

1 STATE OF NEW JERSEY  
2 LOCAL FINANCE BOARD MEETING

3 DATE - Wednesday, November 9, 2016

4 LOCATION - Department of Community Affairs  
5 Conference Room #129/235A  
6 101 South Broad Street  
7 Trenton, New Jersey 08625-0803

8  
9  
10 BOARD MEMBERS:

11 TIMOTHY J. CUNNINGHAM, CHAIRMAN  
12 PATRICIA PARKIN McNAMARA, EXEC. SECRETARY  
13 FRANCIS BLEE  
14 TED LIGHT  
15 IDIDA RODRIGUEZ  
16 ALAN AVERY  
17 DOMINIC DIROCCO  
18 WILLIAM CLOSE (Via Telephone)  
19 MELANIE WALTER, BOARD ATTORNEY  
20  
21  
22  
23  
24  
25

	I N D E X		
	WITNESS	MATTER	PAGE
1			
2			
3	PAUL EVANS	Hopewell Fire District 1	6
4	MICHELLE POWERS	Hazlet Fire District	16
5	BRIAN EWAN ANTHONY ABRIOLA	Buena Fire District 2	19
6			
7	LEON COSTELLO LOU CONLEY	Lower Township Fire District 2	24
8	CHERYL SYNDER MARY LYONS	Millburn Township Board of Education	29
9			
10	MARY LYONS ROBBI ACAMPORA BOB COLAVITA	Hopewell Valley Regional Board of Education	33
11			
12	ROBBI ACAMPORA, BRIAN BRADLEY, THAD THOMPSON	South Brunswick Board of of Education	38
13			
14	JIM MANGAN FRANK DeMARIA	Hackensack City	55
15	SUSAN BALDOSARO LEON COSTELLO	Vineland City	59
16			
17	ANTHONY STRAZZERI LEON COSTELLO	City of Linwood	66
18	JENNIFER EDWARDS	Burlington County Bridge Commission	77
19			
20	GABRIELLA SIMOSE, PETER SABETSKY, KURT CHERRY	Hudson County Improvement Authority	83
21			
22	MORRIS WARNER, TIMOTHY EISMEIER	Newark City Housing Authority	92
23			
24	JENNIFER CREDIDIO MICHAEL CAPABIANCO TIMOTHY EISMEIER	Asbury Park City	100
25			
	CITY OF ATLANTIC CITY		112

1                   MR. CUNNINGHAM: Would please read the  
2 open public meeting notes?

3                   MS. McNAMARA: We are in compliance with  
4 the Open Public Meetings Act Notice which was  
5 posted to the Secretary of State and Trenton Star.

6                   MR. CUNNINGHAM: Thank you. As the  
7 first order of business, as I did last month, I  
8 want to welcome and congratulate a new colleague  
9 to the Board. Nick Dirocco has been appointed to  
10 the Local Finance Board which we welcome him and  
11 thank you for your service.

12                   Moving into the applications in front of  
13 the Board, to the members, the first agenda item  
14 is -- arises out of the Borough of Carlstadt. It  
15 was a request for a non-conforming maturity  
16 schedule and a waiver of down payment. Gentlemen,  
17 I've asked the executive secretary to list this on  
18 the consent agenda, because this is a 100 percent  
19 grant funded program. And this actually has to do  
20 with a Sandy recovery program run out of the New  
21 Jersey Economic Development Authority. And under  
22 the terms of that program, they would require a  
23 non-conforming maturity schedule and a waiver of  
24 down payment, given the fact that this is 100  
25 percent grant funded. Clearly, I didn't see the

1 need for the applicant to come before, so we move  
2 that to consent agenda. And if the Board doesn't  
3 have any questions, I would ask for a motion and a  
4 second in that regard.

5 MR. BLEE: Motion.

6 MR. AVERY: Second.

7 MR. CUNNINGHAM: Mr. Blee and Mr. Avery.

8 Role call, please.

9 MS. McNAMARA: Mr. Cunningham?

10 MR. CUNNINGHAM: Yes.

11 MS. McNAMARA: Mr. Avery?

12 MR. AVERY: Yes.

13 MS. McNAMARA: Ms. Rodriguez. Sorry.

14 Mr. Blee?

15 MR. BLEE: Yes.

16 MS. McNAMARA: Mr. Light?

17 MR. LIGHT: Yes.

18 MS. McNAMARA: Mr. DiRocco?

19 MR. DIROCCO: Yes.

20 MR. CUNNINGHAM: Thank you. The first

21 application that the Board will take testimony

22 from is the Borough of Hopewell Fire District

23 Number 1. Good morning. Welcome.

24 Would you, please, identify yourself for

25 the court reporter and those that aren't counsel

1 be sworn in.

2 MS. GRISWOLD: I'm Barbara Griswold, and  
3 I'm counsel for the fire district.

4 MR. EVANS: I'm Paul Evans and Board  
5 member of the Hopewell Borough.

6 MR. CUNNINGHAM: Thank you very much.  
7 Mr. Evans, would you, please, be sworn in for  
8 testimony.

9 PAUL EVANS,  
10 Having been first duly sworn, was examined and  
11 testified as follows:

12

13 MR. EVANS: All right. So I believe  
14 everybody has got a copy of the application.

15 MR. CUNNINGHAM: Correct.

16 MR. EVANS: We're here today just  
17 seeking a positive, you know, approval of the fire  
18 district to lease to purchase a fire rescue  
19 apparatus. On February 20th, 2016, we received  
20 voter approval for the purchase down payment and  
21 financing of this apparatus. The voters approved  
22 a purchase price not to exceed \$675,000. The  
23 proposed purchase is a rescue truck built by  
24 Rosenbauer at a cost of \$648,598.68 to be  
25 purchased through the Houston-Galveston Area

1 Council.

2           We secured competitive financing  
3 proposals from four different lenders. The lowest  
4 proposal is a ten-year lease to purchase from  
5 Community Leasing Company at 2.54 percent. The  
6 truck should be delivered late in 2017. And the  
7 annual debt payment would begin in 2018 and will  
8 be approximately \$65,950 annually. Our current  
9 plan is the district would make a \$90,000 down  
10 payment on the vehicle. Initially, we had planned  
11 to make that from the district savings. However,  
12 after reviewing the future capital needs of the  
13 district and in the process of budget discussions  
14 for 2017 budget, we decided that it made more  
15 sense to raise the down payment through taxation,  
16 which was also approved by the voters.

17           Within the last couple of years the  
18 financing for two pieces of equipment ended, and  
19 this kind of gives us the room in our budget to  
20 now finance this piece of equipment. It's  
21 actually part of our long-range plans where we try  
22 to keep the budget somewhat level loaded as new  
23 pieces of equipment come on -- are needed. So the  
24 down payment of the new vehicle will take place  
25 with the payments and will have minimal, if any,

1 effect on the tax rate. For the same reasons,  
2 neither will the lease payments when they begin.

3 So 42,500 district has in reserve for  
4 future capital outlays will be retained for a  
5 future project. The district has a 50 year old  
6 brush truck that is still in service. I said that  
7 right. It's a 50 year old brush truck that's  
8 still in service. And it has become apparent that  
9 it will need to be refurbished or replaced in the  
10 near future. I'm leaning towards replacement.

11 The rescue that we're replacing is a  
12 1991 rescue that the district has determined it's  
13 reached the end of its useful life. And we will  
14 then dispose of it in accordance with all statutes  
15 when the truck comes in.

16 Any questions about this? I mean, so  
17 basically, our plan is, we're seeking approval.  
18 We plan to make a down payment in the 2017 budget  
19 cycle from 2017 money. We don't expect to get  
20 delivery of this vehicle until late 2017,  
21 hopefully, if approved here today.

22 MR. CUNNINGHAM: Thank you. So thanks  
23 for the comprehensive nature of the comments. You  
24 covered a lot of what I wanted to get on the  
25 record. So no much question, but a couple of

1 points that I wanted to make sure these points are  
2 memorialized.

3 This application had come to us some  
4 time ago, but there had been an issue that we  
5 didn't have a shared service agreement between the  
6 Borough and the Township.

7 MR. EVANS: Yes.

8 MR. CUNNINGHAM: And that has been  
9 resolved?

10 MR. EVANS: Yes, it has.

11 MR. CUNNINGHAM: And I just wanted to  
12 note that for the record, as well.

13 The other thing you've already alluded  
14 to, but I just wanted to let you know how I think  
15 we should handle it is, because the fact that the  
16 down payment is going to be coming out of taxes as  
17 part of the 2017 budget, we would make the Local  
18 Finance Board approval of this transaction  
19 contingent upon approval of the budgets of the  
20 district and the Township because that's -- it is  
21 a bit of a chicken before the egg. So we would  
22 make our resolution contingent upon those  
23 approvals.

24 MR. EVANS: Absolutely.

25 MR. CUNNINGHAM: The rest of the

1 information, I think, was largely covered. And,  
2 again, I'm always glad when I see some down  
3 payment being made. And, again, we've seen this  
4 application. We've had it for a little while. I  
5 think we've had a chance to fully digest it.

6 Do the Board members have any questions  
7 of the applicant? If not, I just have to make one  
8 other comment, Mr. Evans, and it's in no way to  
9 embarrass you or one of your colleagues. But with  
10 respect to financial disclosure statements, I note  
11 that you and Mr. Anderson haven't filed yet, and I  
12 would ask that you address that.

13 MR. EVANS: I appreciate your attention  
14 to detail. That's amazing attention to detail.  
15 Thank you.

16 MR. CUNNINGHAM: I don't sleep much.

17 MR. EVANS: I actually did file that  
18 last night, because, you know, coming to this  
19 meeting --

20 MR. CUNNINGHAM: I could have slept  
21 then.

22 MR. EVANS: There is nothing else  
23 keeping you up, right? So, yes, coming to this  
24 meeting, it did set another deadline for me. You  
25 know, I've just got to get this out of the way,

1 and I figured you might want to call me out on it.

2 MR. CUNNINGHAM: Thank you. I'm glad it  
3 was done, and I appreciate you taking care of it.

4 MR. EVANS: In regards to Mr. Anderson,  
5 he is no longer on the Board, so ...

6 MR. CUNNINGHAM: Okay. We'll make that  
7 notation, then. Thank you.

8 MR. EVANS: Sure.

9 MR. CUNNINGHAM: If the Board doesn't  
10 have any questions, I would ask for a motion and a  
11 second.

12 MR. AVERY: Make a motion with the  
13 condition that you referenced in your regards.

14 MR. BLEE: Second.

15 MR. CUNNINGHAM: Mr. Avery and Mr. Blee.  
16 Role call, please.

17 MS. McNAMARA: Mr. Cunningham?

18 MR. CUNNINGHAM: Yes.

19 MS. McNAMARA: Mr. Avery?

20 MR. AVERY: Yes.

21 MS. McNAMARA: Ms. Rodriguez?

22 MS. RODRIGUEZ: Yes. I want to make a  
23 note that I walked in late, but I read this.

24 MR. CUNNINGHAM: Thank you.

25 MS. McNAMARA: Mr. Blee?

1 MR. BLEE: Yes.

2 MS. McNAMARA: Mr. Light?

3 MR. LIGHT: Yes.

4 MS. McNAMARA: Mr. DiRocco?

5 MR. DIROCCO: Yes.

6 MR. EVANS: One final note. There was a  
7 missing signature on the front page, and did I  
8 bring the original. Who will be the best person  
9 to hand that off to?

10 MR. CUNNINGHAM: I'll take it.

11 Hazlet Township Fire District Number 1.

12 Hello, Mr. Braslow. How are you?

13 MR. BRASLOW: Hi, Director. Fine.

14 Thank you.

15 MR. CUNNINGHAM: Would you have your  
16 colleague introduced, and if she's not Counsel, be  
17 sworn in.

18 MR. BRASLOW: This is Michelle Powers.

19 She is the Administrator for the fire district.

20 MS. POWERS: M-i-c-h-e-l-l-e. Last  
21 name, Powers, P-o-w-e-r-s.

22 MICHELLE POWERS,

23 Having been first duly sworn, was examined and  
24 testified as follows:

25 MR. BRASLOW: Richard Braslow,

1 representing Hazlet Fire District.

2           The Fire District secured voter approval  
3 to purchase a fire truck for an amount not  
4 exceeding \$575,000. The proposed purchase will be  
5 from K&E Fire Apparatus through the HGAC. The  
6 fire district in relation to financing sent out  
7 eight bid packages, received two bids. TD  
8 Equipment Finance was the low bid of 2.11. The  
9 other bid received was from Municipal Asset  
10 Management of 2.38. The proposed financing would  
11 be over a seven-year period. The amount being  
12 financed would be 4 31 250. The fire district  
13 will be utilizing capital funds of 1 43 7 50  
14 towards the purchase. And so the annual payment  
15 would be 66,915.32. The fire district will be  
16 replacing a 1996 pumper with this pumper, and they  
17 will dispose of that fire truck in accordance with  
18 statute after securing the purchase of the new  
19 vehicle. And those are all the salient details.

20           And, by the way, Director, there was a  
21 comment on the audit. The audit was submitted.

22           MR. CUNNINGHAM: Okay. Good.

23           MR. BRASLOW: It hasn't been received.

24 We have brought a copy. It was forwarded  
25 electronically by the accountant.

1           MR. CUNNINGHAM: Thank you. That was  
2 one of the questions I was going to ask. I  
3 appreciate you letting us know that.

4           Mr. Braslow, let me ask you the first  
5 question not necessarily related solely to this  
6 applicant. But I noticed that a couple of the  
7 fire districts that went out to bid, you sent  
8 eight bid packages and received two back. I was  
9 just wondering, in your conversations, were you  
10 hearing anything? I think the rate you got was a  
11 good rate. I was just wondering why --

12           MR. BRASLOW: You know, Director. I  
13 don't know. Because these are parties -- excuse  
14 me -- that I speak to on a regular basis. I have  
15 two more applications after this. And we were  
16 having a chat in the hall. I'm not going to be  
17 able to explain. The third application that we  
18 have, we got 1.53. I don't know if it has to do  
19 with the length of the -- that's a three-year  
20 lease term. We have another one that's in  
21 between, which we'll talk about, I guess, on Buena  
22 where I only got two bids. And I really didn't  
23 like either rate. I mean, it's not bad, I guess.  
24 I don't know what the variables are.

25           MR. CUNNINGHAM: I was just curious, and

1 I know you talk to them.

2 MR. BRASLOW: I do. I can't explain.  
3 We were trying to look into what the particulars  
4 might be, why we get a certain rate or why they  
5 don't bid. And I'm afraid at this moment, I can't  
6 give you a good answer. I don't know.

7 MR. CUNNINGHAM: Thank you. I don't  
8 think you put on the record, but I think we  
9 should, that the district would report that this  
10 transaction would have a negligible impact on the  
11 tax rate.

12 MR. BRASLOW: It did. What they're  
13 basically doing is swapping out their debt. This  
14 increases their debt by \$13,000. And we thought  
15 that was somewhat minimal. I think that would be  
16 the impact.

17 MR. CUNNINGHAM: And, Mr. Braslow, the  
18 down payment would not be paid in '16?

19 MR. BRASLOW: Absolutely correct. There  
20 is no down payment. All of the monies will be  
21 provided when the truck comes in.

22 MR. CUNNINGHAM: And I am going to  
23 assume, there is more than 25 voters in the Hazlet  
24 Fire District Number 1?

25 MR. BRASLOW: I knew you would ask me

1 that. And I will tell you that is the last time  
2 we get it at the regular election, but not by  
3 much. And I understand your concern.

4 MR. CUNNINGHAM: Yes.

5 MR. BRASLOW: Can a take a hybrid for a  
6 moment? Just so you would be aware, I don't have  
7 the opportunity to address this, we've been  
8 working on legislation -- I just want to put this  
9 on the record -- having to do with both the  
10 election date and having to do with these kind of  
11 issues. We have both parties support. We've been  
12 working on a particular bill to talk to these  
13 issues. We've been working on the bill for the  
14 past three years. It's in committee. I'm sure  
15 DCA will have its opportunity to provide comment.  
16 But I want you to know, it's issues we've been  
17 working on. We recognize the concern both about  
18 the regular election date and issues such as the  
19 special capital meeting. Hopefully, this  
20 legislation, if we can have it heard in committee,  
21 which we hope we will, should address some of  
22 these issues.

23 MR. CUNNINGHAM: Thank you. Any  
24 questions from the Board? No. If that's the  
25 case, then I would ask for a motion and a second.

1 MR. LIGHT: Motion.

2 MS. RODRIGUEZ: Second.

3 MR. CUNNINGHAM: Mr. Light and  
4 Ms. Rodriguez. Role call, please.

5 MS. McNAMARA: Mr. Cunningham?

6 MR. CUNNINGHAM: Yes.

7 MS. McNAMARA: Mr. Avery?

8 MR. AVERY: Yes.

9 MS. McNAMARA: Ms. Rodriguez?

10 MS. RODRIGUEZ: Yes.

11 MS. McNAMARA: Mr. Blee?

12 MR. BLEE: Yes.

13 MS. McNAMARA: Mr. Light?

14 MR. LIGHT: Yes.

15 MS. McNAMARA: Mr. DiRocco?

16 MR. DIROCCO: Yes.

17 MR. CUNNINGHAM: Thank you very much.  
18 Mr. Braslow, you're also representing  
19 Buena Fire District No. 2?

20 MR. BRASLOW: That correct.

21 MR. CUNNINGHAM: Good morning. If you  
22 would just identify yourself for the reporter, and  
23 if not counsel, be sworn.

24 MR. EWAN: Brian Ewan, B-r-i-a-n,  
25 E-w-a-n, Chief.

1                   MR. ABRIOLA: Anthony Abriola,  
2                   A-b-r-i-o-l-a. I'm on the Board of the Fire  
3                   Commissioners.

4                   BRIAN EWAN AND ANTHONY ABRIOLA,  
5                   Having been first duly sworn, were examined and  
6                   testified as follows:

7                   MR. CUNNINGHAM: So let me just start  
8                   with a comment before Mr. Braslow. I'm going to  
9                   assume there is more than nine voters in the  
10                  Township of Buena Fire District Number 2.

11                  MR. BRASLOW: But I would like to  
12                  address that, actually, because within the context  
13                  of what I think I can offer as an explanation, it  
14                  might make more sense.

15                  MR. CUNNINGHAM: Please.

16                  MR. BRASLOW: With this application, as  
17                  we go through the particulars, when you get a FEMA  
18                  grant, you are under an extremely tight time  
19                  frame. And when I met with the district, we  
20                  talked about the ability, because what FEMA tells  
21                  you is from the date you get that grant, if that  
22                  truck isn't manufactured and delivered to you by a  
23                  certain date, you lose the grant.

24                  One of the concepts, to be honest,  
25                  Director, we talked about was how to get voter

1 approval. And, admittedly, that's nothing to be  
2 proud of, nine votes. So we absolutely within the  
3 FEMA time constraints would not have had the time  
4 to have a full-fledged referendum. It would not  
5 have worked.

6 MR. CUNNINGHAM: I do understand that.  
7 I worked in that world, so I do understand it. So  
8 let me ask you, then, to introduce the application  
9 in the normal course, because I think the FEMA  
10 grant -- I think the fact that so much is coming  
11 from it, I think, is significant. So, please, Mr.  
12 Braslow, go ahead.

13 MR. BRASLOW: Sure. Richard Braslow  
14 representing the fire district. The fire district  
15 secured voter approval to purchase a fire truck  
16 for an amount not exceeding \$1,028,247. The  
17 proposed purchase is through the HGAC from  
18 Emergency 1. The lease purchase, we submitted  
19 nine bid packages. And, Director, to go to one of  
20 our comments, we got two bids back. Now, I don't  
21 know if it is because the amount of the financing  
22 is so low. It's 2 72 56. I did speak to some of  
23 the lenders. They did have no interest. They  
24 didn't think it was a good enough amount to have  
25 any interest. So our two quotes were 2.92, which

1 I'm pleased, because at least it's beneath 3,  
2 which would be excessively high. And the only  
3 other bid we got was 3.28. We're proposing that  
4 Bay Stone receive the award over a five-year  
5 period. And the payment would be 59 2 69 05 a  
6 year.

7 Now, as it was indicated, the fire  
8 district for several years has been trying to  
9 secure a grant. This is not a big district. They  
10 have older equipment. They received a FEMA grant  
11 for 7 56 1 91 to buy the truck. I had discussions  
12 with FEMA to see, again, to confirm that there  
13 were to conditions left to be satisfied. There  
14 are not, other than the truck being delivered  
15 within a certain time constraint. We've spoken to  
16 the manufacturer, and that should not be an issue.  
17 So what they're doing is, they are replacing a  
18 1993 ladder truck with this ladder truck. And  
19 those are the particulars of the application.

20 MR. CUNNINGHAM: Was this FEMA grant in  
21 response to the severe storm that went through  
22 Atlantic County or was this Sandy?

23 MR. EWAN: That is the assistance of  
24 fire fighters grant.

25 MR. CUNNINGHAM: Oh, okay. So it wasn't

1 disaster related component. It was simply a  
2 grant. Okay. Thank you.

3 So I know you touched on this,  
4 Mr. Braslow. Just let's talk about it. If for  
5 some reason, are there conditions of the grant  
6 that if they were not fulfilled would cause the  
7 district to be put in financial peril?

8 MR. BRASLOW: There is only -- right now  
9 there are no conditions to the grant that have not  
10 been addressed or satisfied, other than this truck  
11 -- the truck has to be delivered. Again, it's  
12 been confirmed by July, I think, of this coming  
13 year.

14 MR. CUNNINGHAM: Uh-huh.

15 MR. BRASLOW: Has to be done and  
16 delivered. The manufacturer confirmed that they  
17 able to do that, and that's going to be a  
18 condition of our contract; that they have to live  
19 within that time frame. That's the only  
20 condition.

21 MR. CUNNINGHAM: And no tax increase, at  
22 all, on this. And I assume, because so much of it  
23 is grandfathered?

24 MR. BRASLOW: That's correct. Because  
25 so much of it is coming from the FEMA grant. It's

1 a negligible impact.

2 MR. CUNNINGHAM: Any questions from the  
3 Board? Motion. If not, I ask for a motion and a  
4 second.

5 MR. BLEE: Motion.

6 MR. CUNNINGHAM: Mr. Blee.

7 MR. DIROCCO: I'll second.

8 MR. CUNNINGHAM: Mr. DiRocco.

9 Role call, please.

10 MS. McNAMARA: Mr. Cunningham?

11 MR. CUNNINGHAM: Yes.

12 MS. McNAMARA: Mr. Avery?

13 MR. AVERY: Yes.

14 MS. McNAMARA: Ms. Rodriguez?

15 MS. RODRIGUEZ: Yes.

16 MS. McNAMARA: Mr. Blee?

17 MR. BLEE: Yes.

18 MS. McNAMARA: Mr. Light?

19 MR. LIGHT: Yes.

20 MS. McNAMARA: Mr. DiRocco?

21 MR. DIROCCO: Yes.

22 MR. CUNNINGHAM: Okay. Thank you,  
23 gentlemen. I congratulate you on getting that  
24 FEMA grant. That's a good piece for your  
25 district.

1                   Mr. Braslow, are you also representing  
2 Township of Lower Fire District Number 2?

3                   MR. BRASLOW: I am, Director.

4                   MR. CUNNINGHAM: Thank you.

5                   Just identify your colleague.

6                   MR. BRASLOW: He is Commissioner Lou  
7 Conley, C-o-n-l-e-y. And Leon Costello, who is  
8 the auditor for the fire district.

9                   LOU CONLEY and LEON COSTELLO,  
10 Having been first duly sworn, were examined and  
11 testified as follows:

12                   MR. BRASLOW: Richard Braslow  
13 representing Lower Township Fire District 2. The  
14 District secured voter approval to purchase a fire  
15 truck with amount not exceeding \$750,000. Their  
16 proposed purchase would be through Pierce  
17 Manufacturing through the HGAC program for 7 32 7  
18 12 06. We sent out nine bid packages. Now, this  
19 is interesting, because this is a three-year lease  
20 purchase. And the lowest rate was 1.52 with TD  
21 Equipment Finance. And the fourth of the bids,  
22 which is the highest, was 2.09. Everything else  
23 was beneath 2. And, Director, again, to your  
24 comment, I don't know why. I don't know if it's  
25 because of the lease term or so forth. Anyway,

1 the, the proposed fire truck to be purchased will  
2 be replacing a 1997 pumper fire truck -- '94. I'm  
3 sorry -- fire truck. And those are the  
4 particulars of the application.

5 MR. CUNNINGHAM: No tax increase because  
6 the district recently retired some debt.

7 MR. BRASLOW: That's correct.

8 MR. CUNNINGHAM: I guess I should have  
9 also said this to your prior clients, but I  
10 forgot. But I will tell you that the district is  
11 in full compliance with the financial disclosure  
12 statement requirement?

13 MR. BRASLOW: They are.

14 MR. CUNNINGHAM: Thank you for that.

15 MR. BRASLOW: And, Director, if I may,  
16 so is the other district.

17 MR. CUNNINGHAM: I should have said that  
18 at the last --

19 MR. BRASLOW: There was some confusion.  
20 It was a different district that there was some  
21 question about, but not Buena Borough.

22 MR. CUNNINGHAM. And, again, 36 in  
23 favor, zero opposed. Once again, just reiterates  
24 the point that the votes on these are shopping  
25 low.

1 MR. BRASLOW: Understood.

2 MR. CUNNINGHAM: And you said nine  
3 packages went out and you actually got four back.

4 MR. BRASLOW: We did.

5 MR. CUNNINGHAM: And the lowest was  
6 1.52, which is, you know, perfectly reasonable.

7 MR. BRASLOW: And the other bids, if I  
8 may were 1.81 and 1.95 and 2.09. All are  
9 attractive rates.

10 MR. CUNNINGHAM: As opposed to the last  
11 one we saw, which was the two bids received, the  
12 high one was 3 28. And, again, that was only for  
13 a quarter mill, a smaller amount. Maybe that has  
14 to do with it. You and I should keep in contact  
15 with that and just see --

16 MR. BRASLOW: Well, I would welcome your  
17 assistance, because if I may, real quick, because  
18 part of the problem we have is we discussed in the  
19 past, the market is not great. We do see the same  
20 bidders. And, you know, these bidders, TD is TD  
21 Bank. Municipal Asset it Commerce. So we're  
22 getting the bigger players bidding, but when there  
23 is a low amount of money, they have no interest.  
24 And sometimes it is a very difficult market for  
25 us.

1 MR. CUNNINGHAM: Again, Mr. Braslow, I  
2 think, we should stay in contact about that.

3 MR. BRASLOW: I agree, Director.

4 MR. CUNNINGHAM: Do the members have any  
5 questions about this application?

6 MR. LIGHT: I have just one. What is  
7 the district's outstanding debt at this time?

8 MR. EWAN: Zero before this.

9 MR. BRASLOW: None.

10 MR. LIGHT: Thank you.

11 MR. CUNNINGHAM: Thanks for making that  
12 point. That was something I meant to say and I  
13 forgot. If there is no other questions, then I  
14 would ask for a motion and a second.

15 MR. BLEE: Motion.

16 MR. LIGHT: I'll second it.

17 MR. CUNNINGHAM: Role call.

18 MS. McNAMARA: Mr. Cunningham?

19 MR. CUNNINGHAM: Yes.

20 MS. McNAMARA: Mr. Avery?

21 MR. AVERY: Yes.

22 MS. McNAMARA: Mr. Rodriguez?

23 MR. RODRIGUEZ: Yes.

24 MS. McNAMARA: Mr. Blee?

25 MR. BLEE: Yes.

1 MS. McNAMARA: Mr. Light?

2 MR. LIGHT: Yes.

3 MS. McNAMARA: Mr. DiRocco?

4 MR. DIROCCO: Yes.

5 MR. BRASLOW: Thank you very much.

6 MR. CUNNINGHAM: Okay. Thank you.

7 We'll next here from Millburn Township Board of  
8 Education.

9 MR. MCMANIMON: Thank you. Good morning  
10 I'll introduce the other parties and then have  
11 them sworn in. Ed McManimon from McManimon,  
12 Scotland and Baumann, bond counsel to the Board of  
13 Education. To the far right is my partner, Andrea  
14 Kahn, who actually does the work on this matter.  
15 To her -- Mary Lyons, who is the financial advisor  
16 to the school district, and the Chief Financial  
17 Officer of the Administrator is Cheryl Snyder from  
18 the Board of Ed. If the parties can be sworn?

19

20 MARY LYONS AND CHERYL SNYDER,

21 Having been first duly sworn, was examined and  
22 testified as follows:

23 MR. MCMANIMON: Thank you. The Board of  
24 Education is asking this Board to approve the  
25 ability of the school district to issue 25,593,000

1 in school bonds. They were authorized by a  
2 referendum on September 27th of this year. The  
3 vote was 2,506, yes. 846, no. They're asking to  
4 do this with a non-conforming maturity schedule in  
5 that the first two years that are required by  
6 statute have an amount that is 200,000 and 300,000  
7 before it steps up to 850 and then up to a million  
8 2. The reason it does that is in 2020 and after  
9 2020 the debt drops off from 4 million 4 to 3  
10 million 2. So jumping from 300,850 keeps the debt  
11 relatively similar to what it was before. So they  
12 would like, because of this bond market to issue  
13 bonds now. They have the benefit of doing  
14 permanent financing rather than tying up some  
15 temporary financing and bearing the market risk  
16 later. So we know the business administrator here  
17 and the financial advisor to answer any questions  
18 you have about that.

19 MR. CUNNINGHAM: Thank you. I think,  
20 because this is the first Board of Ed that came in  
21 requesting a non-conforming maturity schedule, I  
22 just wanted to put, maybe, a general comment on  
23 the record, because I have been asked my thoughts  
24 on non-conforming maturity schedules. I know the  
25 prior director had strong feelings against them.

1 I don't have that same mindset regarding a  
2 prohibition. I think that they can be useful when  
3 they're wrapping certain debt. So I don't have a  
4 philosophical objective. But I think that when  
5 the Board gets applications like this, we also  
6 have to consider the alternative. The alternative  
7 in this particular situation, others we are going  
8 to hear from applicants, is to go out for a longer  
9 term. Then you wouldn't need to come in front of  
10 the Board. And I think that does -- I may not be  
11 thinking of a better word than "waste," but it  
12 wastes tax payer money by going out for a longer  
13 term. And in this particular instance, as it  
14 relates to the Millburn Township Board of Ed, that  
15 the debt service schedule was 25 years. And it  
16 was really only the first couple of years that had  
17 low principal amount \$200,000 in '19 and \$300,000  
18 in '20. And then that ramps up to \$850,000 in  
19 '21. And then, ultimately, you know, a million 2  
20 for the duration of the maturity schedule. So I  
21 think the way that this fits within the district's  
22 overall debt profile, you know, seems to be  
23 reasonable. But I know this is the first of these  
24 applications we're seeing. And I would ask any of  
25 the Board members that have questions. And you

1 should know, as we hear from other applicants in  
2 the same regard, we didn't find the maturity  
3 schedules to be as reasonable and we asked for  
4 alternatives. And we'll deal with those  
5 applications. But, as I often say, a lot of the  
6 heavy lifting of the Local Finance Board meetings  
7 gets done in the days leading up to the agenda.  
8 We have meetings and a series of backs and forths.  
9 So I just wanted to get those comments out there  
10 for the Board. Any questions on this particular  
11 application?

12 MR. LIGHT: I'm just staggered by the  
13 amount of debt. It looks like they can afford to  
14 do it. The assessed value of most of the homes is  
15 a million dollars.

16 MR. CUNNINGHAM: Yes. Maybe just to  
17 Mr. Light's point about the amount of the debt, I  
18 know it's in our report, but maybe you can just  
19 put on record what the bond proceeds are used for  
20 funding.

21 MR. McMANIMON: The project is the  
22 acquisition of a 70 Spring Street and the  
23 conversion of it to a 5th Grade academy. It is  
24 the additions and renovations to the middle school  
25 and high school, to update the restrooms and the

1 fire and communications systems and to do the  
2 related site work and purchase the equipment.

3 As you know, school districts don't have  
4 referendums in the same period of time that  
5 municipalities have bond ordinances. So they go  
6 to voters very infrequently. So they tend to have  
7 larger amounts of debt every couple of years.

8 MR. CUNNINGHAM: So 25 million is a  
9 chunk of change, though, but, you know, I assume  
10 then that the additions and renovations to the  
11 middle school and high school must be significant  
12 and that acquisition of what will become the 5th  
13 Grade 5 academy must be relatively large projects?

14 MS. LYONS: About 50 percent of the full  
15 proceeds are for those additions and the  
16 acquisition.

17 MR. CUNNINGHAM: I know that was  
18 provided in the application. Any other questions  
19 or comments from the Board? Then I would ask for  
20 a motion and a second.

21 MR. AVERY: So moved.

22 MS. RODRIGUEZ: Second.

23 MR. CUNNINGHAM: Mr. Avery and  
24 Ms. Rodriguez. Role call.

25 MS. McNAMARA: Mr. Cunningham?

1 MR. CUNNINGHAM: Yes.

2 MS. McNAMARA: Mr. Avery?

3 MR. AVERY: Yes.

4 MS. McNAMARA: Ms. Rodriguez?

5 MS. RODRIGUEZ: Yes.

6 MS. McNAMARA: Mr. Blee?

7 MR. BLEE: Yes.

8 MS. McNAMARA: Mr. Light?

9 MR. LIGHT: Yes.

10 MS. McNAMARA: Mr. DiRocco?

11 MR. DIROCCO: Yes.

12 MR. CUNNINGHAM: Thank you. We'll move,  
13 then, to a similar application from the Board of  
14 Education of the Hopewell Regional School  
15 District.

16 MR. COLAVITA: Bob Colavita,  
17 C-o-l-a-v-i-t-a.

18 MR. McMANIMON: Mary Lyons, and Robbi  
19 Acampora on the far end. For the record, Ed  
20 McManimon from McManimon, Scotland and Baumann.  
21 To my right is the business administrator for the  
22 Hopewell Valley Regional School District of which  
23 I am a part of, as well. Bob Colavita, Mary  
24 Lyons, who you heard on the last application, and  
25 Robbi Acampora from her firm. Perhaps, they can

1 be sworn in before we testify.

2 MARY LYONS, ROBBI ACAMPORA, BOB COLAVITA,  
3 Having been first duly sworn, was examined and  
4 testified as follows:

5 MR. McMANIMON: Thank you. Similar to  
6 the prior application, this is a request by the  
7 Board of Ed in the school district to enable them  
8 to sell the bonds that were approved by referendum  
9 on September 27th this year. The vote was 1,825  
10 in favor and 995 opposed. The project involves  
11 alterations and improvements to all of the various  
12 school facilities throughout the school district.  
13 This is also asking for a non-conforming maturity  
14 schedule, and the Board appreciates the  
15 consideration of the director and the executive  
16 secretary with the original application submitted  
17 had the first two required years of zero dollars  
18 being provided for in debt service. It is a  
19 compressed schedule of only 15 years when they  
20 could literally go out to 30 years. So they were  
21 compressing it and paying very high amounts once  
22 they get past the initial years, but they have  
23 debt going off the books in 2021. And so the  
24 director felt that this school district should  
25 provide money in the first couple of years. And

1 so they revised the maturity schedule and  
2 submitted it to the director yesterday.

3 MR. CUNNINGHAM: And just so that knows,  
4 that was just passed out to the members prior to  
5 your appearance.

6 MR. McMANIMON: Instead of zero in 2019  
7 and '20, it is 125,000 and 175,000. It ramps up  
8 to 800 and then 900, and literally \$3,000,000. So  
9 they are paying this off in very large amounts  
10 without even a step up that would be permitted by  
11 statute once you get past the first couple of  
12 years. It's a significant project for the school  
13 district. And Bob has spent much of his last  
14 couple of years working on that. So if you have  
15 any questions about it, happy to answer them.

16 MR. CUNNINGHAM: Maybe it would be  
17 helpful if we just talked about the 35 million  
18 dollars and what the level of improvements being  
19 made to those facilities are.

20 MR. COLAVITA: We have many older  
21 buildings in the boroughs, Pennington Borough and  
22 Hopewell Borough and Hopewell Township. And we  
23 are going to be doing some facade work at Hopewell  
24 Elementary School. The bricks need to be  
25 re-pointed and some significant areas of roof and

1 HVAC that need to be done there. At our high  
2 school where the majority of the work is going to  
3 be done, there is going to be a major portion of  
4 roof that needs to be done. Also, the building  
5 will be upgraded with its -- all of its HVAC will  
6 be upgraded. The majority of the building is  
7 un-air conditioned and is using uni-vents from the  
8 -- when it was built, originally built.

9           We're also adding in the front of the  
10 building ADA accessibility and a secure locking  
11 vestibule for entrance. At this point we don't  
12 have that. The back of the building will be  
13 getting some additional wellness, we call it  
14 wellness space, activity spaces. And, also, in  
15 our -- we have a fine arts academy. We're going  
16 to be adding an additional area for dance and  
17 theater where they can rehearse. Right now they  
18 rehearse on the stage or in hallways, and we  
19 wanted to give them a space for that.

20           Some of the other schools are also going  
21 to be getting minor work roof and HVAC upgrades.  
22 We're also going to be doing ADA accessible --  
23 upgrading our playgrounds to ADA accessibility  
24 with the surface. That's the quick version of it.

25           MR. CUNNINGHAM: Thank you. Any

1 questions from the Board?

2                   So I guess I would say that when I left  
3 here Monday, this application was a no. But  
4 Mr. McManimon and I were working yesterday and  
5 E-mailing back. And the revised maturity schedule  
6 that was provided seems much more reasonable. And  
7 something that I think that at least I can give  
8 support to. So I do thank the Board for that  
9 revised schedule.

10                   As I said to the previous applicant, you  
11 know, in front of the previous applicant, the  
12 alternative is to go out longer and not go through  
13 this process. But that doesn't benefit the  
14 residents or the tax payors or the students of the  
15 district. So once I saw the revised schedule  
16 yesterday, you know, I was prepared to have this  
17 conversation and bring this matter in front of the  
18 Board, you know, which is where we are now. So if  
19 there is no questions, then I would ask for a  
20 motion and a second.

21                   MR. DIROCCO: I'll make that motion to  
22 approve.

23                   MS. RODRIGUEZ: Second.

24                   MR. CUNNINGHAM: Mr. DiRocco and Ms.  
25 Rodriguez. Role call, please.

1 MS. McNAMARA: Mr. Avery?

2 MR. AVERY: Yes.

3 MS. McNAMARA: Ms. Rodriguez?

4 MS. RODRIGUEZ: Yes.

5 MS. McNAMARA: Mr. Blee?

6 MR. BLEE: Yes.

7 MS. McNAMARA: Mr. Light?

8 MR. LIGHT: Yes.

9 MS. McNAMARA: Mr. DiRocco?

10 MR. DIROCCO: Yes.

11 MS. McNAMARA: Mr. Cunningham?

12 MR. CUNNINGHAM: I am going to abstain

13 on this, not because I have any objection.

14 Because my nephews actually go to the district.

15 And although it's not that close a connection to

16 have me have a conflict, I go to these facilities

17 and I go to football games. I feel like I'm a bit

18 invested. I walk around wearing a Hopewell

19 Bulldogs sweat shirt. And I have to tell you, I

20 have conversations with my nephews all the time.

21 I went to a small Catholic school right up the

22 road and we had home ec. That's all we had. We

23 didn't have machine shop. We didn't have robotics

24 club. They tell me the things they're doing. The

25 level of education they receive is tremendous.

1 The facilities they have are tremendous. I'm  
2 going to abstain. But, clearly, I think the  
3 revised application was something that, you know,  
4 the Board can get behind. And I just wanted to  
5 make sure you had the votes before I abstained.  
6 Okay? So thank you very much.

7 South Brunswick Township Board of Ed.

8 MR. McMANIMON: Thank you. Again, for  
9 the record, Ed McManimon from McManimon, Scotland  
10 and Baumann, bond counsel for the South Brunswick  
11 Board of Education. To my right is Thad Thompson,  
12 the business administrator for the school  
13 district. We have Robbi Acampora who serves as  
14 financial advisor, Brian Bradley from RBC, which  
15 is the underwriter of the energy savings  
16 obligation refunding bonds being asked to be  
17 approved here, and my partner, Andrea Kahn.

18 This is similar to a couple of projects  
19 that we had last month.

20 MR. CUNNINGHAM: Did we have them sworn  
21 in?

22 MR. McMANIMON: I'm sorry.

23 ROBBI ACAMPORA, BRIAN BRADLEY, THAD THOMPSON,  
24 Having been first duly sworn, were examined and  
25 testified as follows:

1                   MR. MCMANIMON: Thank you. This is a  
2 similar application of a couple we discussed last  
3 month that were using refunding bonds under the  
4 school district statutes to fund energy savings  
5 obligations that had gone through the process with  
6 the BPU. This is a \$23,300,000 energy savings  
7 obligation refunding bonds. The view that the  
8 financial advisors to the board had was that  
9 issuing refunding bonds rather than lease  
10 financings provided a more flexible ability to  
11 structure the transaction at better interest rate  
12 through RBC to undertake them. They went through  
13 competitive contracting to procure the ESCO and to  
14 hire the energy companies and to go through the  
15 whole BPU process and get approval.

16                   As in all of these programs, the debt  
17 service to pay the bonds is a product of the  
18 savings that are going to be generated from the  
19 energy saving program that is put in place. If  
20 there are questions, I would ask you to have  
21 the -- to have the business administrator point  
22 why they're doing this. They're doing this in, I  
23 think it's 12 or 14 facilities. It's a program  
24 throughout the district. It has tremendous  
25 benefits to them for simply the energy benefit.

1 But the fact that it gets paid for by the State is  
2 an added benefit. It produces extra money on top  
3 of that.

4 MR. CUNNINGHAM: I think it would be  
5 helpful, as we did with the prior applicants last  
6 month, if we could just get a sense of the type  
7 and scope of energy improvements, that are being  
8 made.

9 MR. COLAVITA: Certainly. The easiest  
10 one is the lighting. So they're going to be going  
11 through and getting a lot of the lighting. And  
12 that's where the bulk or a lot of the savings is  
13 gained. Also, we are going to be doing HVAC,  
14 which includes the boilers, the controls and the  
15 unit ventilators. The idea there is to improve  
16 the indoor air quality and improve just the  
17 general learning environment. As stated, we do  
18 have -- it's actually 12 school buildings, an  
19 administrative building and then a transportation  
20 department.

21 MR. CUNNINGHAM: And I know you touched  
22 on this already, but maybe I would just address  
23 this to the FA. Can you just discuss a little  
24 more about the refunding bonds and the advantage  
25 of going that route as opposed to a lease.

1 MS. ACAMPORA: Sure. This district is a  
2 double A rated plus district. The bonds are going  
3 to be going out 20 years. It is a little bit  
4 harder to do a lease when you're going out that  
5 long. The rating certainly is helping. And the  
6 payment structure is a little more flexible when  
7 we do bonds. So we try to evaluate this each time  
8 when we go out and do this. I think, really, this  
9 is the best structure for the school district.

10 MR. CUNNINGHAM: We've seen these  
11 applications come before the Board again. As  
12 Counsel pointed out, they're paid out of the  
13 savings, largely improves facilities. Any other  
14 questions from the Board? Any other concerns?

15 MR. DIROCCA: Mr. Chairman, I'm curious  
16 as to why the professional fees are so much higher  
17 in this matter than the others we've seen for the  
18 relatively similar -- the number of debt number.

19 MR. CUNNINGHAM: I'll ask the applicant  
20 to address that. So of the cost of issuance the  
21 underwriters, the highest fees, but maybe you can  
22 talk about the cost of issuance associated with  
23 getting a deal like this --

24 MS. ACAMPORA: Well, we've actually had  
25 the projection here in anticipation, if we split

1 this into two bond issues. So there is actually  
2 going to be a little bit higher cost of issuance  
3 if we do that. The reason we're doing that is  
4 part of the energy savings here is coming from a  
5 power purchase agreement, sort of a separate issue  
6 we're going to do. There is no financing as part  
7 of that, but the savings will be included in this  
8 payment. So we have to split this into two  
9 issues. There is going to be more costs with  
10 that. And those are not to exceed amounts. I  
11 really don't think it is going to be close to what  
12 that is, but we had to authorize that.

13 MR. McMANIMON: Let me make one other  
14 comment about that. Because I think there is  
15 always a confusion. When you have a public sale,  
16 which is what the other applicants have, Millburn  
17 and Hopewell, there is no reference to an  
18 underwriting fee, but embedded in the bond issue  
19 that's sold is an underwriting fee. That is built  
20 into the interest rate. But when a transaction  
21 that is a negotiated refunding, the underwriter's  
22 fee is taken off from the front. But that same  
23 type of number is going to exist embedded in the  
24 bond issues, like Millburn and Hopewell will sell,  
25 because the underwriter gets paid based on having

1 a rate at this level, selling it at a yield that's  
2 a lower yield, and that's where they make their  
3 profit. So it isn't like it is disproportionately  
4 high compared to them. It's a similar amount.  
5 It's just you don't see the underwriting, you  
6 don't see it as a direct amount, because it's in  
7 the issue, itself.

8 MR. DIROCCO: Thank you. Appreciate  
9 that.

10 MR. CUNNINGHAM: Thank you. Any other  
11 questions? If there are no other questions, I  
12 would ask for a motion and a second.

13 MR. DIROCCO: I will make a motion to  
14 approve.

15 MR. LIGHT: Second.

16 MR. CUNNINGHAM: Mr. Light seconds.  
17 Role call.

18 MS. McNAMARA: Mr. Cunningham?

19 MR. CUNNINGHAM: Yes.

20 MS. McNAMARA: Mr. Avery?

21 MR. AVERY: Yes.

22 MS. McNAMARA: Ms. Rodriguez?

23 MS. RODRIGUEZ: Yes.

24 MS. McNAMARA: Mr. Blee?

25 MR. BLEE: Yes.

1 MS. McNAMARA: Mr. Light?

2 MR. LIGHT: Yes.

3 MS. McNAMARA: Mr. DiRocco?

4 MR. DiROCCO: Yes.

5 MR. CUNNINGHAM: Thank you very much.

6 The next two matters are both similar,  
7 Borough of Glassboro and City of Gloucester City.

8 Do we want to bring both the applicants up?

9 MR. WINITSKY: Sure.

10 MR. CUNNINGHAM: They're here, but maybe  
11 it would be more expedient to have them both up at  
12 the same time.

13 MR. WINITSKY: Absolutely.

14 MR. CUNNINGHAM: Are both applicants up?

15 So may be to that point could you  
16 introduce --

17 MR. WINITSKY: Of course. Jeff Winitzky  
18 from Parker, McCay. We represent both Glassboro  
19 and Gloucester City. To my immediate right is  
20 Jack Lipsett. He is the seat administrator in  
21 Gloucester City. To his right, Nick Petroni. He  
22 is the borough auditor for the Borough of  
23 Glassboro.

24 MR. CUNNINGHAM: Yes.

25 JEF LIPSETT and NICK PETRONI,

1 Having been first duly sworn, were examined and  
2 testified as follows:

3 MR. CUNNINGHAM: Jeff, I will let you  
4 introduce the grand concept.

5 MR. WINITSKY: Yes. As you indicated,  
6 essentially, the identical applications, both of  
7 which are in connection with the Department of  
8 Community Affairs Urban and Rural Centers Unsafe  
9 Building Bond Loan Program. That was a lot to get  
10 out there. What this program is, it provides an  
11 extremely low interest rate, fixed amortization  
12 for, basically, taking care of urban blight. In  
13 the case of Glassboro, they are receiving zero  
14 interest on a 20-year loan. In the case of  
15 Gloucester City, the loan is one percent. So very  
16 very favorable rates in both respects.

17 We are here seeking approval for two  
18 things. One waiver of down payment for purposes  
19 of adoption of accepted bond ordinances. The  
20 other is with respect to non-conforming maturity  
21 schedule. I'll start with the non-conforming  
22 maturity schedule first. That's pretty easy here.

23 The amortization is set by the DCA. In  
24 this case it's a 20-year loan. But the first  
25 principal does not occur until 21 months after

1 issuance. So we didn't set that amortization.  
2 DCA did. We're here, obviously, seeking a waiver,  
3 because it doesn't conform with local bond law.  
4 The second is with respect to down payment. Both  
5 of these programs sort of came up on both the  
6 Borough and City unexpectedly. They had not  
7 budgeted for down payments this year.

8           In addition, there was an initial  
9 understanding from DCA based on documentation  
10 provided that the down payment would not be  
11 required. There was actually a form of ordinance  
12 in the loan materials that did not include down  
13 payment as part of it. And out of an abundance of  
14 caution, we communicated with your office to see  
15 whether or not that was, in fact, the case. There  
16 was sort of a mixed view. Nevertheless, we are  
17 here seeking definitively approval for that  
18 waiver. We sort of look at this akin to New  
19 Jersey Environmental Infrastructure Trust and  
20 those kinds of programs administered by the State.  
21 So, obviously, the City and Borough are here. If  
22 you have any questions with respect specifically  
23 --

24           MR. CUNNINGHAM: So let's just talk  
25 about starting with the City, if you would just

1 confirm the loan amount that -- and, again, it is  
2 a division, other than the Division of Government  
3 service, different division of the department that  
4 runs this loan program. But for the City of  
5 Gloucester, the loan \$850,000 and carries with it  
6 an interest rate of one percent.

7 MR. WINITSKY: Correct.

8 MR. CUNNINGHAM: Can the City just talk  
9 a little bit about the number of structures that  
10 it expects to utilize these funds for?

11 MR. WINITSKY: Mr. Cunningham, we have  
12 three structures we're going to be hopefully  
13 taking down. One is a waste treatment facility  
14 that's been vacant for over 35 years. It's been  
15 there right at Brick Street at the public works  
16 facility. We're going to be taking that down.  
17 Another one is at 5th and Water. Right on our  
18 water front is a pump station that's been  
19 abandoned, as well, for about 25 years. And a  
20 third one is a series of old factories right at  
21 the border of Camden City and Gloucester City that  
22 we want to take down, that we've been having some  
23 issues with it. We feel like if we take it down,  
24 it's marketable.

25 MR. CUNNINGHAM: Thank you. And for the

1 Borough, the loan is 1,499,000, carrying with it  
2 an interest rate of zero percent.

3 MR. WINITSKY: That's correct.

4 MR. CUNNINGHAM: And similarly, could  
5 you explain what the proceeds would be used for in  
6 the Borough?

7 MR. PETRONI: Sure. The Borough is  
8 actually entering into a partnership with the  
9 Glassboro Housing Authority to demolish abandoned,  
10 or not abandoned, they're no longer occupied  
11 residents that were low income housing. They're  
12 going to be demolished. And there is an RFP out  
13 to get a developer to come in and rebuild low  
14 income housing for seniors. So the Borough is, in  
15 order to qualify for this particular loan program,  
16 had to go through the Borough, so the Borough is  
17 involved.

18 MR. CUNNINGHAM: Large site?

19 MR. PETRONI: It's a very large site.  
20 As an auditor, I don't know all of those  
21 particulars. But, yes. I live in Glassboro. I  
22 know the site. It's a very large site. Right now  
23 it is kind of an eyesore.

24 MR. CUNNINGHAM: Yes. I've had  
25 conversations with the commissioner. And, as I

1 recall, he had gotten involved at one point as  
2 related to the housing authority and the Borough.  
3 And I think it is something that departmentally,  
4 you know, is certainly favored. Any questions  
5 from the Board? So hearing none, what I would ask  
6 for, because I do think that this loan program is  
7 advantageous to both municipalities, we are going  
8 to take separate votes.

9           So, again, to Mr. Winitzky's point, the  
10 first application that we would vote on would be  
11 for the City of Gloucester, approval of a waiver  
12 of down payment and a non-conforming maturity  
13 schedule. So I would ask for a motion and second  
14 in that regard.

15           MS. RODRIGUEZ: I make a motion.

16           MR. CUNNINGHAM: Ms. Rodriguez.

17           MR. AVERY: Second.

18           MR. CUNNINGHAM: Mr. Avery.

19           Role call, please.

20           MS. McNAMARA: Mr. Cunningham?

21           MR. CUNNINGHAM: Yes.

22           MS. McNAMARA: Mr. Avery?

23           MR. AVERY: Yes.

24           MS. McNAMARA: Ms. Rodriguez?

25           MS. RODRIGUEZ: Yes.

1 MS. McNAMARA: Mr. Light?

2 MR. LIGHT: Yes.

3 MS. McNAMARA: Mr. Blee?

4 MR. BLEE: Yes.

5 MS. McNAMARA: Mr. DiRocco?

6 MR. DIROCCO: Yes.

7 MR. CUNNINGHAM: And, then, similarly,

8 we would need a vote for the City of Gloucester

9 for both a waiver of down payment and a

10 non-conforming maturity schedule as it relates to

11 the demolition bond loan program through the

12 Department of Community Affairs. And I would ask

13 for a motion and a second.

14 MR. BLEE: Motion.

15 MR. CUNNINGHAM: Mr. Blee.

16 MR. DIROCCO: I'll second.

17 MR. CUNNINGHAM: Mr. DiRocco.

18 Role call, please.

19 MS. McNAMARA: Mr. Cunningham?

20 MR. CUNNINGHAM: Yes.

21 MS. McNAMARA: Mr. Avery?

22 MR. AVERY: Yes.

23 MS. McNAMARA: Ms. Rodriguez?

24 MS. RODRIGUEZ: Yes.

25 MS. McNAMARA: Mr. Blee?

1 MR. BLEE: Yes.

2 MS. McNAMARA: Mr. Light?

3 MR. LIGHT: Yes.

4 MS. McNAMARA: Mr. DiRocco?

5 MR. DIROCCO: Yes.

6 MR. WINITSKY: Thank you very much.

7 MR. CUNNINGHAM: Thank you. The next  
8 application in front of the Board arises from  
9 Somerdale Borough. I actually advised the  
10 applicant that their appearance was not necessary,  
11 but I do want to read into the record what that  
12 application is and why.

13 This was an application of the Borough  
14 of Somerdale in Camden County. The requested  
15 action was a non-conforming maturity schedule. It  
16 relates to 3.4 million dollars in principal amount  
17 being funded through the USDA. And as we've seen  
18 before with these USDA programs, this is financing  
19 sewer and utility improvements. And it goes out  
20 for a 40-year maturity schedule, which is --  
21 matches the useful life, but, also, USDA allows  
22 their program to go out that far. And because the  
23 USDA has different repayment structures in terms  
24 of semi-annual principal payments, they need a  
25 non-conforming maturity schedule. But I think

1 that the USDA program is a good deal for water and  
2 sewer improvements. And, therefore, I didn't  
3 think the appearance by the applicant was  
4 necessary. If there is any questions from the  
5 Board, I'd be happy to address them. If not, I  
6 would ask for a motion and a second.

7 MR. BLEE: Motion.

8 MR. CUNNINGHAM: Mr. Blee makes a  
9 motion.

10 MR. LIGHT: I will make the second, but  
11 I have a question. Is it both water and sewer or  
12 just sewer?

13 MR. CUNNINGHAM: Sure. This one was  
14 sewer utility improvements.

15 MR. LIGHT: You were just indicating  
16 whether it was water or sewer was the same type of  
17 --

18 MR. CUNNINGHAM: Correct. Correct.

19 So we had a motion from Mr. Blee and a  
20 second from Mr. Light. Role call, please.

21 MS. McNAMARA: Mr. Cunningham?

22 MR. CUNNINGHAM: Yes.

23 MS. McNAMARA: Mr. Avery?

24 MR. AVERY: Yes.

25 MS. McNAMARA: Ms. Rodriguez?

1 MS. RODRIGUEZ: Yes.

2 MS. McNAMARA: Mr. Blee?

3 MR. BLEE: Yes.

4 MS. McNAMARA: Mr. Light?

5 MR. LIGHT: Yes.

6 MS. McNAMARA: Mr. DiRocco?

7 MR. DIROCCO: Yes.

8 MR. CUNNINGHAM: Okay. We're actually a  
9 little bit ahead of schedule, which is very unlike  
10 us. But I would ask, I guess, to hear from the  
11 City of Hackensack, because I believe they're  
12 here. Good morning. Welcome back.

13 Would you be kind enough to introduce  
14 yourself and counsel be sworn.

15 MS. GORAB: Yes. For the record, Lisa  
16 Gorab from Wilentz, Goldman and Spitzer, bond  
17 counsel to the City of Hackensack. And with me  
18 this morning is Jim Mangan, who is the City CFO,  
19 and Frank DeMaria, who is the City's auditor.

20 JIM MANGAN and FRANK DeMARIA,  
21 Having been first duly sworn, were examined and  
22 testified as follows:

23 MS. GORAB: Good morning, again. The  
24 City is seeking your approval of the adoption of a  
25 refunding bond ordinance to fund an emergency

1 appropriation in the amount of \$3,000,000. The  
2 funding bond ordinance funds an emergency  
3 appropriation associated with the reinstatement  
4 back pay attorneys fees of a prior chief of police  
5 whose criminal conviction was reversed. This is a  
6 court ordered payment. Order was in October of --  
7 I'm sorry -- August, August of 2016. The City has  
8 adopted a resolution for the emergency  
9 appropriation and has introduced a refunding bond  
10 ordinance to finance this emergency appropriation  
11 over a five-year period. The amounts are set  
12 forth in the executive summary in terms of the  
13 breakdown. The city is seeking a five-year  
14 repayment of this obligation, which is a little  
15 over 30, \$30 in terms of tax impact. We are  
16 cognizant of your guidelines with respect to that,  
17 but this five-year application is in light of our  
18 recent application in September 2 to this Board  
19 for the tax appeals which were a \$75 tax impact on  
20 the average homeowner.

21 MR. CUNNINGHAM: So for the Board, this  
22 has, obviously, been a very public matter arising  
23 out of Hackensack. The Board is not being asked  
24 to opine in any way on the merit of the  
25 settlement. It's merely the financing structure

1 to pay for it. So the total amount that the City  
2 owes is \$3,000,000. And as Counsel said, if we  
3 were to approve refunding bonds for this purpose  
4 for a five-year purpose -- I'm sorry -- for a  
5 five-year term, the average tax impact would be  
6 \$29.44. I did ask for and was provided what the  
7 maturity schedule would be at three years. And  
8 three years is much closer to the \$50 that we  
9 normally require. However, because of the issues  
10 that Hackensack has had and coming before the  
11 Board and trying to clear their deck of tax  
12 appeals, we've recently approved financing that  
13 have impacted the ratable base or impacted the tax  
14 payors, so they've already kind of had the \$50  
15 hit. And this is going to be on top of that. So  
16 I just -- I have no recommendation at this time or  
17 predisposition as to outcome. I guess, I was just  
18 wondering if the Board had thoughts on whether  
19 they thought we should stick with our normal  
20 guideline of \$50 an average, which would be a  
21 three-year repayment, or whether given the City's  
22 challenges and their appearances before us already  
23 whether or not, you know, allowing them to go out  
24 five years and reducing the impact on the average  
25 tax payor to \$29.44. So I would just ask for my

1 colleagues on the Boards thoughts and opinions on  
2 that.

3 MS. RODRIGUEZ: I think the five-year  
4 plan makes a lot more sense for the City.

5 MR. CUNNINGHAM: Okay.

6 MR. LIGHT: I've always pushed for the  
7 \$50 one in the shorter term, but under the  
8 circumstances because of what was placed up the  
9 city and the tax payors, I would be willing to go  
10 along with the five-year.

11 MR. CUNNINGHAM: Lisa, the one thing  
12 that we did have a question, and I appreciate Pat  
13 pointing it out to me is, 2017, is there a payment  
14 in 2017 now?

15 MR. GORAB: Yes.

16 MR. CUNNINGHAM: So, at first, when the  
17 application came in front of us, there was either  
18 confusion or wasn't going to be at the 2018. But  
19 in addition to -- so there would be a payment in  
20 2017, which, I think, further impacts the tax  
21 payors in an immediate way. So I think I'm  
22 hearing that the Board's consensus given the  
23 City's other financial pressures -- and, again,  
24 not -- you know, the settlement is due and owing,  
25 and we have no role in that, at all, I'm gathering

1 that the Board's consensus is to allow them to go  
2 out with a payment if '17 for a five-year period  
3 with an average annual tax impact of \$29.44.

4 MR. LIGHT: I will make a motion to  
5 approve.

6 MR. CUNNINGHAM: Okay. Mr. Light makes  
7 the motion.

8 MS. RODRIGUEZ: I'll second it.

9 MR. CUNNINGHAM: Role call.

10 MS. McNAMARA: Mr. Cunningham?

11 MR. CUNNINGHAM: Yes.

12 MS. McNAMARA: Mr. Avery?

13 MR. AVERY: Yes.

14 MS. McNAMARA: Ms. Rodriguez?

15 MS. RODRIGUEZ: Yes.

16 MS. McNAMARA: Mr. Blee?

17 MR. BLEE: Yes.

18 MS. McNAMARA: Mr. Light?

19 MR. LIGHT: Yes.

20 MS. McNAMARA: Mr. DiRocco?

21 MR. DIROCCO: Yes.

22 MR. CUNNINGHAM: Okay. Thank you.

23 Vineland City Electric Utility Refunding  
24 Bonds.

25 MS. BALDOSARO: Susan Baldosaro, Chief

1 Financial Officer, B-a-l-d-o-s-a-r-o.

2 MR. COSTELLO: Leon Costello.

3 SUSAN BALDOSARO and LEON COSTELLO,

4 Having been first duly sworn, were examined and  
5 testified as follows:

6 MR. McMANIMON: For the record, Ed  
7 McManimon of McManimon, Scotland and Baumann. Our  
8 firm is the bond counsel for the City of Vineland.  
9 To my right is Susan Baldosaro, Chief Financial  
10 Officer for the City, and Leon Costello, who is  
11 their auditor.

12 This is one of the more phenomenal  
13 stories that I've had the ability to tell. Back  
14 in 2010 the City refinanced the outstanding  
15 electric utility bonds that they issued in 2002.  
16 And they did it with a variable rate refunding,  
17 which I've not done that before or since.  
18 Generally, if you do that, you're not able to  
19 project the three percent savings because the  
20 interest rate changes every week. The financial  
21 advisor at the time, David Cotock (ph) felt  
22 strongly that that market would produce a  
23 significant benefit to that market in 2010 going  
24 forward with the ultimate understanding that we  
25 would convert to a fixed rate down the when

1 interest rates got to the point where the variable  
2 rate was no longer clear. We were going to be  
3 saving money. So this Board approved that  
4 variable rate financing.

5           And at the time when we presented that,  
6 the fixed rate refunding, which was presented at  
7 the same time was projected to save \$1,050,000.  
8 Doing the variable rate in the market where you've  
9 seen these dramatic low interest rates, the city  
10 has saved over five million dollars from that time  
11 until now in six years. The financial advisor  
12 felt, however, instead of saying in that market  
13 into the future, that interest rates on short-term  
14 paper are going up. Interest rates on long-term  
15 paper are staying low. So this is a perfect time  
16 to fix the rate, as we indicated we would do back  
17 in 2010 at the appropriate time. The City has  
18 presented semi-annual reports to this Board  
19 showing the benefit that the variable rate  
20 financing and this fixed rate financing will also  
21 save a significant amount of money from the  
22 original transaction, comparing the fixed rates  
23 that existed then and the fixed rates that will go  
24 now.

25           So we're asking you for the ability to

1 do on 21 million dollars of the bonds that are  
2 outstanding is to re-finance the variable rate and  
3 the fixed debt rate now so that we lock in benefit  
4 of this current market for the rest of the term of  
5 the bonds. Now, obviously, it doesn't save  
6 interest between the variable rate and now, but we  
7 don't know what the variable rate is going to be  
8 into the future. So we just ask your authority to  
9 be able to issue these bonds and fix the rate. We  
10 think the rate is going to be about three percent,  
11 which is pretty significant.

12 MR. CUNNINGHAM: Well, I guess, we can  
13 start there. That was the one kind of question I  
14 had, because the application had a pretty good  
15 spread of interest rates between, like, two and  
16 five and a half. And I was just --

17 MR. McMANIMON: Well, two underwriting  
18 firms submitted proposals. Roosevelt and Cross  
19 and Wells Fargo. Wells Fargo is currently the  
20 re-marketing agent on the variable rate debt.  
21 Those spreads which show lower interests rates in  
22 the beginning and higher rates in the end are the  
23 product of premiums that will be paid, as well.  
24 The net effect of those rates as you've seen in  
25 both cases is under three percent. There is a

1 bank that did the land and sewage authority  
2 transaction, which is the sewage authority of  
3 Vineland, that's also presented a proposal. And  
4 they've recently committed to a rate, if we do it  
5 within this year, which we hope to do, of 3.1  
6 percent. So the financial advisor and Susan are  
7 going to make a choice about that after this  
8 meeting to determine who will be chosen to do the  
9 underwriting. But we believe whoever it is is  
10 going to produce an interest rate of somewhere in  
11 the range of three percent on the fixed rate on  
12 the bonds, which is a phenomenal benefit compared  
13 to the original fixed rate and compared to the  
14 variable rate that we had. And they've saved five  
15 times as much money already. So this has cost  
16 them money, but this is going to save them even  
17 more money.

18 MR. CUNNINGHAM: I think that's the  
19 point that I would have made, and I appreciate you  
20 putting that on the record. I guess, what I would  
21 say is that the savings have already been realized  
22 and the refunding has already produced tremendous  
23 value. And I know that back in 2010 when the  
24 Board permitted the City to refund these at a  
25 variable rate, it also required the applicant to

1 provide progress reports or reports. And that has  
2 been done on a six-month basis. And the division  
3 hasn't been able to see the savings there. So it  
4 is very interesting. And given where long-term  
5 fixed rates are, making this debt permanent  
6 appears to be very, very prudent. I just also  
7 want to reiterate, and I don't know whether  
8 counsel put this on the record or not, but the  
9 proposed financing doesn't extent the obligation  
10 beyond the maturity date. And the savings will be  
11 level. Correct?

12 MR. McMANIMON: That's correct.

13 MR. CUNNINGHAM: So this is a pretty  
14 unique application to come in front of the Board,  
15 but it certainly seems to have a lot of merit.  
16 And it will -- just to make sure that the, that  
17 the City continues to benefit from the appropriate  
18 financing mechanism. Any questions? Because I  
19 know this is a little bit outside the box. I  
20 don't want to overcomplicate it. It's basically  
21 variable rates going to fixed.

22 MR. McMANIMON: I should point out, this  
23 is the only municipally owned electric facility  
24 that generates its own energy. There are other  
25 electric facilities that last month ago or --

1                   MR. CUNNINGHAM: Six months ago I found  
2                   that out for the first time in my career. I did  
3                   not know that.

4                   MR. McMANIMON: Vineland is the only  
5                   one. There are other electric facilities that buy  
6                   electricity and give it to their town. This is  
7                   the only one in the State that produces, has its  
8                   own electric generators and produces it and enters  
9                   into the grid and provides that kind of benefit,  
10                  so ...

11                  MS. RODRIGUEZ: Am I understanding  
12                  clearly, thee fixed rate is at three percent?

13                  MR. McMANIMON: In that range. We won't  
14                  know until we get to the market. Basically, the  
15                  underwriters were asked to give us an update  
16                  before we came to this meeting. And two other  
17                  underwriters have submitted proposals since then,  
18                  as well. All of them have 2.9 3.0, 3.1, in  
19                  today's market. We're trying to get into this  
20                  market,

21                  MS. RODRIGUEZ: Right.

22                  MR. McMANIMON: By doing these bonds in  
23                  December, and so we assume the market will stay  
24                  relatively the same. So we don't know how to  
25                  judge the results of yesterday's election, but --

1 so I don't know. We'll see.

2 MR. LIGHT: Key word there is  
3 "relative".

4 MR. CUNNINGHAM: If the Board doesn't  
5 have any other questions, I will ask for a motion  
6 and second.

7 MR. BLEE: Motion.

8 MR. AVERY: Second.

9 MR. CUNNINGHAM: Mr. Blee and Mr. Avery.  
10 Role call, please.

11 MS. McNAMARA: Mr. Cunningham?

12 MR. CUNNINGHAM: Yes.

13 MS. McNAMARA: Mr. Avery?

14 MS. AVERY: Yes.

15 MS. McNAMARA: Ms. Rodriguez?

16 MS. RODRIGUEZ: Yes.

17 MS. McNAMARA: Mr. Blee?

18 MR. BLEE: Yes.

19 MS. McNAMARA: Mr. Light?

20 MR. LIGHT: Yes.

21 MS. McNAMARA: Mr. DiRocco?

22 MR. DIROCCO: Yes.

23 MR. CUNNINGHAM: Thank you very much.

24 City of Linwood.

25 MR. FLEISHMAN: Good morning,

1 Mr. Chairman. Joel Fleishman, bond counsel for  
2 the City of Linwood. Appearing here this morning  
3 with me, Anthony Strazzeri, the CFO of the City.  
4 Leon Costello, the auditor for the City.

5 Our application, essentially, is seeking  
6 this morning approval from the Board to do an  
7 option to tax appeal refunding note issue of 500  
8 -- maximum amount of \$510,000. The background on  
9 this is, essentially, in 2016 the City settled 287  
10 tax appeals. That resulted in tax credits being  
11 given in the fourth quarter for \$638,000. It's  
12 too much for the City to absorb from their  
13 operating surplus or their fund balance. So we're  
14 seeking your approval this morning to do a 48 2  
15 dash 51 refunding bond ordinance to be able to  
16 issue these tax appeal refunding notes. We  
17 calculated the 75 percent, which is allowable  
18 under the Option 2. That would be 478,500 plus  
19 cost of issuance. That gets us up to a max of  
20 510,000 to be repaid over a three-year period.

21 We did calculate -- and I think we  
22 submitted with the application the impact on the  
23 residential tax payor from this financing, which  
24 would be \$53.45 per year. The city has also  
25 adopted as required the resolution accepting the

1 conditions, the three conditions, that are part of  
2 the option to financing requires.

3 MR. CUNNINGHAM: So could we, maybe,  
4 start with talking about them.

5 MR. FLEISHMAN: Sure.

6 MR. CUNNINGHAM: So the three conditions  
7 for the record are not make similar applications  
8 in the future, not hire any employees for the  
9 ensuing year without Director approval and, Number  
10 3, conducting a re-val or a re-assessment. And I  
11 guess that third one, I would like to talk about a  
12 bit, because you had a most recent re-val in 2014.  
13 And that, really, is the reason you're here. So  
14 to require another re-val, I'm going to imagine  
15 that you're going to argue that that would be  
16 imprudent and unnecessary.

17 MR. FLEISHMAN: We would argue that.

18 MR. CUNNINGHAM: You would?

19 MR. FLEISHMAN: And I would ask  
20 Mr. Strazzeri to address what the City is doing.

21 MR. STRAZZERI: S-t-r-a-z-z-e-r-i.

22 ANTHONY STRAZZERI and LEON COSTELLO,  
23 Having been first duly sworn, were examined and  
24 testified as follows:

25 MR. STRAZZERI: Thank you. In 2016,

1 this current year, we did a partial re-assessment  
2 and we plan to do another one in 2017. Taking  
3 different sections of the City. And I would  
4 assume that we are probably going to do that again  
5 in 2018.

6 MR. CUNNINGHAM: So the 2014 wasn't -- I  
7 didn't realize that. It wasn't a  
8 full reassessment?

9 MR. STRAZZERI: No, it wasn't. It was a  
10 re-val. And now we are starting to do  
11 reassessment of that.

12 MR. CUNNINGHAM: So is there any need  
13 then to amend the approval as we've already met  
14 that condition, if you are already going to be  
15 doing reassessments as part of the plan process?

16 MR. STRAZZERI: No.

17 MR. FLEISHMAN: I think that's actually  
18 in our resolution.

19 MR. CUNNINGHAM: It is. And I think  
20 what we were wondering, whether that was still  
21 necessary, considering you did the re-val in '14.  
22 I was actually going to give you pass on one of  
23 the conditions. It sounds like if you're doing  
24 the assessments anyway --

25 MR. FLEISHMAN: We are.

1 MR. CUNNINGHAM: -- anyway, there is  
2 really no need for that concession.

3 MR. FLEISHMAN: Correct. That's  
4 correct.

5 MR. CUNNINGHAM: Just as we talked about  
6 with the prior applicant, at -- so this would be  
7 287 total settlements. That would be five pending  
8 appeals?

9 MR. STRAZZERI: Yes.

10 MR. CUNNINGHAM: Are they extraordinary  
11 large appeals for any reason?

12 MR. STRAZZERI: They're large. I  
13 wouldn't say, extraordinarily large, but they  
14 could be quite large.

15 MR. CUNNINGHAM: So would you expect to  
16 have to come back for additional taxable refunding  
17 bonds for them?

18 MR. STRAZZERI: We're hoping not. I  
19 wouldn't expect it.

20 MR. CUNNINGHAM: So of the 287 total  
21 settlements -- and, again, I mean, the condition  
22 is that you're not going to come back. But I just  
23 wonder if these are not my -- so not  
24 "extraordinarily large," to use my terms, but  
25 "pretty large," to use your terms --

1 MR. STRAZZERI: Right.

2 MR. CUNNINGHAM: You're going to be in a  
3 position to fund these?

4 MR. STRAZZERI: I believe, yes. We are.

5 MR. CUNNINGHAM: So of the 287 total  
6 settlements that are being addressed in these tax  
7 code refunding bonds at a three-year payback, the  
8 impact on the average assessed home would be  
9 \$53.45, which comports with the Board's typical  
10 policy or -- policy is probably not the right word  
11 to use. Was I missing something, Pat?

12 (Discussion off the record.)

13 MR. CUNNINGHAM: Is it residential or  
14 commercial, the ones that are --

15 MR. STRAZZERI: I think most of them are  
16 commercial.

17 MR. CUNNINGHAM: They wouldn't be  
18 current year anyway?

19 MR. STRAZZERI: Right.

20 MR. CUNNINGHAM: All right. Any  
21 questions from the Board? Do I have a motion and  
22 a second?

23 MR. DIROCCO: Notion.

24 MR. BLEE: Second.

25 MR. CUNNINGHAM: Mr. Blee and Mr.

1 DiRocco. Role call, please.

2 MS. McNAMARA: Mr. Cunningham?

3 MR. CUNNINGHAM: Yes.

4 MS. McNAMARA: Mr. Avery?

5 MR. AVERY: Yes.

6 MS. McNAMARA: Ms. Rodriguez?

7 MS. RODRIGUEZ: Yes.

8 MS. McNAMARA: Mr. Blee?

9 MR. BLEE: Yes.

10 MS. McNAMARA: Mr. Light?

11 MR. LIGHT: Yes.

12 MS. McNAMARA: Mr. DiRocco?

13 MR. DIROCCO: Yes.

14 MR. CUNNINGHAM: Thank you. Continuing  
15 on the theme of tax appeal refunding bonds,  
16 Township of Buena.

17 MR. FLEISHMAN: Mr. Chairman, Joel  
18 Fleishman, Bond Counsel to Buena Vista Township.  
19 Appearing here this morning on this application,  
20 again, to approve a tax appeal refunding note  
21 issue. I'm going to let, perhaps, everyone just  
22 introduce themselves and then spell their name for  
23 the record, if you don't mind, Mr. Chair.

24 MR. NUNEZ-AQUNA: Good morning. Kenya  
25 Nunez-Aquna, Administrator, Chief Financial

1 Officer.

2 MR. GARCIA: Michael Garcia, the  
3 auditor, G-a-r-c-i-a.

4 MS. KELLY: Theresa Kelly, Deputy Mayor  
5 of Buena Vista Township.

6 MR. DiYANNI: Dominick, D-i, capital  
7 Y-a-n-n-i. Township Solicitor, tax appeal counsel  
8 for the Township.

9 MR. CUNNINGHAM: Thank you. Be sworn,  
10 please.

11 DOMINIC DiYANNA, THERESA KELLY, KENYA AQUANA,  
12 Having been first duly sworn, was examined and  
13 testified as follows:

14

15 MR. FLEISHMAN: Mr. Chairman, Members of  
16 the Board, the background on this application is  
17 different than, of course -- Linwood was an Option  
18 2. Buena Vista, this morning, we're seeking  
19 essentially an Option 1 financing approval.  
20 Background on this is, in September and October of  
21 this year the Township settled four very large tax  
22 appeals that have been pending for several years.  
23 And these resulted in cash settlements to the tax  
24 payors -- I think there were four tax payors --  
25 much \$527,946. The Township in October adopted an

1 emergency appropriation resolution to fund the  
2 cash settlement payments. And it is now seeking  
3 to get approval to refund that emergency  
4 appropriation under 48 2 dash 51 to allow us to  
5 issue notes and repay this obligation up to, I  
6 think the max we're asking for is 550,000, which  
7 is inclusive of not only the tax appeal payments,  
8 but also cost of issuance, litigation counsel, tax  
9 appeal litigation counsel. So that we don't have  
10 to absorb this loss in the 2017 budget. So we're  
11 seeking your approval to be able to move forward  
12 over a three-year repayment period. The  
13 calculations of what the impact would be on an  
14 average residential tax payor from this range as  
15 set forth in the application from a low of \$53.14  
16 to \$54.71. So that exceeds that minimum impact  
17 that you're generally looking for of \$50 per year.  
18 So --

19 MR. CUNNINGHAM: The issue I have with  
20 this application is something that you said in  
21 your introductory remarks. These appeals have  
22 been pending for several years. Why if they've  
23 been pending for several years, didn't the  
24 municipality make any provision for any amount in  
25 the budget rather than now coming and financing

1 the entire portion of it.

2 MS. NUNEZ-AQUANO: Nunez. The best way  
3 I can explain that, there has been change of  
4 administrators slash CFOs in the past four years.  
5 And we also have a new town -- excuse me -- a new  
6 tax appeal attorney which came in in 2015 or our  
7 new Board Solicitor, excuse me -- came in. And  
8 with his firm they've been able to address these  
9 issues and put them to rest and bring them through  
10 settlement.

11 MR. FLEISHMAN: Mr. Chairman, if I may  
12 just add, as I was talking with Kenya earlier, the  
13 Township doesn't foresee -- this is sort of  
14 putting to bed any real lingering tax appeals, so  
15 we shouldn't be facing this problem again.

16 MR. CUNNINGHAM: So this settles eleven  
17 appeals and there's four pending. Do you have a  
18 sense of what those four pending are in terms of  
19 magnitude.

20 MR. DiYANNI: Yes. I can speak on this.  
21 There is one commercial and a couple of  
22 residential. And the commercial one, the  
23 assessment is, like, \$150,000. So it is not a  
24 tremendous appeal. And we do usually negotiate  
25 credits as opposed to refunding notes. The issue

1 with these that are in front of you are because  
2 they were pending so long, we had a change in  
3 ownership of property owners. We lacked the  
4 ability to negotiate crediting back the owners,  
5 since they're not the owner of the properties. So  
6 we couldn't credit future taxes. So we were in a  
7 position to have to refund these.

8 MR. CUNNINGHAM: Were these largely  
9 residential?

10 MS. AQUANA: No. These are commercial  
11 properties. It's one manufacturer and one golf  
12 course and one is a camp ground.

13 MR. CUNNINGHAM: That's right. I did  
14 see the golf course there in the application. So  
15 eleven total settlements refunding years between  
16 2012 and 2016 at three years, \$54.71 impact on the  
17 average assessed home, correct?

18 MR. FLEISHMAN: Correct.

19 MR. CUNNINGHAM: Any questions from the  
20 Board. I would ask for a motion and a second  
21 then.

22 MR. BLEE: Motion.

23 MR. CUNNINGHAM: Mr. Blee.

24 MR. AVERY: I'll second.

25 MR. CUNNINGHAM: Mr. Avery. Role call,

1 please.

2 MS. McNAMARA: Mr. Cunningham?

3 MR. CUNNINGHAM: Yes.

4 MS. McNAMARA: Mr. Avery?

5 MR. AVERY: Yes.

6 MS. McNAMARA: Ms. Rodriguez?

7 MS. RODRIGUEZ: Yes.

8 MS. McNAMARA: Mr. Blee?

9 MR. BLEE: Yes.

10 MS. McNAMARA: Mr. Light?

11 MR. LIGHT: Yes.

12 MS. McNAMARA: Mr. DiRocco?

13 MR. DiROCCO: Yes.

14 MR. FLEISHMAN: Thank you, Mr. Chairman.

15 MR. CUNNINGHAM: We're going to move to  
16 the Burlington County Bridge Commission.

17 I was going to ask a question that the  
18 Executive Secretary says I don't need to ask. So,  
19 Mr. Hasty, if you and Ms. Edwards will be  
20 introduced and Jen be sworn in, please.

21 MS. EDWARDS: Jennifer Edwards for the  
22 Acacia Financial Group, advisors to the  
23 Commission.

24 MR. HASTY: And Tom Hasty from Capehart  
25 and Scatchard.

1 JENNIFER G. EDWARDS,  
2 Having been first duly sworn, was examined and  
3 testified as follows:

4 MS. EDWARDS: Good morning.

5 MR. CUNNINGHAM: Before you start, I  
6 just want to point out the Executive Secretary  
7 just advised me that we advised that your client  
8 need not be with you today, because this is a  
9 refunding deal. I want to let the Board know that  
10 this appearance was excused.

11 MR. HASTY: And we thank you for that.

12 MR. CUNNINGHAM: So go ahead, Jen.

13 MS. EDWARDS: We are here for approval  
14 for not to exceed 22 million in pooled loan  
15 revenue refunding bonds for the Burlington County  
16 Bridge Commission. The bonds were originally  
17 issued in four separate series of pooled  
18 transactions issued in 2005, 2006, 2007 and 2009  
19 to various local municipalities in Burlington  
20 County. We currently have several refunding  
21 opportunities within each one of these outstanding  
22 loans. Under current market conditions we're  
23 looking to achieve approximately 1.3 million in  
24 present value savings over the life of the issue  
25 and about 1.5 million in gross budgetary savings

1 for the various participants.

2 I will point out that one of the  
3 participants we've included in the transaction is  
4 the Borough of Fieldsboro, and they currently are  
5 a very small participant. Their savings is below  
6 three percent. So the only thing that we're  
7 proposing to do here is include them in the  
8 transaction in the event rates go down when we  
9 enter the market such that we can include them in  
10 the future. But at this point we would not be  
11 refunding their portion because they're below  
12 three percent. All of the other participants are  
13 above.

14 MR. CUNNINGHAM: So you're seeking  
15 positive findings of the five project positive  
16 findings of the guaranty, correct?

17 MS. EDWARDS: The guaranty, correct.

18 MR. CUNNINGHAM: The County is not  
19 charging the guaranty fee?

20 MS. EDWARDS: No.

21 MR. CUNNINGHAM: Okay.

22 MS. EDWARDS: No guaranty fee.

23 MR. CUNNINGHAM: Okay.

24 MS. EDWARDS: Okay. All of the original  
25 bonds were guaranteed. So this is just a renewal

1 of the original guaranty.

2 MR. CUNNINGHAM: I couldn't find it. If  
3 you didn't already put on the record, I mean, the  
4 savings are pretty significant, you know, based on  
5 the interest rates that you're looking at. The  
6 debt service savings likely to exceed one and a  
7 half million in PV, right?

8 MS. EDWARDS: 1.3 million in PV. 1.5  
9 budgetary.

10 MR. CUNNINGHAM: Okay. Thank you. So  
11 it's a pretty attractive refunding. I just want  
12 to know if my colleagues on the Board would have  
13 any questions or concerns? Mr. Light?

14 MR. LIGHT: I want to know about the  
15 paragraph put in there about the 24-month period.  
16 It is at 10,270. Was that put in there  
17 specifically to make sure it was done within the  
18 24-month period? The last practice.

19 MR. HASTY: I don't think we have it. I  
20 don't think we have the staff notes.

21 MR. CUNNINGHAM: These are our staff  
22 reports. Mr. Light, which paragraph are you on --

23 MR. LIGHT: The last paragraph before  
24 the document list on the second page. It talks  
25 about. It says the -- maybe I'm reading this

1 wrong. It says that the project is not completed  
2 within the 24-month period, the applicant with  
3 make monthly principal payments of 10,000 plus  
4 interest.

5 MS. EDWARDS: That can't be our  
6 application.

7 MR. CUNNINGHAM: I think it is a --

8 MR. LIGHT: Do I have the wrong one  
9 here?

10 MR. CUNNINGHAM: All right.

11 MR. LIGHT: I apologize, then. It is.  
12 I'm sorry. Apologize. That's why you jumped so  
13 high out of your chair there.

14 MR. CUNNINGHAM: Any other questions or  
15 concerns?

16 MR. LIGHT: No. Not after that one.

17 MR. CUNNINGHAM: Okay. Then, again,  
18 it's a refunding for considerable savings. Pat  
19 and I talked about how to address the resolution  
20 so it would be aggregate savings to let you have  
21 the flexibility for the Fieldsboro issue. I would  
22 ask for a motion and a second.

23 MR. BLEE: Motion.

24 Ms. RODRIGUEZ: Second.

25 MR. CUNNINGHAM: Ms. Rodriguez. Role

1 call, please.

2 MS. McNAMARA: Mr. Cunningham?

3 MR. CUNNINGHAM: Yes.

4 MS. McNAMARA: Mr. Avery?

5 MR. AVERY: Yes.

6 MS. McNAMARA: Ms. Rodriguez?

7 MS. RODRIGUEZ: Yes.

8 MS. McNAMARA: Mr. Blee?

9 MR. BLEE: Yes.

10 MS. McNAMARA: Mr. Light?

11 MR. LIGHT: Yes.

12 MS. McNAMARA: Mr. DiRocco?

13 MR. DIROCCO: Yes.

14 MS. EDWARDS: Thank you.

15 MR. CUNNINGHAM: If you don't mind, if  
16 Newark doesn't mind, I will ask them to hold off  
17 for a second. We're waiting for a fresh copy of  
18 the staff report on that. If you don't mind, I  
19 will like to move to the Hudson County Improvement  
20 Authority matter.

21 MR. McMANIMON: I'm good. Just initiate  
22 this. It's Ed McManimon from McManimon, Scotland  
23 and Baumann. We're the bond counsel to the  
24 Improvement Authority. To my far left is Steve  
25 Pearlman, who is the counsel to Harrison, the Town

1 of Harrison. And Kurt Cherry, who is Executive  
2 Director CFO to the Hudson County Improvement  
3 Authority. Gabriella Simose, who is the Chief  
4 Financial Officer for Harrison and Paul Sabetsky  
5 who is Administrator for Harrison.

6 I am going to do something I don't  
7 usually do, which is defer to Counsel, because  
8 this matter as taken up Steve Pearlman's life in  
9 trying to resolve this issue that involves the  
10 earlier financing by the improvement authority in  
11 concert with Harrison, Harrison Re-Development  
12 Agency and the County and the Red Bulls to finance  
13 a multi-purchase structure facility that got mired  
14 down in the -- the real estate tax on that, which  
15 was originally intended to be tax exempt when it  
16 was built, but the tax assessor who doesn't work  
17 for the town determined contrary to the respective  
18 when it was initially done that this was subject  
19 to tax. And it's gone through the court and  
20 appeals and it's at the Supreme Court. And so  
21 Steve has worked very hard to settle this matter  
22 out. And this \$2,000,000 financing in the way  
23 it's structured is designed to accomplish a  
24 settlement that's very complex to make this all  
25 work.

1 MR. PEARLMAN: Thank you, Ed.

2 MR. CUNNINGHAM: I think your colleagues  
3 need to be sworn in.

4

5 GABRIELLA SIMOSE, PETER SABETSKY, KURT CHERRY,  
6 Having been first duly sworn, was examined and  
7 testified as follows:

8

9 MR. CUNNINGHAM: Mr. Pearlman, we might  
10 have met on this once or twice.

11 MR. PEARLMAN: Once or twice.

12 MR. CUNNINGHAM: Five, six, seven times.

13 MR. PEARLMAN: Perhaps. I can honestly  
14 say in 25 years plus coming here, I am actually  
15 pleased to be here today for this matter.

16 MR. CUNNINGHAM: That means I don't have  
17 to meet anymore with you on it.

18 MR. PEARLMAN: Exactly. Understood.  
19 Picking up from what Ed said, I'm not going to  
20 rehash that, there has been litigation going on in  
21 this case since 2010. The facility was built and  
22 the agreements were entered into back in 2006.  
23 This matter is before the Supreme Court presently.  
24 We actually have a judge appointed to us as  
25 monitor, and we are in weekly phone calls with the

1 judge. And the judge has given us the leeway to  
2 implement this settlement. We signed settlement  
3 papers over the summer. We told them we would  
4 need to year end to actually implement the  
5 transaction. At its core, I will go over the  
6 highlights.

7           What we've done here is, we've taken a  
8 situation where the land underneath the arena is  
9 owned by the local re-development agency. They  
10 are going to transfer that to the county  
11 improvement authority. The building, itself,  
12 which was built by Red Bull with their money, is  
13 also going to be conveyed to the Hudson County  
14 Improvement Authority. And the Hudson County  
15 Improvement Authority law this will be a project  
16 of the county improvement authority, which enables  
17 it to do a couple of things that are critical.  
18 Number 1, they can enter into a lease with Red  
19 Bull, because, obviously, Red Bull is still going  
20 to be using the stadium. This is the soccer  
21 stadium in Harrison. And it will be triple net  
22 lease, and Harrison will pay as if they were still  
23 owning the facility. More importantly, when the  
24 payments come in to the improvement authority --

25           MR. CHERRY: Not Harrison.

1 MS. SIMOSE: Red Bull will pay.

2 MR. PEARLMAN: Yes. Red Bull will pay.  
3 They will be paying under the lease. And when the  
4 lease payments come in from Red Bull to the  
5 improvement authority, there will be two  
6 components to them. One component will go to pay  
7 this bond. This up to \$2,000,000 bond, which will  
8 go for certain capital improvements that Red Bull  
9 has chosen to their stadium. More importantly, to  
10 the Township, that will be the mechanism, what we  
11 call the unpledged portion of that payment, will  
12 go, because the improvement authority has legal  
13 authority to enter into a pilot agreement with the  
14 town. And we had to use the improvement  
15 authority's law here, because if you use the  
16 normal, traditional, long-term tax exception law,  
17 you can only use that for improvements that are  
18 not yet in existence.

19 This thing has been built. So the only  
20 mechanism that we saw that existed that could fit  
21 our needs was the county improvement authority,  
22 which is why we transferred everything to the  
23 improvement authority. They will get the lease  
24 payments. And then they will remit to the  
25 township its share of what is effectively a pilot

1 payment for the use of the facility, resolving  
2 once and for all, the long, ongoing dispute  
3 between the Red Bulls. And, as Ed said, there  
4 were different interpretations of the original  
5 documents and whether they should or should not be  
6 paying property taxes. But in the end, this deal  
7 locks in a pilot payment through 2038 with the  
8 possible extension for five-year extensions to  
9 2058.

10           So the town wants this to happen for  
11 several reasons. Number 1 being budget certainty  
12 for that period of time. But possibly, most  
13 importantly, even though the town has won in the  
14 court case at the lower court and the appellate  
15 division, if they were to lose now at the Supreme  
16 Court, the number now is, I believe, over  
17 \$18,000,000.

18           MS. SIMOSE: \$18,000,000 in arrears.

19           MR. PEARLMAN: And that is a number,  
20 simply a downsize risk number this town simply  
21 cannot afford. So they've locked in a number that  
22 they believe is fair. It's a number that Red Bull  
23 can live with. They're an international company.  
24 So even though we would negotiate with the locals,  
25 they go back to Austria to get approval. We

1 obviously have the improvement authority involved,  
2 the county is taking some actions later today with  
3 the Section 56 resolution, we hope. The  
4 re-development agency was involved. Multiple  
5 players who are all here. We think it's a fair  
6 deal for all. And we --

7 MR. CUNNINGHAM: So the settlement  
8 obviates the need to continue litigation in front  
9 of the Supreme Court and take the risks.

10 MR. PEARLMAN: Yes.

11 MR. CUNNINGHAM: The settlement obviates  
12 the risk -- and you and I have talked about this  
13 multiple times, but I think it bears repeating for  
14 the record -- of winning the battle losing the war  
15 --

16 MR. PEARLMAN: Right.

17 MR. CUNNINGHAM: -- by potentially  
18 having the facility vacated by the Red Bulls,  
19 which they could afford to do, if they so choose.

20 MR. PEARLMAN: Indeed.

21 MR. CUNNINGHAM: And this also allows  
22 that the stadium can be used for more public  
23 events than have been previously hosted.

24 MR. PEARLMAN: Yes. 48 are required, I  
25 believe. 48.

1 MR. CUNNINGHAM: 48.

2 MR. PEARLMAN: Yes. Under the current  
3 contract.

4 MR. CUNNINGHAM: So 48 public events.

5 MR. PEARLMAN: Per year.

6 MR. CUNNINGHAM: Okay. I do think it  
7 bears repeating that we have met on this numerous  
8 times. We talked about this settlement when you  
9 were first retained sometime ago and all along the  
10 way. And I know that this had to be one of the  
11 more complicated pieces of litigation that I think  
12 Steve, you probably have been involved with.  
13 Particularly hairy the overseas interest  
14 associated with the Red Bulls. So this certainly  
15 isn't a matter of first impression to the  
16 Division. And I think that the staff report, you  
17 know, clearly set forth or summarized what was  
18 already in the application. So what the action in  
19 front of the Board today is positive findings of  
20 the project Under 48 5 A 6.

21 MR. PEARLMAN: Correct.

22 MR. CUNNINGHAM: And I believe you put  
23 this on the record, but I want to make sure, the  
24 issue carries with it a not to exceed amount of  
25 \$2,000,000.

1 MR. PEARLMAN: Correct.

2 MR. CUNNINGHAM: I do also want to say  
3 that I work closely with Harrison being a  
4 transitional aid town, and, certainly, understand  
5 that Gabby doesn't have \$18,000,000 laying in an  
6 account somewhere. If she did, then we would have  
7 bigger problems. But I think, you know, we work  
8 very closely with the town. And I have had  
9 conversations with the Mayor about this, as well.  
10 So it's a complicated settlement, but I think it's  
11 a settlement that's prudent and really eliminates  
12 a lot of risk to the town and to the improvement  
13 authority, which I think is a key component to why  
14 this is before us today. But given the  
15 complexities, I just wanted to make sure that the  
16 Board had ample opportunity to ask the applicants  
17 or their counsel any questions regarding the  
18 settlement, about the stadium or anything else  
19 that would be a related concern.

20 If not, okay. If not, I'll make the  
21 motion for positive findings. And I would ask for  
22 a second from one of my colleagues.

23 MS. RODRIGUEZ: Second.

24 MR. CUNNINGHAM: Ms. Rodriguez seconds.

25 Role call, please.

1 MS. McNAMARA: Mr. Cunningham?

2 MR. CUNNINGHAM: Yes.

3 MS. McNAMARA: Mr. Avery?

4 MR. AVERY: Yes.

5 MS. McNAMARA: Ms. Rodriguez?

6 MS. RODRIGUEZ: Yes.

7 MS. McNAMARA: Mr. Blee?

8 MR. BLEE: Yes.

9 MS. McNAMARA: Mr. Light?

10 MR. LIGHT: Yes.

11 MR. McNAMARA: Mr. DiRocco?

12 MR. DIROCCO: Yes.

13 MR. PEARLMAN: Thank you all very much.

14 MR. CUNNINGHAM: And I do thank all of  
15 you for the work you put in on this. I do thank  
16 you for continually keeping me and the rest of  
17 the division apprised. I think that, that work,  
18 the ground work that you laid, really allowed us  
19 to get to this point today. And to get there in  
20 really comfortable fashion. So, hopefully, you  
21 know, this puts the worst of it behind the  
22 parties, and we won't have to meet on it anymore.

23 MR. PEARLMAN: And the closing is  
24 anticipated in mid-December. Litigation will be  
25 dismissed at that time. But we'll report back

1 when that happens.

2 MR. CUNNINGHAM: Yes. Please do. Thank  
3 you.

4 So returning to the application of the  
5 Newark City Housing Authority ... so, Members,  
6 this staff report had been provided to you  
7 electronically, but I asked that hard copies be  
8 provided, and that's what was just circulated to  
9 you. I will let the applicant discuss the matter  
10 and then we can kind of explain some of the  
11 changes that have happened.

12 So, everyone, welcome. Would you  
13 introduce your colleague and those that aren't  
14 Counsel be sworn.

15 MR. JOHNSON: Sure. My name is Everett  
16 Johnson, Bond Counsel to the Newark Housing  
17 Authority, from the firm of Wilentz, Goldman and  
18 Spitzer. To my left is Tim Eismeier. He is  
19 financial advisor for the housing authority and  
20 the City, NW Financial. To my right is Morris  
21 Warner, he is the Director of Development for the  
22 Newark Housing Authority. I want to say, for the  
23 record, Jack Kelly, the B.A. of the City, had a  
24 City Council meeting to attend this morning, so he  
25 wanted to be here, but he couldn't make it down

1 for the meeting.

2 MORRIS WARNER AND TIMOTHY EISMEIER,

3 Having been first duly sworn, were examined and

4 testified as follows:

5 MR. CUNNINGHAM: Good morning, all. The  
6 Housing Authority is seeking positive findings of  
7 the local authority for the proposed law for the  
8 proposed project financing and the ability to  
9 issue not to exceed 65 million dollars out of the  
10 principal amount of Port Authority Port Newark  
11 Marine Terminal, additional rent back refunding  
12 bonds on a negotiated basis on the local  
13 re-development housing law.

14 Just to give you guys some background on  
15 this transaction, in 2004 the Authority issued 270  
16 million dollars of Port Authority Port Newark  
17 Marine Terminal additional rent back bonds  
18 primarily used the proceeds to finance the  
19 construction of the current Prudential arena. And  
20 the bonds were financed by virtue of a settlement  
21 with a lawsuit between the City and the Port  
22 Authority of New York and New Jersey back in 2002.  
23 Whereas, the City had the option to receive a lump  
24 sum upfront payment of 165 million dollars or 12.5  
25 million dollars over a 30-year period. The City

1 elected to maximize the benefits of the agreement  
2 and receive a 12.5 million dollars over a 30-year  
3 period. They then entered into an agreement with  
4 the Authority whereby they pledged those revenues  
5 over to the authority to finance the principal and  
6 interest on debt issued by the Authority to  
7 finance the arena project. And in 2007, the  
8 authority issued \$168,320,000 of bonds to  
9 re-finance those 2004 bonds. And, today, the  
10 Authority and the City had determined that it is  
11 in the best interest of the City to currently fund  
12 the outstanding portion of the cost of the 2007  
13 bonds in the amount not to exceed 265 million  
14 dollars. And I will turn over to Tim to discuss  
15 the actual structure of the deal with regards to  
16 the savings.

17 MR. EISMEIER: Sure. The projected  
18 savings is very significant. It's around a little  
19 over six million dollars on a net present value  
20 basis, which is slightly over ten percent on the  
21 bonds that we're refunding. The structure of the  
22 2007 bonds is a little odd in that, though,  
23 they're callable on January 1, 2017, the only  
24 maturities that are callable are in the Years 2033  
25 through 2037. The result of that is if the

1     refunding was structured as a typical level  
2     savings re-financing, the bulk of the savings  
3     would actually occur between 2033 and 2037. And  
4     the other unusual aspect is that because these  
5     bonds were paid solely by the Port Authority rent  
6     payment, the City doesn't currently budget  
7     anything on debt service year. It's just the  
8     revenue comes in directly from Port Authority to  
9     the trustee who pays bond holders. So any savings  
10    that is generated effectively comes into the City  
11    as a revenue, as opposed to a reduction in  
12    otherwise appropriations they would have.

13             After consulting with the City, you  
14    know, they took a look at their budget for the  
15    next few years. Obviously, as everyone knows, the  
16    City is a transitional aid recipient and under  
17    state supervision. It didn't make a whole lot of  
18    sense for the City to have to re-finance these  
19    bonds to generate most of the savings 15 years  
20    plus out from now. And we wanted to come out with  
21    a solution that generated a substantial amount of  
22    savings for the City's 2017 budget. The City has  
23    a structural budget gap. Though, it's much lower  
24    than it was four or five years ago, it's still a  
25    significant number. Our application requested an

1     upfront savings amount of approximately three and  
2     a half million dollars in 2017 with substantially  
3     level savings thereafter.  As I'm sure the  
4     Director knows, we've had a variety of  
5     conversations on this over the last couple of  
6     weeks.  With local government services --

7             MR. CUNNINGHAM:  Last couple of days.  
8     We were dealing with this as late as Monday.  Late  
9     Monday.

10            MR. EISMEIER:  Right.  So I think there  
11     is a middle ground solution in terms of, you know,  
12     that's going to come out of those discussions.  
13     But, obviously, our goal was to generate as much  
14     savings as possible in 2017 to deal with the  
15     City's structural deficit.

16            MR. CUNNINGHAM:  To explain it to my  
17     colleagues on the Board, the initial application  
18     as presented wasn't acceptable to the Division.  
19     We felt that it frontloaded too much of the  
20     savings up front, but the Division worked with  
21     Counsel and NAFA and we arrived at the revised  
22     schedule that significantly lowers the front  
23     loaded savings.  So the remaining years of  
24     refunding have large level of service each year.  
25     The savings are now estimated at 1.4 million as

1       opposed to the 3 6 that was originally included in  
2       the application; is that right?

3                   MR. EISMEIER:   That's correct.

4                   MR. CUNNINGHAM:   So as I often say at  
5       these meetings, and I've already said at this  
6       meeting, the Division does a lot of the heavy  
7       lifting with the applications before they actually  
8       make their way to the Board.  And I just want the  
9       Board to know that, you know, we really analyze  
10      this and had conversations.  And I think -- I  
11      don't even know what time it was Monday, by the  
12      time this was finally kind of shaken out.

13                   I also just want to ask a question or  
14      find out, the 2015 housing authority audit was due  
15      in June, but has not been received yet.  Is that  
16      something that we can expect?

17                   MR. WARNER:   Yes.  You can expect that.

18                   MR. CUNNINGHAM:   Soon?

19                   MR. WARNER:   Yes.

20                   MR. CUNNINGHAM:   Make that a condition  
21      of the resolution.  I was just going to ask for  
22      your commitment that that gets submitted to us as  
23      soon as possible.  I don't want to hold the whole  
24      deal up because of that.  Any questions from the  
25      Board?

1                   Gentlemen, I just want to -- there had  
2    been some, also, in the application, that the  
3    savings on this deal, they're going to the City?

4                   MR. EISMEIER: That's correct.

5                   MR. CUNNINGHAM: And they're going only  
6    to the City entirely?

7                   MR. EISMEIER: Yes.

8                   MR. CUNNINGHAM: I'm sorry. Any  
9    questions of the Board? Okay.

10                  Before we take a vote, I just want to  
11    deal with one housekeeping item. We have a new  
12    board member, Mr. DiRocco. Active or elected in  
13    Wall Township. Wall Township uses NW as their FA,  
14    not that I believe you issue a lot of debt. But  
15    as we did at the last meeting when Mr. Close  
16    joined the Board, we just acknowledge that there  
17    is no other personal or financial relationship  
18    between Mr. DiRocco and NW Financial. But  
19    Mr. DiRocco brought the issue to my attention, and  
20    we just wanted to put on the record, we don't feel  
21    there is any conflict and Mr. DiRocco is entitled  
22    to vote on this matter.

23                  With that housekeeping aside, I would  
24    ask for a motion and a second on this application  
25    as it's been modified and presented to the Board.

1 MS. RODRIGUEZ: I'll make a motion.  
2 MR. CUNNINGHAM: Ms. Rodriguez makes the  
3 motion.  
4 MR. BLEE: Second.  
5 MR. CUNNINGHAM: Mr. Blee seconds.  
6 Role call, please.  
7 MS. McNAMARA: Mr. Cunningham?  
8 MR. CUNNINGHAM: Yes.  
9 MS. McNAMARA: Mr. Avery?  
10 MR. AVERY: Yes.  
11 MS. McNAMARA: Mr. Rodriguez?  
12 MS. RODRIGUEZ: Yes.  
13 MS. McNAMARA: Mr. Blee?  
14 MR. BLEE: Yes.  
15 MS. McNAMARA: Mr. Light?  
16 MR. LIGHT: Yes. Yes. Excuse me.  
17 MS. McNAMARA: Mr. DiRocco?  
18 MR. DIROCCO: Yes.  
19 MR. CUNNINGHAM: Thank you.  
20 MR. JOHNSON: Thank you.  
21 MR. CUNNINGHAM: The Monmouth County  
22 Improvement Authority has deferred their  
23 application, so we will move to the City of Asbury  
24 Park. Good morning. Would you, please, be  
25 identified and those that aren't Counsel be sworn

1 in.

2 MR. CANTALUPO: My name is John  
3 Cantalupo, bond counsel to the City of Asbury  
4 Park.

5 MR. CAPABIANCO: Michael Capabianco,  
6 city manager.

7 MR. EISMEIER: Tim Eismeier, NW  
8 Financial, financial consultant to the City.  
9 Jennifer Credidio, re-development counsel to the  
10 City.

11 MR. BRADLEY: Brian Bradley, placement  
12 agent.

13 MR. PEARLMAN: Steve Pearlman, counsel  
14 to the re-development.

15 MS. CREDIDIO: C-r-e-d-i-d-i-o.

16 MR. CAPABIANCO: C-a-p-a-b-i-a-n-c-o.

17

18 JENNIFER CREDIDIO, MICHAEL CAPABIANCO,

19 TIMOTHY EISMEIER,

20 Having been first duly sworn, were examined and  
21 testified as follows:

22 MR. CUNNINGHAM: John, before you start,  
23 just as I kind of ended up the last application,  
24 Archer Greiner is Counsel to Wall. Again,  
25 Mr. DiRocco brought the issue to my attention.

1 Just as we had with Mr. Close last month, no other  
2 personal or financial interest. We just wanted to  
3 note it for the record, but we don't believe there  
4 is any conflict that exists. We have counseled  
5 Mr. DiRocco to that regard, and he should be free  
6 to vote on this application.

7 Okay. Thank you. Do you want to  
8 introduce the application?

9 MR. CANTALUPO: We're here today -- this  
10 is an exciting project in Asbury Park -- to issue  
11 not to exceed 17.5 million dollars of  
12 re-development area bonds that are not general  
13 obligations to the City, and they are  
14 non-recourse. This project is for, if any of you  
15 have been down to the waterfront in Asbury Park,  
16 there has been steel girders in the water front  
17 area on this particular block for probably since  
18 the mid-'90s. It is the former Esplanade  
19 property. And this hotel parking deck residences  
20 and commercial property project that is  
21 approximately about 200 million dollar project  
22 being undertaken by the redeveloper Istar will  
23 replace those steel girders that have been sitting  
24 down there for over 20 years.

25 As I explained before, the issue of 17.5

1 million of re-development area bonds, the City  
2 will pledge the special assessment payments coming  
3 from those properties and from the special purpose  
4 entity created by the re-developer and that money  
5 will secure and pay for the bonds. The net  
6 revenue to the City under the project is roughly  
7 \$2,000,000. Right, Jen?

8 MS. CREDIDIO: Yes.

9 MR. CANTALOUPE: We are happy to go into  
10 detail of a number of other issues. But we're  
11 seeking approval to issue the re-development area  
12 bond as well as pledging the special assessments  
13 to secure the payment of those redevelop area  
14 bonds. I know that Michael, the city manager, has  
15 a couple of exciting news items regarding the City  
16 and its recent assessment, and we'll also have Tim  
17 Eismeier speak regarding the -- why would we go  
18 out to privately negotiate these bonds with Istar,  
19 themselves and why the interest rates are what  
20 they are. So with that, Michael.

21 MR. CAPABIANCO: Thank you, everyone.  
22 This is a similar program to what was done with  
23 South Branch and the Asbury Hotel. Very  
24 successful projects. In regards to what's  
25 generally happening in the City, all are utility

1 revenues. We have the parking, beach revenues  
2 have exceeded expectations. And I just received  
3 yesterday from our tax assessor that the  
4 evaluation in the City went up about 6.8 or 6.83  
5 percent for another 80 million dollars in  
6 valuation. So we're on the right track to getting  
7 out of transitional aid.

8           This project is 2 million. This year we  
9 received one million dollars in transitional aid.  
10 If we are still on transitional aid when this  
11 comes -- when the components come onboard, this  
12 transitional aid for, for the City, but we  
13 anticipate being out of it in the next year or  
14 two. No more than two years.

15           MR. CUNNINGHAM: Year.

16           MR. CAPABIANCO: Year. As John  
17 mentioned, it's \$2,000,000, which is, you know,  
18 people are salivating. One of the things that I  
19 would like to applaud for the developer was our  
20 work force component. We, on Friday, we're having  
21 a joint session of pre-application qualifications.  
22 It is to get more local businesses involved.  
23 Previously, it was the City had always said hire  
24 employees and it did not work or hire contractors  
25 and it didn't work. But this time we wanted to

1 take a longer term by solving this issue by saying  
2 let's get people and a data base of contractors,  
3 because you might not be eligible for this  
4 project. You might not meet these qualifications,  
5 but something down the road, we can actually try  
6 to help our work force where we have 15 percent  
7 unemployment. So this project is going to be  
8 obviously huge for the region, not just the City.  
9 Tim.

10 MR. EISMEIER: Sure. And as John  
11 mentioned, it's our anticipation that the bonds  
12 will be purchased by a related entity to the  
13 developer. This is very common with  
14 re-development area bonds that are issued for the  
15 main reason is that there is just not a very well  
16 established, at all, market for these types of  
17 bonds. Very few of them get purchased by third  
18 parties. It's particularly important in this  
19 case, just given the history of development in the  
20 city prior to the last couple of years, when they  
21 were very highly publicized failed re-development  
22 projects. The goal, long-term, is that these will  
23 be marketable re-development area bonds. There  
24 are other projects coming down the pike.

25 This project, in particular, is -- it is

1 a highrise steel construction development, which  
2 makes it the first of its kind as compared to the  
3 other Istar projects that were built. And as I  
4 said, those are the reasons why we're looking at  
5 this as a private sale to a related entity of the  
6 developer.

7 MR. CUNNINGHAM: Would you accept as a  
8 condition on our approval as the Local Finance  
9 Board has done in the past on related party  
10 transactions, that the division review pricing of  
11 the transaction?

12 MR. EISMEIER: Yes.

13 MR. PEARLMAN: Yes. In the past you  
14 prepared a memo in conjunction with --

15 MR. CAPABIANCO: We substantiated the  
16 interest rate based upon, as Tim had said, there  
17 is few and far between in the country, but they're  
18 commensurate with other non-rated 30-year  
19 transactions. Not a problem.

20 MR. CUNNINGHAM: Steve, did you want to  
21 say anything?

22 MR. PEARLMAN: Yes. There really is no  
23 market for this kind of transaction. There really  
24 is no banking market. The Istar is putting in  
25 their own equity. Sometimes you do RAB deals and

1     there is a bank piece to it.  There is not here.  
2     And the other piece I would like to put on the  
3     record and reserve the right, while we do  
4     initially, our affiliate intends to buy this bond,  
5     there is a written in the documents the ability  
6     and there is the hope and desire that some day  
7     once these things are built up, of running cash  
8     flowing like some of the other deals which have  
9     been successful.  The BA mentioned that these  
10    deals get packaged together and re-marketed to the  
11    secondary market.  And that's when you can truly  
12    say we have a success story here, because these  
13    deals will literally be sold in the market and  
14    work on their own.  That's the goal.  That's where  
15    we all want to get to.  The documents provide for  
16    that, also, somewhere down the road.  Thank you.

17                 MR. CAPABIANCO:  One other thing, these  
18    documents are being issued for public  
19    infrastructure improvement.  They are done for  
20    water, sewer, roads and things like that.  And  
21    that's what the money bond money is being utilized  
22    for, because the developer is responsible for  
23    doing all of those public infrastructure  
24    improvements in the waterfront area in Asbury  
25    Park.

1           MR. PEARLMAN: And they've actually been  
2 doing those improvements to be tax exempt, with  
3 John's opinion. So actually what happens is, this  
4 is a reimbursement process.

5           MR. CUNNINGHAM: I thought there was a  
6 taxable piece. That's what I was going to ask.

7           MR. CANTALUPO: Well, there may be a  
8 taxable piece, depending the tax analysis. The  
9 developer is still in process of giving us all of  
10 the information when the payments and when the  
11 infrastructure improvements are put in place. So  
12 depending on our analysis, we may have full tax  
13 exempt or we may have a bifurcated issue with  
14 taxable and tax exempt.

15           MR. PEARLMAN: There is a look-back and  
16 some pieces could be out of time. But it is  
17 unclear if we're doing that in the issue, since  
18 this is part of a series of deals, it might come  
19 in a different deal.

20           MR. CANTALUPO: Right. Exactly. We  
21 just wanted to preserve that right in our  
22 application, in case when we did the analysis,  
23 that there was a component that is going to be  
24 taxable.

25           MR. CUNNINGHAM: I don't know that we

1 really put the project, itself, on the record.  
2 This will be the construction of what the  
3 developer is calling 1101 Ocean. So it's going to  
4 be mixed use, 16 story, approximately, 130 condos,  
5 a 56 room hotel with 21,000, almost \$22,000 of  
6 ground floor retail and about another 12,000 of  
7 commercial space on upper level with structured  
8 parking of 415 spots.

9 MR. PEARLMAN: And the hotel.

10 MR. CUNNINGHAM: Yes, I did. And the  
11 hotel.

12 MR. PEARLMAN: 56 room.

13 MR. CUNNINGHAM: And I should mention  
14 that I, personally, and other division staff have  
15 been working with the City closely. I've been  
16 working with the developer. We've actually gone  
17 down and toured some of the projects. We went to  
18 the top of the hotel. Looked at the site. Talked  
19 about how they're going to reuse some of the  
20 structural steel that's been sticking out for so  
21 long, using some of those footings and that type  
22 of thing.

23 I think it's truly transformative  
24 development, having capitalized developer that is  
25 doing a lot of work. I spent some time there. I

1 could just see how far along Asbury is coming  
2 along. And I know we are going to be talking  
3 about Atlantic City later, but I think it gives  
4 everyone a little vision that says, you know,  
5 development along the Atlantic Ocean is possible,  
6 can be done very well and in Asbury Park's case,  
7 it is certainly being done very well.

8 Any questions from the Board on this?  
9 Okay. So the application in front of us is, I  
10 guess, two fold. Motion to approve the issuance  
11 of re-development area bonds and motion to permit  
12 private sale of re-development area bonds.

13 MR. CANTALUPO: Yes. And to also have  
14 the pledge of the special assessments to pay for  
15 the bonds.

16 MR. CUNNINGHAM: Yes. Okay.

17 MR. LIGHT: Two separate motions?

18 MR. CUNNINGHAM: No. We can do it as  
19 one. And I will actually make the motion to  
20 approve the application as listed.

21 MS. RODRIGUEZ: Second.

22 MR. CUNNINGHAM: Ms. Rodriguez seconds.  
23 Role call, please.

24 MS. McNAMARA: Mr. Cunningham?

25 MR. CUNNINGHAM: Yes.

1 MS. McNAMARA: Mr. Avery?

2 MR. AVERY: Yes.

3 MS. McNAMARA: Ms. Rodriguez?

4 MS. RODRIGUEZ: Yes.

5 MS. McNAMARA: Mr. Blee?

6 MR. BLEE: Yes.

7 MS. McNAMARA: Mr. Light?

8 MR. LIGHT: Yes.

9 MS. McNAMARA: Mr. DiRocco?

10 MR. DIROCCO: Yes.

11 MR. CUNNINGHAM: And I hope my motion  
12 was clear. Just so we know what we're voting on,  
13 that included the condition that we review the  
14 terms of the sale.

15 MR. CANTALUPO: Yes.

16 MR. CUNNINGHAM: Thank you. And I wish  
17 you continued good luck.

18 We're going to dispatch with a couple  
19 other issues quickly. Members in your packets we  
20 have some adopted amendments of third-party  
21 disbursement, electronic disbursement regulations.  
22 The staff has worked with various stakeholders and  
23 the text is included in your package. If the text  
24 is acceptable, can I have a motion and a second?

25 MR. LIGHT: I'll make a motion.

1 MR. CUNNINGHAM: Mr. Light motions.  
2 MR. BLEE: Second.  
3 MR. CUNNINGHAM: Mr. Blee seconds.  
4 Role call, please.  
5 MS. McNAMARA: Mr. Cunningham?  
6 MR. CUNNINGHAM: Yes.  
7 MS. McNAMARA: Mr. Avery?  
8 MR. AVERY: Yes.  
9 MS. McNAMARA: Ms. Rodriguez?  
10 MS. RODRIGUEZ: Yes.  
11 MS. McNAMARA: Mr. Blee?  
12 MR. BLEE: Yes.  
13 MS. McNAMARA: Mr. Light?  
14 MR. LIGHT: Yes.  
15 MS. McNAMARA: Mr. DiRocco?  
16 MR. DIROCCO: Yes.  
17 MR. CUNNINGHAM: Secondly, we have some  
18 proposed amendments and new rules. When the local  
19 -- when the clean-up bill, as we affectionately  
20 called it, was adopted, we were able to change  
21 some of the regulations. Staff has included text  
22 relating to Amendments 5 30 2 5 and Numeral 5 31 8  
23 1. If that text is acceptable to the Members, I  
24 would ask for a motion and a second.  
25 MR. BLEE: Motion.

1 MR. CUNNINGHAM: Motion.

2 MR. LIGHT: Second.

3 MR. CUNNINGHAM: Mr. Light seconds.

4 Role call, please.

5 MS. McNAMARA: Mr. Cunningham?

6 MR. CUNNINGHAM: Yes.

7 MS. McNAMARA: Mr. Avery?

8 MR. AVERY: Yes.

9 MR. McNAMARA: Ms. Rodriguez?

10 MS. RODRIGUEZ: Yes.

11 MS. McNAMARA: Mr. Blee?

12 MR. BLEE: Yes.

13 MS. McNAMARA: Mr. Light?

14 MR. LIGHT: Yes.

15 MS. McNAMARA: Mr. DiRocco?

16 MR. DIROCCO: Yes.

17 MR. CUNNINGHAM: Lastly, the Executive

18 Secretary has provided Local Finance Board 2017

19 meeting dates. We would like to vote on these and

20 have them adopted by the Board. If these meeting

21 dates are acceptable, I would ask for a motion and

22 a second.

23 MR. BLEE: Motion.

24 MR. CUNNINGHAM: Mr. Blee made the

25 motion. Mr. Light?

1 MR. LIGHT: Second.

2 MR. CUNNINGHAM: Second. And role call,  
3 please?

4 MS. McNAMARA: Mr. Cunningham?

5 MR. CUNNINGHAM: Yes.

6 MS. McNAMARA: Mr. Avery?

7 MR. AVERY: Yes.

8 MS. McNAMARA: Ms. Rodriguez?

9 MS. RODRIGUEZ: Yes.

10 MS. McNAMARA: Mr. Blee?

11 MR. BLEE: Yes.

12 MS. McNAMARA: Mr. Light?

13 MR. LIGHT: Yes.

14 MS. McNAMARA: Mr. DiRocco?

15 MR. DIROCCO: Yes.

16 MR. CUNNINGHAM: So it is now 11:10. We  
17 have two matters remaining on the agenda. The  
18 City of Atlantic City. The adoption of the budget  
19 and confirmation of powers. I would ask if we  
20 could take an adjournment and take these matters  
21 up at 11:30. Is that acceptable to the Board?  
22 We'll consider ourselves adjourned for 20 minutes  
23 and come back and deal with these matters.

24

25

1           MR. CUNNINGHAM: This meeting having  
2     been previously opened to the public and remained  
3     so, we can go right back to the portion of the  
4     agenda dealing with the City of Atlantic City.

5           As a matter of housekeeping, there was a  
6     sheet passed around of people who would like to  
7     speak from the public. And if you didn't sign up  
8     already, that's okay. We can accept additional  
9     comments, but because of the large number of  
10    people that are expected to speak, we're going to  
11    ask that comment be limited to three minutes.  
12    Although, the Mayor, I note that you're on here.  
13    And I, obviously, don't expect a three-minute  
14    policy to apply to you. But for the rest, I would  
15    ask that you endeavor to keep your comments to  
16    that purpose -- I'm sorry -- to that time limit.

17           We have two separate matters in front of  
18    the Board today. The first is the adoption of the  
19    City of Atlantic City's budget. And the next is  
20    the confirmation of powers under the Municipal  
21    Stabilization and Recovery Act. I will be voting  
22    on the adoption of the budget; however, I will be  
23    recusing myself from the second portion regarding  
24    Stabilization and Recovery Act for the reason that  
25    action would or could potentially confer powers

1 upon the director, and that's my other position.  
2 And I feel it would be a conflict of interest to  
3 vote in that regard. So I will be turning the  
4 gavel over to Mr. Light, the Board's Vice Chair,  
5 to handle that matter.

6 So moving to the matter of the proposed  
7 adoption of the budget --

8 MR. BLEE: Mr. Chairman?

9 MR. CUNNINGHAM: Mr. Blee.

10 MR. BLEE: Just for the record, as I've  
11 done in the past, due to my employment, I will be  
12 recusing on both matters.

13 MR. CUNNINGHAM: On both matters.

14 MR. BLEE: So I will be stepping down  
15 from the matters.

16 MR. CUNNINGHAM: Mr. Blee, thank you for  
17 that.

18 So, Members of the Board, you have been  
19 provided in your packets, packets the Division's  
20 recommendations for the City of Atlantic City's  
21 calender year '16 budget. Those recommendations  
22 set forth a series of proposed amendments. And I  
23 would remind everyone that the Local Finance Board  
24 is adopting the City's budget for them in  
25 accordance with the Local Government Supervision

1 Act. I want to know for the public and for the --

2 (Brief Interruption.)

3 MR. CUNNINGHAM: It would be helpful if  
4 members of the press could at least stay  
5 stationary. It is very distracting as we are  
6 trying to get through the meeting. I understand  
7 there is a lot of attention and we certainly want  
8 to provide full access. I'm catching it out of  
9 both corners of my eyes, and it is making it very  
10 distracting for me and for the other members.

11 So the Local Finance Board has in front  
12 of it today amendments to the City's budget. And  
13 notably, I want to be clear that the municipal  
14 purpose levy that's being adopted by the Board is  
15 going to be higher than the budget initially  
16 proposed and submitted by the City. However, it  
17 is, nevertheless, lower than the Calendar Year '15  
18 amount by nearly five million dollars. This will  
19 result in overall property tax bills being kept  
20 nearly identical to last year's levels. And, in  
21 fact, on average, when we look at the county, the  
22 municipal and the school piece, the average house  
23 will see about a \$13 Les amount on the property  
24 tax bill.

25 In order to accomplish this, the

1 municipal tax rate is being set at 1.897 cents per  
2 \$100 of assessed. That does not include the  
3 library. The City has had proposed 1.7471. This  
4 will result in the interjection of 9.8 million  
5 dollars of cash into the City's budget, which, I  
6 think, given their financial circumstances, is  
7 direly needed.

8           Also, of note, the Division has awarded,  
9 as has been communicated to the Mayor and to the  
10 City Council, we have awarded the City 26.2  
11 million dollars in transitional aid. This is more  
12 than double the amount that the City received in  
13 2015 and some other notable modifications. The  
14 receipt from delinquent taxes has been reduced to  
15 zero as a result of the City's inability to  
16 conduct an accelerated tax sale given the timing  
17 of this action. Those funds will be carried  
18 forward to 2017. And in addition the City sold  
19 property in '16 of which, I think, 7 and change  
20 was the total amount, of which we think five  
21 million is going to be realized in Calendar Year  
22 '16. Of that we're going to modify the budget to  
23 include 1.2 million dollars to increase the  
24 reserve for uncollected taxes. And there were  
25 some other appropriation numbers that have been

1 modified and adjusted in accordance with figures  
2 provided by the City. I do note that the City  
3 submitted amendments to the Division very late  
4 Monday. They came in way after packages had been  
5 provided to the Board members. I think the  
6 Division will work with the City, as we always do.  
7 And if anything needs to be handled, we can handle  
8 them through the transfer process.

9           The most important thing that I think to  
10 note that is in front of the Board today, is that  
11 the City of Atlantic City needs to have the budget  
12 adopted today so that tax bills can be issued  
13 immediately and timely so that tax revenue can be  
14 recognized in Calendar Year '16.

15           So, Members, with that, I would ask  
16 whether you have any questions on the amendments  
17 that have been provided to you in the Board  
18 package. Hearing none, we will open up for public  
19 comment on the budget only. We open public  
20 comment, again, on the budget only, not on the  
21 Municipal Stabilization and Recovery Act. And I  
22 would ask whether there is anyone that wants to be  
23 heard on the municipal budget.

24           MR. MAYOR: Ladies and gentlemen, good  
25 morning and thank you for reviewing our budget for

1 the third year. We come to you in troubled  
2 waters. We are very concerned about the taxes  
3 more than anything else. The residents of  
4 Atlantic City in the last six years have  
5 experienced a 51 percent increase in county taxes,  
6 an 81 percent increase in municipal taxes and 163  
7 percent increase in education taxes. Combined  
8 it's is 105 percent. I know that the policy is  
9 normally to have a tax increase when we receive  
10 transitional aid. But my point is that 105  
11 percent over the last six years really does pay up  
12 front with compounded effects, the amount that  
13 residents have paid. With the closing of four  
14 casinos, five casinos now and 25 percent of the  
15 jobs obliterated in Atlantic City with 1400 homes  
16 that are currently not -- failing to meet their  
17 mortgage and are in foreclosure and over 500 homes  
18 abandoned that any additional taxes won't be  
19 realized any positive note for the City, because  
20 people will walk away from their homes or just  
21 wait until we come and foreclose. So we ask your  
22 consideration on this.

23 Certainly, we are in a transitional  
24 period. And as additional funds are coming  
25 through Comptrick (ph), through transitional aid

1 through the IATs and the CRDAs and through  
2 additional revenues of the casinos. I would be  
3 happy to answer any other questions you have.

4 MR. CUNNINGHAM: Any other public  
5 comment? Anyone that wants to be heard on the  
6 municipal budget portion of the agenda? Okay. I  
7 made an error. We do have another Board member  
8 that wanted to be -- to participate in today's  
9 meeting telephonically. We did not dial him in.  
10 I think for purposes of conversation, we should  
11 dial him in now. I do apologize for that, and I  
12 just ask for a moment of your time.

13 (Pause.)

14 MR. CUNNINGHAM: Mr. Close, I apologize.  
15 We dialed you in a little bit late. We're on the  
16 matter of the agenda dealing with the adoption of  
17 the City of Atlantic City's Calendar Year '16  
18 budget. I explained to your colleagues on the  
19 Board the amendments that were provided in your  
20 package. And the Mayor, you know, as part of the  
21 public comment portion offered his comments and  
22 concerns about the municipal tax rate. I asked  
23 whether anyone else from the public wanted to be  
24 heard on the budget. Hearing none, I am going to  
25 close the public comment portion of the budget. I

1 just want to reiterate to the Board members that  
2 the City had no tax increase in 2015. We're not  
3 forcing the City to max the levy workbook. As  
4 property values drop, the rate needs to increase  
5 just to stay stable, but, nevertheless, we're  
6 adopting a rate where the overall property tax  
7 bill to be seen by the average assessed home would  
8 be \$13 lower than it was in Calendar Year '15. I  
9 would ask my colleagues on the Board if they have  
10 any questions about the Calendar Year '16 budget  
11 adoption as provided in the packets?

12 MR. DIROCCO: Mr. Chairman, can you  
13 clarify a little bit on the overall tax? So is it  
14 the entire tax levy amongst all of the taxing  
15 entities that comprise the municipal bill is  
16 actually going down in this budget? Is that --

17 MR. CUNNINGHAM: Yes. The average home  
18 will see a \$13 decrease in the overall property  
19 tax bill made up of the municipal portion, the  
20 county portion and the school portion.

21 MR. DIROCCO: And that's with the actual  
22 municipal rate going up?

23 MR. CUNNINGHAM: Yes.

24 MR. DIROCCO: And that's because it's a  
25 compendium of all of the other items in the tax

1 bill?

2 MR. CUNNINGHAM: It's a combination of  
3 other factors.

4 COUNCILMAN SHABAZZ: Can I just add my  
5 comment to the record?

6 MR. CUNNINGHAM: Yes. Just, please,  
7 Councilman, identify yourself for the record.

8 COUNCILMAN SHABAZZ: Councilman Kaleem  
9 Shabazz, councilman in Atlantic City. And I think  
10 that I want to make sure, for the record, that I  
11 associate myself as a councilman. But with the  
12 Mayor's remarks about our concern with the tax  
13 rate -- and I appreciate what you said about the  
14 level that it's going to go up. But we want to be  
15 on record as Council members that we are widely  
16 concerned with the tax rate, with the effect that  
17 it's going to have on our residents, and, as the  
18 Mayor indicated, of the past history of tax  
19 increases. And I'm glad that you took that into  
20 consideration. I want you to know that Council is  
21 extremely concerned about the tax rate and how  
22 that impacts our residents and businesses going  
23 forward.

24 MR. CUNNINGHAM: Understood, Councilman.  
25 Thank you for that comment. Any other comments or

1 questions from the Board. Hearing none, then I  
2 would ask for a motion to adopt the City of  
3 Atlantic City's Calendar Year 16 Budget as  
4 modified and presented to the Local Finance Board.  
5 May I have a motion?

6 MR. DIROCCO: I'll make that motion.

7 MR. CUNNINGHAM: Mr. DiRocco makes the  
8 motion.

9 MR. AVERY: Second.

10 MR. CUNNINGHAM: Mr. Avery seconds. May  
11 I have a role call, please.

12 MS. McNAMARA: Mr. Cunningham?

13 MR. CUNNINGHAM: Yes.

14 MS. McNAMARA: Mr. Avery?

15 MR. AVERY: Yes.

16 MS. McNAMARA:

17 MS. RODRIGUEZ: Yes.

18 MS. McNAMARA: Mr. Light?

19 MR. LIGHT: Yes.

20 MS. McNAMARA: Mr. Close?

21 MR. CLOSE: Yes.

22 MS. McNAMARA: Mr. DiRocco?

23 MR. DIROCCO: Yes.

24 MR. CUNNINGHAM: As indicated, I will be  
25 recusing myself from the dais and asking

1 Mr. Light, as the Board's Vice Chair, to address  
2 the last item on the Board's agenda.

3 MR. LIGHT: Good morning. Let me just  
4 open by making a brief statement and then we'll,  
5 we'll make a motion to -- thank you. How are you  
6 guys? Good morning. At any rate, these are  
7 always difficult times. It's not convenient, easy  
8 situation to come to and management. I'm sure we  
9 can come to some agreement.

10 Some of the things I would like to make  
11 a statement on, and then I will open it to the  
12 public to make comments. Atlantic City has had  
13 some financial difficulties for a period of years  
14 and has been in a financial crisis. The Municipal  
15 State Realization and Recovery Act was established  
16 procedure to deal with municipalities in need of  
17 stabilization and recovery, including a specific  
18 set of management oversight, tax, financial tools  
19 and otherwise unavailable to municipal and state  
20 actors.

21 But pursuant to the Director of the  
22 Division's recommendation under the MSRA, which is  
23 the Municipal Stabilization Recovery Act, on June  
24 6th of 2016 the Commissioner considered the City's  
25 status and issued a final determination that the

1 City was a municipality in need of stabilization  
2 and recovery, and the Director notified the City.  
3 The MSRA then required the City to prepare and  
4 adopt a resolution containing a five-year recovery  
5 plan and to submit that to the Commissioner within  
6 150 days of the final determination, which was to  
7 be no later than November 3rd, 2016. The City  
8 adopted the recovery plan on October 24th of 2016,  
9 and then the City submitted its recovery plan to  
10 the commissioner on October 25th, 2016. The  
11 commissioner's statutory duty was to decide within  
12 five business days in his role -- in his sole and  
13 exclusive discretion whether the recovery plan is  
14 likely or not likely to achieve the financial  
15 stability necessary for the municipality.  
16 Following a comprehensive review, the Commissioner  
17 issued his determination on November 1st, 2016,  
18 and he found that the plan was not likely to  
19 achieve the City's financial stability. So, then,  
20 on November 3rd, 2016, the city submitted  
21 supplemental materials requesting reconsideration  
22 of the Commissioner's decision, and the  
23 commissioner reviewed the City's submission on  
24 Monday, November the 6th. And pursuant to the  
25 MSRA after the commissioner's final agency

1 decision, the Local Finance Board may in its  
2 exclusive discretion re-allocate to and exclusive  
3 in the Director any of the functional powers,  
4 privileges and immunities of the governing body.  
5 So the Finance Board, therefore, at this time is  
6 considering the relocation of those stated powers.  
7 Did I forget anything?

8           We will open, then, this meeting to the  
9 public for comment at this time based on the  
10 information that I just read. Mr. Mayor, I assume  
11 -- we're going to assume -- the Director ask to  
12 keep it to a minimum. So, Mayor, in deference to  
13 the others, we hope to keep it to three minutes.

14           MR. MAYOR: Thank you, Mr. Chairman.  
15 Following the bill being approved by the Governor,  
16 the City had hired three firms that we felt were  
17 the best, nationally, and state-wide, along with  
18 bond counsel to come up with a plan for our fiscal  
19 recovery. We feel that we had an excellent plan  
20 that we presented. We understand that it was at  
21 the discretion of the Commissioner to determine  
22 whether or not he would accept it. We understand  
23 that he did not accept it. We felt that the  
24 original rejection had a number of inaccuracies,  
25 and that's why we provided supplemental

1 information, but he did not change his opinion.

2 He feels the plan was still rejected.

3           From the very beginning Atlantic City is  
4 not going to fix itself by itself. We can't cut  
5 enough funding out. We cannot raise enough income  
6 other than taxes. It's the partnership that we  
7 need that is redirected funds from the casino, and  
8 it is certainly State aid as part of the overall  
9 package that's going to help us. We are very  
10 concerned about our debt load of about half a  
11 billion dollars. And that's why it was so  
12 important for both the monetizing water company in  
13 the purchase of Bader Field, as well as going out  
14 with a QBA to be able to settle about 250 million  
15 dollars of our current debt. Unfortunately, it's  
16 not accepted. I do want to tell you that myself,  
17 the City Council, everyone working with the City  
18 has the same compassion and concern for our City.  
19 We're just trying to fix it and make it better.  
20 We don't think we need to be a ward of the State.  
21 With a little help, Atlantic City will be able to  
22 come back. At this point we have to accept the  
23 recommendations of this Board and the Commissioner  
24 and tell you that we want to work as a partnership  
25 in helping stabilize City government so that we

1 can attract new businesses and new visitors and  
2 certainly people that want to re-invest in a home  
3 in Atlantic City.

4 MR. LIGHT: Thank you, Mr. Mayor.  
5 Councilman, you wanted to make a statement?

6 COUNCILMAN SHABAZZ: Briefly. I've been  
7 with Council seven months. But in the seven  
8 months that I've been on Council, I have been  
9 working with the team that the Mayor has described  
10 that the City hired. And I would suggest  
11 respectfully to this body that we find a middle  
12 course of -- between an absolute takeover and an  
13 abolishment of the local powers and authorities  
14 and move forward with something that combines the  
15 best aspects of what this team has gotten  
16 together. The experts that the Mayor talked about  
17 are people that you all familiar with. These are  
18 firms and personnel that has interacted with state  
19 agencies for decades. And I would suggest that  
20 with us reaching out to them and working  
21 cooperatively with them, that we can work with the  
22 state to fashion a plan short of an absolute  
23 takeover. That is provided by law and that you  
24 do, obviously, have the discretion to do. And I  
25 think that this City Council and this Mayor has

1 shown that we will be responsible, competent and  
2 effective municipal partners to do this and have  
3 Atlantic City move forward. I think it would be  
4 much less controversial and strenuous than a  
5 complete and absolute takeover. And I would  
6 suggest that to you.

7 MR. LIGHT: Thank you. Counsel?

8 MR. McMANIMON: Again, Ed McManimon from  
9 McManimon, Scotland and Baumann. As one of the  
10 consultants who assisted the City in preparing  
11 their report that was rejected by the  
12 Commissioner, which we respect, I've been in the  
13 City almost a little less than the time when the  
14 councilman has brought into assist in this. And I  
15 just want to point out something, that it's very  
16 clear, even with the opposition that exists  
17 internally in Council, that there is a passion and  
18 a love for this City that these people have. And  
19 I think it would be a mistake when you take their  
20 power away to not recognize that and the influence  
21 they keep with the constituents they serve. So to  
22 the extent that whoever comes in on behalf of the  
23 state recognizes that, it's more likely to succeed  
24 than if it ignores it.

25 And this is a sharp group of people.

1 For those from the outside who look at them and  
2 feel like there is a mismanagement, this a problem  
3 that stems from mismanagement. This is a problem  
4 that stems from simple, large economics. They  
5 lost two-thirds of their ratable base. And on top  
6 of that, they have tax appeals. So they have a  
7 shorter ratable base, much smaller, and fewer  
8 people to raise money from. And I challenge any  
9 of you in your community, if you lost two-thirds  
10 of your ratable base, to turn that around within a  
11 couple of years. And then if you don't, be viewed  
12 as mismanaging your people. So there is a wealth  
13 of opportunity here, even with the State coming in  
14 and exercising the powers that this act gives  
15 them. But if you take advantage of the people who  
16 are there, I think you won't loose the influence  
17 they have over the people you are going to try to  
18 serve instead of them.

19 MR. LIGHT: Thank you, Mr. McManimon.  
20 Anyone else who wishes to comment?

21 MR. SWANSON: Anthony Swanson, City  
22 Solicitor. In your, in your opening remarks you  
23 stated that this Board, this body, has the  
24 authority to convey any and all powers. Any and  
25 all powers doesn't mean you have to convey them

1 all. There are a lot of folks in the City of  
2 Atlantic City who work for the City of Atlantic  
3 City -- I've been there ten years myself -- who  
4 are frightened to death. They have collective  
5 bargaining agreements that they think, once the  
6 legislation gives the Director the ability to  
7 abolish, that this Board will convey that type of  
8 power on the Board -- on the Director. They're  
9 afraid of what will happen with regards to their  
10 healthcare.

11 I ask that you sit down and really think  
12 about what powers you want to convey. This is, in  
13 my mind, a very historic moment, because you're  
14 being asked to convey the powers of the  
15 legislature as well as the executive branch into  
16 one person. Not that Mr. Cunningham is a bad  
17 person or anything like that. I have the highest  
18 respect for Mr. Cunningham. But for that to  
19 happen, you will disenfranchise the voters of  
20 Atlantic City who have given the people who they  
21 elected the authorities to make those decisions.  
22 So I ask that you look at the act, grant powers  
23 that will help achieve the financial stability of  
24 the City without unduly affecting the hard workers  
25 of Atlantic City.

1                   MR. LIGHT: Thank you, sir. Anyone else  
2 who wishes to make public comment? We have some  
3 people who signed in and said they wanted to  
4 speak. We have a Charles Goodman, if I read it  
5 correctly. Charles, are you here?

6                   Would you come forward, please? Thank  
7 you. How are you, Charles?

8                   MR. GOODMAN: I'm fine. Yourself?

9                   MR. LIGHT: Hopefully, fine.

10                  MR. GOODMAN: Okay. Thank you for the  
11 meeting. Charles Goodman, Atlantic City NAACP.  
12 First and foremost, to have the open mind. I know  
13 a lot of times these commissions come together,  
14 they did all their work upstairs and everything  
15 and this is the matter of procedure matter of just  
16 following through what you have to do. But I  
17 would ask you to really relax your mind and give  
18 thought as to what you're doing. Not that you  
19 haven't, but from the community's point of view.

20                  Number 1, I am going to ask you a few  
21 questions. Not make statements. Number 1, it  
22 took longer than five years for Atlantic City to  
23 get into this problem. Much longer. For a long  
24 time. We're not going to regress and say where  
25 was the State all of this time. We're going to go

1 forward and, hopefully, the State will help us.  
2 We have the dually elected officials of Atlantic  
3 City have put together experts to help with them.  
4 They approved the experts. They sat for hours and  
5 hours with the experts and came up with remedies  
6 that the experts put together. And with our city  
7 officials, the mayor and council have approved  
8 what the experts have said. And as Mr. Shabazz  
9 said, experts that you know of. These are not  
10 something that came out the air. Okay?

11 How are you going to say with a monitor  
12 that has been there since 2010 from the State,  
13 which I don't know in terms of how the DCA and the  
14 monitor work, but how is your guy going to come in  
15 that's been there and haven't told us anything.  
16 So you have to accept some responsibility for the  
17 State, itself, having a monitor there, and we're  
18 still in the predicament that we're in. Okay? So  
19 you show me where your plan for five years is any  
20 better? That's where -- we're comparing our plan  
21 to nothing. Show me where your plan is going to  
22 say better. Then we can say, you know what? They  
23 have a great plan, and I think it's better than  
24 our plan. But for right now, we're the only plan.  
25 Okay? And then the monitor. Okay?

1                   And the other thing was why haven't we  
2 just been given aid, because our aid has been very  
3 disproportionate to other cities in the state,  
4 Number 1, in the last few years. Prior to that we  
5 weren't getting any aid. Very minimal of aid,  
6 because we held our own. And I'm just asking you  
7 on behalf of the residents of Atlantic City that  
8 you, please, consider us and give us the  
9 opportunity to make this happen, to make this  
10 right. It's lasted this long. I think a couple  
11 more years with your help and the experts, we can  
12 make it happen.

13                   And I have one further question. I see  
14 two gentleman have recused themselves. Do we  
15 still have a quorum in the vote?

16                   MR. LIGHT: Yes, we do.

17                   MR. GOODMAN: That's all I needed to  
18 know.

19                   MR. LIGHT: One of the members is in the  
20 Atlantic City area, Mr. Blee. Commissioner Blee  
21 has recused himself, but we also have Mr. Close on  
22 the phone, so we have one, two, three, four, five  
23 here.

24                   THE WITNESS: Right. Okay. I just  
25 wanted to make sure. Thank you. Thank you for

1 your time. And, please, keep your mind open.

2 MR. LIGHT: Thank you. And I appreciate  
3 your comments. Do we have Mr. Steven Young? How  
4 are you, Mr. Young?

5 MR. YOUNG: How you doing? Steven  
6 Young. I am here on behalf of the National Action  
7 Network, South Jersey Chapter, President. And  
8 this is a very historical time in history today,  
9 because we're talking about our sovereignty and  
10 our rights. We are talking about collective  
11 bargaining. We're talking about our water. And  
12 other powers that's being taken away from the  
13 voters. And so many people have died for that  
14 right and that sovereignty for their vote. And to  
15 have someone with powers that you don't have no  
16 say so into how the government or how it's being  
17 ran, it's a disservice to anyone who has voted  
18 yesterday and voting going forward. And it is  
19 sad, because this is like an example of how this  
20 whole country may turn out to be under the guise  
21 of Governor Chris Christie and President Elect  
22 Donald Trump. If this is the powers that's going  
23 to be and this is example of what Atlantic City is  
24 going through, to take away our sovereignty and  
25 our rights, then we are in for a long run. And

1     there are solutions to this that haven't been  
2     requested or asked from the residents that  
3     affected the most and most of the property owners  
4     and the young people throughout these communities.  
5     So I just wanted to say, you approved a budget.  
6     And I know you say it's a balanced budget. I know  
7     it's over 106,000 on aid in that budget. And when  
8     the City requested those things, that wasn't  
9     really given. And I just want to -- we just want  
10    to know what is going to be the process going  
11    forward to -- who do we talk to as residents and  
12    voters in our communities? Do we talk to someone  
13    that we can elect? Do we talk to someone to help  
14    mold our community and how we feel, that we cannot  
15    see every day, like our local officials in our  
16    community? So with that we need to know going  
17    forward what do the powers that be look like?  
18    What does it, does the government look like with  
19    the State of New Jersey overpowering the residents  
20    in these communities. An example of -- if this is  
21    going to be an example of what we see in Camden in  
22    our municipality under the State rule, then we're  
23    headed for some bad times.

24                 So I would conclude with that. I think  
25    there needs to be more inclusion going forward,

1 but our sovereignty and our voting rights is  
2 definitely being violated and taken away here  
3 today. And I think that everybody in this country  
4 and everybody that listening need to think about  
5 your city may be next. Thank you.

6 MR. LIGHT: Thank you, sir. Appreciate  
7 your comments. Is there -- I think it says Jenny  
8 Darnell? Jenny. How are you?

9 MS. DARNELL: Good afternoon,  
10 Commissioner. My name is Jenny Darnell. I  
11 represent white collar workers in Atlantic City,  
12 and I'm also a resident of Atlantic City. This is  
13 a very sad day for us to be at this point where  
14 our city faces a state take-over. But as union  
15 members, we're awfully concerned about the  
16 provisions in the act that allows the State to  
17 come in and break our collective bargaining, take  
18 away our civil service and take away our PARC (ph)  
19 rights. And I would ask the commission that you  
20 hold off on that. That if, in fact, you do pass  
21 this bill today and this does get approved, that  
22 you come to the city, come meet with the unions  
23 and work with us. The ability to break our  
24 contracts should be a last resort. We've worked  
25 with the city. We've worked -- we've agreed to

1 contract concessions. And we want to see our path  
2 forward with our direction. We don't want the  
3 State to trample on our rights, to break our union  
4 contracts and to set the labor movement in New  
5 Jersey back decades. And I would just urge  
6 restraint as far as taking away our collective  
7 bargaining rights. Thank you.

8 MR. LIGHT: Thank you very much. Thank  
9 you for your comments. And I think we have RM --  
10 I'm not sure I can read the last name. An  
11 attorney for the AC union. Yes, sir. How are  
12 you?

13 MR. O'BRIEN: Good afternoon, Mr. Light.

14 MR. LIGHT: Can you tell me what your  
15 last name is?

16 MR. O'BRIEN: O'Brien. Robert F.  
17 O'Brien, counsel to consortiums of union of both  
18 public -- all of the public sector unions but one.

19 The last several weeks have been very  
20 busy weeks for the labor unions in the city trying  
21 to negotiate new labor contracts for the future.  
22 There have been extensive collective negotiations  
23 undertakings between the public safety unions and  
24 the non-public safety unions resulting in  
25 three-year contracts, for the most part, being

1 reached with no increases in each year. The  
2 unions have essentially come to the table, dealt  
3 with the city and given the city much relief in  
4 their labor contracts. Those contracts have now  
5 been approved by City Council, and they've been  
6 approved by the union's membership. There is one  
7 union that is newly certified that does not yet  
8 have a contract. And there is one union, the fire  
9 fighters, which has a labor arbitration award  
10 which controls their future.

11 We are asking that we not have the  
12 dubious distinction of giving to an individual in  
13 government the right to abrogate the labor  
14 contract. That is a major, major thing allowed to  
15 have happened. We've never done that in the State  
16 of New Jersey. Never, ever. This is historically  
17 without precedent. And when you start out gnawing  
18 labor contracts protecting working people, then we  
19 have a problem. So if this body does vote to take  
20 steps to implement some of the powers that have  
21 been given in the stabilization act, we are asking  
22 you, imploring you, not to allow the contracts  
23 that have been negotiated in good faith, the  
24 contracts which provide relief to the citizens of  
25 the city, provide very little relief to the people

1 who are working under them. As I said, there is a  
2 three-year hiatus, but to allow the power to  
3 abrogate labor contracts is a step in the wrong  
4 direction. Thank you for hearing us.

5 MR. LIGHT: Thank you, sir. Thank you  
6 for your comments. And do we have Matt Rogers.  
7 Matt, how are you?

8 MR. ROGERS: Thank you. How are you?  
9 My name is Matt Rogers. I represent the PBA,  
10 which represents the rank and file of the police  
11 officers in Atlantic City.

12 With the take-over, it's been stated by  
13 the speakers before me, in particular, in response  
14 to the plan, it almost appears that we're being  
15 looked at as some sort of wall that we're building  
16 between the city being successful and failing,  
17 which is simply not the case.

18 We've been at the table since day one.  
19 We were out of contract when this all came down,  
20 and we've been negotiating good faith with that in  
21 mind. The concessions are there. I don't know if  
22 you saw the contract we put up. But we understand  
23 what the city is going through, and we've been  
24 doing our best to help while representing our  
25 members. We switched to the once-a-month pay

1 scale. We are one of the first ones to switch  
2 over the health care. We understand that and we  
3 want to continue to cooperate in any way we can,  
4 but it seems like we're being looked at like we're  
5 trying to put a stop to it or turn our backs on  
6 it, which is not the case. It seems way too far  
7 reaching the way the legislation is written to be  
8 able to come in and take away our basic rights,  
9 and some of which don't seem to have any affect on  
10 cost savings and just want to break the back of  
11 the union. I get the perception that public  
12 sector unions have. It's understandable, but we  
13 are not what you may think. And we have been  
14 there to help with the city. We hope to continue  
15 to work with the City, and if the State comes in  
16 behind them, with them, as well. But as the Mayor  
17 said before, it's a partnership. It shouldn't be  
18 a dictatorship. Thank you.

19 MR. LIGHT: Appreciate your comments.  
20 Is there anyone else who has not put their name  
21 originally on the list that was originally up here  
22 that wishes to come forth? Tell us your name.

23 MS. STEELE: Good afternoon. My name is  
24 Linda Steele. I am a property owner in Atlantic  
25 City. I was employed by the city for over 30

1 years and retired as the tax collector in Atlantic  
2 City. I'm here to advocate on behalf of the  
3 citizens of Atlantic City. The legislature has  
4 been the engine that ran this gaming experiment.  
5 And with everything that's gone on around us,  
6 there has not been one city or town in New Jersey  
7 that has lost the amount of rateables in the short  
8 period of time that Atlantic City has. I don't  
9 know that five years is an adequate time to  
10 re-calibrate. And this body has been designated  
11 by legislature to possibly take over Atlantic  
12 City. And if they were the designer and the, the  
13 mechanism that ran this engine and the engine has  
14 derailed, then I don't come before you to make any  
15 excuses for what Atlantic City did, but this was  
16 not done alone. And so they're charging you with  
17 the responsibility, but I would hope that you  
18 would consider that Atlantic City affects the  
19 State, but it's affecting all of the smaller  
20 communities right around us. Foreclosures are up.  
21 Everything that happens in Atlantic City  
22 reverberates throughout the county and the state.  
23 And so when we're trying to fix something in five  
24 years or whatever the time frame is, sometimes  
25 it's unrealistic. And sometimes we need to sit

1 down and really talk and communicate. We have had  
2 a lot of funding. The State has received and a  
3 lot of other communities have benefitted from  
4 Atlantic City. But not once did the State and the  
5 legislators do anything to evaluate the effective  
6 of gaming around us. And so now we find ourselves  
7 in this position. They didn't take the time to  
8 determine -- we have had as many as 14 casinos.  
9 Now we're down to 7. That impact is enormous on  
10 the community, first, and then it -- like I said,  
11 it reverberates.

12 I would hope that we are not sitting  
13 here like the commercial on television saying that  
14 we've had monitoring for more than seven years.  
15 And if somebody asks you, well, we were just the  
16 monitors. We weren't there to fix anything.  
17 Well, now you are being asked to fix. But,  
18 please, do not be like other bodies that come and  
19 see what Atlantic City looks like. Come and see  
20 what the effects of these agencies, state  
21 agencies, like the CRDA have had on Atlantic City.  
22 They've done some good things, initially, but they  
23 lost their focus. And, now, if you come and visit  
24 Atlantic City, Atlantic City is my home. And it  
25 looked better before gaming than it does now. And

1 so we need to look at non-gaming enterprises. We  
2 need to support small business. Casinos -- the  
3 CRDA has been like a shell game, giving money to  
4 the casinos, but they did not invest in the  
5 community. And so we have a lot of vacant land  
6 that they're holding. We have businesses that  
7 have closed down. These are the things that make  
8 a community. And we are 48 blocks. And it took  
9 time, effort and somebody's plan for us to come  
10 out like this. And so I'm asking you to have some  
11 compassion to be realistic in the time frames that  
12 you have set and to really invest some time in  
13 looking at Atlantic City, because it is worth  
14 saving. And if we cannot save Atlantic City and  
15 it has to be taken over, it is the failure, a  
16 collective failure, of not only the city, but the  
17 state, in particular, because they were the --  
18 they were the instigators or the controllers of  
19 the legislation that ran this engine. And so I  
20 just -- we just hope that you will have compassion  
21 and come to the table in a partnership, not a  
22 dictatorship, because that has not worked thus  
23 far.

24 Thank you very much.

25 MR. LIGHT: Thank you. Is there anyone

1 else who wishes to come forward?

2 MR. HOLT: Yes. Mr. Chairman, my name  
3 is Jason Holt. I am the Business Administrator  
4 for the City of Atlantic City. And I want to echo  
5 some of the comments of the individuals from  
6 Atlantic City and the members at this table who  
7 have spoken. And I think, if I could sum it up,  
8 everyone here has the utmost and highest respect  
9 for the division, as well as the local finance  
10 board. And, in particular, when we've attempted  
11 our best to work with the fiscal monitor that has  
12 been sent down to Atlantic City, I note that he is  
13 in the back. Mr. Riccadella. And we've attempted  
14 and we've tried to work in unison with your  
15 monitors and with your division leaders. However,  
16 I just want to note for the record that what  
17 you're considering, we do not have copies of. We  
18 are familiar with the act, but we do not have  
19 copies of what you're proposing. The body head  
20 made one suggestion, which I took note of, which  
21 is you were looking at the governing body powers.  
22 I'm not quite sure if that's the only thing we're  
23 looking at, but that did appear to me to be  
24 something that you were strongly considering.

25 As you've heard from the union, there

1 have been a lot of concessions that have been  
2 made. As you heard from Mr. Swann, people are  
3 concerned, and everyone has the right to be  
4 employed. In fact, Mr. Chairman, that flag to my  
5 left and your right stands for fundamental  
6 fairness. Stands for democracy. It stands for  
7 our ability to work together as a community. It  
8 doesn't stand for a disjointed government. We are  
9 here and we pledge to work with the division, but  
10 we also ask that there be communication. So we  
11 have no documents. We have nothing to consider.  
12 So the only thing that everyone here could do is  
13 speak from their heart. So we ask that you  
14 consider the pleas of the Atlantic City residents,  
15 the Mayor, the council and fundamental fairness in  
16 general.

17 Thank you.

18 MR. CUNNINGHAM: Thank you. Thank you  
19 for your comments.

20 Is there anyone else in the public that  
21 wishes to make a comment or a question? All  
22 right. Seeing none, I will close the public  
23 portion at this time. I am going to ask if there  
24 are any comments that the members of the board or  
25 questions they would like to bring forth.

1 (Discussion off the record.)

2 MR. DIROCCO: Couple brief comments I  
3 want to say, if I may. I just want to say, I  
4 appreciate everyone from the public who spoke up.  
5 Lee, of course, the Mayor and Councilman and  
6 others associated with the city. And to address  
7 the concerns and suggestions for how the Board  
8 should move forward. I think, you know, this  
9 Board's jurisdiction is a little bit limited,  
10 really. We're not here -- I know that many of the  
11 financial conditions that persist in the City  
12 certainly pre-date the Mayor and councilman and  
13 then so many other folks here. And these have  
14 been a long time in the making, as we heard from  
15 some folks in the public.

16 Our job is really not to look back and  
17 assign blame or to present any criticism. It is  
18 really to look at the condition before us, which  
19 is a really calamitous fiscal condition  
20 confronting the City right now. That is not only  
21 putting pressure on the residents of Atlantic  
22 City, but tax payors throughout the State through  
23 increased State aid and transitional aid that's  
24 gone up and up and up and all the other items of  
25 aid that constrains the State's budgets in other

1 regards. And also puts constraints on tax payors  
2 state-wide.

3           So trying to look at the situation as a  
4 whole, I do look at this not as -- I've heard the  
5 word, "take-over". I don't think this is a really  
6 a take-over. I look at it really as, it is an  
7 acceleration of collaboration between the State  
8 and the City, which I think from what I've heard  
9 from most of the folks in the public, that that's  
10 a welcome thing. Collaboration is very much  
11 welcome. I know the folks at the Division or the  
12 Department very well. They're very earnest and  
13 work very hard and want to be collaborative and  
14 work very hard at getting over the hurdle of all  
15 of these financial conditions that persist. So I  
16 feel what we're doing is really to sort of, again,  
17 to sort of celebrate the collaboration between  
18 these two entities. And I feel that if we were to  
19 go ahead and approve to confer all of these  
20 powers, we're just giving the City another  
21 lifeline to try to come back from the very, very  
22 dire financial situation that's it's in. That's  
23 my perspective as one of the Board members.

24           MR. LIGHT: Is there any anyone else?  
25 Mr. Avery?

1                   MR. AVERY: I appreciate also the  
2                   comments that have been made, that this problem  
3                   didn't occur overnight. In my time on this Board  
4                   and service to the Local Finance Board, we've had  
5                   numerous issues in matters of Atlantic City come  
6                   before us, whether it's -- I think it's the third  
7                   year of supervision, different bond, bonding  
8                   matters, transitional aid issues and so forth. So  
9                   we are, as a Board, familiar with the financial  
10                  emergency, really, that Atlantic City faces. And  
11                  it's very clear that the City needs assistance and  
12                  some help in getting stabilized and having an  
13                  economic recovery, which, I think, was the purpose  
14                  of the State legislation that we're trying to --  
15                  being asked to implement here.

16                  I think that it would be helpful in that  
17                  context to have the Director designated under that  
18                  authority to exercise the powers that are outlined  
19                  in the statute. I think, also, also, that as  
20                  you've said, this hasn't occurred overnight. It's  
21                  been ongoing for a number of years. And I think  
22                  the time to act is now. I think you can't  
23                  continue to kick the can down the road. We need  
24                  to address this. Here it is November. We've just  
25                  adopted a budget for 2016, and you need to make

1 some hard choices. I appreciate the comments that  
2 have been made by the union representatives and  
3 the city employees. That compromise has been made  
4 in the interest of the City in the financial  
5 stabilization of the city. I think that's  
6 positive. And I agree with my colleague that  
7 we're here to assist in continuing that progress  
8 to the degree that we can.

9           But there is one thing that, I think,  
10 the attorney for the city mentioned, that we don't  
11 have to assign all of the powers under the statute  
12 to our Director. And one of the issues here  
13 that's potential and hope that this did not occur,  
14 would be a bankruptcy proceeding. And since that  
15 would have to come to this Board, anyway, I would  
16 like -- I would think that any resolution to this  
17 matter withhold that authority for bankruptcy  
18 issues from the director, if that's what this  
19 Board designates to be the responsible person  
20 under the act.

21           MR. LIGHT: Thank you, Mr. Avery.

22           I will agree with that limitation, as  
23 well.

24           MS. McNAMARA: To withhold that.

25           MR. LIGHT: Thank you.

1                   MS. RODRIGUEZ: I would like to say  
2 something. You know, I concur with my colleagues.  
3 And I come from -- I live in an urban center, so I  
4 know the plight of urban decline, you know, people  
5 fleeing the centers, you know? I can sympathize,  
6 empathize, whatever. You know, in situations like  
7 this, it's really hard to find the words that are  
8 comforting or that, you know, that the City, the  
9 heart of the City feels. And I witnessed that in  
10 my own beloved city and other cities that I've  
11 been fortunate to live in.

12                   And, you know, these decisions are hard.  
13 They're tough. And they're still abounding around  
14 us. And I -- you know, I love the mindset that we  
15 need to, you know, to move the city -- Atlantic  
16 City forward.

17                   I had the pleasure of meeting the Mayor  
18 as soon as he got, you know, elected. And, you  
19 know, the excitement that -- I felt that  
20 excitement. And it saddens me that we've gotten  
21 this far. But I echo the sentiments of my  
22 colleagues. I think this is something that needs  
23 to be looked at and considered seriously.

24                   MR. LIGHT: Thank you. Mr. Close, are  
25 you still with us?

1 MR. CLOSE: Yes, Mr. Chairman.

2 MR. LIGHT: Did you have any comments?

3 MR. CLOSE: Yes, I do. Thank you. I do  
4 appreciate everyone's comments that were proffered  
5 here today. They were thoughtful, constructive.  
6 With respect to this item, as well as the  
7 municipal budget you just discussed and approved.  
8 I'm not sure about the courses of action, but due  
9 to the circumstances we face today and the  
10 information that we've been given, obviously,  
11 there is some cause for concern here. Great  
12 concern. That being said, I do support the plan  
13 and we should be watching it closely. I'm hopeful  
14 that Mr. Cunningham and the team will achieve  
15 financial stability and that will be the direction  
16 for Atlantic City and that it can be achieved.  
17 I'm going to be optimistic at this point that it  
18 can be accomplished with everyone working together  
19 toward the goal as what's left in the comments we  
20 just heard. So thank you.

21 MR. LIGHT: Thank you, Mr. Close. We  
22 appreciate you calling in. I know that you  
23 couldn't make it to join with us today, but we do  
24 appreciate you joining in with us.

25 Any other comments or questions from the

1 Members of the Commission. Well, I'm just going  
2 to make a very brief one.

3           Probably one of the more difficult  
4 situations we have to face and decide, Mr. Mayor,  
5 and the audience, are a situation such as this.  
6 It almost makes you feel that you got to be a God  
7 to do these things, and I'm far from being a God.  
8 I know the devil is on my left-hand shoulder  
9 there. But we do have to make decisions that we  
10 think in the long run are best, and they're not  
11 easy decisions. And based upon what I hear from  
12 my colleagues, I am going to read a resolution and  
13 I will give the colleagues a chance to comment on  
14 it, and we'll see where we go from there.

15           Proposing a resolution that the Local  
16 Finance Board assume, re-allocate and vest  
17 exclusively in the Director all of the functions,  
18 powers, privileges and immunities of the governing  
19 body of the City of Atlantic City set forth in any  
20 statute, regulation, ordinance, charter and/or  
21 contract to which the municipality is a part of or  
22 may be a part of, and substantially related to the  
23 fiscal condition or financial rehabilitation and  
24 recovery of the City, including, but not limited  
25 those authorities set forth, in NJSA 52 colon 27

1 BBBB dash 5 A 3 A through U. And then further  
2 move that the Local Finance Board does not assume,  
3 re-allocate and vest in the Director authority to  
4 authorize and file on behalf of the municipality  
5 in need of stabilization and recovery a petition  
6 and other pleadings and papers with any United  
7 States court or Federal Bankruptcy Court with  
8 purpose of effecting a plan of readjustment  
9 pursuant to NJSA 52 27 BBBB dash 5A 1 colon T semi  
10 colon. And would further move that the vestiture  
11 of powers shall continue in effect until the  
12 Director determines that the City is no longer a  
13 municipality in need of stabilization and recovery  
14 or the Commissioner's June 6, 2016, designation of  
15 the municipality as in need of stabilization and  
16 recovery expires.

17 Is there any comment by the members of  
18 the Commission on that resolution?

19 MR. AVERY: Mr. Chairman, given the  
20 nature of this crisis and the fact that we don't  
21 know what other issues may come in the future,  
22 that must be addressed in an emergent nature or on  
23 an emergent basis, I would make that motion.

24 MR. LIGHT: Do we have a second?

25 MR. DIROCCO: Second it.

1           MR. LIGHT: Are there now any comments  
2 or questions by the Members of the Board  
3 concerning the motion before us?

4           If not, will the secretary please call  
5 the role?

6           MS. McNAMARA: Mr. Avery?

7           MR. AVERY: Yes.

8           MS. McNAMARA: Ms. Rodriguez?

9           MS. RODRIGUEZ: Yes.

10          MS. McNAMARA: Mr. Light?

11          MR. LIGHT: Yes.

12          MS. McNAMARA: Mr. Close?

13          MR. CLOSE: Yes.

14          MS. McNAMARA: Mr. DiRocco?

15          MR. DIROCCO: Yes.

16          MR. McMANIMON: May I ask a question?

17 Is this procedure, is this action assumed  
18 immediate so that the powers that are granted to  
19 the Director take precedence over any powers that  
20 the governing bodies set? I assume that is what  
21 you mean, but that wasn't clear.

22          MR. LIGHT: I'm not an attorney, so I  
23 don't know whether I will answer that. I might  
24 seek the advice of my attorney.

25                   (Discussion off the record.)

1           MR. LIGHT: Okay. I'm not sure that I  
2 am probably going to answer what you have in mind,  
3 but I'll make an attempt at it.

4           Basically, on the advice of the  
5 attorney, when the resolutions are made by the  
6 Board, they take effect immediately. And so I  
7 will assume that if that's what you were asking,  
8 they take effect immediately.

9           MR. McMANIMON: That's what I was  
10 asking. Thank you.

11          MR. MAYOR: If may ask this one  
12 question, I note that the resolution by the Board,  
13 which I suppose I will get a copy of at some  
14 point.

15          MR. LIGHT: We will get you a copy, yes.

16          MR. MAYOR: Discusses the governing body  
17 powers. However, the act also discusses the  
18 Mayor's powers as appointing authority, but you  
19 didn't comment on that. Are you saying that  
20 you're not conveying those powers to the Director,  
21 or no?

22          MR. LIGHT: Well, I think that -- I  
23 think that it, it did cover it. I believe from  
24 what I read in the resolution -- and I will get a  
25 copy to the attorneys, so he can go over it, but

1 it was intended to cover that. And I think that I  
2 did cover it, also. If there is a question when  
3 you received the resolution, we will be happy to  
4 discuss it with you.

5 MR. McMANIMON: Thank you.

6 MR. LIGHT: Any other questions? I  
7 thank you for -- oh.

8 MR. GOODMAN: I have --

9 MR. LIGHT: Make it 30 second.

10 MR. GOODMAN: It's going to be less than  
11 that. Could you explain to us in minimal words --  
12 as a special ed student, I didn't understand what  
13 you said, nor could I hear you. Could you explain  
14 loud and clear just what you just did?

15 MR. LIGHT: I'm not sure I understand  
16 your question.

17 MR. GOODMAN: The question is to make a  
18 statement on what you just said of what action you  
19 just undertaking.

20 MR. LIGHT: I will try to answer that,  
21 if I understand what your question is. Basically,  
22 the Board has passed a resolution that says that  
23 they support the action that the Commissioner has  
24 made that the powers are given to the executive  
25 director under the act, which I read the numbers

1 and so forth under the Municipal Recovery Act.

2 MR. GOODMAN: Will the city and the  
3 residents get a copy of your plan at this point?

4 MR. LIGHT: I'm sure that the Department  
5 will get a copy of what we said in the resolution.  
6 If you have any questions on it, I'm sure that the  
7 staff will be here to answer them quickly. Are  
8 there any other questions to come before the  
9 Board? Mr. Mayor, thank you for coming down.

10 MR. McMANIMON: Thank you very much.

11 MR. CUNNINGHAM: Make a motion to  
12 adjourn. Second. All in favor.

13 (Whereupon, the meeting was concluded at  
14 approximately 12:45 p.m.)

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

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

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

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

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25 JAMES A. KORWAN, CSR NO. 1800  
DATED: November 25, 2016

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