of
- 8 redevelopment area bonds.
- 9 MR. BLEE: Second.
- MR. CUNNINGHAM: Mr. Blee seconds.
- I'll take roll call on that, please,
- 12 Pat.
- MS. McNAMARA: Mr. Cunningham.
- MR. CUNNINGHAM: Yes.
- MS. McNAMARA: Mr. Avery.
- MR. AVERY: Yes.
- MS. McNAMARA: Ms. Rodriguez.
- MS. RODRIGUEZ: Yes.
- MS. McNAMARA: Mr. Blee.
- MR. BLEE: Yes.
- MS. McNAMARA: Mr. Light.
- MR. LIGHT: Yes. Excuse me, yes.
- MR. CUNNINGHAM: As it relates to the
- 24 borough, I think the testimony on the record is clear
- 25 in terms of what portion of the approval is sought to

1 be rescinded. The more I think about it, I think

- 2 that we will need to do a formal action at the
- 3 September Local Finance Board meeting, Mayor. If
- 4 the -- because we have an application in front of us
- 5 that came via resolution, if we had a corresponding
- 6 resolution withdrawing that application, then we
- 7 probably could even list that on the consent and not
- 8 require the mayor or your professionals to make an
- 9 appearance in front of the board. But I think we do
- 10 need that formality just because the governing body
- 11 acted and then the governing body would be acting
- 12 again.
- MR. SCOTLAND: Mr. Chairman, Glenn
- 14 Scotland. Is it possible that the board could take
- 15 an action rescinding the authorization contingent
- 16 upon the borough taking action to indicate its
- 17 willing -- that it is seeking a withdrawal of that
- 18 approval?
- 19 MR. CASSELLA: Just for the record, our
- 20 meeting is next Tuesday so it would be relatively
- 21 quickly, and it probably would help in selling this
- 22 to the council by having at least that, the -- you
- 23 know, obviously the resolution but to explain that we
- 24 need this to be released of --
- MR. LIGHT: Surely they're not going to

- 1 turn you down when you --
- MS. RODRIGUEZ: You're getting them off
- 3 the hook.
- 4 MR. CASSELLA: Listen, I don't want to
- 5 get into the political part of this.
- 6 MR. LIGHT: No.
- 7 MS. RODRIGUEZ: As a former mayor --
- 8 MR. LIGHT: Yeah. I've been in your
- 9 position.
- 10 MR. SCOTLAND: So it would be an
- 11 approval that would be self-executing, you know,
- 12 again, contingent upon the borough --
- MR. CASSELLA: Contingent on you
- 14 approving the -- you know, the resolution. We passed
- 15 a resolution and contingent on you receiving the
- 16 resolution.
- 17 MR. CUNNINGHAM: The issue we're having
- is that the -- the public body took action and we
- 19 haven't done anything in this forum in terms of a
- 20 public notice, listing it on the agenda, and I think
- 21 that's where the discomfort is coming from.
- MR. LIGHT: Can we make a motion at this
- point in time to grant what the mayor is asking for
- 24 contingent upon the approval next month also so
- 25 that --

1 MR. CASSELLA: Contingent on approval

- 2 next month after receiving the resolution.
- 3 MR. CUNNINGHAM: Let me make sure I
- 4 understand. Can you --
- 5 MR. CASSELLA: In other words, you're
- 6 not voting on --
- 7 MR. LIGHT: Be a motion saying that the
- 8 intent of the board is to rescind the motion that the
- 9 mayor is asking for at the next meeting, but --
- 10 MR. CUNNINGHAM: Of the Local Finance
- 11 Board, not of the municipal council?
- MR. LIGHT: Right.
- MR. CASSELLA: Right.
- MR. LIGHT: So that his council --
- MS. RODRIGUEZ: But it's contingent upon
- 16 the resolution.
- 17 MR. LIGHT: -- so that his council sees
- 18 that it will be an action that we intend to take next
- 19 month.
- 20 MR. CASSELLA: Provided they pass the
- 21 resolution.
- MS. RODRIGUEZ: Exactly.
- 23 (There is a discussion held off the
- record.)
- 25 MR. CUNNINGHAM: Yeah, I mean, so it

wouldn't carry but if that would give the -- if that

- 2 would give the applicant something to carry with them
- 3 to the closing table and give comfort at the
- 4 municipal council meeting, I'm willing to do it.
- 5 MR. CASSELLA: Yeah, that would be fine.
- 6 MR. CUNNINGHAM: So do you want to put
- 7 that motion on the record?
- 8 MR. LIGHT: Okay. I'll make a motion
- 9 that we intend, at the next meeting, to have formal
- 10 action for the mayor's request to withdraw the
- 11 financing from the previous action, I don't know what
- 12 the date was and so forth that was taken.
- MR. CASSELLA: The issuance of the
- 14 bonds.
- MR. LIGHT: The issuance of the bonds
- 16 was approved by this board. Legally did that sound
- 17 all right?
- 18 MR. SCOTLAND: Terrific.
- MR. LIGHT: Okay.
- 20 MR. CUNNINGHAM: Do we have a second?
- MS. RODRIGUEZ: I'll second.
- MR. CUNNINGHAM: Ms. Rodriguez seconds.
- 23 Roll call.
- MS. McNAMARA: Mr. Cunningham.
- MR. CUNNINGHAM: Sure.

- 1 MS. McNAMARA: Mr. Avery.
- 2 MR. AVERY: Yes.
- 3 MR. LIGHT: Is that a yes?
- 4 MS. McNAMARA: I put a yes.
- 5 MR. CUNNINGHAM: Yes.
- 6 MS. McNAMARA: Ms. Rodriguez.
- 7 MS. RODRIGUEZ: Yes.
- 8 MS. McNAMARA: Mr. Blee.
- 9 MR. BLEE: Yes.
- MS. McNAMARA: Mr. Light.
- 11 MR. LIGHT: Sure.
- MR. CUNNINGHAM: Is that a yes?
- 13 MR. CASSELLA: Thank you very much.
- MR. TUTEUR: Thank you.
- MR. ARMLIN: Thank you very much.
- MR. CUNNINGHAM: So the board has one
- 17 very quick matter in front of it and then we'll
- 18 adjourn.
- 19 There's a rule proposal brought forth by
- 20 staff that is in your package that would eliminate an
- 21 obsolete requirement to have LFNs listed in the New
- 22 Jersey register. If there's no objection to that
- 23 rule as it appears in the package, I would ask for a
- 24 motion and a second.
- MR. BLEE: Motion.

1	MR. AVERY: Second.
2	MR. CUNNINGHAM: Motion Mr. Blee.
3	Second Mr. Avery.
4	Roll Call.
5	MS. McNAMARA: Mr. Cunningham.
6	MR. CUNNINGHAM: Yes.
7	MS. McNAMARA: Mr. Avery.
8	MR. AVERY: Yes.
9	MS. McNAMARA: Ms. Rodriguez.
10	MS. RODRIGUEZ: Yes.
11	MS. McNAMARA: Mr. Blee.
12	MR. BLEE: Yes.
13	MS. McNAMARA: Mr. Light.
14	MR. LIGHT: Yes.
15	MR. CUNNINGHAM: Motion to adjourn.
16	(Inaudible motion.)
17	MS. RODRIGUEZ: Second.
18	MR. CUNNINGHAM: Second.

19 All in favor.

20 (Unanimous agreement.)

MR. CUNNINGHAM: Okay. That has it.

22 (Time noted: 1:12 p.m.)

23 (Whereupon the deposition is adjourned.)

24

1	CERTIFICATE OF OFFICER						
2							
3	I CERTIFY that the foregoing is a true						
4	and accurate transcript of the proceedings as reported stenographically by me at the time, place						
5							
6	and on the date as hereinbefore set forth.						
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11							
12	BETH VITTOR, C.C.R.						
13	Certificate Number 30XI00146300 Notary Public of the						
14	State of New Jersey						
15							
16	dated: August 19, 2016						
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