STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS
LOCAL FINANCE BOARD
LOCAL GOVERNMENT ETHICS LAW PORTION

Department of Community Affairs
Conference Room #129/235A
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Trenton, New Jersey 08625
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B E F O R E: TIM CUNNINGHAM, Chairman
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PATRICIA McNAMARA, Executive Secretary
EMMA SALAY, Deputy Executive Secretary
FRANCIS BLEE, Member
ALAN AVERY, Member
IDADA RODRIGUEZ, Member
TED LIGHT, Member
WILLIAM CLOSE, member

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MR. CUNNINGHAM: Good morning. With apologies for the delay I wanted to open this morning's Local Finance Board meeting. We'll start with a roll call, please, Pat.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Here.

MS McNAMARA: Mr. Avery?

MR. AVERY: Here.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Here.

MS McNAMARA: Mr. Blee?

MR. Blee: Here.

MS McNAMARA: Mr. Light?

MR. LIGHT: Here.

MS McNAMARA: Mr. Close?

MR. CLOSE: Here.

MR. CUNNINGHAM: And Pat, would you read the Open Public Meeting statement?

MS McNAMARA: We're in compliance with the Opening Public Meeting Act. Notice was given to the Secretary of State, Star Ledger and the Trenton Times.

MR. CUNNINGHAM: Okay. Before we get into the applications I do want to welcome Mr. Close as a new member of the Board. Nominated by the governor, confirmed by the senate. So we now have a new member. And Mr. Close, it's nice seeing you again. And we welcome you to the Board. And thank you for your service.

The first application before the Board as there is no applications on the consent agenda is South Brunswick Township Fire District Number 2.

(All parties sworn.)

MR. CUNNINGHAM: Welcome.

MR. BRASLOW: Thank you. Richard Braslow representing the fire district. The fire district secured voter approval to purchase a pumper fire truck. The voters authorized an amount not exceeding $850,000. The fire district will seek to purchase the truck through the HTAC from Pierce Manufacturing for an amount of 699,738.46. In terms of financing, the fire district sent out nine bid packages. Three bids were received. A low amount was the 2.16 from Municipal Asset Management. The other two bids were 2.21 and 2.81. The fire district will be replacing a 1988 pumper fire truck which it will be disposing of in accordance with statute. Those are the particulars regarding the application. I don't know if there's any questions or comments.

MR. CUNNINGHAM: Thank you, Mr. Braslow.

You actually tackled two of the issues I was hoping to get on the record today. So thank you for that. One of the questions I had had was why the district held a special election on December 7th of '15 as opposed to not being included as part of the regular election process.

MR. BRASLOW: And I can speak on behalf of the district and tell you that, and I know we've had that discussion before, the district had tremendous uncertainty as to whether it would proceed with the project. By the time -- and I know we made some modifications to the special meeting requirements which obviously we will address going forward, but the district got jammed in terms of being able to timely address the issue in terms of the statutory timeframe which is why it had the special capital meeting. Which is why most of the districts end up using that process.

MR. CUNNINGHAM: And you know my perspective on that as we look at the vote count and we see 19 people showed up and voted and no one showed up in opposition. And that to me is unfortunate because I think that, you know, $700,000 is a significant amount of money. And for 19 people to be the entirety of the vote. And I don't know what the district's total voting population is, but that is concerning. And I understand your explanation, but you understand the disappointment in that.

I do have to say on probably more positive notes on this application the district retired a debt in August as I understand it. And therefore, the taxing impact of this transaction will be flat if not if not actually improved.

MR. BRASLOW: That is correct.

MR. CUNNINGHAM: And then as you said, we looked at the rates that were received from the quotations. Municipal Asset Management being the lowest response of the three received at 2.16 which is certainly a fair interest rate. And then I note that there is a small down payment being made by the district of 34,000. You know, I always like to see as much down payment as possible. But nevertheless, there is some down payment here which is something that I think I and my colleagues on the Board like to see. They were my observations and comments on this application. I wanted to know if any of my colleagues on the Board had any additional questions. Mr. Close.

MR. CLOSE: Is there any equipment being purchased beyond the truck itself?

MR. BRASLOW: Just the truck. We're getting rid of a 1988 pumper fire truck.

MR. CLOSE: What are you doing with the proceeds of that sale?

MR. BRASLOW: That is going to be sold in accordance with the statute, whether it be gov deals or some other method. And that money will turn into surplus to offset future expenses.

MR. CUNNINGHAM: Any other questions? Then I would ask for a motion and second.

MR. BLEE: Motion.

MS RODRIGUEZ: Second.

MR. CUNNINGHAM: 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.

MS McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MR. BRASLOW: Thank you very much.

MR. CUNNINGHAM: Thank you, gentlemen.

Moving to Township of Howell Fire District Number Three.

(All parties sworn.)

MR. CUNNINGHAM: Good morning.

MR. SENDZIK: My name is Jay Sendzik. I'm legal counsel to the Board of Fire Commissioners Fire District Number Three in Howell Township. The Board received voter approval to purchase a class A pumper at its 2015 election. They received 63 percent affirmative vote. There was 195 yes, 116 no's. The purchase is going to be made through a national cooperative, the National Joint Power Alliance. We did go out to bid for financing. We had four requests for bids. And one bid proposal was submitted. We went out for four years. The one bid came in at 1.72 percent over the four-year period. That's an annual principle and interest of 195,631. The pumper that we're proposing to purchase and finance through a lease with an option to purchase replaces a 31-year old pumper which has presently become obsolete and cost prohibitive. There is a tax impact if the Board does not offset it through credits through the capital program of one cent for a period of the four-year lease term.

MR. CUNNINGHAM: Thank you.

Interestingly, you know, kind of the opposite of the last applicant, and you've already said this, I think we have to note that, you know, 195 in favor, 116 opposed, I mean, that's a legitimate referendum. And I compliment the district. And I'm glad to see that there was some discourse on this application. I probably would have put this onto the consent agenda given the interest rate, given the fact that you went out, the fact that there's really negligible impact on the tax rate. The only thing that I was hoping that you could discuss is the fact that you are using this National Joint Power Alliance as a co-op. This is the first time that this Board has seen anything from that co-op come through as a purchase. And I was wondering if you could just discuss how it came to be that this co-op was identified and is being utilized by the district.

MR. SENDZIK: I had heard it several times through several districts. We did take a look into it. It does seem to comply with all the necessary bidding compliance, et cetera, that the Houston Galveston Co-op Area was -- you know, has available to itself. The Board does receive mandatory documents from them just like we would through the Houston Galveston Area on the internet that the State of New

Jersey according to the internet spoke highly of this particular co-op. So we decided we were going to go through the co-op.

MR. CUNNINGHAM: Okay.

MR. SENDZIK: We had all the mandatory meeting regulations and whatnot.

MR. CUNNINGHAM: Okay. Thank you.

MR. SENDZIK: Yes.

MR. CUNNINGHAM: I just want to make the point there is no money being put down by the district in this instance.

MR. SENDZIK: Not on this instance. The district has been running with a very, very low surplus. They haven't been able to put money away. We've been running with a very low surplus for five or six years.

MR. CUNNINGHAM: At the same time you don't have any debt outstanding?

MR. SENDZIK: Yes.

MR. CUNNINGHAM: Which I think is somewhat of a balancing perspective. Any questions from the Board?

MR. CLOSE: You mentioned this is a new cooperative before the Board. Does it meet other requirements of LFM 2012-10?

MR. SENDZIK: Yes.

MR. CLOSE: So what is the cost savings that was determined by using this co-op versus other methods of purchase?

MR. SENDZIK: I will tell you in my experience the cost of getting someone to write specifications specifically for one truck that would be available is anywhere from $10 to $15,000 to the district. When we've gone out to bid even after we've used a professional to write specification sometimes we have to go out 1, 2 or even 3 times to get a bid that is compliant. So there's an additional cost there. When we do get bids in we receive one, maybe two bids at the most which, you know, creates a problem. So we felt that this was the most cost effective way to deal with this situation.

MR. CLOSE: So the savings -- you're estimating it based on what your prior experience would have been?

MR. SENDZIK: Yes.

MR. CLOSE: If you would have purchased this truck or put it out to bid the manufacturer (sic) once you spec'd what would be the savings? Because generally you should be identifying that as part of your legal notice before you go out to purchase. So it says you're supposed to identity what that is. So I would assume you went to the manufacturer and saw where they had placed the bid previously for a similar spec'd truck and you could make that determination as to what the savings was.

MR. SENDZIK: Well, we went to several manufacturers, several manufacturers and this seems to be the one that would provide us with the best dollar value for what we were looking for. The cost savings has to do primarily with the outside cost in going to bid and going to specify the apparatus. That seems to be where the bulk of the cost savings is.

MR. CUNNINGHAM: Any other questions? Seek a motion and a second.

MR. LIGHT: I make a motion to approve.

MR. BLEE: Second.

MR. CUNNINGHAM: 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.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MR. CUNNINGHAM: Gentlemen, thank you very much.

MR. SENDZIK: Thank you.

MR. CUNNINGHAM: Township of Brick Fire District Number Two. Good morning.

MR. SENDZIK: Yes, good morning again. I'm legal counsel to the Board of Fire Commissioners, Fire District Number Two in the Township of Brick. In February 2016 the Board received approval to finance through a lease with an option to purchase an aerial platform. Their present aerial platform is 32 years old. It has been refurbished once approximately ten years ago. The apparatus at this point would be cost prohibitive to refurnish again. The manufacturers and anyone who would be interested in doing that don't have the material or equipment to refurbish it. The Board is proposing to finance $1,020,000. The tax rate will not be impacted. They did have a referendum vote. 91.91 percent of the people voted in favor of the purchase. The vote was 170 yes to 17 no. They're going to be proposing the purchase to this lease with an option to purchase a KMA 102 custom chassis rear mounted aerial platform. The purchase will, again, be through the Nation Cooperative Houston Area -- Houston Galveston Area Council. The interest rate that they were able to receive after competitive bid was 1.884 percent over a 10 year period. The principle interest payment on that will be $112,863. Again, as with the other application I had here before, the Board -- the savings the Board has utilized the assistance of professionals to help them draft specifications. The cost of that cost of going out to bid 1, 2, 3 times is a significant cost savings to the Board. They had -- they did investigate other similar apparatus and this was the most cost effective.

MR. CUNNINGHAM: Thank you. One substantive question I just want to make sure that we don't have an issue with. The referendum was held in 2016?

MR. SENDZIK: That's correct.

MR. CUNNINGHAM: And therefore, I would want to confirm that the down payment and delivery wouldn't happen until '17?

MR. SENDZIK: That's correct.

MR. CUNNINGHAM: Okay.

MR. SENDZIK: And that will be included

in our budget.

MR. CUNNINGHAM: And as far as the actual date of the vote, there might have been typo in the application. I just want to confirm it said the vote happened on February 10th of '16.

MR. SENDZIK: That was a typo. It was at the annual election.

MR. CUNNINGHAM: Thank you. Okay. When I was reading this application maybe a day or two prior I saw the article about West Hampton.

MR. SENDZIK: Yes.

MR. CUNNINGHAM: West Hampton's having that issue where they bought what I think is a very similar if not identical truck. And the article was to relay they're having tremendous issues that it was a lemon. And I'm just curious does the district feel comfortable in terms of the warrantee in making sure that you fell protected should there be performance issues with the vehicle?

MR. SENDZIK: What we're doing right now, I did bring that to the attention of the district at their last meeting, the apparatus committee has been in contact with the vendor. They're also getting in contact with West Hampton to find out what their issues are. They're going to bring it back to the Board. And the Board's going to discuss it after we take a look at all the warrantees.

MR. CUNNINGHAM: Thank you. Questions from the Board? Then I'd ask for a session motion and a second.

MR. BLEE: Motion.

MS RODRIGUEZ: Second.

MR. CUNNINGHAM: 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.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MR. CUNNINGHAM: Thank you. City of Camden.

(All parties sworn.)

MS OBERDORF: Robert is a business administrator to the City of Camden. And Matt is the senior advisor. He's the financial advisor to the City of Camden. And I'm Cheryl Oberdorf, Decotiis, Fitzpatrick and Cole, bond counsel to the City of Camden. The Board has before it an application for the approval of a $3 million bond ordinance and the adoption thereof with a waiver of down payment as well as a nonconforming maturity schedule. The ordinance was introduced on September 13th and subject to Board approval today will be finally adopted at a special meeting in October. And would become valid at some point in November. The city's participating in the DCA's demolition bond loan program. It submitted an application in May of 2016. Received approval to participate in the program, I guess, in August. And the particulars of the program is that it's a $3 million loan. Amortized at zero percent interest rate with a 20 year amortization schedule. The bond ordinance for demolition based upon previous precedence of the Board had a useful life of 15 years. And that's why we are requesting a nonconforming maturity schedule because we're extending it beyond the 15 years and also it's level debt service. So in accordance with the local bond law it actually is a nonconforming maturity schedule. The tax impact is .0009 cents per $100 of assessed valuation on a property within the city. And so we respectfully request approval of the adoption bond ordinance, the waiver of the down payment, as well as nonconforming maturity schedule.

MR. CUNNINGHAM: Thank you. For the Board's benefit, just as Ms Oberdorf stated on the record, this is a program, a loan program that's run through the DCA out of a separate division. It's important to the mayor. And the mayor has undertaken other efforts to try to divest the city of these abandoned properties and try to bring them back to a good rateable basis. So the purpose of the grant -- I'm sorry. The loan is to help get the properties back to, you know, a positive impact on the city's rateable base.

I guess the one issue I have, and I don't think that this loan is by itself problematic, but I am worried about the budget for the city. I note that the annual financial statement which was recently completed. The monitor's working really closely with the team and the city to try to get the budget squared away, but I am concerned about this year's budget. And kind of go through this every year. And this is going to be another tough budget year. But all in all, I think that this loan comports with the goals of the mayor and the Division and the transition aid monitor.

So I just wanted to make sure the Board was aware that this program has been administered by the DCA and is something that our monitor has been working with the city on. So with that, I guess, narrative. I don't have any specific questions on the application. Did the Board have questions or want to know anything more about the program or the city's efforts to clear these properties? If that's the case then I would ask for a motion and a second.

MS RODRIGUEZ: Make a motion.

MR. BLEE: Second.

MR. CUNNINGHAM: 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.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MR. CUNNINGHAM: Thank you very much.

Good morning. I was in Asbury Park Friday night and I couldn't get a parking spot very quickly. So, Mr. Capabianco, I compliment the city on its efforts and redevelopment efforts. And I'm sure that we'll see my I think it was $10 in your parking revenue line item. And I'm more than happy to contribute and transition you away from discretionary aid which I think is well underway.

MR. CAPABIANCO: Thank you.

MR. CUNNINGHAM: So you're here today for a qualified bond act program. And I'll defer to you who wants to introduce the application to the Board.

MR. CANTALUPO: Yes. Director, John Cantalupo, Archer & Greiner, bond counsel for the City of Asbury Park. We're here today for a communication system improvements. Mostly emergency. I'll let Michael go into that in a few moments, but the bonds that will be issued for it are 1,428,000. Total appropriation is 1.5 million. The tax impact if we issue the bonds over the ten-year useful life for communication system under the local bond law is roughly $32 on the averaged assessed home within the city. We are seeking to issue the bonds or notes as qualified bonds pursuant to the benefits of the PBA and the Local Finance Board's endorse its consent upon the bond ordinance. And the city will likely go through the Monmouth County Improvement Authority's Bond and Note Program when it's time for them to issue bonds. Currently right now they have bands outstanding in June. It's unless we ever get the money earlier then we'll go -- we'll tie things into that June band sell or have them mature at the same time.

MR. CUNNINGHAM: Okay. Just want to talk a bit about the communications equipment for the Board?

MR. CAPABIANCO: Yes, thank you. Our -- we have a fire/EMS squad that is 49 full-time paid fire. Their radios are 12 to 15 years old on average. We obviously can't get parts anymore. The police department with approximately 100 officers counting special ones and special twos their equipment is on the 15 to 18-year old give or take list. Again, there's no parts. Currently we have a 28-year old base station for the police department that we get parts off of Ebay. So we've been meeting with the county over the last couple months because the county does our dispatch. So we're going to move everything over onto county system. This will save us about $4 to $500,000. Instead of having to replace the base station we're just going to go to the county. Our fire chief has done a fantastic job of securing Motorola pricing for the fire/EMS side. Talking to other fire districts and other municipalities we've been able to get up to the next level I think of a 100 radios for a greater discount for everybody. On the fire/EMS side specifically EMS we need to really have it complete by the end of the year because the county is moving everyone to the new 700 gigahertz system. So first aid is -- first aid and fire is ready to go. Police, we're taking our time a little bit more because when we did this obviously we went around the city and looked for dead spots. Fire doesn't have dead spots. The police has a couple dead spots especially in the towers or high rises. Our senior tower they lose communications with each other. So this application covers the radios and then either additional repeaters for a towers or two so that we actually have full police coverage throughout the city which we lack now. And going to the 700 gigahertz frequency that's going to help, also. But it will cover -- this replaces everything that's past useful life about 50 percent. We're getting rid of a $4 to $500,000 base station all the way county to save us on the maintenance. We spend about count $10 to $15,000 a year on parts for this. And then it's also going to stop the coverage holes that our police department has. So it's something that's been needed for years.

MR. CUNNINGHAM: Thank you. Moving back to the qualified bond act and realizing that notes may go through the IA, what's the city's bond rating these days?

MR. CAPABIANCO: We just moved up to single A.

MR. CUNNINGHAM: Okay. Because I was wondering if you were going to go for a rating adjustment given what we're seeing.

MR. CANTALUPO: I think last summer they came out with a new rating for the city which was an upgrade. And you know, certainly the trend and what's going on within the city. Most of Monmouth County municipalities because of the triple A program have been going to the county because the interest rate savings are so significant enough to go through the county pool program.

MR. CUNNINGHAM: I should note for the record that the transitional aid monitor reviewed the application and had no issue with it. I think this is a particularly -- it's a project that's certainly needed. I don't think that's in dispute at all. Also, taking a look at the percentage of debt, city's well within its limits there. And the only other thing I just wanted to note for the record, and, again, it's a compliment to the city, but the city actually has 100 hundred percent compliance with the financial disclosure system of statement filing. And that's not the case for many applicants on the agenda. Certainly not the case for many municipalities and counties, but I do give credit to the city there for that. It's very important for us to see. Any questions from the Board about the project or the financing? Okay. Then I would ask for a motion and a second.

MR. BLEE: Motion.

MR. CUNNINGHAM: Mr. Blee.

MR. LIGHT: Second.

MR. CUNNINGHAM: Mr. Light. 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.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MR. CUNNINGHAM: Thank you very much. Borough of South River.

(All parties sworn.)

MR. CUNNINGHAM: Good morning. The little sidebar we were having, and I'll just put it on the record, Mr. Close is the administrator in Sparta. And Phoenix serves as the financial advisor in Sparta. Wanted to make sure there was no conflict. Because there's no personal or financial relationship we see no conflict. We've had circumstances where people have had other relationships, professional relationships, but we don't believe this rises to the level of conflict, but before you presented your application we just wanted to make sure that we discussed with counsel and that was dispatched of. So with that I'll turn it back over to you. Whether, Anthony, you and Megan want to introduce the application to the Board and we can get started.

MS BENNETT CLARK: I can introduce the application.

MR. CUNNINGHAM: Thank you.

MS BENNETT CLARK: Certainly the gang's all here. It's a very important application for South River. They're in the process of building a 21,000 square foot fire house. And we're here today because the USDA has deemed us eligible for financing through the USDA. And we're here for a nonconforming maturity schedule. Are there any questions?

MR. CUNNINGHAM: There might be a couple.

MS BENNETT CLARK: I think there might be.

MR. CUNNINGHAM: And again, because I was engaged in sidebar could you introduce the team so we know what the roles are?

MS BENNETT CLARK: Certainly. Yes.

MR. CUNNINGHAM: And we know Anthony.

MS BENNETT CLARK: Anthony Iverso. Then we have Jerry Stankiewicz who's our auditor. Then we have Joe Zanga who's the CFO. We have Bob Mitchell who's the architect. We have Fred Carr who's the administrator. And at the end we have Mayor Krenzel from South River.

MR. CUNNINGHAM: Thank you. Mayor, we appreciate your appearance today. So I guess there's a couple issues to talk about. And as I often say on the Board, a lot of times prior to the applications coming before the Board we do have the heavy lifting through a series of conference calls and meetings. And we did a series e-mails back and forth through your professionals and then did a conference call yesterday to try to get some details. So I think that the crux of any potential issues with this application comes down to the 40 year useful life. And it comes in two separate contexts. It comes first under the context of whether it's financially advantageous to go out for a 40-year useful life. And secondly, whether the local bond law permits a 40-year useful life given the construction type of this particular building.

I guess the first question I have, and maybe I just wasn't sure, is the building built or it's being built?

MR. MITCHELL: It's being built. It's about 65 percent complete.

MR. CUNNINGHAM: Okay. Thank you. So let's talk then if we can about the useful life. Typically, and, hence, requiring this application today, typically we don't see assets that have a useful life in the building context of 40 years. And I was wondering perhaps if the architect or a member on your team, I think we should have a discussion about that and about confidence of the asset lasting that long.

MR. MITCHELL: Okay. Good. Thank you. So the use of the term useful life is imbedded in this 40A.2-22 where at some point somebody asserted that these materials resulted in these buildings having these limitations of useful life. Those assertions have no bearing in science or practicality. My own house is built in 1804. It's made of wood. The White House has wood framing in it. The 12th century churches in Finland built completely of used. So that somebody has said this and codified it and caused everybody to comply with it is fine for them to say and do but it doesn't reflect reality.

MR. CUNNINGHAM: But it is the law.

MR. MITCHELL: It is the law. We understand that. And I happen to practice in New York State and it's the same law. And I have brought it up to all of our elected officials. All of them say, "oh, that's a foolish law" and none of them have time to pursue it and change.

MS BENNETT CLARK: If we can just focus on the actual materials because I believe the majority of the materials are noncombustible. If you could focus on that part of the application.

MR. MITCHELL: Okay. Okay. Thank you. Sorry. So the bulk of the building is made out of either concrete or steel. The structure is steel. The slabs are concrete. Foundation is concrete. The apparatus bay portion of the building is concrete block and concrete veneer. Meaning concrete masonry unit. The office area the exterior walls are concrete veneer. The backup framing and the interior wall framing is made of wood. And that is done because we can achieve extremely high R values. We have R values of 34 walls in this building which you cannot get with steel studs. So we made the decision at the first instance to frame that with wood. The structure of the building is steel and concrete. So the question then becomes we cannot comply with A, you know, type A construction with what we've done, but under 40A.2-26 I believe the governing body is entitled to ask for a waiver of that. And we provided an analysis back in August that, you know, serious organizations, Canada's Wood Product Institute, different colleges and universities have done analyses that say that the average life of these wood frame buildings is -- it's not wood frame. Buildings with wood in it exceed 50 to 75 years. So from the point of view of the best interest of the community they save money both in terms of, first, cost of construction and in the cost of operation because of the insulating quality of the structure. So they requested this, I don't know if the term is variance under --

MS BENNETT CLARK: Obviously before the Board in all due candor, this issue came up yesterday. So when we made our initial application this was for simply a nonconforming maturity schedule. We have not made the application for the waiver of the useful life. Obviously we could make that application. We could do that orally today or we can come back with an application for that, but again, this 40-year useful life is something that the Borough of South River in anticipating and financing this fire house this was part of their financial plan yesterday. You, I and Anthony obviously spoke. I was able to provide you with an alternative 30-year financing schedule, but in talking with the architect he really did want to speak with you with regard to how these materials in actuality are for 40 years.

MR. CUNNINGHAM: Let's finish this conversation and then I want to get into the kind of financing piece of it. And again, I'll address to the architect as the, you know, appropriate professional realizing that, you know, I don't know the first thing about building. And I'm the least handy guy you'll ever meet in the world. The project cost of this fire house it's to build a structure. But the structure has various components to it. So you're going to have electrical. You're going to have plumbing. You're going to have mechanical. I realize that there's churches built from the 12th century of wood but I would assert that there is no way that modern mechanical systems last 40 years. Likewise, in all applications that have come in front of the Board which is why we had questions about this one we've never seen a roofing system purported to last for 40 years. So while I understand that structural components of the building the financing is for the entirety of the structure and the systems within. And therefore, I would ask whether you can make the representation that what's being financed through this application would last for 40 years.

MR. MITCHELL: Well, that's a very good question. It's for certain that the roof at 30 some odd years would be replaced. We would consider that a maintenance operation. And some mechanical equipment will be replaced over that lifespan. The rest of the construction which probably represents 90 percent of the value of the building will certainly be in very good stead at 40 years. Of this building a million dollars of it is the foundation because of the piles because it was required for that. And 200 years from now they'll still be doing exactly what they're doing today. We view the building as a permanent picture on the landscaping. All of the flashings, for instance, are stainless steel. All of the masonry anchoring is stainless steel. We do things like that because this is replacing a building that was built in the 1920s. And many buildings -- all of us of this common age are used to buildings are that built like strip malls and not really meant to last long. And we believe strongly that a municipal building should be what we like to refer to as a permanent building. Absent operational obsolescence it should last forever with maintenance. That maintenance would include replacing the roof membrane and replacing certain mechanical systems as they wear out. So I don't know if I answered your question.

MR. CUNNINGHAM: I think so. Now, before we move into the financing I want to know if my colleagues on the Board have questions about the useful life of the asset. Mr. Light.

MR. LIGHT: Well, mine's more tied into the useful life than the financing. In looking at this it appears to me that's it's only a $15 difference in the tax impact to your residents to go from 30 to 40 years, but you pay almost a million and a half more if you go to 40 years. So you could save a million and a half dollars if we went to 30 years. Only difference of $15 tax impact. Just financially doesn't seem right to me.

MR. IVERSO: I'll just start and then you guys jump in. So just in answering that question, the $16, $17 difference between the two, between the 30-year schedule and the 40-year, the desire and attractiveness of the 40-year schedule is two-fold. One, it's a program through the USDA at a rate of 2.75 percent which is better than what the borough could get on their own if they went out to the markets.

MR. LIGHT: You wouldn't have that in 30 years?

MR. IVERSO: Excuse me?

MR. LIGHT: You wouldn't have the same interest rate?

MR. IVERSO: No, we project 2.85 if they went to the market.

MR. LIGHT: 2.8.

MR. IVERSO: If they went to the markets to do bonds it would be a higher rate than what the USDA is offering.

MR. CUNNINGHAM: That's accounted for in the schedule. That was the schedule that was provided to us.

MR. IVERSO: Correct. And then second, the borough has other projects that they have to be financed. They have bond notes outstanding about almost $11 million. Those projects will need to be financed over the next couple of years through bonds or will continue paying mandatory pay downs on that. That's all going to stack on top of the debt service for this project. So the main attractiveness of this USDA loan is that it keeps the payments low. Now, granted it's for a 40 year period, but the expectation is that this asset will last beyond that 40-year period.

MR. LIGHT: So spending a half million dollars to do it.

MR. IVERSO: Over time, yeah, but it's year to year looking at the annual debt service budget. And the other things that the borough has to finance on top of its existing debt it provides a smoother pattern of debt service for the Borough.

MS BENNETT CLARK: It should be noted that the financing through the USDA is callable. So if this is the governing body's decision at this point they could refinance it at another to point.

MR. CUNNINGHAM: Mr. Avery, you had a question?

MR. AVERY: I had a question on the structure itself. As I understand it, for the vehicles and equipment is stored is noncombustible and the office they have combustible materials. What percentage of the building is office versus noncombustible? Do you have a rough.

MR. MITCHELL: Roughly a third of the billing is office.

MR. AVERY: Of the 21,000 like 7,000 square feet of office space.

MR. MITCHELL: Maybe a little more. Eight. And in terms of the value of the building, that wood represents maybe one percent of the value of the building or less.

MR. CUNNINGHAM: Other questions from the Board?

MR. CLOSE: Why didn't you explore alternative financing options? It indicates here that you did not.

MS BENNETT CLARK: We did.

MR. IVERSO: We did. We supplied a follow-up.

MR. CUNNINGHAM: At our request there was -- it was done subsequent to the initial submission of the application.

MR IVERSO: Right. And that's what I was eluding to in response to Mr. Light's question that looking at what the cost would be for the borough going out to the markets for a 30-year bond the rate would actually be higher than what the USDA is offering. And then adding issuance cost and the like. It makes the USDA, it's more attractive from a cost perspective. And we also provided a 20-year schedule as well. And there just the annual payments would be higher than what's available through the USDA.

MR. CLOSE: What drew your attention to the USDA financing component?

MS BENNETT CLARK: I think it was from the beginning of the project.

MR. CLOSE: Beginning of the project the you had contemplated it?

MS BENNETT CLARK: Right. If I could just make sure if I understood you right because this issue again came up yesterday. So 1 percent -- 99 percent is noncombustible and one percent is.

MR. MITCHELL: Is terms of the dollar value of the building. In terms of the square footage

-- I'm going to bring that back. About 7,000 square feet of it is office.

MR. CUNNINGHAM: And what's the total square footage?

MR. MITCHELL: 21. And that's memory.

MR. AVERY: I just needed a rough estimate.

MR. MITCHELL: And it's fully sprinklered of course.

MR. AVERY: I'm kind of with my colleague, Mr. Light, here. Save your residents $250 over the ten years to finance for 30 years each resident, each taxpayer if I did the math right. It's only $15, $15, $16 a year difference in taxes between having a conforming schedule and a nonconforming schedule. Is that correct?

MR. CUNNINGHAM: I'm seeing some looks of consternation among the applicants.

MR. IVERSO: Yes. I'm listening to your question. Yeah, it's about 16 -- we'll call it $16 annual tax impact difference between 30-year bond issue and the 40-year USDA loan. That's correct.

MR. AVERY: So that's $260 for that extra 10 years funding for the resident to save, for a taxpayer save and be compliant with the statute.

MR. CUNNINGHAM: Mayor, just as an elected official that came I just want to the know if there's anything you wanted to supplement or whether to comment.

MAYOR KRENZEL: Not at this point, no.

MR. CUNNINGHAM: One of the issues I have with the application is the concept that there's more that the Borough wants to finance. And to me it's unfortunately equivalent to kind of making the minimum payment on a credit card in order to try to keep, you know, another credit card going. It's a problematic application for me, but I don't -- two of my colleagues on the Board have already expressed their opinion. I guess at that point I would ask if there's a motion or a second and we take roll call.

MS BENNETT CLARK: Tim, if I could speak before the roll call.

MR. CUNNINGHAM: Sure.

MS BENNETT CLARK: As I saw where this was going yesterday I did provide a 30-year --

MR. CUNNINGHAM: We saw.

MS BENNETT CLARK: -- nonconforming maturity schedule because I do believe it would be the intent of the South River to if we did not do it for 40 years for finance 30 years through the USDA. So in the alternative, if we would consider rather than having to come back here and bring everyone back here the 30-year. It's nonconforming by just a little.

MR. CUNNINGHAM: And because it's the semi-annual payments?

MS BENNETT CLARK: Correct. But it's just slightly nonconforming.

MR. IVERSO: It's not that far off. That would be the alternative.

MR. CUNNINGHAM: And one thing when we got this, and it came in late yesterday. As I told you I was kind of tied up in meetings, I guess the one question, Anthony, I'm sorry to cut you off, but you can get 30 years through USDA?

MR. IVERSO: We haven't gotten approval for that.

MS BENNETT CLARK: I didn't want this project -- what's happening is that there are notes outstanding in December. It was the intention of the borough to permanently finance those notes through the USDA. We would be cutting it very, very close if we, you know, did not address it today. So.

MR. CUNNINGHAM: So is the thought that you would amend the application before the Board to go to a 30-year maturity schedule?

MS BENNETT CLARK: Correct. Yes.

MR. CUNNINGHAM: Still requiring the nonconforming because it is a USDA with the semi-annual interest payments.

MS BENNETT CLARK: Exactly. It will be slightly nonconforming, but, yes, yes.

MR. IVERSO: We reached out to the USDA to request the feedback on that.

MR. CUNNINGHAM: My request for a motion and a second then remains on the table. Mr. Light. Mr. Avery.

MR. LIGHT: I make a motion to approve 30-year USDA.

MR. CUNNINGHAM: Roll call, please. The motion is to adopt the application of the Borough of South River. The requested action being approval for a nonconforming maturity schedule under 40A.2-26. And the applicant has provided a preliminary analysis dated yesterday, the 17th, I guess that was, with a 30-year maturity schedule that would result in total interest cost being 4.6 in interest. And with that amendment the motion Mr. Light that accommodates the motion that you made. I would ask, Pat, then for roll call.

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.

MS McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MR. CUNNINGHAM: Moving on to the Borough of Seaside Heights. Gentlemen welcome.

(All parties sworn.)

MR. CUNNINGHAM: Mr. Vaz, I thought about moving this to consent and I said it's been far too long since I've seen you and I knew you missed this building and working here. So I said I'm going to drag you up here and make you come. And Mr. Oliwa was unfortunately collateral damage in that theory. But in all candor, because of the request for transitional aid and a lot of the financial difficulties that the municipality's having I did want you to come up and talk a little bit about the efforts that have been undertaken. So I don't know whether one of you just wants to introduce the application to the Board and then we can just go from there.

MR. OLIWA: I can introduce the application. The application is relative to a surplus appropriation cap waiver to fund up a anticipated deficit in the borough's water and sewer utility. The borough was able to fit in under the appropriation caps 115,000 of this anticipated $595,000 deficit in '16 in the water and sewer utility budget. 480,000 of the amount was moved outside the caps. This would enable the borough to come in under the appropriation caps in '16.

MR. CUNNINGHAM: So restating some of what you said, we have some nonrecurring current fund appropes because there's deficits in the water and sewer utility budget. So using some surplus, and, again, I just want to make sure we have all the right numbers on the record, perhaps restating some of what you already said, but you'd be using about 2.2 of 3.2 in surplus leaving a balance of over a million dollars.

MR. OLIWA: That's correct.

MR. CUNNINGHAM: Now, as the administrator knows, the municipality's awarded $750,000 in transitional aid discretionary money that's administered by this division. And then, you know, going specifically into this water and sewer budget, and I know the application makes reference to this but I just want to be really clear that we get this on the record, you've taken steps to control cost and increase revenue flow specifically as it results to the water. And I was wondering if you could just talk a little bit about some of the studies that have been done and some of the efforts that you're taking to try to move toward a more cash positive modal.

MR. VAZ: On the water and sewer side before the governing body tonight at their council meeting is my recommendation for the council to approve a water and sewer rate study. We've reached out to different companies that are in the business of doing those types of studies. My understanding is the rates haven't been increased in Seaside Heights in over a decade. So that's step one. Step two, I believe would be building on that study into a more global analysis of whether we should be looking at selling the asset and selling it to a private company or keeping it, if it makes sense for the borough to keep it.

MR. CUNNINGHAM: Okay. I note that the levy is down for '16 compared to '15.

MR. VAZ: That's correct.

MR. CUNNINGHAM: Which I think is a positive development. And I understand the financial challenges. And I do note just for the record that the borough remains within the levy cap.

MR. VAZ: That's correct.

MR. CUNNINGHAM: Any questions from the Board on this application? Okay. It was reviewed by the assistant director of the Division and the head of our financial regulation team. Comports with the law and our expectations of the city's budget and its efforts. So if my colleagues on the Board concur I would ask for a motion and a second.

MR. CLOSE: So moved.

MR. CUNNINGHAM: Mr. Close makes the motion. I heard a second. I didn't hear.

MR. LIGHT: I'll make a motion to approve it.

MR. CUNNINGHAM: Take roll call then.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Mr. Avery?

MR. AVERY: I'm going to abstain because I'm commissioner of the USUA (sic) and have a service agreement with Seaside Heights.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. Blee: Yes.
MS McNAMARA: Mr. Light?
MR. LIGHT: Yes.
MS McNAMARA: Mr. Close?
MR. CLOSE: Yes.
MR. OLIWA: Thank you. And thanks for all the help that you've given Seaside Heights.
MR. CUNNINGHAM: Wish you best of luck. I know you have some financial challenges down there. Ridgewood Village, Board of Education, ESP Program.
(All parties sworn.)
MR. McMANIMON: Thank you. For the record, Ed McManimon from McManimon, Scotland and Baumann, bond council to the Ridgewood Board of Education. Sherry Tracey from Phoenix Advisors. Serves as their financial advisor. And I have Dr. Alfredo Aquilar who is the business administrator for the Board of Ed. This involves an application for the approval of this Board to the issuance of seven and a half million school energy savings refunding bonds to finance an ESP, an Energy Savings Program, in all of the 11 school facilities in Ridgewood. Typically, these projects are undertaken with lease purchases. The statute permits an alternative which is refunding bonds instead of a financing and lease purchase. And

the Board decided looking at both of those options to ask for the refunding bond option which requires Local Finance Board approval. Lease purchase does not. They're undertaking a refunding of outstanding bonds next month over the next 60 days independent from this. So by adding this and doing it as a refunding bond rather than as a lease purchase they save a significant amount of issuance cost because they just add this into that refunding. So that's what they're doing. So this went through the normal BPU process and with bidding to select Johnson controls to provide the process here. The savings that are generated from the new implemented facilities pay for the cost of doing it and produce at least projected out about $15 to $20,000 a year in addition to that as other savings by virtue of the savings that come from putting the energy program in. So it fully pays for itself which is all that it needs to do under the statute. It also produces extra money as projected out by Johnson control. So Dr. Aquilar is here if you have any questions about that program. And Sherry can answer, again, to reconfirm why there's a benefit to coming here, getting approval for the refunding issuance instead of doing a lease purchase.

MR. CUNNINGHAM: Well, maybe Dr. Aquilar wants to discuss that and I'll come back, Sherry. I don't know if I have questions. I just want to make sure the record's clear in terms of how the finance works. So Dr. Aquilar, would you talk about the program a bit?

DR. AQUILAR: So the energy savings improvement plan is a plan that as was summarized just now pays for various energy improving projects throughout the district. Everything from retrofitting lighting, making boilers more efficient, replacing boilers, improving the building envelope on all of our 11 buildings and many other initiatives. And all these projects are paid a yearly bond or lease payment -- lease purchase payment is funded through the actual energy savings that they produced. So self-supporting. And that's, you know, that's something that was very intriguing to our Board because they were able to advance the improvement of our aging facilities without having to ask the taxpayers for another penny. And the savings that these projects generate are guaranteed through the program. Through Johnson controls. And for whatever reason the savings were not realized one year or other Johnson controls would make up the difference themselves. That's all very attractive to our Board.

MR. CUNNINGHAM: Thank you. Sherry, I

guess I would address a couple comments and really not as much questions, but just let me know if I say anything that is inaccurate. One of the issues I had when I first looked at this application was I was confused about the refunding that Mr. McManimon said was being done independently. And I kept saying, but can you do a refunding bond but I wasn't necessarily seeing the picture, but as I read closer I kind of understood what was going on. What I wanted to kind of be clear about was, and I thought your executive summary, I'm not sure whether, you know, who did the executive summary, but I thought the executive summary made a good point at least explaining why in this context refunding bonds are advantageous for this district. And what I would point out is because there was a larger refunding bond ordinance being done the cost of issuance for this piece are generally being offset because it's being absorbed into a larger transaction. And I just wanted to talk a little bit about the savings. And I was hoping maybe you could just talk briefly about what that means in terms of project savings.

MS TRACEY: Sure. Absolutely. And everything that you said is correct. A lot of districts as you know are taking part in the clean energy initiative moving forward with the ESP program. You don't see a lot of them because as I mentioned many do go through a lease. A lot of the firms that have been bidding lease purchases have been very aggressive in recent years. And it has been more advantageous because of the cost savings. We don't need to go to market. We don't need a bond rating. We don't need an official savings. All those cost savings. So typically that's why most of these ESPs are being financed through a lease purchase. Ridgewood Board of Education's case it was unique because we are doing this additional refunding of a series 2010 bond which should save the district about $2 million on their existing debt service. And because these were happening at the same time it made sense we could absolutely marry the costs together. Just to give you an example, for instance, their rating fee. If you sell anywhere between 25 and 50 million your fee is going to be $26,000. So whether we sell 37 or we sell 45 we're going to be in that range and so we're going to pay $26,000. So essentially there's no rating fee, if you will, for the ESP. So just that's one example, but in putting the specific costs together. So typically the lease financings, the rate's a little higher when we compare to a refunding. Every project, every district that's doing these if we look at and we do an evaluation what makes sense, refunding bonds or lease. Generally the lease wins again because of the cost of issuance. The lease rates are typically a little bit higher than a bond, but the cost of issuance override it. In this case it did not. And in fact, we're estimating somewhere about 100,000 of additional savings by doing the refunding bond issuance. And that's all really in the interest rate savings because the cost to get there for doing the lease and for doing the bonds in this case was exactly the same. In fact, the only difference is really the underwriter's discount which is more than offset by the lower rate on the bonds.

MR. McMANIMON: Just because you don't see this regularly this really isn't a refunding of anything, but the statute defined it as a refunding bond in order to come to this Board. So they referenced it.

MS RODRIGUEZ: We've had other districts come before us. Morris, I think, at one time.

MS TRACEY: One other thing I'll quickly point out, too, it's is in application, but to point out the district is also making $315,000 capital contribution toward the ESP.

MR. CUNNINGHAM: That's important to note. Thank you. Any questions from the Board? Hearing none, I'd ask for a motion and for second.

MS RODRIGUEZ: I make a motion.

MR. CUNNINGHAM: Ms Rodriguez motion.

MR. AVERY: Second.

MR. CUNNINGHAM: Mr. Avery seconds. 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.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MR. CUNNINGHAM: Town of Kearney.

(All parties sworn.)

MR. CUNNINGHAM: Good morning.

MR. FIROZVI: Good morning.

MR. CUNNINGHAM: Just like to briefly

introduce the application to the Board?

MR. FIROZVI: Sure. The application in front of the Board today is for a five-year agreement with SUEZ formerly known as United water. Takes effect July 1, 2016. The need for this services arose last year when a long time water superintendent chose to retire and the assistant water superintendent also had plans of leaving the township leaving the town with basically three laborers with not that much expertise. And the lack of qualified candidates available lead us to basically go into this direction and go through the bidding process and see what's available out there, companies out there who can basically take over the water operations and run them for the town. The town has already received BPU approvals and Division of Rate Council approval as well.

MR. CUNNINGHAM: So just so the record's completely clear, this is a five-year water service agreement. This is an operational agreement. There's no monetization. There's no concessions. It's just an ops contract?

MR. FIROZVI: That is correct.

MR. CUNNINGHAM: And the town's already been operating under a separate service agreement after the superintendent or whoever was left on an interim basis. And this would be for a full five-year period that was procured.

MR. FIROZVI: Exactly.

MR. CUNNINGHAM: When Kearny I went out for an RFQ, RFP, I'm not quite sure which it was, SUEZ (phon) was the only proposal that was received?

MR. FIROZVI: Yes.

MR. CUNNINGHAM: And just curious. Not that it's dispositive to our review, but what happened to the laborers? Were they picked up by SUEZ or were they --

MR. FIROZVI: They were offered employment with SUEZ. I believe two of them are still working. The clerical staff was also offered the position who later decided to leave the company and file for retirement. So all the employees were basically offered employment or absorbed by the town in other departments.

MR. LIGHT: Sounds like it was a very small staff to start with. Right?

MR. FIROZVI: Yes, about six people.

MR. CUNNINGHAM: Question or comments from the Board?

MR. LIGHT: Is this a unique? Has it been done in other areas.

MR. FIROZVI: SUEZ has agreements with other towns. I think even in Hudson County. I believe Bayonne has a similar agreement and either Hoboken or Jersey City, but there are a numbers of towns.

MR. LIGHT: The towns in the general area that have been in for a while and they've been working well, they don't have any problems with it?

MR. FIROZVI: Yes, yes.

MR. AVERY: There's a fixed fee associated with it? It's a monthly fee?

MR. FIROZVI: It's a $1.8 million annual cost. And of that amount 550,000 is allocated for infrastructure improvements and our personnel cost with health benefits and everything combined was in excess of a million dollars. So cost wise it's almost same bottom line.

MR. AVERY: And the town pays that?

MR. FIROZVI: Each month.

MR. AVERY: Each month to the company. There's no impact on the ratepayer, per se, actually?

MR. FIROZVI: No. Basically from one line item in the budget it's going to another line item.

MR. AVERY: Okay. Thank you.

MR. CUNNINGHAM: What we've done in

recent months when these types of contracts come before us is we require as part of the approving resolution that one individual be assigned and notified to the Board and the director approves proofs to be the contract monitor. That would be the same stipulation we would put in this document. The contract administer would prepare quarterly reports. Certify that the operator's in compliance with the agreement and those types of things because we just had seen in other contexts where sometimes these contracts kind of get executed and the entire, you know, operation's turned over the contractual operator and then no one's kind of making sure that the contract the terms are being adhered to. So that's the one condition that we have put in these and we would put in here as well. If the Board has no other questions with that stipulation that I put in that would be included in the resolution then I would ask for a motion and a second.

MR. AVERY: I would make that notion.

MR. CUNNINGHAM: Mr. Avery makes the motion.

MR. BLEE: Second.

MR. CUNNINGHAM: Mr. Blee seconds. 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.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MR. FIROZVI: Thank you.

MR. CUNNINGHAM: Thank you.

(All parties sworn.)

MR. DRAIKIWICZ: John Draikiwicz, bond counsel from Gibbons. Dennis Enright, financial advisor, Financial Group. Alexis Zack, City of Linden, CFO. Len Bier, parking consultant for the City of Linden.

MR. CUNNINGHAM: Thank you.

MR. DRAIKIWICZ: The city hereby desires to create a parking authority to manage its city's parking assets. And it seeks Local Financial Board approval in creating the authority. The city conducted an extensive review to determine the benefits of creating the authority and the potential structure of that parking authority. I would like now to turn it over to Len Bier, the city's parking consultant, to discuss these elements. Len?

MR. BIER: Good morning, everyone. And thank you for the opportunity to be before the LFB this morning. The City of Linden commissioned their associates to look at the operations and management of the city resources. It's a similar study that Bier Associates did for the City of Trenton, its parking authority previously at the direction of the Department of Community Affairs for Tom Neff two years ago. We looked at their operations. We looked at their efficiencies, how things were operating. And we found the type of results that we found in, you know, many cities or a few cities, actually, there's few urban cities left that don't have parking authorities and are managing operations. There's a disconnect when police are taking care of enforcement, finance is taking of the money, DPW is fixing the meters perhaps and, you know, putting on the signs. And there's no overall guiding policy relative to parking and what you're trying to do with the parking. The city's parking is pretty much exclusively located within the central business district which runs about six, seven blocks.

And they're a trans oriented community so they manage parking commuters through transit in a long-term agreement with New Jersey Transit. The objective of the town as a TOD and as a designated transit village is to begin development in proximity to the train station which is smack dab in the eastern section of the central business district. It's going to have a cascading impact going into the business district itself. By creating the authority they do not have a redevelopment entity. And as you know, in a number of other cities where they do not have a redevelopment entity the parking authorities have taken on that roll, land acquisition, land swaps, facilitating development, as well as doing parking itself. Completely self-liquidating. The parking authority would turn -- it will be revenue positive at the end of the year. That's even with an initial grant or of funds working capital to the authority to get it started. That's pretty it much it in a nutshell.

MR. CUNNINGHAM: Okay. Thank you. Anything else you want to point out?

MR. DRAIKIWICZ: No.

MR. CUNNINGHAM: So I think the one big question we had, and I guess it was Saturday around 2:30 I e-mailed and Mr. Enright was the only person who was as pathetic as me sitting there on such beautiful a Saturday was e-mailing about the City of Linden's application. But I guess it was just, I don't want to say inconsistency, maybe a little confusion that we want to make sure that it's very clear on the record in terms of the transfer of the parking assets to the authority. Would you generally --

MR. ENRIGHT: They're just going to manage assets of the city. They're not going to transfer the assets to the authority.

MR. CUNNINGHAM: So we're not going to get an application to issue debt --

MR. ENRIGHT: Correct.

MR. CUNNINGHAM: -- to acquire the assets?

MR. ENRIGHT: Correct. That's not part of the plan.

MR. BIER: Even if there is ultimately a fee transfer there will be no funds. It will be a $1 transaction.

MR. CUNNINGHAM: Okay. And thank you for making that clear because that would have been a problem with the application taking assets that don't have debt and then wind up having an authority that had the debt on that. I think the other question that I just was hoping you could address is I know there's going to be a working capital loan.

MR. BIER: That's correct.

MR. CUNNINGHAM: And there weren't a ton of specifics in terms of the proposed payment terms, but I imagine that would be a short term loan. And maybe you could just speak to that a little bit.

MR. BIER: I can speak to that, yes. It's already built into the budget. That will be repeated in three years at 100,000 a year. And that includes -- and that's without us also now creating a new capital fund for the authority itself which will be 50,000 a year. So that the capital assets cannot only be -- can be replenished because that was an issue in the past. Again, unfortunately using Trenton as a lab of sorts you know that the street assets here have not been well maintained because there hasn't been sufficient capital for renewal.

MR. CUNNINGHAM: So the capital fund would be established is that a municipal contribution or that would be coming out of revenues of the authority?

MR. BIER: Coming out of parking. We will repay the loan itself within three years, 100,000 a year, over a three-year period. And even in the first year I'm starting $50,000 R and R renewal and replacement fund which will be capitalized.

MR. DRAIKIWICZ: From revenues.

MR. BIER: Yes, from revenues of the parking authority. That's correct.

MR. CUNNINGHAM: Okay. Additional questions from the Board? Hearing none.

MR. LIGHT: I'll move the application.

MR. CUNNINGHAM: Mr. Light makes a motion.

MR. BLEE: Second.

MR. CUNNINGHAM: Mr. Blee seconds. Roll call, please.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: I walked into conversation but I read the information and I'm familiar with parking so I'm going to vote yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS McNAMARA: Mr. Close?
MR. CLOSE: Yes.
MR. CUNNINGHAM: Thank you. And I thank you for helping clarify those issues. The next application in front of the Board comes from the Woodbine Municipality Utilities Authority. I actually waived the appearance of the applicant here because this was a USDA loan to provide improvements and upgrades to the water system. These programs are typically very well done. They come in front of us for positive findings. Having no issues with the application as written, as I said, I waived the appearance. I'll make the motion unless anyone has any questions about it -- before I dare make a motion I should ask if anybody had any issues with it, please let me know. If not, I would make the motion to approve and I would look for a second.
MS RODRIGUEZ: Second.
MR. CUNNINGHAM: Ms Rodriguez seconds. 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.

MS McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MR. CUNNINGHAM: That allows us to turn our attention to the Borough of Fort Lee Parking Authority.

(All parties sworn.)

MR. CUNNINGHAM: Do you want -- I know most of your colleagues, but do you want to introduce those colleagues that don't regularly appear in front of the Board?

MR. WILKOTZ: Steve Wilkotz. I'm the auditor for the Fort Lee Parking Authority in the Borough of Fort Lee. Lane Goldstein, I'm the chairman of the Fort Lee Parking Authority.

MS GALLO: Gloria Gallo, the executive director of the Fort Lee Parking Authority.

MR. CUNNINGHAM: And I think we know the other colleagues.

MR. PANELLA: Tony Panella, Wilentz, Goldman, Spitzer, bond council to the parking authority. This is an application for a not exceeding $27 million Borough of Fort Lee guaranteed parking revenue system bond financing by the parking authority. This is not a new authority. The authority has been in existence for many years. This financing is for the construction of essentially a consolidation of the parking facilities into a parking deck and related parking lot and then additional office space and retail facilities. And then a public area in front of the that facility. Lien Bier beer would be the best person to explain the background behind the project financing.

MR. BIER: We're constructing this project on existing 414 car municipal surface parking lot. In this case there will not be an asset transfer. There will be a 40-year lease by the municipality to the parking authority. It's a $1 a year lease. There's no revenue associated with the parking going back to the municipality. All parking revenues both on street and off street revenues will be devoted to the project and the overall operation of the Fort Lee parking authority and the parking system. We're contemplating building an approximately 325 car parking garage with about 240 surface parking spaces. So we're going to increase the capacity of the municipal lot by 50 percent. So our yield would 624 parking spaces. So it's a little over 50 percent. The current parking rates are below market. So we're going to ramp up parking rates over -- not in one sticker shock year but over a term years. And that's why if you've looked at financing in the first three years of operation it's interest only and not principle. It's to ramp up to that rate so that we retain our existing monthly parking base and then can build into a new base.

This is supporting overall growth in the City of Fort Lee. If you've driven over the GW bridge you may have seen the incredibly tall 40 story Modern, which is called the Modern, the blue glass structure which is all residential. It's 400 units. That developer is in phase two and building its second tower of another 400 units. The Tucker group out of New York is building 100,000 square feet of retail in a phase one project which includes a movie theater and another 200 residential units and change. So all this is going on around the municipal lot. In addition, we have a 100,000 in square foot adjacent office building that prior to the 2008 financial meltdown was at an 80 percent occupancy and required 100 parking spaces in our lot. They rolled back to less than 50 percent occupancy, but they've just begun lease up. So we know they don't have sufficient capacity in their office building to sustain the lease up of their own building. So we're building this in -- well, with our current demand at 414. So we're at capacity. We know we have all these new projects coming on line. We want to be ahead of it and then be ready to absorb the parking that's going to be thrown off by all these projects, in addition, the parking authority which was my oldest employer, I spent 29 years as general counsel to the parking authority, has been operating in trailers for its entire existence. In two the double wide trailers. So this project actually gives them the opportunity to have adequate and appropriate office space. In addition, we'll be providing 8,000 square feet for the Board of Education for their administrative offices. And we're also doing a condominium deal with the U.S. Post Office. U.S. Post Office has an antiquated non-historic building, very important, non-historic antiquated building on Main Street. So we're in discussion. We already have a letter of intent from the postal service to put them into our building on the first floor at 6200 square feet in exchange for taking down their building, giving them a new U.S. Post Office and then we can create the public plaza in front of the building which will be deeded to the City of -- to the Borough of Fort Lee. Again, that was a condition of the U.S. Post Office. They wanted it to be public space and we'll approve the public space. So we're building 24,000 square feet of office. We're increasing our parking capacity. And we're creating a half an acre of public amenity as well all as part of the project.

MR. CUNNINGHAM: It's a big project. It's a big dollar amount project. I guess the question I would have to the authority is who's going to run the job and who has the technical expertise to actually oversee?

MR. BIER: I can answer that.

MR. CUNNINGHAM: Please.

MR. BIER: We've retained -- our architects and engineers are Jim Potts and Associates who built -- who did the architects and engineers for Camden, Newark, New Brunswick, Trenton. So very experienced. Rahway. Very experienced firm that specialize exclusively primarily in structured parking and mix used development associated with that. We've hired Epic as our construction managers. That was done through a RFK process. So was competitive. Again, very experienced firm that's done many of the projects in New Brunswick as well as just recently selected by the Camden Improvement Authority for the Federal Street project if we can ever get that out of the ground if the Delaware Port Authority if will ever cooperate. But none our construction managers. In addition, I've been retained as owner's rep through the process. The project will be done in two phases. We're going to do the parking garage and the lots first. Phase one we're not going to drop -- we're not going to attempt to move all that around in one shot. So first phase is the garage and the parking improvements which generate as revenue, get us back into revenue positive situation. We've made -- during the one year construction phase we've already made arrangements and leased alternate parking which we'll make a profit on during that phase. So there will be no lost revenue. We do have a marginal increase on cost of operation because we have to pay leases, but that's all in the spreadsheet that was provided to you.

So first, phase one year will be the construction of the parking amenities. As soon as that's done then we go into phase two which is construction of the replacement office because we can't take down the post office until we have a place to put them. And that's a liner building not a shell building. And the distinction is the office is not built into the garage. It's adjacent and abuts it. So it can actually be two distinct construction projects. We'll share foundations, which is a savings. So we can do just the garage, just the lot. Then we do the office building. And then once we take down the post office we do the plaza. So it's a three phase development. And we've bid it that way. We bid it in three phases. We have pricing for all three phases. And Epic is engaged per phase. So for any reason something went amiss they don't get a windfall.

MS RODRIGUEZ: Epic is your construction manager?

MR. BIER: Yes.

MR. CUNNINGHAM: And you're going to be owner's rep?

MR. BIER: Yes, I am.

MR. CUNNINGHAM: How many employees of the authority?

MR. BIER: The parking authority has 14 full-time employees and it has part-time three. And I should also note that they run the city's transportation service which is a free amenity. So they run --

MR. CUNNINGHAM: What does that mean -- I'm sorry.

MR. BIER: They've been running for over

30 years a full service bussing in the community. The buses often come by grant by New Jersey Transit. You know under their 70/30 program. You know, 70/30 they help pay, but in five years you're weaned off. You have to pay complete operations. You provide all of the gasoline. You provide the operators at your own expense. Transit provides some maintenance at the beginning and then it all falls off. But they've been doing that for over 30 years. They provide senior citizen bus transportation system. They provide non-emergency medical transport three times a week. Routes that go to the area doctors and hospitals. So it's not only is it a parking authority, it's a parking authority and transportation entity.

MR. CUNNINGHAM: Now a redevelopment entity as well.

MR. BIER: And redevelopment entity, yes.

MS RODRIGUEZ: You of course, you, sir, never cease to amaze me. When I see these projects I sat in the Paterson Parking Authority for over a decade and we did the college. I think -- it was a wonderful project. And I'd love to see parking authorities as they've done in New Brunswick get involved in multi-faceted projects like that. We were fortunate to get as an anchor DMV. So I mean, of course going to be a little -- having a woman at the helm always helps a lot. You don't see that much in parking. Sorry. I know I'm going off script, but I have to mention that. Yeah, like this project. So when you're ready.

MR. CUNNINGHAM: Just a couple things I want to make sure I get on the record. I don't know whether Tony, Steve, Dennis, whoever wants to address it, but one year cap ID be rolled into the financing?

MR. ENRIGHT: Correct.

MR. CUNNINGHAM: And there's a reserve fund being set up as well?

MR. BIER: Yes.

MR. PANELLA: The rating agencies in New Jersey have not moved off the reserved funds even for municipal guarantee parking projects. Maybe some day in the future but not yet.

MR. CUNNINGHAM: And Tony, I know when you first made your remarks you mentioned that this wasn't a new authority. Clearly they've running services for years, but I note that the application indicates there's no outstanding debt.

MR. PANELLA: Zero.

MR. WILKOTZ: I don't believe they've ever had any debt.

Mr. GOLDSTEIN: The trailers were supposed to be temporary.

MR. WILKOTZ: I've been working in Fort Lee since 1979. The trailers were there when I got there.

MR. CUNNINGHAM: Taking up parking spots that you could have revenue on it. Any other questions from the Board? Mr. Avery.

MR. AVERY: I would just like to if you know the cost of the deck itself, what part of the 25 million is just the 325 space deck. It's not critical. I'm just critical.

MR. BIER: It's roughly about 10 million.

MR. AVERY: Okay. That's close enough.

MR. CUNNINGHAM: And what type of deck is it? I mean is it like a one of the corkscrew decks?

MR. BIER: No, it's a precast double helix. So just single ramping system. You now, one way up. One way down. And it will be a precast structure. The other thing that we did here was anticipating for future needs this garage is being built so it can be expandable one additional floor which would yield us another 112 parking spaces. And it's been -- it's also been constructed in the fashion that we can actually expand it laterally so then we can pick up another 300 spaces. And so we built this and designed this for a three phase expansion. One story up will be able to go lateral which would give us 50 percent more and then go once again one stage back further. So this was designed for maximum flexibility. And intentionally I downsized the initial projections so that we would operate this as close to maximum efficiency as possible.

MR. CUNNINGHAM: Other questions? Care to make the --

MS RODRIGUEZ: I make the motion.

MR. CUNNINGHAM: Ms Rodriguez makes the motion.

MR. BLEE: Second.

MR. CUNNINGHAM: Mr. Blee seconds. 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.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS McNAMARA: Mr. Close?

MR. CLOSE: Before Mr. Close votes, similar to something that was discussed earlier, Ferrier and Wilcox, or however you pronounce your firm's name, I forget all the names involved these days, represents Sparta. Mr. Close is the administrator in Sparta. Similar to the financial advisor, we don't feel that there's a conflict because there's no personal direct relationship, but as this is Mr. Close's first meeting we want to make sure we get these established on the record. So prior to him voting we just wanted to make that. So there's still the motion and the vote on table. So Mr. Close is entitled to vote at this point.

MR. CLOSE: I'll vote yes.

MR. CUNNINGHAM: Thank you. Wish you good luck with the project. Sounds pretty transformative.

(All parties sworn.)

MR. CUNNINGHAM: Good morning, sir. Brick Township Municipal Authority is in front of the Board.

MR. MAHER: Good morning, Mr. Chairman.

Good morning, everyone. I'm Bill Maher with Decotiis, FitzPatrick and Cole. We're bond counsel for the Brick Township MUA. The authority is before you today for a combined financing of $43,500,000. They were last before you back in February of 2014 at which time they received your approval to issue 14,500,000 in project notes. Those project notes were issued in '14. They were rolled into '15. They were rolled into '16. And on March of this year they were rolled through December 1, 2016. So it's important from our perspective that they have 14 and a half million dollars in projects. They call them project bonds, short-term notes from December 1. So this is important for the authority today. It's always important when we're here.

The first part of the financing at 26,500,000 proposed project financing is, again, to refund the 14 and a half millions dollars in project notes and provide approximately $10 million in new money, fund reserve fund, would pay cost of issuance. The application detailed what they expended most of the projects notes on there. There will be some $3 million left over transferred proceeds from that issue and also details what they anticipate spending the $10,000,000 on. The authority -- let me back up a little bit. To my right Siamac Afshar, education. John Clifford who is now the CFO at the authority. Stepping in for longstanding and Frank Planko there. So be easy on him. Be nice to him. And Charles Fallon, who's been there for a couple years now. So we're asking for 40A (sic) project financing approval, positive findings, not approval, positive findings, on 26,500,000 of new money financing. We're calling them the series A bonds. And also a 17 million -- not to exceed $17 million refunding. That's a current refunding of the authority's 2006 bonds. The last projections at that present value savings over 12 percent. So it should be done. It's time. It's callable.

MR. CUNNINGHAM: To your point, present value savings of actually $2,000,000 at almost 13 percent was 12.95 percent. At least at the time the application was submitted.

MR. MAHER: That was really the plan on the project notes, too, so we can go on permanent bond and do the refunding at the same time. And the market's held up. And we want to go.

MR. AFSHAR: That was the purpose behind the short-term, especially short-term rate term. We're all for it. Line them up so we could do it at the same time. Saving cost that way.

MR. CUNNINGHAM: So I think it would be

helpful while there's a detailed list in the application maybe as far as some of the new money as it relates to the water and sewer utility perhaps someone from the team could talk about what those projects are.

MR. MAHER: There is under tab nine of this application a list of the project that was funded in the project notes. And what they've been doing, and it seems like it's going to work for them, they have a big debt service drop off in '18. And they've been funding their capital budget for '14, '15, '16 with these notes. And '17. There's a long list of projects put together by Mr. Blanko and now inherited by Mr. Clifford. And I was looking through it again this morning. There's wells. There's new wells. There's water main replacements. There's vehicles. There's a replacement of a jet vac, but it is their capital budget.

MR. CUNNINGHAM: And some of the other projects I think we thought were significant, emergency generators at the water treatment plant which I'm sure is critical to your continuity of operations program. And some interchange improvements I guess on or near the Parkway as it relates to water mains.

MR. MAHER: And you did highlight the two of them. Thank you. They're the big ones. The water main replacement at Garden State Parkway interchange 91 is a shared service agreement with the county.

MR. CUNNINGHAM: Questions? Comments? Hearing none, I'll ask for a motion and a second.

MR. BLEE: Motion.

MR. CUNNINGHAM: Mr. Blee makes the motion.

MR. LIGHT: Second.

MR. CUNNINGHAM: Mr. Light makes the second. Roll call, please.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Mr. Avery?

MR. AVERY: I'll abstain as a commissioner on a service agreement with the Brick MUA.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MR. CUNNINGHAM: Somerset County

Improvement Authority.

(All parties sworn.)

MR. MCMANIMON: Thank you. For the record, Ed McManimon from McManimon, Scotland and Baumann. Our firm is bond counsels to the Somerset County Improvement Authority. To my right is Nick Trasente who is the chief financial officer for the county but also he's the liaison between the county and the improvement authority on their various projects. Donato Niewman is the long time administrator from Montgomery Township for whom this project is being undertaken. Michael Pitts is the finance officer for the township. Jim Fearon is their bond counsel for the township. And on Anthony Inverso serves as the financial advisor to the authority. This is a straightforward somewhat conduit financing that the improvement authority is undertaking on behalf of the township. They're acquiring a 45 acre piece of property that has buildings on it. One of them is going to be converted and renovated and become the new municipal complex for the township. The financing assumes early on that we're going to do a note, a one year note or less. And then ultimately convert it into a long-term 20 year bond. It's a lease from the improvement to the authority to the township. Under the improvement authority's law the township's lease payments will equal the debt service on the bonds. The improvement authority will be undertaking all of the procurement aspects in terms of bidding and the architect and the project itself which is one of the benefits of doing this financing through them. Obviously this is an important project for the township so we asked the township officials to be here if you have any questions about the project itself and financing.

MR. CUNNINGHAM: I think it would be helpful to hear a little bit -- I mean, it's an expensive project for a municipal building. I think it will be helpful for the Board to kind of understand the need and why the project is being built the way it is.

MR. NIEWMAN: Sure. The municipal building in Montgomery is on a piece of property that has constraints both environmental and green acre constraints because when it was originally constructed it was thought to be a civics complex which was never built. And today because of the new environmental regulations the building could not be constructed in its current location. The other issue is that in renovating the building and given the topography it would be as expensive as the project we proposed to undertake. And it would not be as functional a building as the one that we hope to acquire. The other issue is that we need a new location for public works. Public works currently works out of double-wide trailers and has to store equipment at four different locations throughout the township as well as renting space to store equipment that needs to be in a heated garage. So there is a great likelihood that we will use the existing municipal complex site to move public works there. Or if the governing body so chooses, sell the property to offset of some of the debt incurred. The property that we hope to acquire has been vacant for a number of years. It was a division of Bristol Myers Squib that was spun off and ultimate the owners decided it was no longer viable to remain in the United States. It's been vacant for over four years. They purchased it for 20 million. It was on the market for 14. We are acquiring the property and the buildings for 5.9 million, 400,000 below the appraised value of the property. So we feel it's a good opportunity for the township to acquire the property. And we're hopeful that the Board gives us approval to move forward with it.

MR. CUNNINGHAM: Are you keeping the buildings that are on there?

MR. NIEWMAN: We will keep one building and renovate it. In all likelihood we will determine in consult with the county whether or not the second building which is much too large to be used by us plus it's a building that would not be conducive to renovations for municipal building we will either have it demolished or look at possibly at some point in the future subdividing off that property and selling it to help offset debt.

MR. CUNNINGHAM: I don't have any specific questions on the application. I would ask any of my colleagues whether they do. Hearing none, I'll ask for a motion and a second.

MS RODRIGUEZ: I make a motion.

MR. CUNNINGHAM: Ms Rodriguez makes the motion.

MR. LIGHT: I'll second.

MR. CUNNINGHAM: Mr. Light seconds. 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.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MR. CUNNINGHAM: They're all sworn already. So this is once again the Somerset County Improvement Authority. The last application was for a specific project being done on behalf of Montgomery. This is for revenue refunding bonds. So I don't know, Anthony.

MR. IVERSO: Just real quick, this is an application for a not to exceed 6,250,000 of county guaranteed lease revenue or refunding bonds on behalf of the improvement authority. The bonds will be issued to refund the authority's 2009 bonds. We are projecting present value saving of about $200,000 which is 3.75 percent of the bonds refunded. The savings will be realized on a level or uniform annual basis. Very straightforward high to low refunding to take advantage of market conditions.

MR. CUNNINGHAM: Questions?

MR. AVERY: Could I just ask one question? On the projected debt service savings of

$222,170 that's in addition to the cost?

Mr. IVERSON: In addition to the cost.

MR. AVERY: Of 155,000.

MR. IVERSO: We're saving 200 on top of the 150. It's built into the financing so the bonds sizing includes funding those costs. So when you compare the debt serve on the bonds being refund to the new debt service those costs are already in those numbers.

MR. AVERY: That I understand. Just the general cost of issuance. Very substantial.

MR. CUNNINGHAM: Any other questions?

MR. LIGHT: I make the motion.

MR. CUNNINGHAM: Hearing none, Mr. Light makes the motion.

MS RODRIGUEZ: I second.

MR. CUNNINGHAM: Ms Rodriguez seconds. 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.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MR. CUNNINGHAM: Thank you, gentlemen. The next two applications regarding Rahway City and the Union County Improvement Authority have been deferred. So we can move past them and take up the proposed creation of the New Jersey Public Power Authority. An authority that I guess has taken sometime to get where we are today.

(All parties sworn.)

MR. CUNNINGHAM: Good to see you again. I know we met some months ago now, I guess. And I know this is a unique and something you guys have been working on for a little. So would you please take the time and just kind of introduce the concept and the application to the Board?

MR. JOBLONSKI: And thank you very much for the opportunity. The New Jersey Municipal Tier Services Energy Authority Act passed nearly unanimously in both houses of the legislature and signed into law by the governor last November allows the municipalities in the State of New Jersey that own and operate their own electric utilities, there are nine of them, to form a public power authority. And this is not something that will change what they are currently able to do and allowed to do by statute and have been doing for in most cases over a hundred years. What it does do is it changes how they will meet their long-term obligation to provide reliable electric service at the least possible cost for their ratepayers, their residents. It will increase efficiencies and effectiveness. And there are two primary cornerstones to this legislation and the authority. First is that these nine municipalities would join the authority and then purchase electricity at wholesale which is something they do now in a different format, but they will begin to purchase electricity at wholesale through the authority. What they will do then is take the combined load, all the customers and all the electricity they use in each of the nine municipalities, and bundle them together so that the authority then goes to the market on their behalf. And the authority would then be a single point of contact in the electric utility markets today. And what we believe, and it's kind of a standard business economic theory, if you go to the market in that fashion you're going to attract more bidders because you've got a larger product or a larger need. And, also, then you would get more competitive bids. Therefore, we envision savings over and above what the members are able to do themselves now by purchasing and ending up with individual contracts for their load. One of them is small. Is only 800 customers.

The second part of this legislation allows the authority itself to build generation, renewable, conditional generation hear in the State of New Jersey but confined to the corporate limits of the member municipalities. So there is an opportunity for this authority to partner with others who may be building projects in other parts of the state, but of their own volition and their own doing the authority can only build within the nine municipalities' corporate limits. And that of course is basically the same theory. The savings there would be the authority constructs these projects and they end up with an asset that will provide savings for their customers. These would be built only to provide electricity to the customers of these utilities, these small utilities not to be sold into the market. As for governance, the Board of Commissioners will be made up of one commissioner from each member. Right now as I said all nine are party to our application to join. They will receive no compensation. Each one of them will have one single vote, equal vote in the operation of the authority. The executive director or an executive director will see to the day to day operations.

I think it's important to note here that this authority is going to be subject to all of the same statutes, local public contracts law, finance, public meetings, open public record. You guys know them all. This authority will be subject to them as their members are. So there is actually a dual layer of protection for the ratepayers, customers, residents of these systems. That second layer is a protection because the local governments must act and approve anything that the authority does. The authority cannot go to the market and say we bought electricity for you, now you have to buy it. The members have to say to the authority this is what we want to by. Same thing with generation projects. If there is, and there are no plans now as you saw in the application. There's no capital spending in our budget. This is a very simple let's start and learn how to walk before we start running. We'll be doing the procurement primarily, but on that generation side what would have to happen in order for a project to go forward the commissioners would consider it, they may approve it, but then each individual has to go back to each governing body and say, here's the project; here's what your share of the cost would be; here's what our benefits would be. Do you want in? If they do, there'll be a separate contract for those. If there's a sufficient number of the nine members to make the project feasible it will be a go. If there aren't, it won't. This is something clearly new and unique here in New Jersey. It's a great advantage and improvement in the way these folks can do business and protect the interest of their customers through purchasing and wholesale and generation, but it is something that exists in 37 other states. They're called joint action agencies primarily in other states. In fact, we modeled ours after the Delaware Electric Municipal Energy Cooperation or DEMEC for short. That's it in a nutshell.

MR. CUNNINGHAM: Thank you. Couple questions. One you already touched on. Just want to make sure we're very clear. You said the commissioners will not receive compensation. And I just want to confirm that's direct, indirect, any type, all sorts. No compensation means no compensation.

MR. CARR: That's correct. The eight members of the current board are -- like myself, I'm the current board administrator of the Borough of South

River. This is just something else we do. I do. Today I talk about this. Tomorrow I talk about community rating system. Next day I beat up on FEMA. It's just something else on my plate. There's no compensation for any of the commissioners. It's not anywhere in the statute or the intent. It's just the next logical progression of something that these eight municipalities have been doing since before most of us before born. Hopefully none of us were here when electricity was invented. So that's what they do right now. This is just the next opportunity for us to collectively bid our load instead of doing it individually.

MR. JOBLONSKI: And it is specifically restricted because the statute says no compensation. Period.

MR. CUNNINGHAM: And you have bylaws set up for the entity?

MR. JOBLONSKI: Correct. They were submitted along with the application.

MR. CUNNINGHAM: And the only question that staff, and maybe more of a comment than a question, is whether or not they should, rules or amendments or bylaws, however you want to do it, to allow for additional municipal utility and rural electric cooperatives become members. Is that prudent or are there no other entities out there that could potentially become members?

MR. JOBLONSKI: There are no other. The statute by amendment was crafted so that as a basically grandfathering clause. Only those in existence as of today, the nine municipalities. And there is a rural elective cooperative that would have to join later. The cooperative could not be a forming member. So we'll have to get those on board because they're not municipalities. It's just part of the process that was developed.

MR. CARR: There's no other.

MR. JOBLONSKI: There is only one of those in New Jersey. FDR is not going to be starting anymore new deal programs for us.

MR. CUNNINGHAM: If there was a rural co-op.

MR. CARR: Sussex. It's the only one in New Jersey, Sussex Rural Co-op.

MR. CUNNINGHAM: So how would they then join the entity or they're already --

MR. JOBLONSKI: They would have to go through a similar process that was start-up required. Their governing body would have to take action. They would have to enter into an inter-municipal agreement even though they're not a municipality. We carved this because they're --

MR. CUNNINGHAM: There is a process?

MR. JOBLONSKI: Yes, there is a process.

MR. CUNNINGHAM: The last -- I'd like this to be a condition of the approving resolution if the Board so concurs. You mention how this authority would be subject to open public meetings, open public records and all the other things that should be done. I'd like to require that if this entity was to undertake any borrowing the capital we'd like the Local Finance Board to approve that.

MR. JOBLONSKI: Absolutely. Absolutely. By statute we already --

MR. CUNNINGHAM: I didn't realize that. The execute director said they're already -- I'm sorry. The executive secretary said she's already under the authority's control. Any other questions? Mr. Close.

MR. CLOSE: I just wanted to identify further two things for the record before I -- I don't want to make any comment. One, I'm Chairman of The New Jersey NJSEM, New Jersey Sustainable Energy Meeting, which is a conglomeration of a number of municipalities, boards of education, utilities that join together to collectively purchase electricity and natural gas and bid them online bidding platform to get reduced rates for our membership and number of other entities. So I do want to identify that before I vote. I also note that he identified just now Sussex Rural Electric in the app as a potential future member of this. They are my personal provider. And I believe our township attorney in Sparta may serve as their legal counsel. So I want to identify all that for the record before I weigh in here at all.

MR. CUNNINGHAM: What is the name of the counsel?

MR. CLOSE: Tom Ryan, Laddey, Clark and Ryan. So I want to make sure before I vote there's no conflict from legal counsel's perspective.

MR. JOBLONSKI: Also, back to the meeting that they're members of that's of, that's a retail function. This is only in wholesale. They're really wholly separate.

MR. CLOSE: They are but I felt an obligation to identify that before I cast a vote.

MR. CUNNINGHAM: If they were part of the probable currently we'd probably suggest that you recuse, but considering they're not I don't think that we feel there's a conflict. But we certainly appreciate that being disclosed on the record. Any questions for the applicant? Hearing none I'd look for a motion and a second.

MR. AVERY: So moved.

MR. CUNNINGHAM: Mr. Avery moves.

MS RODRIGUEZ: Second.

MR. CUNNINGHAM: Ms Rodriguez seconds. 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.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MR. CUNNINGHAM: You guys have worked really long and hard on this. So hope this achieves what savings that everyone hopes it does. Good luck.

The next matter before the Board are proposed amendments to the City of Newark's municipal budget. The City of Newark appeared in front of the Board last week. And because the Board is subject to the Local Government Supervision Act the Local Finance Board adopts the city's budget for them. Subsequent to that adoption, the city identified some additional revenue from it its payroll tax. And because the payroll tax resulted in some additional income or revenue I think is probably the more appropriate word the city submitted some amendments. One of those amendments initially proposed was to provide an additional $10,000 each of the nine council members which was something that this division would not accept. And we went back to the administration and told them that we would not approve the amendments as submitted. They have since submitted a copy of the resolution outlining the amendments to the budget. It basically just allocates those dollars in a prudent way. The transitional aid monitor assigned to the City of Newark has been working closely with the finance department and the administrator to make sure that the budget is now in final form. Our financial reg team looked at it as well. So that the action in front of the Board today is to approve the proposed amendments that are contained in your package. So if there's any questions I'll do my best to answer them. Just so the resolution's clear, what's being approved it was amendments as outlined in resolution of the City of Newark, resolution 7R9-A as amended. And the date of adoption was September 27th of '16. So unless anyone has questions about that I would ask for a motion and a second on that matter.

MR. BLEE: Motion.

MR. CUNNINGHAM: Mr. Blee makes the motion.

MR. AVERY: Second.

MR. CUNNINGHAM: Mr. Avery seconds. 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.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MR. CUNNINGHAM: Okay. The next matter

before the boarded involves the Township of Knowlton versus Lisa Patton. It's an appeal of the director's decision. So because of that I am going to recuse myself from the dais since it's appeal of my decision in my other capacity. I will turn the chairmanship over to Mr. Light and we'll go from there.

(Chairman Cunningham is excused.)

(All parties sworn.)

MR. LIGHT: Would you introduce yourselves so that we know who you are and then we'll proceed from there.

MS PATTON: Lisa Patton.

MR. COURTNEY: William Courtney, counsel to Ms Patton.

MR. CORRIGAN: Good morning, commissioners. David F. Corrigan, for the Township of Knowlton.

MAYOR STARR: Adele Starr, mayor Knowlton Township.

MR. LIGHT: Okay. Who wants to start first?

MR. COURTNEY: We're appealing the director's decision and we're asking that this matter be just sent back to finish the hearing in this case. And the reason is that the agreement -- the settlement agreement that was reached at the hearing that was placed upon the record was not the settlement agreement that was accepted by the township. We have basically two agreements here. And with regard to the township's agreement that they enacted it left out three major provisions that were clearly set forth in the transcript which I've attached to my papers. Those being that my client was resigning in good standing, that the complaint would be withdrawn and that the $45,000 payment would be designated as noneconomic damages. None of those conditions were contained in the agreement that was approved by the township. And it's very important I think to note that one of the counsel members, Renee Matez, on September 12th stated that the terms that they approved were almost exactly the terms that were proposed. Now, when you have an agreement you have to accept them exactly. And if you look to the transcript, and I pointed this out in my papers, that the court when this settlement was reached required my client to take the stand and be under oath and the terms of the agreement were placed upon the record. And she was told that she cannot change those terms. That she was bound by those terms. And the only condition is that the township accept those terms. They didn't accept those terms. And it's very simple that because they didn't accept those terms there is no agreement. And if there's no agreement we have to go back and finish the hearing.

MR. LIGHT: Why don't you just go back to the Division of AOL (sic) and settle it then if you feel that they are the ones that have violated what you thought you agreed to?

MR. COURTNEY: Well, it's our position that there is no settlement until the town agreed to it. Because they never grieved to the settlement there is no agreement to breach. I mean, if there was an agreement and the agreement was the terms then that would make sense to do that, but because they didn't adopt the agreement -- the only thing they could do at this point was to agree to what was said at the hearing. Now, I attached their settlement agreement and these terms are not in it. I've also attached a letter, a piece of correspondence that went from my client's former attorney to Mr. Corrigan. And he specifically states that, no, we're not in agreement that this $45,000 is not noneconomic. We're going to withhold -- not withhold taxes but that wasn't the agreement. The agreement specifically said that it would be deemed noneconomic damages. That's what was -- and there's a reason for that. It's not just tax reasons that they don't have to withhold taxes. At some point in time if she doesn't declare this as income, you know, they could take the position that it was economic and, therefore, it was taxable. And we didn't want them to do that and they didn't do that. They specifically left that out. He also said in that letter, too, that we agree that this is a resignation in good standing, but he cannot bind the town. The township did not agree that she was reassigning in good standing. And the real problem here is that after this settlement agreement was reached they went out on the record and said things about her, encouraged citizens to read a report that listed all of these allegations against her that they said they were going to withdraw. They didn't do that at all. They never told the public she resigned in good standing. They did the complete opposite. They went back, they encouraged people to read a confidential report that basically stated numerous things that my client vigorously denied. She settled this because she thought this was all going to go away and she would go on her way her to continue to be a clerk in some other town, but she can't do that based upon the representations that were made after this agreement. So our position there was no settlement. We're asking this Board to reject the director's decision and send the case back to finish the hearing.

MR. LIGHT: Okay. Is that all you have?

MR. COURTNEY: That's all I have.

MR. LIGHT: Okay. Yes, sir. Mr. Corrigan.

MR. CORRIGAN: Thank you. I do have some comments, but preliminarily I do want to say that what Commissioner Light said in the beginning is very telling. If there is a complaint here that somehow we did not comply with the agreement, which we vehemently deny and we're going to get to in a second, the appropriate course is to allege that we breached the agreement and go back to the Administrative Law Judge not to do what Ms Patton is attempting to do. It's plainly inappropriate. Our position is simple and it's supported by everything in the record.

First of all, this case has settled. How do we know this case has settled? We know for two reasons. Three reasons. One, it was placed on the record before the Administrative Law Judge. Two, subsequent to that -- and by the way, Ms Patton had counsel, different counsel throughout all of these proceedings. Subsequently, there was a full written agreement executed. Thirdly, to the extent there could be any suggestion regarding there's no settlement here, Ms Patton has received all the benefits. She received the $45,000 which what was deemed noneconomic because we weren't going to take out deductions for tax reasons. I explained that in an un-rebutted certification. Number two, she received 10,000 in severance payments. Number three, she is still receiving health insurance. Number four, we have replaced her. So this case is over. It was approved present by the Administrative Law Judge who heard the case. Perhaps more importantly it was then adopted by the director. And by the way, the director adopted it a couple months later. Ms Patton didn't raise any of these issues which she could have raised then. She isn't raise anything. Now several months later all of a sudden Ms Patton says, after having received all the benefits, she wants to go back to work, says there is no settlement. And she's way, way too late. She buyer's remorse. Now she has a new lawyer. And the absurdity we submit is apparent on the face.

Now, let me talk -- I don't think I have to do more than briefly to say -- to respond to the three issues that Patton's counsel new says demonstrates that there's no agreement information we didn't comply with the agreement. The first is somehow we didn't withdraw the charges. The only charges we made here were tenure charges. As a matter of the operation of the settlement agreement, the decision of the Office of Administrative Law, the tenure charges have been withdrawn as a matter of law. This case has settled. There are no tenure charges here. Second, the 45,000 payment was couched as noneconomic as set forth in my un-rebutted certification because we weren't going to take out deductions. That's very common in settlement agreements. That's between her and the IRS. But the $45,000 was going to be considered for resolution of the non-economics claim. That's what happened. And it's in my certification we set forth the -- we gave her the check. The check was cashed. It didn't have any deductions. We fully complied with that. The final issue -- so we complied with the 45K for noneconomic damages. We withdrew the charge by economic of law. The third thing is the resignation in good standing. By operation law if we withdraw the charges she has resigned. The agreement sets forth that she has resigned. There is no allegation which there would have to be that somehow somebody went to -- that she went for a recommendation and somehow we said that she had not resigned in good standing. That hasn't happened. But in any event, even if it did that would be an allegation of a breach of a settlement agreement not to upset this long after it's been agreed to.

One final point. There's a twisting of what Renee Matez said. All he said was there was a proposal like there is in anything in terms of negotiation. He was there at the OAL on April 14th and April 15th. There was a proposal. There was some discussion. There was some haggling. We were there all day. Subsequently it was placed on the record. After it was placed on the record it was formalized in a written agreement. We have settled this case, number one. Number two, we have ratified the settlement. The township committee did. Number three, we have complied with the provisions. Number four, to the extent, and we vehemently reject this, but to the extent that there's a claim that we did not comply with the settlement agreement I don't think it has any merit but she could certainly claim that somehow we did not withdraw -- for instance, we did not withdraw the charges. Our response would be simple; we withdrew the charges. The only thing we did in this case was file tenure charges. We withdrew them. She resigned. We have reflected that she has resigned in good standing. That's what our response would be. Number three, the

45K was intended to be noneconomic damages. That's what our records reflect. That's why we did not deduct anything but. In any event, in any event, that's not the appropriate forum. The critical issue here is that the record demonstrates that this matter was settled and Ms Patton has taken too long to complain about it. So we urge adoption of the director's decision.

MR. COURTNEY: Brief response.

MR. LIGHT: Very brief.

MR. COURTNEY: Very brief.

MR. LIGHT: 30 seconds. We're at 29 right now.

MR. COURTNEY: The court is the entity that said that they were going to make sure that these two agreements were the same and that didn't happen. Just because Mr. Corrigan says that they're reaffirming -- that they affirm that this was a resignation in good standing it's not in the resolution. He did not show you any document where this township made a decision and accepted that this was a resignation in good standing. And their actions go the other way. They go completely opposite to that. And the other thing the $45,000 is noneconomic is -- just because they didn't take taxes doesn't mean it's okay. They specifically said it was noneconomic damages. And they refuse. And there's nothing in the agreement that said there's noneconomic damages. So they're not bound to that. And the claims that was supposed to be dismissed were the entire complaint which is formed by factual allegations. It's not -- the tenure charges were the relief that they sought. The claims were the assertions. And they continue to urge the citizens to look at those claims. And they kept on -- they keep on asserting them against them even though they said they were going to withdraw. That's why we're saying it's not effective.

MR. LIGHT: Are there any questions from any members of the Board?

MR. CLOSE: To go back to Mr. Light's original comments, this would seem to be a matter that was before OAL.

MR. LIGHT: Well, we're being dragged into the middle. The director made a decision based on what the OAL had ruled. And I'm going to make a motion that we uphold the director's decision and that we remand the matter back to the OAL for any questions that they feel are continued to be in dispute. It's not our jurisdiction to make that decision. Motion acceptable?

MS RODRIGUEZ: You make it. I'll second

it.

MR. LIGHT: All right. I'll make the second. Second by Ms Rodriguez. Anything else? Would the secretary 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.

MS McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MR. CUNNINGHAM: Two final matters before the Board deal with rule repeals. The first is the rule that will allow counties/municipalities to set up reserves for anticipated increases in cost of employer pension contributions. But because it had been suspended over a period of hears Division staff is recommending that this is no longer relevant and looking to repeal the rule. Anybody has any questions or issues?

MR. LIGHT: You need the motion?

MR. CUNNINGHAM: I need a motion and a

second.

MR. LIGHT: I make a motion to approve.

MS RODRIGUEZ: I second.

MR. CUNNINGHAM: Mr. Light. Go with ms Rodriguez. She was faster than Mr. Blee on the draw. Roll call, please.

MS SALAY: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS SALAY: Mr. Avery?

MR. AVERY: Yes.

MS SALAY: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS SALAY: Mr. Blee?

MR. BLEE: Yes.

MS SALAY: Mr. Light?

MR. LIGHT: Yes.

MS SALAY: Mr. Close?

MR. CLOSE: Yes.

MR. CUNNINGHAM: The second rule that's being repealed really just reiterates the statute. And it says the Local Finance Board studies the entire field of government in New Jersey and promulgates reasonable rules and regulations. Well, that's what the statute says. So in an effort to color regulations down we don't think that that particular text is necessary. Once again I would ask for a motion and a second.

MR. AVERY: So moved.

MR. CUNNINGHAM: Motion Mr. Avery.

MR. LIGHT: Second.

MR. CUNNINGHAM: Mr. Light. 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.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MR. CUNNINGHAM: It's now 11:56. Do we want to adjourn for how long for lunch? And then what we can reconvene either in this room or upstairs. We can go over the ethics portion of the agenda. All right. Okay. We'll reconvene here. You want half hour, 45 minutes or an hour? Half an hour. We don't need the court reporter to attend the second session. It will, however, be an opening meeting. We're going to adjourn the meeting. This portion of the public meeting temporarily adjourned. We'll reconvene in open session shortly.

(The matter is adjourned.)

CERTIFICATE

I, CARMEN WOLFE, a Certified Court Reporter and Registered Professional Reporter and Notary Public of the State of New Jersey hereby certify the foregoing to be a true and accurate transcript of the proceedings as taken stenographically by me on the date and place hereinbefore set forth.

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

Dated: January 6, 2017

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