LOCAL FINANCE BOARD
WEDNESDAY, DECEMBER 14, 2016

Held at the:
Department of Community Affairs
Conference Room No. 129
101 South Broad Street
Trenton, New Jersey

JerseyShore Reporting
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TED LIGHT
FRANCIS BLEE
WILLIAM CLOSE
DOMINICK DIROCCO
EMMA SALAY
PATRICIA PARKIN McNAMARA, Executive Secretary

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MR. CUNNINGHAM: Good morning.
Can you gentlemen please introduce yourselves and those who aren't counsel, be sworn in.

MR. NEALS: Julien Neals, County Counsel, acting County Administrator, Bergen County.

MR. FADER: Paul Fader with the firm of Florio, Perrucci, Steinhardt & Fader. I am counsel to the Bergen County Improvement Authority.

MR. TEDESCO: I'm Jim Tedesco. I'm the Bergen County Executive. Thank you.


MR. MARINIELLO: Dan Mariniello Financial Advisor for the County of Bergen.

(JAMES J. TEDESCO, III, STEVEN D. WIELKOTZ, DAN MARINIELLO, are duly sworn by a Notary Public of the State of New Jersey and testifies under oath as follows):

MR. CUNNINGHAM: Gentlemen, welcome. For the rest of the board's benefit the division staff, myself included, did a
conference call on this matter. But County Executive, I don’t know if you want to introduce the application to the Board, explain its importance to the county.

MR. TEDESCO: Thank you. I just have some brief opening remarks, Director, if you don’t mind. Director Cunningham, members of the Local Finance Board, thank you for the opportunity to speak to you in support of the county’s application to establish a hospital authority. With your permission, I’d like to provide some background on Bergen Regional Medical Center. As you may know, Bergen Regional Medical Center is the largest hospital in the State of New Jersey and the fourth largest public hospital in the nation. One hundred years ago, Bergen County opened the hospital then known as Bergen Pines County Hospital to care for people with contagious diseases. Bergen County owned the land, the hospital license and directly managed the facility all while its mission grew to include serving the poor, elderly and those struggling with acute mental illness. About 20 years ago at a time when many public hospitals were merging or being sold to private entities, Bergen County determined that the direct operation of the hospital by county government did not serve the interests of the hospital, its patients and the taxpayers. Rather than merge or sell, Bergen County sought a third way. The hospital would become Bergen Regional Medical Center or BRMC, which the county retained ownership of the facility which would be managed by a third-party operator. To facilitate this long-term operating agreement, Bergen County transferred the hospital operating license to the Bergen County Improvement Authority or the BCIA. The BCIA entered into a lease operating agreement with a third-party operator for a 19-year period. This contract establishing BRMC was, to put it bluntly, written in favor of an operator at the expensiveness of necessary and thorough oversight by Bergen County and the BCIA. That agreement is set to expire or March 15th, 2017. In 2015 the responsibility to responsibly guide the future of the hospital including the development of the next operating agreement, I appointed a 15 member BRMC health care advisory committee which included leaders in government, health care delivery, patient advocacy, labor and philanthropic. Those they told us identified the inability to exert the necessary oversight of the operations of BRMC under the current agreement as a paramount concern. We sought to address this concern with the help of Senator Loretta Weinberg, Assembly Woman Valerie Huttle and the Governor’s office, by modifying the legislative previously introduced hospital authority legislation to facilitate the type of oversight we are seeking. With this board’s approval, we will have a new legally established hospital authority empowered to formally oversee BRMC with the appropriate knowledge and experience to support hospital management in the delivery of high quality medical care, a safe work environment for its care providers and sound fiscal management on behalf of the taxpayers. This will allow the BCIA to return to its primary mission of financing the development of special projects throughout the county. As we cement a partnership with one of several qualified experience medical management teams that responded to the county’s RFP for the next PRMC operating agreement, the formal establishment of this hospital authority is a critical milestone. Your support today will help us secure the future of this hospital and the health and welfare of so many who rely upon it. I want to thank you for giving me the opportunity to give some history and some background and for allowing us to come here today to present our application.

MR. CUNNINGHAM: Thank you County Executive. Gentlemen, anything to add to the application?

MR. MARINIELLO: I would like just to stress the importance of what will happen here with the hospital authority and the timeliness for a couple of reasons. Number one as the county executive said, right now we have the improvement authority which is a five member board overseeing the hospital to some extent also with the community oversight board. The legislation that was passed, again, it was done with the work of the Governor’s office, the legislature and the Department of Health frankly, we had several meetings with them and put this together. What it does is give us
tremendous amount of oversight and put several different governmental entities involved. And the reason I say it, is on this new board will be the county executive, there will be a six member public board, five appointed by the county executive. It requires a person with some regard operation management. It also has the requirement to the Governor itself. Whoever that may be, appoint the members as well as that has a background as a physician. It puts on there somebody from the hospital itself placed by that from the medical staff. So you get a perfectly working oversight and then you have two members who are non-voting from the Department of Community Affairs. So you put together a tremendously strong oversight committee. Interestingly enough it adds more variety to it. It adds that the Governor can appoint somebody to the managers side and put on that board. And, again, a tremendous amount of oversight. It also adds a couple of things we don't have. It guarantees that the hospital that they work with remains a county hospital by legal definition. That ensures that the funding you get, cause a tremendous amount of funding comes in now is from the state. And if you don't have that specific county hospital designation, that number can go down and it would have a tremendously negative impact on a lot of people who are going there. So it provides with tremendous oversight. It provides you with other governmental entities involved on a day-to-day basis. Specifically says you're allowed to get and look at any kinds of books and records and it puts people with expertise on the front line. And until this legislation was passed, we didn't have all that and that's really extremely important. As another quick note, it permits you to have a 20 year lease, up to 20 year lease, with two five year options. What's the importance of that? We can't do it now, but if we're looking for a proposal to come in and we're in the middle of a RFP process and frankly we've got seven very positive responses, where 19 years ago they got one. So you have seven coming in. With this legislation in placement, we go in to that negotiation, it's more likely that a proposal will be able to provide us more financing for capital improvements because of the long-term nature of that contract. We need to do it now and hopefully we can get a vote from you all today in the positive, I think it's very important because this ends, the existing lease ends March 14th. So we really need to do, hopefully do, is have this approval. The county executive obviously is pushing it forward. The Freeholders will take a vote and then it's going to take some time to appoint people and get it running and we would really like to get it running by March 14th.

MS. RODRIGUEZ: The proposal is for the operations of the facility, is that what you're looking for?

MR. FADER: A lease agreement and then they would manage but it but exactly.

MS. RODRIGUEZ: Management. And the primary care there is still the same?

MR. TEDESCO: It's got three functions. It's got long-term care. It's the largest long-term care facility in the State of New Jersey, 700 plus beds. It also handles the majority of all the mental illness care for Northern New Jersey not just Bergen County. And it also has a detox, a detoxification component which in today's environment with the opioid and heroin epidemic, we just don't have enough space to handle everything that's being sent there. And then there's an acute care piece also.

MS. RODRIGUEZ: Right. Sounds like you're going to be the highest and greatest use at that facility.

MR. TEDESCO: The mental health aspect and addiction services is becoming, while the long-term care piece is the largest, the most activity that's taking place there now is on the addiction side. And just for another piece, my vision there is and I met with the VA to have the VA designate that facility as a choice facility and then also as a designated facility for medical care for our veterans. We have a veterans home that has hundreds of veterans directly across the street from that facility and they're not allowed to go there.

And that, just to me, does not make sense when I have the largest hospital in the State of New Jersey there. And so we have talked to the Veterans Administration, we're hoping that they will be receptive along with our congressional
leaders to help us put that piece, that component into the facility also. Because when you look at our veterans, many of them have the conditions that we treat there which are mental illness, which have some mental illness components, PTSD, a drug addition, alcohol addition. So that facility will provide them within walking distance for some but for instead of them driving all the way down to East Orange, they can get their care right in their home county. We have over 36,000 veterans in Bergen county.

MR. CUNNINGHAM: When we did the conference call on this matter, I guess we focused on three topics and two of them I think you hit pretty squarely. Number one is the fact that there is a 15 member panel that had experts in health care and various hospitals that made recommendations to include this recommendation. And at the division level, we certainly didn't want to substitute our judgment for people that have health care experience. Secondly, we talked about why the new board would be better than the old board going through the improvement authority and I think that was already discussed by Mr. Fader in terms of the fact that the hospital authority talks about specific expertise and state involvement. And the third aspect that we focused on during the conference call, was the submission of an initial budget which is contemplated by law and that was provided to us yesterday and we have that and I believe we've distributed to the board members. The other point I just wanted to make, it's our understanding that you know today's action would set up the authority, but the hospital authority law would require the contract to come back in front of the local finance board before it's executed. So we would see this applicant again before the board and we would see the actual contract to be entered in to. Am I correct in that?

MR. FADER: Yeah, I think you are. but should you also be aware that obviously for a long-term contact like that and the volume of it, would go through the state comptroller as well. Which we did, frankly with, the RFP, we did RFQ and then RFP, spent a lot of time with the comptrollers office. Really one of the great things about this is, it's been a fair and open process. The state comptrollers office, we spent months with them. We meet with the Department of Health. You know, we started doing on a monthly basis, now it's pretty much biweekly because they have told us how important this is. So, yes, this is a tremendous amount of oversight and that's a benefit and that's what the county executive wanted.

MR. CUNNINGHAM: So just to memorialize in the record under 30:9-23-20 the powers and duties of the authority under subsection C it discusses the contract being effected with prior written consent of the local finance board along with commissioner of health and senior services.

MR. DIROCCO: Mr. Chairman, I think you touched on this but, so the action today obviously is this, the authority which may be created and the management aspect would be put in place. But all the other health-related requirements for the hospital still reside with the Department of Health or other entities, correct? So in other words, CN requirements, anything else that needs to go through more health specific approvals needs to go before another board for their review, is that correct?

MR. TEDESCO: Yes. Right now the license is held by the Bergen County Improvement Authority and we have been meeting with the Department of Health. What would happen, which is why we need the authority created before we enter. Because we have the ability now to transfer the license and the Department of Health has indicated to us and we have a specific health care attorney that's working with us that we don't have to go through the same process, they just have to approve the manager of it. So we'd be able to transfer the license with the Department of Health, they, to get to your point, the board of health is gonna have to say yes we agree with this entity that they have the ability to manage and manage it properly. So we get to this excellent point, so you have the comptrollers office, the local finance board, the Department of Community Affairs and the Department of Health, you know, all have to review and say this works. And we're confident they will because we're working directly with them.
MR. DIROCCO: Thank you.

MR. FADER: The other piece of this is, once we have a vote today, I can take it then to the Freeholder board. So before I can get the Freeholder board to move we needed to have all of you allow that. So there's other steps that still need to be put in place, but this is that first step so.

MS. RODRIGUEZ: Today is to establish the authority?

MR. FADER: Yes.

MR. CUNNINGHAM: Any other questions from the board? So hearing none, I'll make a motion to approve the application in front of us creating the Bergen County Hospital Authority. I would ask for a second from one of my colleagues.

MS. RODRIGUEZ: I second.

MR. CUNNINGHAM: Ms. Rodriguez.

Second. Roll call, please.

MS. McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS. McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. McNAMARA: Ms. Rodriguez?

MS. RODRIGUEZ: Yes.

MS. McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS. McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MS. McNAMARA: Mr. Dirocco?

MR. DIROCCO: Yes.

MR. CUNNINGHAM: Thank you very much.

The next is for Washington Township Fire District Number One. Would you gentlemen please introduce yourselves and those who aren't counsel, be sworn in.

MR. STELLA: Frank Stella, Chairman of the Board of the Washington Township Fire Department.

MR. LONABAUGH: Jerry M. Lonabaugh, attorney for the Washington Township Fire District.

MR. SUMEK: Richard Sumek. I'm the Chief of Staff for the Washington Township Fire District.

(Mr. Sumek, Mr. Stella, are sworn in by a Notary Public of the State of New Jersey and testifies as follows:)

MR. CUNNINGHAM: So gentlemen, this is a difficult application for the board and we're going to include both the $507,000 proposed project financing and the $240,065 financing. One was for the purchase of a new rescue vehicle, a Sneal Spartan Pumper and the other was for radio equipment. So as the board knows, this is an application that we would relatively see in a common fashion except for the fact that in this instance, the district did not come to the board prior to entering the contract and you already have the vehicle and the equipment. So can we talk a little bit about the circumstances that caused that to happen?

MR. SUMEK: Yes sir. As I placed in some of my writings, the fire district encountered a catastrophic event at the administration level. The first onset was a problem with our business administrator in 2015 which was corrected, ultimately led to the retirement of the business administrator. The second phase of it was the person in charge of the actual financial office at the time was struck with a severe case of cancer and passed away. Third step was our district chief was tasked with all of this, applications, finance and day-to-day operations of the facilities and failed to do so. He abruptly retired in the beginning of the year. We have undergone under the direction of Commissioner Stella, a thorough regeneration of our fire administration. And by all ways and means, they're trying to upright the ship by processing past and future applications to local financial board. A new chief has been appointed. He's not available today but he is in position, he's been serving for approximately four months.

MR. CUNNINGHAM: Let's talk about what went right. So in both cases the public process was followed in the fact that there was referendum question.

MR. SUMEK: Yes sir.

MR. CUNNINGHAM: The vote turn out was actually fairly robust considering what we see for fire district election. And in the case of the truck, the referendum passed 338 to 117 and indicates the equipment was 278 to 124. The
other thing I would say is that you did go out
for quotes for financing. Received two
responses back at least on the truck Municipal
Capital Finance at 230 2.34 and one from public
finance at 2.99 which aren't the worse rates
we're seeing, not necessarily the best rates
we're seeing but not necessarily too bad. And
then you also went out for financing bids for
the equipment as well. But only received, I
guess, well you received two bids there as well,
2.85 and 2.99. And in both cases you went with
the lowest of the financing responses, right?

MR. SUMEK: Correct.

MR. CUNNINGHAM: The cost of
issuance on both applications is certainly
reasonable, $2500 in both cases. So the
question before the board now is if we were to
take a vote on these matters and hypothetically,
voted not to approve them, it's really not an
option for fact that the equipment has already
been received by the district. So I think that
the recommendation I'm gonna make to my
colleagues on the board, is to not vote on this
at all. We'll use today's meeting to
memorialize the matter into the record so

there's some transcript of what has happened and
the justification for why it happened. But I
don't think that it's prudent for the board to
take a vote at this time given the status. Any
questions from the board on this, any comments?

MR. LIGHT: It's an unusual
situation that things happened and the board
didn't know about it. At this point in time I
don't think there's any other way to resolve it
other than what Mr. Chairman is recommending.

MR. CUNNINGHAM: So with that we
won't seek a motion or a second or take a vote.
If you want a copy of the transcript --

MR. SUMEK: Yes sir.

MR. CUNNINGHAM: -- related to
this application, you can seek one from the
board that way you will have something for your
records. And I just can only hope that the
reconstitution of your administration function
as you've described it, is done in a way that
prevents an event like this from happening
again.

MR. LONABAUGH: Yes sir, that's
what we're trying to do.

MR. SUMEK: If I may for the

as you know, is in the Municipal Qualified Bond
Act Program. That requires that all capital
ordinances that they adopt, must come before
this board for approval. This is a multiple
purpose bond ordinance for a million dollars
with bonds or notes of $950,000 to cover a
variety of projects including a public works
truck, a snow blower, municipal building
improvements, HVAC improvements and the
acquisition of some software. Unlike a lot of
other municipal qualified bond act towns, this
town is very conservative. They have very low
debt. They're at 1.53 percent so they're not
anywhere near their borrowing capacity. Their
municipal qualified bond act revenues are
$18,465,489.00. Their current leverage debt
service that they're paying against those
revenues is $6,450,000.00 and this only adds
about $75,000 of debt service to the that debt.
So it's still almost three times coverage under
that qualified bond act program. So if you have
any questions, Shuaib who's their chief
financial officer is here to answer any
questions.

MR. CUNNINGHAM: I don't think we
have questions at least not at the staff level, some of the members may. But the reason that I was inclined to waive the appearance, not realizing you were here for the other matter, is because when we did review the application and the project, I think the projects were certainly not extravagant and they seem to be normal and prudent expenses of the municipality. So I'll just read a couple of them in to the record.

Acquisition of a truck and loader for the Department of Public Works. Acquisition of snowblower equipment. Municipal building improvements to include structure repairs, roof repairs and electrical work. Additional HVAC improvements to the municipal building and then for the police department acquisition of license recognition software that totaled $950,000 authorized purpose of the ordinance. Any members have questions for this applicant?

MS. RODRIGUEZ: I have a comment.

MR. CUNNINGHAM: Please.

MS. RODRIGUEZ: $2500 cost of preparing the application really demonstrates the conservativeness.

MR. McMANIMON: Thank you.

MS. RODRIGUEZ: I commend you on that.

MR. McMANIMON: I'll explain the MUA when we get to that.

MR. CUNNINGHAM: Obviously you'll be back when debt is actually issued for --

MR. McMANIMON: Yes, correct.

MR. LIGHT: Not that I want to throw a wrinkle into it, but there's something stuck in my mind. How do you determine the life of recognizing software $95,000 for the five years. I ask my grandchildren and in about three months it changes.

MR. McMANIMON: Well I remember one time I was asked about Susan Jackobutsi who was chair about the software and it was 2004 and they were still using Windows 95. So I think the simple answer is that the software that we're talking about as opposed to the hardware which changes, tends to last for a very long time.

MR. LIGHT: Yeah, I didn't want to throw a wrinkle into it to make you guess what that is.

MR. DIROCCO: I'll move to --

MR. LIGHT: I'll second it.

MR. CUNNINGHAM: Mr. Dirocco makes the motion and Mr. Light seconds it.

MS. McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS. McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. McNAMARA: Ms. Rodriguez?

MS. RODRIGUEZ: Yes.

MS. McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS. McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MS. McNAMARA: Mr. Dirocco?

MR. DIROCCO: Yes.

MR. CUNNINGHAM: City of Newark. Proposed NJTIT Finances.

MR. MAYER: Good morning. (Danielle Smith, John George, Tim Eismeier, having duly sworn by a Notary Public of the State of New Jersey and testifies as follows:)

Bill Mayer with DeCotiis, Fitzpatrick & Cole. We're bond counsel to the City of Newark. To my right is Tim Eismeier with NW the city's financial advisor and the director of this application. Danielle Smith the city's CFO and John George who's a supervising engineer in the city and probably really knows what the queen ditch application is about. This is a $10,250,000, it's a request for approval with a qualified bond to the amount of $10,250,000 for a EIT construction project that we refer to it locally as the queen ditch project. I actually envisioned it as a very large, I assume, concrete culvert that connects the city's sewer system, it's a combined sewer system to Newark Bay in the event of storm conditions. It's an important project for the city. Mr. George could be much more technical about it. There's netting facilities, there's concrete, it's a ditch.

MR. CUNNINGHAM: Okay. The reason you're here for an EIT program quote unquote, because it's being done through the qualifying bond act?

MR. MAYER: Correct. And the
trust has asked that we get this approval at this time. The trust bond counsel has asked.

**MR. CUNNINGHAM:** Mr. George, would you just be able to provide a little background on the nature of the project?

**MR. GEORGE:** Yes, Queen ditch is, the City of Newark is served by combined sewer system. And there are several old full points from that combined system which is doing better than the sewer subcharged that exit flow is dumped into waterways around Newark to the out-folds. Near the airport area, Newark International Airport, that area there are series of ditches, open ditches which receives the excess overflow during wet weather which is then, which then outfalls into the ditch which is around the Newark airport area which then takes the flow to the Newark Bay. So one of the series of ditches that feed into the petti-fold ditch which is called Queen ditch which serves the Queen district drainage area in Newark. The overflow from that, overflow that supposed to go into the Queen ditch has been blocked for several years. So what happens there is the flow, the stone flow backs up to the south side to the sewer that takes sewer to the Passaic Valley Treatment Plant and it floods the surrounding area there. So the city is hoping to reopen the ditch and reactivate it, bring it to the original lines and grades and dredge it to the original lines and elevations so that it can receive overflows without flooding the area, it can be taken out of the City of Newark into the Newark Bay. That is the concept.

**MR. CUNNINGHAM:** Thank you. For the benefit of the members, Newark being a transitional lay town, the division has a monitor, assignment monitor, he reviewed this application and approved. Any questions from the board?

**MR. AVERY:** What storm event causes the combined sewer to bypass the treatment process and have a direct discharge into Newark Bay?

**MR. GEORGE:** You could tell almost all storm event.

**MR. AVERY:** All storm events?

**MR. GEORGE:** Yes, almost all storm events.

**MR. AVERY:** So the city is spending 10 million dollars to perpetuate discharging raw sewerage in Newark Bay, it's trying to correct or eliminate the combined sewer overflow, is that my understanding?

**MR. GEORGE:** The project here includes essentially three components. One is the installation of a quick asphalt which is 180 inches wide and 60 inches high. And then it has dredging of the existing ditch which doesn't work now. And then in the third component is essentially the construction of a netting facility which will collect all floatables that come through there in the event of a wet weather flow. Queen ditch is only one component of several ditches --

**MR. AVERY:** I understand.

**MR. GEORGE:** -- in the area.

There are other ditches that the city is also addressing in the future.

**MR. AVERY:** So what happens to all of the floatables?

**MR. GEORGE:** The floatables get caught in nets. And after each storm contractors will come with the equipment, remove the net, dispose it of and install new nets to collect floatables in the next storm.

**MR. LIGHT:** It's removal but no treatment process.

**MR. GEORGE:** The combined sewers are in normal conditions, dry conditions, the combined sewer takes the flow into the south side deceptor sewer pipe which takes all of the sanitary flow to the treatment. In the time of a heavy downpour, each source overflows and the overflow, that's why we have a combined sewer overflows.

**MR. LIGHT:** I think the thing that concerns Alan and myself is that when he asked for the level of what caused the overflowing you said almost every rainfall. If I understood correctly and that sounds like --

**MR. AVERY:** It sounds quite frequent to me.

**MR. LIGHT:** Yeah, and concerning. Is that true? I mean every time you have a half inch of rain or something like that, it overflows?

**MR. GEORGE:** Half inch of rain and also depends on how long it stays on raining.

**MR. LIGHT:** A half inch is a half
that big problem.

MR. AVERY: $10 million is not a small amount.

MR. MAYER: That's right, it's not small, but percentage-wise it probably is to the whole.

MR. AVERY: I'm sure it is. I just wanted to, I just don't like combined systems and I wish that they could be eliminated. And I wish we can start somewhere as a state to start the process, perpetuate what's already there but it doesn't have anything to do with this application.

MR. MAYER: It started but it's moving very slowly and it's very expensive.

MR. CLOSE: No impact on rates with this project?

MR. EISMEIER: No the city entered into a three year rate increase program in 2015, significant rate increases. I forget the exact percentage but eight to 10 percent a year on both the water and sewer systems. The goal of that rate increase was to generate at additional revenue for not only this project, but a host of other projects that the city needs to do to bring its infrastructure up-to-date.

MR. CLOSE: So this will be the last year of that rate increase?

MR. EISMEIER: No, the first year was '15, we had another rate increase in '16, so there will be one more in '17.

MR. MAYER: They are self-liquidating.

MR. CLOSE: That's what I want to make sure.

MR. EISMEIER: Right and because we're going through the NJIT, I think the combined cost of capital is a little over one percent in terms of the net interest cost.

MR. CUNNINGHAM: Any more questions or comments on the ap? Then I would ask for a motion or a second.

MR. DIROCCO: I'll make the motion.

MS. RODRIGUEZ: I'll second.

MR. CUNNINGHAM: Mr. Dirocco makes motion, Ms. Rodriguez seconds. Roll call.

MS. McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS. McNAMARA: Mr. Avery?
MR. AVERY: Yes.

MS. McNAMARA: Ms. Rodriguez?

MS. RODRIGUEZ: Yes.

MR. LIGHT: Sustain.

MR. CLOSE: Yes.

MR. DIROCCO: Yes.

MR. CUNNINGHAM: Thank you.

Good morning, while you're signing in, could you kindly introduce yourself to the board and those that are not counsel, please identify yourselves and be sworn in.

MR. FEARON: Good morning. My names is Jim Fearon, F-e-a-r-o-n, from Gluck Walrath in Trenton. We are counsel to the county. I can introduce everybody on the table.

MR. CUNNINGHAM: Please.

MR. FEARON: This is Julie Terrant, T-a-r-r-a-n-t, she is the comptroller and CFO of the county. Next to her is Geoff Stewart, S-t-e-w-a-r-t, he's from the Public Financial Management, the financial advisor for the county. Next is John Costell.

MR. CUNNINGHAM: Welcome, thank you.

MR. FEARON: So our application is for approval of the issuance of up to 18 million dollars in refunding bonds under the energy saving improvement program or ESIP Law. Following an energy audit that was completed in May of 2014, the county selected DCO Energy to prepare an energy savings plan which was completed in October of this year. The county's proposed energy savings improvement program consisted of various energy conservation improvements to six county buildings, a total cost of approximately 15.7 million dollars. The plan forecasts aggregate energy savings of approximately 20.2 million dollars over 20 years. At the time of our application these savings could cover debt service on county refunding bonds of approximately 15 million dollars that would raise approximately 14.2 million dollars in project costs. This left a gap of approximately 1.5 million dollars of project costs that could not be raised by the bond issue, but instead would be paid by the county out of it's 2017 capital budget. As a result of recent interest rate volatility, the amount of refunding bonds that could be paid from the projected energy savings has fallen since our application, by approximately $157,000. So that would include the county's equity contribution. The final number, of course, would depend on interest rates that prevail at the time of our pricing. As reflected in the application the bonds will also fund one year of capitalized interest while the improvements are being constructed or installed.

The county intends to sell these bonds competitively with a proposed 20 year maturity schedule following that one year period of capitalized interest. And we're happy to answer any questions you may have.

MR. CUNNINGHAM: Thank you very much. I advised the board earlier that we did a conference call yesterday, was it?

MR. FEARON: Yes.

MR. CUNNINGHAM: And I know that other divisions staff did a subsequent call with Mr. Fearon and continuing to refining the numbers on it because we were a little bit off and I think that's largely been resolved. I guess the interesting thing, Mr. Fearon, I know was clear in the application and you just referenced it, but I'd like to spend a little more time that county needs to make a capital contribution to this project. And maybe we can just talk a little bit, and maybe the energy professionals in the room would be able to do this, but can we talk a little bit about those components that weren't included in the actual energy savings piece of this? We've talked about some controls for the jail and some other types of things on the call yesterday. I just want to make sure that we put them on the record.

MR. FEARON: I'll begin the discussion. I think the key to understand is that at the time that the projections were made, it was the expectations of all parties that the costs of all of the improvements could be absorbed within the energy savings. And I think it has been the erosion of the increase of
interest rates since the time of the initial forecast that led to the gap. And under this status, the debt service on our bonds has to fit within the projected energy savings. And we just, our project costs are somewhat higher than the amount of bonds that could be funded. Now part of that is because we're funding capitalized interest for the year that the savings are not yet in place. But most of it I believe is because the interest rates environment has evolved over the past period of time.

MR. CUNNINGHAM: So it was not because certain projects on that list had shown a zero?

MR. FEARON: Actually, yes, let me respond to that. It was my belief when we were preparing this application, that approximately $900,000 of project costs were ineligible for funding. Prior to this meeting, actually in the hallway just beforehand I was discussing with the representative of DCO and he pointed out that there is a provision in the statute that may permit up to 15 percent of the project cost to be financed notwithstanding the lack of savings. And I think part of it has to do with the fact that if you were making improvements to a building and you drill down to the individual components that are being funded, there may be one of five components that in and of itself doesn't produce energy savings, but in the totality, in the inter relationship of the five of them, the aggregate mass produces savings. I indicated before this meeting and I will say on the record, that we will take another look at that statutory interpretation, should we be in a position where interest rates change such that interest rates have diminished, so we just can't fully fund the project any more hence the equity contribution.

MR. CUNNINGHAM: Any other questions from the board? We spent a lot of time on this application so I feel we understand it a lot more when it came in, just a little different than some of the ESIPs that we've seen lately just because of the contribution fees.

MR. STEWART: It's an estimate of what the total proceeds, the competitive sale will yield. It could come in at 800,000, it could come in at 1.3. But the principle plus the premium will generate the gross proceeds. And just as a reference point because Jim brought up, interest rates since we first were tracking this transaction almost a year ago, we've seen interest rates increase in the estimate cost of capital, almost a full one percent or a hundred basis points. So while the projected savings of finite over the period of time, our ability to leverage more of that stream has diminished, so we just can't fully fund the project any more hence the equity contribution.

MR. CUNNINGHAM: Any other questions from the board? We spent a lot of time on this application so I feel we understand it a lot more when it came in, just a little different than some of the ESIPs that we've seen lately just because of the contribution fees.

If there's no other questions or comments from the board, I'd ask for a motion and a second.

MS. RODRIGUEZ: I'll make a motion.

MR. CUNNINGHAM: Ms. Rodriguez makes a motion.

MR. BLEE: Second.

MR. CUNNINGHAM: Mr. Blee makes a second. Roll call, please.

MS. McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS. McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. McNAMARA: Ms. Rodriguez?

MS. RODRIGUEZ: Yes.

MS. McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. McNAMARA: Mr. Light?
MR. LIGHT: Yes.

MS. McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MS. McNAMARA: Mr. Dirocco?

MR. DIROCCO: Yes.

MR. FEARON: Thank you very much.

MR. CUNNINGHAM: Good morning.

MR. CANTALUPO: Good morning.

MR. CUNNINGHAM: Introduce yourself and your colleagues.

MR. CANTALUPO: Sure. John Cantalupo, counsel to the City of Paterson. To my right is the acting director of finance for the city Fabiana Mello and all the way to the right is Neil Grossman, the financial advisor to the city.

MR. CUNNINGHAM: Please swear them in.

(Fabiana Mello, Neil Grossman, are duly sworn by a Notary Public of the State of New Jersey and testifies as follows:)

MR. CUNNINGHAM: Go ahead counsel.

MR. CANTALUPO: Okay, thank you.

Director, thank you very much. I know we had a few meetings and conversations prior to today about the City of Paterson's application. Before we proceed and per our conversation yesterday, the city will be removing its request for the 3 million dollar emergency appropriation for funding bond ordinance to fund the workers comp settlements and the litigation settlements. So the amended application would include the sewer capital improvements in the amount of 7,725,340, and the communication, emergency communication system for 1,333,000. With that, the sewer improvements that are being undertaken by the city are really capital repair type improvements where a sewer main busts and they go in and they fix the sewer main. A number of items, like they're not NJEIT related type projects. Additionally, the communication system as you're aware is for the emergency communication system within the city. With removing the 3 million dollars from the application, the tax impact, per my conversation with Neil a few moments ago, is about $40 on the average assessed home.

MR. CUNNINGHAM: I'm sorry, I didn't hear you. what was the impact?

MR. CANTALUPO: The impact was $40.

MR. CUNNINGHAM: $40?

MR. CANTALUPO: Yes, on the average assessed home of 192,500. We request that you approve the issuance of these bonds under the municipal qualified bond act and you endorse your consent on both of the bond ordinances associated with the sewer capital improvements and the communication system. We are well within our municipal qualified bond act revenues with a coverage rate of two to one. We'd be happy to answer any questions at this time.

MR. CUNNINGHAM: Thank you. The sewer piece, could we just spend a little time on that? I know there have been, it's an amendment. It's a relatively large amendment authorizing I guess eight million. So, and you are gonna make a down payment on that. But these improvements to date, city's authorized around 29 million to be repaid over 24 years. I'm just curious why the amendments are required. Isn't that once you start, are you including more or once you're getting into what was being worked on, it was more complex.

MR. CANTALUPO: Well I think what we do, they had capacity in this ordinance to do improvements to their combined sewer overflow system. And then these same degree of improvements that they need to do this year because things happen every year there in terms of just keeping infrastructure in place. So the decision was to add it to this ordinance instead of creating an entirely new ordinance.

MR. CUNNINGHAM: New ordinance?

MR. CANTALUPO: Yes.

MR. CUNNINGHAM: Do you gentlemen have questions on the combined system or anything before we move to the other piece?

MR. CANTALUPO: I have been having a lot of conversations and I'll let Fabiana go ahead and speak.

MS. MELLO: And I have been having a lot of conversations with our engineer and said it will probably be 100 million dollars. We are now seeking 30 which will probably be another two years to come up with the total final amount. But it's going to be a couple million dollars.
MR. CUNNINGHAM: The second piece deals with or the now second piece, remembering that what was listed as two has been withdrawn, deals with the acquisition and installation of computer hardware and software, radios, wiring and camera systems for the 911 system. And, again, the city being under transitional aid and the transitional monitors, plural, have been working closely on an overall public safety plan and the potential privatization of the dispatch is one item that is under consideration. It's my understanding from the TA monitors or through the TA monitors, that regardless of whether the city privatizes dispatch service or not, that this equipment would still be required?

MS. MELLO: That's my understanding as well from conversations with both chiefs. This will serve the fire, the police and DPW. So my understanding is and the system we have now is not to purchase any more, we'll have to update and it would cost us at least 300,000 to do it right now.

MR. CUNNINGHAM: The city counsel has not yet approved and maybe they don't need to in my conversations with the city administrator, but there has not be an RFP issued to explore the privatization of the dispatch service at this time. But I think the administration whether or not the city counsel acquiesces, is going to move forward with a RFP process to at least determine whether there's interest in there from a private vendor and what the potential savings would be. It's my understanding that the city is going to be moving forward issuing that RFP by January 15th and I discussed with the administrator that we would include as condition of our local finance board resolution that that occur and that comports with another document that we are signing with the city as it relates to the overall approval of the public safety plan. So I would propose that we and, again, I want the board to be able to ask other questions but when we take a motion or a second, we would put a condition in the approval that the city go out for an RFP for the exploration of privatizing the dispatch. Do you have concerns from financing perspective, John?

MR. CANTALUPO: No, because I think that we'll in terms of putting it out on the street, we'll finally adopt this at the meeting on the 20th and then we'll be able to proceed with the PCIA according to plan, but I don't know when you're going to accept the, you said you just want an RFP on the street in January with responses by when?

MR. CUNNINGHAM: I don't think that we, you know, we're working with other documents and other parts of this public safety plan. For the purpose of this condition, it would be just the issuance of the RFP.

MR. CANTALUPO: Yeah, I don't think that will impact our schedule at all, we'll be fine.

MR. CUNNINGHAM: Questions from the board?

MS. RODRIGUEZ: Yeah, I have a question.

MR. CUNNINGHAM: Please.

MS. RODRIGUEZ: This communication system, has the city gone out and looked to see whoever, you know, the vendors are since they're going to outsource the dispatch? The police dispatch, this communication system is going to be a part of that, versus all this technology and wiring now and taking in an outside vendor for the dispatch.

MS. MELLO: So my understanding we went out and got some quotes. Now that we have the, we'll have the finances, then we have to go to RFP too to actually acquire the equipment. But that could actually be a conversation with the DA and see if they want to combine as they do.

MS. RODRIGUEZ: I would, that is my concern, you know, is to invest all this money in infrastructure which is what this is and then, you know, on the recommendation of the chairman and the staff here, to go and outsource that. Cause when a vendor comes in, I don't know what the vendor is bringing.

MR. CUNNINGHAM: One of the monitors we have assigned is Don who's a retired fired chief.

MS. RODRIGUEZ: Right, I know Don.

MR. CUNNINGHAM: He's been working with the city public safety officials and we're getting the word back that the equipment needs to be upgraded regardless of the private vendor. I think the question would be, could the private
vendor procure this equipment in a better quicker way. But no one seems to know that. And given some of the critical life safety risks of not proceeding, realizing that it may take a little while to actually implement the entirety of the city's public safety plan which includes, I mean, you know, not as part of this application, various promotions to re-due the rank structure and increase minority participation and include 911 system. And the third component was, what was the third component?

MS. MELLO: It would be a safe committee to have the safety board. Rather than being separate, it would be all combined. So one person responsible for all the calls. Right now each one dispatches their own calls.

MS. RODRIGUEZ: You're centralizing, yeah. I just had to ask the question.

MR. AVERY: The county doesn't offer a county wide dispatch 911 system?

MS. MELLO: I'm not sure.

MR. CANTALUPO: Not that I'm aware of.

MR. CUNNINGHAM: Not when I was there.

MS. RODRIGUEZ: No, they don't.

MR. CUNNINGHAM: Any other questions?

MR. AVERY: Could somebody explain, just clarify for me what the cost of issuance is on this? There seems to be two numbers 45,000 and --

MR. CANTALUPO: Yeah, it depends on whether we issue bonds or notes. If we issue notes, it would be the smaller number. If we issued, go permanent financing, then it would be the larger number.

MR. CUNNINGHAM: If no other questions, I would ask for a motion and a second.

MR. BLEE: Motion.

MR. LIGHT: I'll second it.

MR. CUNNINGHAM: So just to be clear, the motion would cover the amended application, removing the workers comp and liability claim. So it would be for the two components that were discussed with the condition that I expressed on the dispatch system.

MR. CLOSE: The privatization?

MR. CUNNINGHAM: Correct. So the motion is second on a table. Pat, I would ask for role call.

MS. McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS. McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. McNAMARA: Ms. Rodriguez?

MS. RODRIGUEZ: Yes.

MS. McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. McNAMARA: Mr. Light.

MR. LIGHT: Yes.

MS. McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MS. McNAMARA: Mr. Dirocco?

MR. DIROCCO: Yes.

MR. CUNNINGHAM: Thank you. On this application we'll hear from the Passaic County Improvement Authority. (Nicole Fox, Steve Wielkotz, Dan Mariniello, are duly sworn by a Notary Public of the State of New Jersey and testifies as follows:)

MR. DRAIKIWICZ: Thank you. I'm making the application for the Passaic County Improvement Authority. The improvement authority proposes to issue its note in the amount not to exceed $12,496,448. The proceeds would be loaned to the City of Paterson funding various capital projects in the city. The notes will be secured by a general obligation for the City of Paterson and will also be secured by a county guarantee from Passaic County. In connection with the prior application that we just heard, it's our understanding that one of the items in our application, the one for the 3 million dollars for the funding of workers compensation emergency, will no longer be included as part of the financial package. However, we have already introduced a county guarantee not to exceed 12.5 million dollars. So I guess my request would be that we would continue the application the way it is, however, we would obviously not be funding the 3 million dollars for the workers compensation portion of that package. And, therefore, we hereby request your positive findings that provides in
connection with this application on the
projecting financing as well as the county
guarantee.

MR. CUNNINGHAM: Nicole, this is,
you know, not the first time that the PCI has
done this but I think it's important. Do you
just want to put on the record a little bit
about kind of the county's commitment to
Paterson and what this application really does
by putting county guarantee on it?

MS. FOX: Sure. You know the
Freeholders are happy to help out Paterson.
This is our third time we issued a bond last
year in 2015, December and a note in June. And
now we are issuing a second note with plans to
permanently finance the notes in June.

MR. DRAIKIWICZ: We can also add
for the underwriter that will speak with regard
the savings that are associated with that
contribution in general.

MR. MARINIELLO: I'm the financial
adviser for the improvement authority. So one
of the things we have been talking about over
the last couple of years is working with
Paterson and their financing plans both from
short-term notes and permanently financing notes
and how that fits into their municipal qualified
bond proceeds they get from the state and the
debt service that they currently have on the box
and once we permanently financed these notes in
June and how their debts service hopes to stay
relatively even and level going forward. So
it's been something that we have been working
with them for awhile now. And as you know the
interest rates are moving up every day now and
in this very uncertain market. So there's no
question that the county guarantees is
significantly going to help with regards to
savings, with regards to the market. It's not
hard to really put what that number is going to
be, but when we go into the market, we'll be
able to, you know, provide that. We're certain
we are talking about interest rates in the one
percent versus potential interest rates in the
five or 6 percent if Paterson was to go out on
their own. So it's a good program that the
county seems comfortable and happy to help.

MR. WIELKOTZ: I think it should
be noted that on Tuesday, the Freeholder board
voted six zero unanimously introducing the
guarantee ordinance and backing this particular
project. And as Nicole mentioned, there's been
two other applications that have come before the
Freeholders. And, again, each of the votes have
been unanimous. The Freeholder board is solidly
behind the City of Paterson and in providing as
much help especially in helping them finance
projects that are much needed in the city.

MR. CUNNINGHAM: And I think their
willingness, to help to the point that Dan was
making, translates to actual dollars and
significant dollars and I think that should be
put on the record. Other than that, it's
straightforward application because we clearly
heard from the city. So we know what the
purpose is, the proceeds are ultimately going to
be used for. Any questions from the applicant?

Have we received the audit from the PCIA yet?

MS. FOX: Yesterday.

MR. CANTALUPO: Director, just one
last thing that I want to put on the record is
that a piece of the application was 438,108 for
reconstruction of the roads, that's the DOP
grant. That was stripped from the application
because the counsel didn't introduce it, but
they have since introduced it. And we will be
coming back down for that approval in January
and putting that in the pool with the PCIA. And
rather than have them come back for 438,000 we
were hoping, that's what I had talked to you
about the other day, just leave that 438,000 in
the application we so we can move forward with
the time especially giving the legislative year
associated with it. If it doesn't get approved
by the board, then we would just strip it out.

MR. CUNNINGHAM: I think the
suggestion is to put it in consent for the PCA
portions so they don't have to still come down.

MR. CANTALUPO: Will they still
need to make application?

MS. RODRIGUEZ: For that amount?

MR. DRAIKIWICZ: Can we make a
condition to the approval --

MR. CUNNINGHAM: I would do it as
old business. We can talk about it. I don't
think we're going to resolve it here for today
but maybe we can chat early next week.

MR. CANTALUPO: That's fine.

MR. CUNNINGHAM: Give us a call
and find out, that's the best way to do it. I
ask for a motion or second on the application.

MS. RODRIGUEZ: I'll make a motion.

MR. CUNNINGHAM: Ms. Rodriguez makes the motion.

MR. LIGHT: Second.

MR. CUNNINGHAM: Role call.

MS. McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS. McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. McNAMARA: Ms. Rodriguez?

MS. RODRIGUEZ: Yes.

MS. McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS. McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MS. McNAMARA: Mr. Dirocco?

MR. DIROCCO: Yes.

MR. CUNNINGHAM: Thank you.

MR. CANTALUPO: Thank you.

MR. DRAIKIWICZ: Thank you.

MR. CUNNINGHAM: We'll next here from the Kearny Municipal Utilities Authority.

(Mily Torres, Tim Eismeier, are duly sworn by a Notary Public of the State of New Jersey and testifies as follows:)

MR. McMANIMON: This application request two things: It's involving a small project. It's a $600,000 project to do a, to purchase a sewer cleaner vac and also to make some minor improvements to the pump station at Penn Avenue West of Jacobus Avenue. It was put together as a note and a bond issue. But we're not going to do a $600,000 bond issue. It was put in there by the people who prepared in my office because there is a series of projects that the authority is proposing to do over the next several years. There's a very large or larger part of this. It's about an eight million dollar phase. A five million dollar, a 4.9 million dollars has already proceeded under the New Jersey Environmental Infrastructure test program with some FEMA funds as well. The remaining projects are 45,000, 100,000, 200,000, and ultimately the expectation is that this project, in particular, and those, do not qualify under the Environmental Infrastructure programs so they'll ultimately do a bond issue. And as a result, the reference in this application and the fees associated with the bond issue are not applicable. So you probably had questions about them because they're very large for a $600,000 issue and we're not gonna do a $600,000 bond issue, we'll do a three million dollar bond issue down the road. Several years from now we'll have to come back to you for doing that. When Chris put the application together, he put in fees for note issue and a bond issue, but the bond issue just doesn't apply here. I'm happy to address whatever questions you have about that. So it's only approval for a $600,000 note, a project note. Now we hope to do one three year note so that we can piggyback when that comes due these other projects. We may do three one year notes. We're a little concerned on the way interest rates on notes are going up. So if we can get somebody to finance it with a three year note, that's what we'll do. Generally, if this was a larger amount, we try to get approval for the bond issue because the people who buy the note, want to know there's approval to take out the bonds. We don't think that's an issue here for a $600,000 piece that will ultimately combine with other issues that we'll be funding other parts of this project which is not part of our application. Just in the context appearing for this I was trying to get a better sense of what they were doing because I knew both the issue about the NJIT which you generally raise, as well as the issue involving fees. Something that I needed to address so I prefer to address it up front rather than questions later.

MR. CUNNINGHAM: What should the board expect for fees on this?

MR. McMANIMON: Well the application says the fee is for the note, for three years of notes is $15,000, not to exceed that amount. I don't believe if we do a three year note it will be much less than that because it will be one transaction not three. And it will simply just be the work associated with doing a note issue, not underwriting and not other things. So that's, and that's in the application below the listing of the fees it
says the cost of issuance for three years,  
1 should say project notes, would not exceed  
2 $15,000. And if for some reason they do more  
3 and it could be financed through NJIT, they  
4 would go to the NJIT, they're used to using the  
5 NJIT. These just don’t, these different  
6 equipments and vehicles just don’t fit into the  
7 program. So the other stuff that did, they are  
8 there.

MR. CUNNINGHAM: Questions?

MR. CLOSE: Can you do a low  
12 impact on the rating?

MR. McMANIMON: For this project  
14 there’s really no impact that would ultimately  
15 will be an impact if they do these over the five  
16 year cycle. But the rates are sort of blended  
17 in already to affect it. It doesn’t affect the  
18 entire town. The authority covers only a  
19 portion of the town.

MR. Cunningham: Any other  
21 questions? I ask for a motion and a second.

MR. CLOSE: Motion.

MR. BLEE: Second.

MR. CUNNINGHAM: Wasn’t sure who  
25 won the race for second. Role call please.

MS. McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS. McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. McNAMARA: Ms. Rodriguez?

MS. RODRIGUEZ: Yes.

MS. McNAMARA: Mr. Blee?

MS. McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS. McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MS. McNAMARA: Mr. Dirocco?

MR. DIROCCO: Yes.

MR. McNAMIMON: Thank you very  
25 much.

MR. CUNNINGHAM: Thank you.

Atlantic County Improvement Authority.  
(Mily Torres, Tim Eismeier, Peter  
J. Miller, are duly sworn by a Notary  
Public of the State of New Jersey and  
testifies as follows:)

MR. CANTALUPO: John Cantalupo,  
24 Bond attorney to the Atlantic County Improvement  
25 Authority. I'll allow everybody to introduce  

themselves as they go down the line.

MS. TORRES: Sure. My name is  
3 Mily Torres. I am here on behalf of the  
4 Atlantic County Improvement Authority.

MR. EISMEIER: Tim Eismeier, NW  
5 Financial, the financial advisor for the  
6 Atlantic County Improvement Authority.

MR. MILLER: Peter Miller,  
7 Township Administrator.

MR. CANTALUPO: Director?

MR. CUNNINGHAM: Please.

MR. CANTALUPO: This is the second  
13 refunding of a bond issue that was issued back  
14 in 2000 which was approved by the board in 2000.  
15 There's a subsequent advance for funding done in  
16 2006. And this is going to be a current  
17 refunding of the 2016 of an issue of bonds  
18 $8,500,000 not to exceed Egg Harbor Township  
19 guaranteed revenue refunding bonds. The  
20 original bonds were issued to construct a golf  
21 course that is leased by a 501c3 corporation.  
22 That golf course is known as the McCullough's  
23 Emerald Golf Links. It's an 18 hole course, it  
24 has a clubhouse. All typical amenities of a  
25 golf course. Your cart, buildings and

maintenance buildings and things like that.

This is a purely debt service savings refunding.  
3 Right now the refunding is producing, at a time  
4 of application I should say, a $561,492 in net  
5 present value savings which is 7.32 of refunded  
6 bonds. Well above the 3 percent required by the  
7 local bond, local finance board. It’s roughly  
8 about $50,000 a year worth of a savings for this  
9 project. There is a township guarantee on this.  
10 So we are seeking approval to refinance this  
11 project. At this time under NJSA-40a-5A6 also  
12 under 40:37A54-1 and the township guarantee  
13 under section 80 of the improvement authorities  
14 law.

MR. CUNNINGHAM: Okay, questions?  
16 I'll take a motion.

MR. AVERY: So moved.

MR. RODRIGUEZ: Second.

MR. CUNNINGHAM: Mr. Avery, Ms.  
19 Rodriguez second. Role call, please.

MS. McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MR. McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. McNAMARA: Ms. Rodriguez?

MS. McNAMARA: Ms. Rodriguez?
1     MS. RODRIGUEZ: Yes.
2     MS. McNAMARA: Mr. Blee?
3          MR. BLEE: Recuse.
4     MS. McNAMARA: Mr. Light?
5          MR. LIGHT: Yes.
6     MS. McNAMARA: Mr. Close?
7          MR. CLOSE: Yes.
8     MS. McNAMARA: Mr. Dirocco?
9          MR. DIROCCO: Yes.
10     MR. CUNNINGHAM: Thank you.
11          Please sign the sheet and be sworn in.
12             (Craig R. Marshall, Tim Eismeier,
13                          Timothy Kirkland, are duly sworn by a
14                          Notary Public of the State of New Jersey
15                          and testifies as follows:)
16          MR. DRAIKIWICZ: John Draikiwicz,
17             responding counsel to the Monmouth County
18             Improvement Authority.
19          MR. CANTALUPO: John Cantalupo
20             bond counsel to the County of Monmouth.
21          MR. MARSHALL: Craig Marshall,
22             Chief Financial Officer for the County of
23             Monmouth.
24          MR. EISMEIER: Tim Eismeier, NW
25             Financial, financial advisor for the Monmouth
26             County Improvement Authority.
27     MR. YOUSOUF: Joseph D. Youssouf
28          attorney for the Board of Fire Commissioners,
29             Fire District Number 2 Manalapan, New Jersey.
30          MR. KIRKLAND: Timothy Kirkland
31          Fire Commissioner, Fire District Number 2,
32             Manalapan Township.
33          MR. CUNNINGHAM: John.
34          MR. DRAIKIWICZ: Thank you. If I
35                 may, the Monmouth County Improvement Authority
36                 proposed to issue its bonds in the amount not to
37                 exceed $47,286,900 which bonds to the public
38                 which were used to acquire the authorities bonds
39                 in the amount of $47,286,900. Those particular
40                 bonds will be utilized to make loans to various
41                 governmental entities in Monmouth County to
42                 finance their capital projects. The
43                 governmental entities included in this year's
44                 program are Matawan, Middletown, Monmouth Beach,
45                 Manalapan Fire District Number 2, and the Ocean
46                 Township Sewerage Authority. The authority's
47                 bonds will be secured by general obligations of
48                 each of the participants or its underlying
49                 participants in the case of the Ocean Township
50                 Sewerage Authority. The bonds also will be
51                 secured by county guarantee of Monmouth County.
52                 We're hereby before you to seek positive
53                 findings on the project financing to the
54                 authority and the county guarantee. But also to
55                 receive positive findings in connection with the
56                 Ocean Township Sewage Authority's project as
57                 well as Manalapan Fire District Number 2
58                 project. And we'd be happy to answer any
59                 questions under this application at this time.
60          MR. CUNNINGHAM: Not so much a
61                 question but a comment that I should put on the
62                 record. The last time the improvement authority
63                 was in front of the board we had a bit of a
64                 robust conversation about the county guaranteed
65                 fee. Subsequent to that conversation, the
66                 improvement authority along with, I'm sorry, the
67                 county's, its improvement authority really
68                 doesn't have a staff, correct?
69          MR. KIRKLAND: Correct. The
70                county came in along with the county
71                administrator and CFO and other professionals
72                and we talked through that issue quite a bit and
73                we kind of compared some of the fees that others
74                on recurring basis or application basis opposed
75                to the county guarantee fee and ultimately in
76          MR. DRAIKIWICZ: That is correct.
77          And Monmouth County Improvement Authority would
78                proceed with its financing only with positive
79                findings and moving forward, correct.
80          MR. CUNNINGHAM: The issue we had
81                 was the fact that the referendum questions
82                 contemplated only bonds. And the fact that the
83                 truck had already been ordered and that
84                 prevented a conversation about a lease purchase
85                 which would I think in retrospect, would have
86                 light of the fact that the county contributes a
87                 lot of services to the improvement authority. I
88                 think that we did not have a problem with the
89                 county guarantee fee. Sometimes it's how things
90                 are phrased. That was the one issue I wanted to
91                 clarify especially after the last time the
92                 applicant was in front of the board. The second
93                 thing we spent a lot of time with on this
94                 application was the Manalapan Township Fire
95                 District. I think it was too late to pull the
96                 plug on this. If we gave negative findings on
97                 just this piece, the improvement authority, it's
98                 my understanding and John maybe you want to
99                 provide the testimony would be that Manalapan
100                Fire District did not stay in the project.
101          MR. DRAIKIWICZ: That is correct.
102          And Monmouth County Improvement Authority would
may have been a much better and more affordable option considering what we have kind of seen from various other fire district applications. To that end, I think, you know, we've clearly made this fire district aware and disapproved authorities aware. But what we are going to do as a division, we're gonna be putting out on the local findings notice on various fire district issues, we're going to cover a lot of the things that the board seen over the last year so and we're going to include in there conversations about lease purchases or bonding for small pieces of equipment. So I think for the purpose of this application, we don't have a lot of flexibility without causing other distress to the taxpayers of the fire district. So I think that with that component, you know, a bit of a reluctance of acceptance to that one but I think we generally understand the balance of the application and certainly understand the value that the pool government bond program provides. But, you know, I say from the days quite often, a lot of the heavy lifting on these applications gets done prior to the meeting. We certainly had our conversations on this one both in terms of the fee structure and in terms of the cost of issuance related to one of the participants. So with that I have a comfort level with the application. And I would ask my colleagues whether they had any comments or questions on the application before we take a vote?

**MR. YOUSSOUF:** If I could add something to the board's consideration. The fire district is cognizant of the problems that you've discussed and this is the first time that the fire district has participated in the Monmouth County Improvement Authorities issues. But I want to point a problem that we encounter and very simply is this. When we went to purchase the fire apparatus, there's two ways to do it. A formal bid and receive biding through the evaluation process, et cetera. To save money what we did is we joined HGAC, Houston Galveston area cooperative. We found that the price that we were able to get this truck for from HGAC was substantially less than if we had gone out and bid and received a competitive bid from Pierce. Now what happened is that when you do that, however, one of the things that you lose is the flexibility to negotiate as part of the original bid transaction, a lease purchased quote from the manufacturer. As you know Pierce has done that, other major manufacturers do that and we have done it in the past of other fire districts. So it's a bit of a rock and a hard place in the district. We wanted to save money on the purchase price of the truck which we did. But running into the problem with I'll say the stepchild of the Monmouth County Improvement Authority for this because we're a very small piece of the issues, does create a problem that the chair referenced. One final thing for the board's consideration. The last time this fire district went to purchase a fire truck, we issued bonds and it was a small issue. And what we ran into is the fact that nobody, nobody wanted to purchase the bond, they were not interested, it wasn't enough money. It was a small issue. So what we ended up having to do is negotiate the sale of the bonds through our local banks, the banks that holds our deposits and fire district transactions business. They were completely unfamiliar with how to do this with a bond and we ran into all sorts of problems with them and the documentation, et cetera. We finally got it cleared up. So it's a bit of a difficult marketplace for us because we are very small, the issue and I can't believe I'm saying a $800,000 fire truck is a small issue but it is in today's market place. We'd appreciate the board's understanding of that. We exist to serve the public with the best fire protection at the best cost possible. And the board takes it very very seriously. Mr. Kirkland is our treasurer, he knows all the issues. Next time we'll have to examine it and we'd be happy to do a lease purchase, but it requires to bid the lease from various vendors who would be willing to take it. We've dealt with Kansas City Bank in the past. We know how to do it.

**MR. CUNNINGHAM:** In recent months we've seen small issuers and I remember at last meeting they sent numerous bid packages out but they didn't get a ton back but enough back where the interest rates were very affordable. And again, I understand that, you know, saving money on the truck is certainly appropriate and admirable with this particular structure cost of issuance kind of seems to offset a lot of those
MR. YOUSSOUF: We appreciate that.
MR. CLOSE: I'm just curious, what was the savings that you realized out of applying through HG versus going out independently?
MR. YOUSSOUF: As I recall, it was about $45,000.
MR. CLOSE: What did you base $45,000 savings on?
MR. YOUSSOUF: Cost estimates from manufacturers. The process that the district went through for picking out a truck was they developed a set of needs for the district and truck. Then we went to various manufacturers and said can you build this and if you can, what do you think it's going to cost. And after a rather lengthy process, the numbers came back.

MR. CUNNINGHAM: In this case it's already ordered so if that call had come in prior to the order maybe we could have had a different conversation. The other thing is you know when this originally came to us, it came in about notes and at the time the cost of issuance. What we normally see for pieces of fire capital equipment and I think there was, you know, we went back and forth with the transcript, and I think there was a little confusion and I asked a question. Is this the cost of issuance and we were told yes and I think I understood that to be all in not realizing that there is going to be significant additional cost of issuance at this juncture.

MR. LIGHT: Perhaps in the future, a little effort to make notify your staff or in advance would probably be helpful.

MR. CUNNINGHAM: Would be helpful. And like I said, we're going to reiterate our understanding of things.

MR. DRAIKIWICZ: If I may just add the authority, after numerous discussions with the authority, the local finance board who also read the issue. So if we are approached with a fire district application, we'll spend a little more additional time with the applicant as well as the local finance boards so everybody is on the same page. That'll occur in the future as well.

MR. CUNNINGHAM: Any other questions or comments?
MR. CLOSE: When is the truck scheduled for delivery?
MR. MARSHALL: April.
MR. YOUSSOUF: We'll invite you to the wet-down.
MR. CLOSE: And if we don't --
MR. YOUSSOUF: You're still invited.
MR. CUNNINGHAM: As it relates to the other components of the other application, you know, we understood them. We didn't have issues with them but they were absolutely reviewed and analyzed as part of the overall application process.

MR. AVERY: Could I just ask, does anybody that is here today know was the Deal or the ocean outfall by Deal Beach, was that Sandy damaged or is that part of repairs?

MR. MARSHALL: I believe it was Sandy damage.
MR. CANTALUPO: Thank you.

MR. CUNNINGHAM: Go ahead, John. (Judy Wilson, Bonnie Heard, are duly sworn by a Notary Public of the State of New Jersey and testifies as follows:)

MR. CANTALUPO: John Cantalupo on behalf of Monmouth Beach, from Archer & Greiner, bond counsel to the Borough. To my right is the administrator and CFO Judy Wilson. And my further right is Bonnie Heard from T&M and she is the engineer for the Borough who handles all of their FEMA work and would be able to answer questions regarding FEMA or regarding the project itself. As you all are aware, Super Storm Sandy came through the end of 2012. Monmouth Beach was one of the communities with the largest impact happening in the community. This project is for a million dollar waiver of down payment, not a full million dollars but the waiver which is $47,600 on that project. The project is for the elevation, a new foundation and improvement to Old Borough Hall. Old Borough Hall was, received water as part of the surge. A good portion of the building was damaged and we need now to elevate it as required by FEMA. FEMA is going to be giving 90 percent of a $550,000 foundation cost which comes out to be about $490,000 of this project. And pursuant to the local financing notice the Borough is seeking, a local fine notice 2012:29 the Borough is seeking a down payment waiver on this project because it's part of Super Storm Sandy project.

MR. CUNNINGHAM: And the Borough came before the board in July for a similar application for the library, right, and what else?

MR. CANTALUPO: The seawall, the library because they had to repair the seawall and part of the project with respect to their beach house, the bath house that was damaged and as well as the library and the new borough hall because this is the old borough hall. They've moved that to another site, that's being completed now. This is still Borough property and they're going to restore it back to what it was.

MR. CUNNINGHAM: What would the old borough hall be used for?

MS. WILSON: The old borough hall was built in 1906. It was actually built in the ocean and it was moved back to its current location in 1917. It was a casino at the time. It was historically a gathering space. It was a school. It's been, had a lot of uses and then most recently it was Borough offices and a gathering space. So we, after Sandy and after the library was so badly damaged, and borough hall, the borough hall offices were so badly damaged, we felt it was in our best interest to raise the library building itself and consolidate the library and borough offices into the one building. And at this time lift the borough hall, old borough hall and preserve that building since it has historical value. And since it also is a community center.

MS. BEARD: And a meeting room, they use to hold the planning board meetings. Not now but they used to.

MS. WILSON: Right, and back into a meeting space for that purpose. And that's what we're trying to do.

MR. CANTALUPO: This is probably their last phase of Sandy improvements. Pretty much all of the work has been done in town and this would probably the last of it in terms of the buildings. Their beach house, not beach, but bath house that's on the beach and pool, their old municipal, their new municipal and seawall are all part of that project. We're going to be going with the Monmouth County Improvement Authority. We're currently investigating. We have to make a decision within the next couple of weeks on whether we're going to participate in the program and go permanent or not. But if not, we'll roll the note for another near year and then probably finance for next December. So right now we have a number of meetings with the borough officials over the past week to decide whether they're going to proceed in the Monmouth program or not.

MR. CUNNINGHAM: It's my understanding that if the down payment was required, it would result in an increase of $25 on the taxes of the --

MR. CANTALUPO: Yes, $24.76.

MR. CUNNINGHAM: So I think in the context of Sandy recovery, in the context of municipalities that have been damaged away as...
Monmouth Beach has been, the board's been consistent for our support on the recovery and considering it's a 90/10 cost split between FEMA and the Borough, the waive of the down payment certainly seems prudent. I would ask if any of my colleagues on the board have any concerns? Hearing none, I'll make the motion to approve the application for the Borough of Monmouth Beach for waiver of a down payment requirement and I would ask for a second then from one of my colleagues.

MR. BLEE: Second.
MR. CUNNINGHAM: Mr. Blee. Role call, please.

MS. McNAMARA: Mr. Cunningham?
MR. CUNNINGHAM: Yes.
MS. McNAMARA: Mr. Avery?
MR. AVERY: Yes.
MS. McNAMARA: Ms. Rodriguez?
MS. RODRIGUEZ: Yes.
MS. McNAMARA: Mr. Blee?
MR. BLEE: Yes.
MS. McNAMARA: Mr. Light?
MR. LIGHT: Yes.
MS. McNAMARA: Mr. Close?

MR. CUNNINGHAM: The term of the contract?

MR. TAYLOR: It's initial, once

the improvements, the initial improvements are built, I should have elaborated on that. The private partner is going to be building a feed station at the plant that the authority can use to accept the organic feed stock and feed it into their digester at a uniform rate. Once that's complete and they're up and delivering the feed stock, it'll be a ten year term with a three year renewal option with the authority option. And then a potential seven year additional renewal at mutual agreement.

MR. CUNNINGHAM: I thought it was ten plus three plus seven?

MR. TAYLOR: No, no, three plus seven.

MR. CUNNINGHAM: I'm sure everybody on the board's understanding of the technology in place here.

MR. LIGHT: Talking about digesting.

MR. CUNNINGHAM: It's clear in the summary application, I think are clear in terms of someone like me who didn't want to take any science classes, let alone something on gravity sludge thickeners. But I'm gonna think that
adequate information is given to the board. The
one thing that we have done when we approve
various, you know, private public contracts and
I would ask for the same condition here, is we
asked for a designated representative to be
identified for the board and whoever that person
is, you know, provide I guess reports on
occasions just to let us know how that's going.
That's the only, I think that is the only
condition we would contemplate putting in here.
I know some of you are a little more technical
as it relates to the water and sewer matters.
Does anybody have any questions on the
application? No, okay if there's no comments
we'll entertain a motion and a second.

MS. RODRIGUEZ: I'll make a
motion.

MR. CUNNINGHAM: Ms. Rodriguez.

MR. LIGHT: I'll second.

MR. CUNNINGHAM: Role call.

MS. McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS. McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS. McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MS. McNAMARA: Mr. Dirocco?

MR. DIROCCO: Yes.

MR. TAYLOR: Thank you very much.

MR. CUNNINGHAM: Good morning,
Joe. Good to see you again. This is an
application that we met with Monday I think.

MR. PEARLMAN: Yes.

MR. CUNNINGHAM: Steve, would you
just for the benefit of the rest of the board,
introduce yourself and your colleague and for
those who aren't counsel, will be sworn in.

MR. PEARLMAN: Steve Pearlman, I'm
bond counsel for AvalonBay the redeveloper of
this property.

MR. FISHBONE: Scott Fishbone,
vice president with AvalonBay.

MR. BEINFIELD: Bob Beinfield
not pay for, but can they help contribute to
towards this extraordinary expense. And also, I
guess, the developer went up against the owner
and you received a modest return in terms of the
contamination but nothing near, and the numbers
I gave you are the residual of what was still
needed to fix the environmental problem. The
solution was use a rare bond and have the pilot
go from the 10 percent down to nine percent.
That change allows the town in effect to give a
contribution by taking the one percent less on
the annual service charge that is a portion of
the cost, no where near what it's going to cost.
But it was the town's willingness to come in and
reduce that pilot amount which you're allowed to
do with the rare bond, that allowed the
developer to go forward to the tune of, the
projections are, that with the 9 percent and
what we call the unpledged portion that is
payable to the town, this project over the 30
year pilot will produce 34 million dollars to
the town. Whereas, again, compared to if this
deal did not happen and the project lies fallow
with the property contaminated and it does not
move forward, $100,000 over the same 30 year
period is less than a million five. So that's
why the town and developer got together,
smartly, and put together this deal where
there's a sharing of cost and using the state
mechanism of the rare bond to move forward. As
I mentioned it, it is a taxable transaction of
the bond to go out no longer than 35 years.
Technically it will go 30 years from substantial
completion and city is issuing them as
non-recourse debt. This is the city's
obligation is not involved in any way. And the
redevelopers affiliate is purchasing the bond.
There's no market for this. This project is
being funded 100 percent by equity of the
developer. And I didn't even say it, it's a 350
unit, residential rental project.

MR. CUNNINGHAM: Thank you. Mr.
Fishbone, I know we have met and you had given
me some perspective on the level of
contamination or the area of contamination. I
think it would be beneficial for the rest of the
board to hear that because as Mr. Pearlman
testified, that level needed remediation and
added costs are what's driving this with the
developer of moving forward or not moving
forward. Can you just address the board?

MR. FISHBONE: Sure. Thank you,
Mr. Chairman. Basically we had gone forward,
designed a project for 350 unit apartments with
the town, a pilot agreement before all of this
came to light. Essentially there was thousands
of cubic yards, a hole dug at some point in the
past. There was numerous materials buried in
the hole and covered by a parking lot which we
discovered unfortunately when we were doing our
geofechnical investigation. Several hundreds of
thousands of dollars testing later, we came up
with the estimates. We submitted between 14 and
17 million dollars to dig this out and take away
the material as well as bring back clean
material, that is both a clean and
geofechnically sound so we can build on top of
it. That additional cost made the project that
we had originally underwritten at one number
financially infusible and we worked with the
town to come up with a way to make it go
forward.

MR. CUNNINGHAM: The other thing
we discussed was the impact on the schools and
given the construction and the number of units

or mix of the units. It was the understanding
division I guess maybe you can put on the record
as well, that the impact on the school district
wouldn't be anticipated to be particularly high
given that these are smaller apartments and
majority are one bedrooms as opposed to I think
you said you said a few three bedrooms.

MR. FISHBONE: Yeah, a few threes
but over 90 percent of the units are studios and
one bedrooms and two bedrooms. We have an
average square footage of about 1075 square
feet. It's also an elevatored building. All
flats. It's generally not a child friendly type
of product, structured parking deck, multi-level
building.

MR. CUNNINGHAM: And the county
gets the statutory 5 percent?

MR. PEARLMAN: Correct.

MR. CUNNINGHAM: Any questions for
the applicant? We spent considerable time with
the applicants going over the application,
making sure we understood the need for it. And
after hearing about the environmental factors
and the additional costs that they present, we
understood the reason to utilize the RAM
mechanism. So if there's no questions from any of the board members, I would ask for a motion and a second.

MS. RODRIGUEZ: I'll make a motion.

MR. CUNNINGHAM: Ms. Rodriguez makes the motion.

MR. DIROCCO: I'll second.

MR. CUNNINGHAM: Mr. Dirocco seconds. Role call.

MS. McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS. McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. McNAMARA: Ms. Rodriguez?

MS. RODRIGUEZ: Yes.

MS. McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS. McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MS. McNAMARA: Mr. Dirocco?

MR. DIROCCO: Yes.

MR. CUNNINGHAM: Thank you.

Please sign in and be sworn.

(Lester Taylor, Nicholas Lanza, Tim Eismeier, Valerie Jackson, are duly worn by a Notary Public of the State of New Jersey and testifies as follows:)

MR. JOHNSON: Good morning. My name is Everett Johnson. I'm bond counsel to the City of East Orange from the law firm of Wilentz, Goldman & Spitzer. To my right is Mayor Lester Taylor. To his right we have the direct of economic development Valerie Jackson. We have Mr. Nicholas Lanza who is the CFO of East Orange General Hospital. To her right Jeff Kramer, developers counsel from the law firm of Epstein, Becker, Green. Jennifer Credidio, redevelopment attorney for the City of East Orange. And to my left is Tim Eismeier, the financial advisor to the city from NW Financial.

The City of East Orange respectfully requests the approval of the this board related to the proposed authorization and issuance of non-recourse development area bonds on a taxable basis in the amount not to exceed one million dollars. The bonds will be secured solely by a pledge of a portion of pilot payments to be generated by two properties operated by the East Orange General Hospital. Again, these bonds are not recourse and shall not be an obligation of the city. The hardest of this transaction is the hospital itself. It's an acute care facility that operated in the community for over 100 years. It has 880 employees. There's an economic anchor within the city. For years the hospital operated as what's owned by not for profit entities. And November of 2015 the hospital filed for bankruptcy. In March of 2016 a developer purchased the hospital at an auction and was the only bidder at the auction for the hospital. The hospital main building suffers from years of deferred maintenance and deterioration related to it's HVAC systems, electrical systems, mechanical systems, life safety systems and these improvements are necessary to maintain a hospital at an adequate level that will provide essential services to the community. The hospital has identified 2.8 million dollars of improvements that need to be implemented immediately. Part of which will be financed by the million dollar rider that we're proposing to issue today. But in addition to that, the hospital will also undertake additional projects. So over the next five years, they plan on spending 30 million dollars in capital improvements related to the hospital. Therefore, pursuant to the RAB and to the agreement with the city, they're going to enter into a financial agreement whereby under the redevelopment housing law, they will agree to pay up to 30 years pilot payments which would be consisted of three strains of revenue, land tax an unpledged pilot in the amount of approximately $300,000 to start with, that escalates 3 percent annually over the 30 year period. And then the pledge portion of a pilot which will be used to secure the bonds in the $52,000. Over the course of the financial agreement, the city is expected to generate approximately 12.6 million dollars in new revenue. Like I said before, the hospital had not generated any revenue to the city because it was operated for not for profit entities over its hundred year life. I'm gonna have the mayor discuss the project and why it's important to the city.

MR. TAYLOR: Thank you, Mr.
Johnson. Good morning, Mr. Chairman, members of the board. First, happy holidays to everyone.

My pleasure to be here this morning as the Mayor of the great City of East Orange to support East Orange General Hospital Prospect. I say East Orange first, they prefer Prospect first but we'll deal with that later.

MR. CUNNINGHAM: You're the mayor.

MR. TAYLOR: You know our vision for the city is to set the standard for urban excellence and become a destination city. We all know that community hospitals across the state in this country have been and/or are closing left and right. So we are extremely fortunate in East Orange to have found a partner in Prospect Medical to come in and acquire the hospital. As Mr. Johnson indicated, it will now be as of March 1st this year, a taxable entity.

So we're excited as a city about the prospect, prospect, of ratables for our city which furthers their investment and commitment to our city. I do serve as a member of the board of Prospect, so I can say Prospect East Orange General. So I can say from firsthand experience that the quality and level of professionalism exhibited by the newly proposed board as well as the executive management team of Prospect is exciting to be a part of. The quality of medical care and services that they are and plan to deliver in the community are unparalleled. They just completed the development of a new wing in the hospital. They've had a number of community outreach events to brand and market the asset to our community. And they also plan to be and we expect them to be a major economic driver in our communities to help us fuel more economic investment both of their asset but also surrounding businesses. Medical urgent care type facilities and/or other services and businesses that will provide or can feed off the hospital. The hospital presently employees about 880 people. Twenty percent of whom are East Orange residents. With the trend and direction of health care in our community, but also on a larger scale, we expect that number to grow. And so we're happy to partner with this institution to help that growth but also to help stabilize local economic engines in our City of East Orange. Unrelated to this but the hospital has an open door policy. Just last week we

created a relationship between the City of East Orange, I call it a public private non-profit, the 3 p's will be different, whereby, they're opening their doors to United Way to provide tax preparation services to residents in the community but it's a dual purpose. Not only provide tax services to low income or people who qualify for the free service, but it's also a marketing vehicle to get people into the hospital. So rather than doing it at a library, doing it at a YMCA, we want to have foot traffic in the hospital so people can see to use Mr. Stewart's word, come see what the new East Orange General Hospital is all about. So when those people have a health care issue emergency and/or a routine issue, will think of going there versus some of the competing hospitals in the area. So we're excited about this opportunity and we respectfully request that the application be approved. Thank you.

MR. CUNNINGHAM: Thank you, mayor.

Mr. Kramer.

MR. KRAMER: Good morning, thank you for the opportunity to be here. I think Mayor Taylor and Mr. Johnson accurately summarized the circumstances that the hospital has been facing. I would simply add that prior to Prospect stepping in, the hospital was in substantial risk of closure. Prospect stepped in. I think the transaction to acquire the hospital was a year or more long process. It involved going through the community health care assets protection act approval process which happened twice in this case due to the bankruptcy, Superior Court approval which happened twice in this case because of the bankruptcy and Department of Health approval as well. I believe there was a certificate of need issued to make sure the license could be granted or transferred. So it has been through extensive review and approval process by the State already. The undertaking that Prospect has here to stabilize and turn around the hospital, is a substantial one as Mr. Johnson had indicated. They have over 30 million dollars of improvements on the board for the hospital. If they could do it the way they wanted it would be to knock down the hospital and rebuild new. Because the hospital is in service and serves
patients, they can't do that. So over the next five years they're essentially going to rebuild it from the inside out. Thank you.

MR. CUNNINGHAM: So I know the mayor covered the social issues and covered the economic issues, there's a couple of things I want to discuss. And I think I toured this hospital when I worked up north. There's a secured unit for inmates?

MR. JOHNSON: Yes.

MR. CUNNINGHAM: We have moved our inmates to the hospital and I had a chance to tour the facility at that time. But generally, you know, we have a facility right now that's historically has not been subject to property taxes.

MR. JOHNSON: Correct.

MR. CUNNINGHAM: So to have a private partner to use the Mayor's term, come in and retain the employees, but at the same time still pay a pilot proceeds it really is a win for the city. We had looked as part of the review process, looking at what the redeveloper was gonna pay under the terms of the proposed financial agreement. And looking at the percentage they were gonna pay in terms of revenues, it was comparable to other hospitals in the area. We compared to Christ Hospital in Jersey City, Bayonne Medical Center, Hoboken University Medical Center and then there's additional parcels that are going to be acquired and they would be subject to conventional taxation and not subject to a grant agreement.

MR. JOHNSON: That's correct.

MR. CUNNINGHAM: You mentioned that in part of your opening remarks but I just want to kind of underscore that. In this context in Booton that the board just approved, there's a significant amount more revenue coming through the RAB than had been seen in the prior use of the facility. So, again, like the last application we saw, it's expected an affiliate with the developer would actually be the purchaser of the debt?

MR. KRAMER: That is correct.

MR. CUNNINGHAM: And I do know that with all RAB bonds the EDA and office of planning advocacy reviewed the application and submitted a memo to the board with their findings and analysis as well. Any other questions or comments from members of the board?

MS. RODRIGUEZ: I have a comment. Well first I want to commend, I too, at one time, at some point was involved with East Orange. So it was nice to see a holding company come in, you know, to the hospital and take over. I think these community partnerships are good, they're important when you mention places like Christ Hospital and the Bayonne Medical Center. I also caution that community involvement is important and everything from the hospital and the treatment and all of that is taking into consideration. Because East Orange is an up and coming, you know, up and coming city. And, you know, to be vigilant, you know, on the operation and the services that are given to the community, and the response to the community. And everything that that involves, I'm not going to get into. But I commend you. I think these private public partnerships are the answer to urban renewal currently and for the future. I wish you a lot of luck.

MR. TAYLOR: Thank you.

MS. RODRIGUEZ: In a positive direction.
gentlemen and ladies.

MR. TAYLOR: Thank you.

MR. JOHNSON: Thank you.

MR. CUNNINGHAM: Next appearance in front of the board, this is just a quick correction to the record.

MR. CANTALUPO: We also had a question for you too.

(Tim Eismeier, is duly sworn by a Notary Public of the State of New Jersey and testifies as follows:)

MS. CREDIDIO: So we just wanted to clarify when we appeared before the board in November, you had requested a pricing report as a condition of the approval similar to what we had done with previous bond issuances. And we just want to clarify the timing of that pricing report. Because different of our approvals in the past have required reports at different points in time. We believe that the condition that you require a pricing report after issuance, its one issuance of bonds for which we've already received numbers found in the application as opposed to some of the other issuances in the past where you wanted a pricing report first because it was an issuance from a shelf approval but we wanted to confirm that.

MR. CUNNINGHAM: It was prior to closing.

MS. CREDIDIO: Prior to closing.

MR. CANTALUPO: The reason why we asked and we were looking for clarification is when we had the shelf approval on the 58 million, it's a number of financings that would go through and then before we have like a 30 day prior to pricing closing, we'd have to send you a report. This is similar to the hotel where we had sent everything down and provided that everything complied with what was in the application, we would send you a post-issuance report. And we just wanted clarification whether you need it now because obviously we're pre-closing tomorrow and the closing is going to be on December 29. And we didn't know because a resolution was carried until, not carried but was taken for all business, we wanted to know whether if you wanted a pre or a post.

MR. PEARLMAN: We have the pricing report so we're happy to --

MR. CUNNINGHAM: I would send it over and check the box and if it meets the expectations.

MR. CANTALUPO: The real purpose of today is just to clarify the record in terms of the calculation, right?

MS. CREDIDIO: Sure. So when we were before you last month, we had the financial agreement that was in the application and the projection of payments and taxes and pledged special assessments that were provided to the board, reflected an erroneous number on the non-residential portion of the project. So just to refresh everyone's recollection, there's a residential component of a 128 to 130 high end luxury condominiums. There's a 54 to 56 unit hotel. There's retail space and there's also a parking garage. The parties had all agreed that the nonresidential portion would be set at one half of one percent of project costs. There was just an input error in putting in the project cost in the calculation. So we ran the schedules, they were about $10,000 off in each year on a total of, you know, approximately 2.5 million dollars.

MR. CANTALUPO: It was off by $10,000 not 2.5.

MS. CREDIDIO: Of the two and a half million dollars that we're going to receive, that the city is going to receive, there was an approximate $10,000 difference. So it comes out to under one percent of the total projection. But since we've discovered just the calculation error after we were down here, we wanted to, of course, come back and correct the record. We apologize for the error.

MR. CUNNINGHAM: It was shortly after the meeting that Jen and Glenn and Scott called as soon as the error was noticed they let me know. And I called to the point just Jen just made, the cleanest way to deal with this was to come back and have it as old business. It's in the record memorialized with the right number but ultimately diminish in terms of the entire transaction which we continue to think is a great thing for the City of Asbury Park. And just thinking and Pat and I side barred and she reminded me, the reason we wanted the pre-pricing proposal to the related party transaction, from that and that's why we wanted to know.
MR. CANTALUPO:  We didn't know when we came down the first time whether it was pre or post.  And everybody on the phone on a conference calls is debating which one it was, we wanted clarification.  No problem, we just wanted to know what it was.

MR. CUNNINGHAM:  So I think we do need to take a vote on the application just I guess to amend what was previously spitted to the board as to include in the package of the actual numbers and as Jen testified to.  So is there any other questions, but if not we'll take a motion or a second?

MR. LIGHT:  I'll make a motion.

MR. CUNNINGHAM:  Mr. Light.

MR. BLEE:  Second.

MR. CUNNINGHAM:  Mr. Blee.  Role call.

MS. McNAMARA:  Mr. Cunningham?

MR. CUNNINGHAM:  Yes.

MS. McNAMARA:  Mr. Avery?

MR. AVERY:  Yes.

MS. McNAMARA:  Ms. Rodriguez?

MS. RODRIGUEZ:  Yes.

MS. McNAMARA:  Mr. Blee?

MR. BLEE:  Yes.

MS. McNAMARA:  Mr. Light?

MR. LIGHT:  Yes.

MS. McNAMARA:  Mr. Close?

MR. CLOSE:  Yes.

MS. McNAMARA:  Mr. Dirocco?

MR. DIROCCO:  Yes.

MR. CUNNINGHAM:  Next regulatory matter is proposed amendments NJAC 5:33-1.7 and 1.8 adopted an appeal of 1.9.

MS. McNAMARA:  Mr. Cunningham?

MR. CUNNINGHAM:  Yes.

MS. McNAMARA:  Mr. Avery?

MR. AVERY:  Yes.

MS. McNAMARA:  Ms. Rodriguez?

MS. RODRIGUEZ:  Yes.

MS. McNAMARA:  Mr. Blee?

MR. BLEE:  Yes.

MS. McNAMARA:  Mr. Light?

MR. LIGHT:  Yes.

MS. McNAMARA:  Mr. Close?

MR. CLOSE:  Yes.

MS. McNAMARA:  Mr. Dirocco?

MR. DIROCCO:  Yes.

MR. CUNNINGHAM:  And the last matter is proposed amendments NJAC 5:33-19.  I would ask for a motion or a second?

MS. McNAMARA:  Mr. Cunningham?

MR. CUNNINGHAM:  Yes.

MS. McNAMARA:  Mr. Avery?

MR. AVERY:  Yes.

MS. McNAMARA:  Ms. Rodriguez?

MS. RODRIGUEZ:  Yes.

MS. McNAMARA:  Mr. Blee?

MR. BLEE:  Yes.

MS. McNAMARA:  Mr. Light?

MR. LIGHT:  Yes.

MS. McNAMARA:  Mr. Close?

MR. CLOSE:  Yes.

MS. McNAMARA:  Mr. Dirocco?

MR. DIROCCO:  Yes.

MR. CUNNINGHAM:  Next regulatory matter is proposed amendments NJAC 5:30 through 5.5.  This was the certification available funds that Mr. Papic proposed.  We did a pre-proposal amended them, got a new notice of proposal and are now voting on the proposed amendments that are listed in your agenda package.  Unless there are any questions on it, I would ask for a motion or a second?

MS. McNAMARA:  Mr. Cunningham?

MR. CUNNINGHAM:  Yes.

MS. McNAMARA:  Mr. Avery?

MR. AVERY:  Yes.

MS. McNAMARA:  Ms. Rodriguez?

MS. RODRIGUEZ:  Yes.

MS. McNAMARA:  Mr. Blee?

MR. BLEE:  Yes.

MS. McNAMARA:  Mr. Light?

MR. LIGHT:  Yes.

MS. McNAMARA:  Mr. Close?

MR. CLOSE:  Yes.

MS. McNAMARA:  Mr. Dirocco?

MR. DIROCCO:  Yes.

MR. CUNNINGHAM:  Next regulatory matter is proposed amendments NJAC 5:33-19.  I would ask for a motion or a second?

MS. McNAMARA:  Mr. Cunningham?

MR. CUNNINGHAM:  Yes.

MS. McNAMARA:  Mr. Avery?

MR. AVERY:  Yes.

MS. McNAMARA:  Ms. Rodriguez?

MS. RODRIGUEZ:  Yes.

MS. McNAMARA:  Mr. Blee?

MR. BLEE:  Yes.

MS. McNAMARA:  Mr. Light?

MR. LIGHT:  Yes.

MS. McNAMARA:  Mr. Close?

MR. CLOSE:  Yes.

MS. McNAMARA:  Mr. Dirocco?

MR. DIROCCO:  Yes.

MR. CUNNINGHAM:  Next regulatory matter is proposed amendments NJAC 5:33-19.  I would ask for a motion or a second?
be met given the time and the state budget
numbers, so we propose every year to extend the
budget calendar to something that is more
workable and included in your package to see
what those dates are as a local finance notice
on point. Once we vote on it, then we will
issue that local finance notice. I would ask
for a motion and a second in that regard.

MR. LIGHT: Just a quick question.

MR. CUNNINGHAM: Sure.

MR. LIGHT: This is normally the
same extension that we always approve, I'll make
a motion.

MR. CUNNINGHAM: Mr. Light.

MR. BLEE: Second.

MR. CUNNINGHAM: Role call please.

MS. McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS. McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. McNAMARA: Ms. Rodriguez?

MS. RODRIGUEZ: Yes.

MS. McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS. McNAMARA: Mr. Close?

MR. CLOSE: Yes.

MS. McNAMARA: Mr. Dirocco?

MR. DIROCCO: Yes.

MR. CUNNINGHAM: Motion to
adjourn.

MR. AVERY: So moved.

MR. CUNNINGHAM: Mr. Avery.

MR. DIROCCO: Second.

MR. CUNNINGHAM: Mr. Dirocco. All
in favor.

(All board members responded I.)

CERTIFICATE

I, KIMBERLY A. DIEHL, a Certified
Court Reporter and Notary Public of the State of
New Jersey, certify that the foregoing is a true
and accurate transcript of the stenographic
notes of the deposition of said witness who was
first duly sworn by me, on the date and place
hereinbefore set forth.
<p>| A                  | ability (3)            | 16:8,18,43:23                                |
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