STATE OF NEW JERSEY

DEPARTMENT OF COMMUNITY AFFAIRS

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IN RE: :

Local Finance Board :

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Trenton, New Jersey 08625

Date: Wednesday, October 14, 2020

Commencing at: 10:40 a.m.

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HELD BEFORE: (ALL MEMBERS APPEARING VIA VTC)

MELANIE WALTER, Chairwoman
ALAN AVERY
FRANCIS BLEE
ADRIAN MAPP
WILLIAM CLOSE
DOMINICK DIROCCO
IDIDA RODRIGUEZ
TED LIGHT

A L S O P R E S E N T:

PATRICIA PARKIN MCNAMARA, Executive Secretary
NICK BENNETT

I N D E X

MS. WALTER: It appears we have returned to open session. Is there a quorum on the line at this time? Pat, could you take a roll call to clarify? Nick?

MR. BENNETT: Miss Walter?

MS. WALTER: Yes.

MR. BENNETT: Mr. Avery? Mr. Blee?

MR. BLEE: Here.

MR. BENNETT: Mr. Close?

MR. CLOSE: Here.

MR. BENNETT: Mr. DiRocco?

MR. DIROCCO: I'm here.

MR. BENNETT: Mr. Light?

MR. LIGHT: Here.

MR. BENNETT: Mr. Mapp?

MR. MAPP: Here.

MR. BENNETT: Miss Rodriguez? We do have a quorum, but those two members have not signed back in yet.

MS. WALTER: We'll give them another moment then to switch over from the Executive Session. It appears Mr. Avery has joined us?

MR. AVERY: I'm here, yep.

MS. WALTER: So we'll just wait for Pat and Miss Rodriguez, and then we'll begin.

(Discussion held off the record.)

MS. WALTER: Would you mind if I proceed? Could you take the minutes for the time being?

MR. BENNETT: Certainly. The carry over ethics item C15043, the stipulation of settlement.

MS. WALTER: Thank you. So first I would note to take from the table the stipulation of settlement C15043 out of the Borough of Bogota and Essex and to approve that stipulation. Do I have a second?

MR. AVERY: Second.

MR. BENNETT: That's on the motion to table. We would need a motion and second on the adoption, correct?

MS. WALTER: I made a motion for both at the same time.

MR. BENNETT: I'm sorry. Miss Walter?

MS. WALTER: Yes.

MR. BENNETT: Mr. Avery?

MR. AVERY: Yes.

MR. BENNETT: Mr. Blee?

MR. BLEE: Yes.

MR. BENNETT: Mr. Close?

MR. CLOSE: Yep.

MR. BENNETT: Mr. DiRocco?

MR. DIROCCO: Yes.

MR. BENNETT: Mr. Light?

MR. LIGHT: Yes.

MR. BENNETT: Mr. Mapp?

MR. MAPP: Yes.

MR. BENNETT: Miss Rodriguez? That is 7/0 vote.

MS. WALTER: What was that?

MR. BENNETT: The vote is seven. The settlement is adopted.

MS. WALTER: Thank you. One other remaining matter out of the ethics agenda. C18-036 out of the Borough of Folsom and Atlantic. Do we have a motion to approve the supplemental notice of investigation discussed in Executive Session? Seeking a motion?

MR. AVERY: So moved.

MR. MAPP: Second.

MR. BENNETT: Miss Walter?

MS. WALTER: Yes.

MR. BENNETT: Mr. Avery?

MR. AVERY: Yes.

MR. BENNETT: Mr. Blee?

MR. BLEE: Yes.

MR. BENNETT: Mr. Close?

MR. CLOSE: Yes.

MR. BENNETT: Mr. DiRocco?

MR. DIROCCO: Yes.

MR. BENNETT: Mr. Light?

MR. LIGHT: Yes.

MR. BENNETT: Mr. Mapp?

MR. MAPP: Yes.

MR. BENNETT: And Miss Rodriguez?

MS. WALTER: Thank you. We can now proceed to having already opened the meeting publically and now concluded our ethics agenda. We may now proceed to consideration of financing applications before the board. Going to pause for a moment just to ensure we have Miss McNamara with us at this time?

MS. MCNAMARA: Yes, I'm here.

MS. WALTER: Thank you. And thank you, Nick, for stepping in for a moment.

MR. BENNETT: My pleasure.

MS. WALTER: First matter before the Board is Mount Holly Township Fire District Number 1 appearing on a proposed project financing. As you come before the board, please speak up so you appear on our screen and we can pin your image to the screen so you can be properly sworn in.

MR. SOLIMINE: Good morning. It's Tony Solimine of Wilentz, Goldman and Spitzer appearing on behalf of the Mount Holly Fire District Number One.

MR. SENDZIK: Good morning. My name is Jay Sendzik. I'm general counsel to the Board of Fire Commissioners, Mount Holly Township, Fire District Number 1.

MR. DONNELLY: Good morning. Ryan Donnelly, director of fire services for Mount Holly Fire district Number 1.

MS. WALTER: Thank you. Is that everyone appearing with you today?

MR. SOLIMINE: Yes.

(At which time those wishing to testify were sworn in.)

MR. SOLIMINE: Good morning, everyone. Again, for the record, Tony Solimine, bond counsel to the Mount Holly Fire District Number One from the Law Firm of Wilentz, Goldman and Spitzer.

Today we appear before you to request positive findings in connection with an application to issue 7.9 million dollars worth of bonds to finance various additions and renovations to the fire district's fire relief station. The additions will allow the fire district to consolidate two existing facilities into one.

Therefore, centrally locating all personnel and equipment. The project also consists of office space, turn out rooms, new exercise room and new bunk space and will also allow upgrades to the existing HVAC, a new kitchen, energy efficient lighting and will create an emergency operation center that will allow also for emergency shelter services.

The fire district originally went to the voters December 12, 2015 and received a vote of 137 yes votes to 93 no votes. We originally appeared before the Local Finance Board in 2016. At that time, we had some project approvals outstanding in connection with the construction.

Most notably, the New Jersey Historic Preservation Society. To date, we've achieved and obtained all those necessary approvals. As far as the financing is concerned, the fire district is expecting to sell bonds competitively for a 20 year tem. Current estimated impact for the average taxpayer in the township is $138.

And during the construction, the fire district has entered into an agreement with the township to build a facility, a temporary facility where all the equipment and personnel can be stored so they can respond to emergencies and fires during this time.

Like was stated earlier, we have the fire district's general counsel, the director of fire services and the financial advisor here to answer any questions and we respectfully request positive findings and we're happy to address any questions at this time.

MS. WALTER: Thank you. You gave us a fairly extensive listing of the items that are going to be included in this project. Appreciate that. That's also been an issue for the board in the past when trying to evaluate projects. The temporary off site storage facility, it looks like that's about $500,000 for that component of the project.

When you were joining the township, is it going to need to be relocated. Is that facility a permanent site and it's just your use that's temporary? What's some clarification about that purpose?

MR. SOLIMINE: Ryan or Jay, would you be prepared to answer that for them?

MR. DONNELLY: Yes. Miss Walter, if I may, Ryan Donnelly, director for fire services for Mount Holly Fire District. We will be temporarily utilizing the structure that's constructed during the term of construction at our firehouse.

Upon completion of the construction of the fire house and attainment of the certificate of occupancy of same, the facility will then be released to the township's use at the Public Works garage for further use by the Department of Public Works in the Township of Mount Holly.

MS. WALTER: Thank you. Now, as you know, going through the application, this project has a fairly significant cost to the taxpayers, it's about $138 per year of the average taxpayer for the next 20 years.

Can you speak to the value of the municipalities receiving from the project that would warrant that position and also speak to any steps that will be taken to ensure stabilization of the rate?

MR. DONNELLY: Certainly, Miss Walter. As you had stated, the $138 per added tax impact with regards to the project is significant though less than a dollar a day for the average taxpayer. However, the long term impact resulting from the project is significant.

In conjunction with Mount Holly Township, the gateway to the township, we would be adding 7.9 million dollars worth of improvements to the gateway on top of a project that Mount Holly has already approved to the rear of the park. So in combination with the township, we would have approximately 10 million dollars in improvements to one of the major gateways in the Mount Holly Township.

As Mr. Solimine stated, Mount Holly Township currently has no emergency operation center. None of their municipal facilities here in Mount Holly Township has emergency power generation. Any time we face a storm or any significant event, we have to rely on a trailer generator and significant downtime to come in and then power the municipal services back up.

This would be the first and only facility in Mount Holly Township that would provide emergency power generation and be able to be utilized continuously for the retention and continued operation of emergency services. We continuously operate in conjunction with our police department, our Office of Emergency Management, our emergency medical services and various other community organizations.

So this facility would provide continuity of government in time of need, something that the township significantly needs. Being the oldest active volunteer fire company in the United States of America, our buildings, both of our structures date back 100 plus years, so cost surmounting with regards to maintenance and renovation, we haven't had any significant construction at this facility since approximately 1968.

So with the change in the size of apparatus as well as the admission of emergency services, we haven't grown with the times. So this renovation, in addition, will allow us to grow with the times. We've anticipated, though our architect has satisfied a minimum useful life of 20 years in the planning phases for this facility, we've planned for the next, at minimum, 50 years of service to the Township of Mount Holly and surrounding residents.

So if anything, we have tried to provide a stable in the community, a centralized location for not only service provision, but also for community activity.

MS. WALTER: Thank you for that comprehensive response. The other thing I would note for the record is that the fire district appears to have zero outstanding debt at this time; is that correct? So undertaking this project is really a significant step for you and that's something that you take lightly, correct?

MR. DONNELLY: That is correct.

MS. WALTER: Now, with regard to the community room that's proposed as part of the project, how is that being used? And is it being rented out? And to what extent are you depending upon revenue from that facility to support the project, questions being asked particularly given

the restrictions and closures at this time?
MR. DONNELLY: With respect to renting the property out, the board has decided that we will not be renting the facility. It wouldn't be your typical fire hall, the 1970s, 1980s, so we do not count on any revenue income generated from a hall rental per se.
The community room that we have slated would be for the use of the Board of Fire Commissioners for their monthly meetings as well as providing a larger ancillary meeting space for the township council or various other community groups that would require meeting space, i.e., neighborhood watch, Boy Scouts, and so on and so forth.
MS. WALTER: When you describe that room, you're describing what's more of a meeting room?
MR. DONNELLY: That's correct. We label it as a community room because the community is funding it and it would be open for community use, not necessarily a rental for weddings or for banquets or anything of the nature, just a meeting space.
MS. WALTER: And do you anticipate

regular circumstances any other entities availing themselves of that facility? You mentioned using it for council meetings?

MR. DONNELLY: The facility would be open to any of our municipal partners, i.e., Municipal Utilities Authority, Mount Holly Township, our close relationship with the Mount Holly Police Department and other emergency services.

They currently don't have any place in town to provide any training locations for seminars or any other training facility, so this would open that opportunity up to our partners within Mount Holly Township and those who we border in our mutual aid groups.

MS. WALTER: Thank you. As part of the consolidation of resources in this facility, how do you intend to dispose of the existing firehouses?

MR. DONNELLY: So currently, Mount Holly Fire District Number 1 operates two locations. We have the Good Intent Firehouse, which again, is over 100 years old which is a single bay old firehouse which we predominantly use for ancillary storage of fire apparatus as well as for the board's administrative offices and then we have the relief firehouse location of which the project is planned for expansion and renovation.

Upon completion of the project we've been in communication of the township officials in Mount Holly who have a desire, anticipated desire, to use for the older firehouse, for the Good Intent Firehouse that we currently use as our offices.

So instead of going out to public auction, we're disposing of the asset in that sort of fashion, we would first continue those communications with Mount Holly Township to provide a mutually beneficial municipal use.

MS. WALTER: Thank you. Do any other board members have question at this time?

MR. AVERY: I had a question about it's not clear to me in terms of the temporary storage building that you're building on municipal property. Is that a permanent structure that's going to only be temporarily used by the fire department?

MR. DONNELLY: Yes, Mr. Avery. I'm sorry I didn't clarify that earlier. It is a permanent structure that will be temporarily used by Mount Holly Fire District during construction.

MR. AVERY: How long will the construction -- is construction anticipated to take?

MR. DONNELLY: Anticipated construction estimates are anywhere from 12 to 14 months.

MR. AVERY: Thank you.

MS. WALTER: Hearing no other questions, would anyone like to make a motion?

MR. BLEE: Motion to approve.

MR. DIROCCO: I'll second it.

MS. MCNAMARA: Miss Walter?

MS. WALTER: Yes.

MS. MCNAMARA: Mr. Mapp?

MR. MAPP: Yes.

MS. MCNAMARA: Mr. DiRocco?

MR. DIROCCO: Yes.

MS. MCNAMARA: Mr. Close?

MR. CLOSE: Yes.

MS. MCNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MCNAMARA: Miss Rodriguez? Mr. Blee?

MR. BLEE: Yes,

MS. MCNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS. MCNAMARA: Thank you.

MS. WALTER: Thank you. Motion carries. Next matter appearing before the board is the City of Trenton on general obligation bonds in the amount of 22.9 million dollars under the Qualified Bond Program.

MR. JOHNSON: Good morning. This is Everett Johnson, bond counsel to the City of Trenton from the Law Firm of Wilentz, Goldman and Spitzer. Can you hear me clearly?

MS. WALTER: Yes, I can. Just as per usual, as everyone comes on, if you can have them speak up so we can swear them in on the screen.

MR. JOHNSON: Sure. I know I have Mary Henry, CFO to the City of Trenton who is on the line. I don't hear Mary. I know she's on the line. I see her listed. I know Neil Grossman is on, the financial advisor to the city.

MR. GROSSMAN: Yes. I'm here.

MS. HENRY: Hi. I'm here this

morning.

MR. CHERRY: This is Colin Cherry, the district business administrator. Adam is joining us in a moment.

MS. WALTER: It appears a lot of the video feeds are off. If you can take a look and see if you can turn on your video feed for swearing in. I see Neil.

MS. HENRY: I may have a problem with my video.

MR. JOHNSON: I would assume you can see me as well, Miss Walter?

MS. WALTER: You're not appearing at this time. The screen is just blank.

MR. JOHNSON: My video is on, my computer at least.

MS. HENRY: I cannot see you, Everett.

MS. WALTER: You're counsel, so the swearing issue doesn't arise as much with you. I'm primarily concerned about the city representatives as non counsel have to be sworn.

MS. HENRY: I cannot access my video either, but I can hear you.

MS. WALTER: For purposes of

swearing in, we have to have visual contact under the notary law.

MR. JOHNSON: Colin, are you able to provide video?

MR. CHERRY: I'm on my phone right now. Adam should be on in a minute, but if he's not, I'll try to reconnect with Teams.

MS. WALTER: Just give it a minute here, that's fine.

MR. JOHNSON: If it's acceptable to the Board, but yes, I know Mary, I know her voice.

MS. WALTER: We have used that in a past in a pinch for our purposes today. Thank you.

MS. HENRY: Thank you so much.

(Discussion held off the record.)

MS. WALTER: So we're going to move ahead to the City of Union City, which is our 10:50 application, appearing on a $44.5 million proposed issuance of bonds pursuant to the Qualified Bond Program.

As discussed in prior applications, please make sure to turn your video on so you can be sworn in prior to testifying. Speak up so you can appear on the screen. That way we can see your image on the screen as well. Tammy, I see you.

MS. ZUCCA: Hi, Melanie.

MS. COLDITZ: Hi, Melanie. I'm here, too.

MR. EISMEIER: Good morning everyone. Tim Eismeier with NW.

MR. WINITSKY: Jeff Winitsky is on with Parker McCay, bond counsel to the city.

MS. WALTER: Is that everyone?

MR. WINITSKY: I believe so.

(At which time those wishing to testify were sworn in.)

MR. WINITSKY: As the director mentioned, we are here today seeking approval pursuant to N.J.S.A. 40A2-26E for the city to issue up to $37,845,000 of tax exempt general obligation bonds and up to $6,745,000 of taxable general obligation bonds, each of which would have a Nonconforming Maturity Schedule.

In addition, we're here today seeking approval pursuant to N.J.S.A. 40A:3-1, et seq to issue those bonds as entitled to the benefits of the Municipal Qualified Bond Act. As the board is aware, the city regularly issues its bond anticipation notes through the Hudson County Improvement Authority in order to avail itself, like many others, the very favorable market interest rates afforded by the program based upon the county's guarantee.

Notwithstanding, the benefits for that program, the city has determined to permanently finance certain of its existing notes that have been issued the HCIA, through the issuance of tax exempt and taxable bonds.

They're issued in a tax exempt portion and a taxable portion because the taxable portion had some reimbursement issues which led us to have to issue some taxables. It's a tax nuance, but I wanted to get on the record so you understand why they weren't all tax exempt.

In particular, the city's -- is permanently financing 20,025,000 of its 2020 Series A notes. 8,942,000 of its taxable 2020 Series A2 notes, and 14,820,000 of its 2020 Series C1B notes, all of which I mentioned was issued through the HCIA and all of those notes come due in February of 2021.

The prior notes were issued to

finance a variety of capital improvements and capital equipment for the city. We have a list of those in the application and we can speak to those if necessary. The city is seeking to utilize Nonconforming Maturity Schedule for each series of the bonds in order to normalize the tax impact and debt burden upon the city associated with the bonds, while at the same time, capturing historically low interest rates in the municipal marketplace, i.e., as you know, and as everybody on this call knows, interest rates right now are at historically low rates.

So notwithstanding the fact that we lose the benefit of the HCIA's credit quality, rates are still very, very low which is favorable to the city. So for purposes of what we're suggesting or proposing by way of a Nonconforming Maturity Schedule, we're seeking to defer principal for each series of the bonds until 2025 in order to maintain level debt service and the corresponding tax impact by wrapping this debt around existing significant existing debt service that the city has coming off the books in 2025.

In particular, the city has roughly 7 million dollars a year in existing debt service that drops to approximately 2 million dollars in 2025. If the city were to use a regularly applicable conforming Maturity Schedule, debt service would average approximately 17 million dollars a year until 2025 which equates to an over four percent increase in the tax levy with a roughly $210 tax impact per average assessed home.

In Union City, average assessed home is around $116,000, and the average tax bill is roughly $5,000. So you're talking about a very, very significant impact if and to the extent a conforming schedule would be utilized. In lieu of doing that, if we were permitted to utilize a Nonconforming Maturity Schedule, as we presented to the board, and as I just mentioned, the city would be able to mitigate, reduce and control the otherwise extraordinary tax impact.

Specifically, this, like I said, the city would like to defer principal for each series until 2025 which will correspond to the maturing debt. And then to the extent that principal picked up in 2025, we would have it stay relatively low until 2031 and then increase until final maturity in 2034.

What that would do, ostensibly, is keep debt service that the city would have at approximately the same amount meaning what we're paying now with what we would be paying starting in 2025 to 2034 maintained a debt service at around, it's around 11 million dollars a year give or take.

And if we do that, the tax impact on an ongoing basis is significantly less. In fact, it's less than half of a percent, which equates to about 21 dollars per home, so you see the significant, significant impact of utilizing a nonconforming schedule versus a conforming schedule.

Of note, the city is not looking to extend any maturities or specifically back load this debt. Instead, its goal is to achieve level debt service, maintain a consistent tax impact for residents, and while at the same time, reasonably manage the city's debt finance, maintain an affordable or at least a consistent debt profile.

We also recognize that there are additional matters under discussion, review with the city's budget and its expenditures, particularly in light of COVID. And in that regard, the city is fully prepared to continually work with the division in your office, Director, as they're doing now to find the best solutions.

The thought here is that this application and the specific request is a direct correlation to that process in that the city is trying to provide a reasonable and economically, you know, stable way to capture really good rates in the municipal marketplace to permanently finance debt which is something they need to do while meeting the objectives of careful financial planning.

So I know I threw a lot at you. We've got representatives of the city here and financial advisor and myself to answer any questions that the board may have.

MS. WALTER: Thank you. First, it's my understanding that Union City has experienced significant challenges this year due to the impacts of COVID-19, particularly revenue losses. And our records reflect that it appears the city had one of the most severe loss in terms of tax collection and state to date.

Can you please describe the impact

COVID-19 has had on the city's operating condition and the look forward concerns for next year's budget that warrant the deferral of principal payments until 2025.

MS. COLDITZ: I looked at the budget. I actually spoke yesterday with several people to see what the future is for COVID-19 for Union City. I'm aware that it's going up maybe 50 in three weeks and they expect to go up a little bit by the spring, but nowhere near as it was in the beginning.

So if we average 350 people, you know, every three weeks, even if we did maybe 70 every three weeks, that's a lot different that we had in the beginning from February through June, so I don't see -- I'm praying it doesn't impact unless there's some kind of extreme spread of the COVID-19.

I don't -- if it stays the way it is and it increases maybe 25 a week, I think we should be okay. We have the Cares Act until December. I am not sure about the changes that the feds made to it. I haven't received my emails from the county yet, but I don't perceive this quarter not being reimbursed and we still have over 3 million between now and the end of the year for COVID.

MS. WALTER: So thank you for that. Although that wasn't exactly the question. I was asking about the revenue impacts you've had to date so your tax revenue losses.

MS. COLDITZ: Right now we're collecting close to 95 to 96 percent this quarter, and the last quarter we collected 98 percent, so our taxes right now are on target. We usually get 99, but right now we have 95 after the fact of this last quarter. The new quarter we just sent out.

I won't know anything until the next two months for that quarter, but this past quarter I thought we were going to be affected extremely, but it wasn't as bad as we thought it was going to be. We got 95 instead of 98 percent, so the receivable is not as bad as we thought it was going to be.

And as far as the other revenues, the parking fines were bad until June, but now we're starting to collect them again, so everything is starting to pick up a little bit, not extremely, but we're not at a decrease like we were for the last four or five months of last year.

MS. WALTER: So then I would turn it to the financial advisor. What conditions warrant deferring principal payments at this time? It's my understanding it was because of COVID-19 related revenue issues.

MR. EISMEIER: Well, in terms of the purpose of this application, it's a nonconforming schedule where the first principal payments would be occurring in the city's 2025 fiscal year. The reason for that structure is, as Jeff indicated in his opening remarks, is that the city is looking to create a level debt service structure across all of its outstanding debt.

The city has one relatively large bond issue that is going to be fully paid off as of the 2024 fiscal year. And then it has a number of HCIA loans that the North Hudson Regional Fire and Rescue Program. All of those loans are also fully retired in 2024. The result of that is that the city's longer term debt service goes from about 7.3 million to just under 2 million, right about 2 million for the next several years after that.

So the purpose of this application, sort of reasoning for why we're looking for this schedule is to allow for this bond issue which will permanently finance about two thirds of the city's outstanding notes, allow for this bond issue to fit into that financial picture without creating a large tax increase in the first year and basically keeping the city's debt relatively level, and also leaving room to permanently finance the city's remaining notes over the next couple of years.

The city's debt service, if this is approved, the city's debt service would go from about 10.1 million to 10.4 million next year which equates to about a .4 percent tax increase and then it actually should go down after that which is as I said will create some room to permanently refinance the rest of those notes which we plan to do over the next year or so.

MS. WALTER: So if the city had to comply with a conforming schedule, can you walk us through what the impact would have been?

MR. EISMEIER: Sure. A conforming schedule would result in about a $3 million increase in debt service next year. The average useful life of these projects is not particularly long. I think the tax exempt bonds are about a 12 year average useful life and the taxable is 10 years. So the fact that when you permanently finance bonds, you're putting principal into your budget that you weren't previously having to budget.

In over a 12 year period and you're permanently financing 44 million dollars, it's a significant number. So the impact of a conforming schedule would be about $3 million increase in the budget for next year versus the approximately $300,000 increase next year from the nonconforming.

And in terms of a tax impact, that equals roughly a four percent tax increase which, in terms of the impact on the average assessed home, is about $211.

MS. WALTER: Thank you. So the distinction between the two approaches would be, in addition to COVID related issues in the current year with the expenditures and then the deferred charge from last year due to over expenditure, it would be how much, I guess the difference for the city is about $200 difference in the tax impact this year for the average homeowner?

MR. EISMEIER: Yes. Slightly less than that. The tax impact, as I said, for the conforming schedule is about $211. The tax impact is approximately $21, the nonconforming, so it's a little less than $200 difference.

MR. WINITSKY: Director, as you see, and as Tim mentioned, the difference between the two in a city like Union City and for taxpayers in that city is monumental certainly in light of COVID and some of the hardships that people are having and to place a burden of that magnitude on top of that is something we're very much trying to avoid, while at the same time, thinking very carefully about how to manage the debt over time, which is why it's structured in this way.

MS. WALTER: So the objective is to take advantage of the debt clip in 2025 as an opportunity to stabilize long term debt service obligations?

MR. WINITSKY: Yes.

MS. WALTER: Does anyone else have questions at this time?

MR. CLOSE: I just wanted to

clarify. You had indicated it was more related to COVID expenses and revenue impacts which doesn't appear to be the case given the description. This is more about just stabilizing the debt structure at the outset. Is that correct, Jeff?

MR. WINITSKY: It's a little bit of both. I would say the principal reason for doing this is to stabilize debt, but in light of COVID and the immediate impacts upon folks and having to place all of that this year or next year on an a tax bill, is even harder, so it's a little bit of both.

In a perfect world, if there were not COVID, we would be seeking some -- we would be seeking a Nonconforming Maturity Schedule, but it's amplified by virtue of what's going on with COVID and the expenditures, deferred charges et cetera that the city has to deal with it as well, so it's a little bit of both, but the principal reason is to normalize debt service over time.

MR. CLOSE: Appreciate that. Can you -- maybe Tammy and Susan or you can you comment on what additional FEMA reimbursements you've received and or other federal funding you've gotten to offset some of the expenses that you're describing relate to COVID?

MS. ZUCCA: We didn't receive much honestly from FEMA. I think our first round we received 110,000. The second round was maybe -- it was definitely under 130,000. Small projects and we've already gotten two reimbursements so far. The third one, we're trying to get about 75,000 towards one of the testing sites that we have here in the city, but it's on hold right now.

We're still getting information ready for them. And the third project hasn't been submitted yet. So in the grand scheme of things, FEMA really is not contributing a whole lot. It's basically the Cares Act that has been reimbursing most of our expenses.

MR. CLOSE: So you've gotten a significant amount of reimbursement, Susan?

MS. COLDITZ: Yes, we have. Cares Act has given us just for purposes for all the masks, sanitizer, everything to stay open, reopen. Approximately, they totaled about 6 million and we've already spent about a million and I'm getting ready to request another million in expenses for this past quarter, so that leaves us with about one -- million until December.

MR. CLOSE: Okay. So you are receiving other funding source to help offset some of those costs?

MS. COLDITZ: Yes.

MR. CLOSE: That might be helpful moving forward in future applications from folks to see if there are going to be COVID related expenses, to see those, but also see funding sources requested and paid out to date or that are pending because it does sound like there's a fair amount of reimbursement here.

I understand Jeff's point about the stabilization of the debt structure, but I'm not sure it appears that the COVID expenses are as much of need given what's described here about reimbursement that's received and possibly still pending.

MS. COLDITZ: Yes. If we didn't have the Cares Act, it would be -- it would be a bad situation for the city.

MR. CLOSE: Sure. I understand that.

MS. COLDITZ: I'm not sure going

forward from January on what FEMA is going to allow us because they've already sent out I think 07-15 restricting what we can get as far as sanitizer, masks, things to clean everything with.

MR. CLOSE: Mm-mm. Okay. Thank you. That answered my question.

MS. COLDITZ: Okay.

MS. WALTER: So any other questions from the board? Hearing none, would someone like to move the application?

MR. BLEE: Motion.

MR. MAPP: Second.

MS. MCNAMARA: Miss Walter?

MS. WALTER: Yes.

MS. MCNAMARA: Mr. Mapp?

MR. MAPP: Yes.

MS. MCNAMARA: Mr. DiRocco?

MR. DIROCCO: Yes.

MS. MCNAMARA: Mr. Close?

MR. CLOSE: Yes.

MS. MCNAMARA: Mr. Avery?

MS. AVERY: Yes.

MS. MCNAMARA: Miss Rodriguez? Mr. Blee?

MS. MCNAMARA: Mr. Light? Ted? It passes.

MR. WINITSKY: Thank you very much.

MS. WALTER: It appears we have everyone on from Trenton at this time. Would that be correct, Everett?

MR. JOHNSON: It appears so.

MS. WALTER: If you could all speak up, we'll revert to our 10:40 item, the application from the city of Trenton. If all non counsel, please raise your hands and be sworn in for our stenographer, Lauren, and we can proceed with the application.

MR. JOHNSON: That will be Adam Cruz, Colin Cherry, Neil Grossman and Mary Henry.

(At which time those wishing to testify were sworn in.)

MS. WALTER: Please proceed.

MR. JOHNSON: Good morning. This application is being submitted by the City of Trenton seeking approval pursuant the Municipal Qualified Bond Act for the issuance of not to exceed 22,924,000 general obligation bonds consisting of 17,781,000 general improvement bonds, 4,607,000 water utility bonds and $536,000 of sewer utility bonds as qualified bonds under the Municipal Qualified Act.

The qualified bonds will permanently finance notes that are currently outstanding in the amount of 17 million 781 for the general improvement bonds. 4,670,000 water utility bond anticipation notes. 536,000 sewer utility bond anticipation notes that were issued in June and mature in December of this year.

The city is seeking to permanently finance the $22,924,000 of prior notes as qualified bonds. The bonds, the notes were issued under the bond ordinance that were previously adopted by the city council and approved by this board under the business of the Municipal Qualified Bond Act.

The application includes a proposed Maturity Schedule for the bonds which are all conforming schedules under the Local Bond Law. The city receives $58,963,000 of annual qualified bond revenues eligible to pay principal and interest on those qualified bonds.

The debt service covered ratio for the qualified bonds, including the proposed bond issue, exceeds two times the amount of debt service on these bonds and that increases by 2026 three times. The qualified bonds of all projects that are in public interest in the amounts expended for the improvements are not unreasonable or exorbitant for the capital improvements being undertaken.

This application is not seeking to request approval of any additional debts. As I stated previously, all bond ordinances authorizing the bonds have been previously approved and notes have been previously issued. We are merely funding and permanently financing notes and taking advantage of historic low interest rates.

The increase in water utility rates from the water utility bonds will be a $1.70 per rate payer. 50 cents for rate payer for the sewer utility bonds. And the impact on the average property for the general improvement bonds is about $51.35 per household.

So at this point, we are merely requesting approval to issue qualified bonds with a Conforming Maturity Schedule under the Qualified Bond Act and entertain any questions you may have for us at this point in time.

MS. WALTER: Thank you. First, just want to clarify, this application does not have any impact on the city's net debt because the underlying bond ordinances were already authorized, correct?

MR. JOHNSON: Correct.

MS. WALTER: And the city's MQBA revenues at this time are a little under 60 million dollars. So your Qualified Bond Act coverage ratios is still above two, correct?

MS. HENRY: Correct.

MS. WALTER: And do you anticipate being able to proceed with these projects with undue delay at this time?

MR. JOHNSON: Generally, the way the city works, the city spends money for its projects and then they issue notes and reimburse themselves. So my understanding is that the majority of these projects have already been either acquired or undertaken.

Mary may be able to provider or Adam some color if that's not the case. But generally speaking, the city doesn't issue debt until they've actually financed or paid for the underlying improvements.

MS. HENRY: That's correct. We spend the money first and then we issue check.

MS. WALTER: So you don't anticipate any barriers to final adoption then?

MS. HENRY: No, we don't.

MS. WALTER: As you said, this is a fairly straight forward application for our purposes because we already evaluated the underlying projects. Do any of the board members have questions at this time? Hearing none, would anyone like to move the application be approved?

MR. MAPP: I move the application be approved.

MS. MCNAMARA: I need a second.

MR. BLEE: Second.

MS. MCNAMARA: Miss Walter?

MS. WALTER: Yes.

MS. MCNAMARA: Mr. Mapp?

MR. MAPP: Yes.

MS. MCNAMARA: Mr. DiRocco?

MR. DIROCCO: Yes.

MS. MCNAMARA: Mr. Close? Mr. Close? Mr. Avery?

MR. AVERY: Yes.

MS. MCNAMARA: Miss Rodriguez? Mr. Blee?

MR. BLEE: Yes.

MS. MCNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS. MCNAMARA: Thank you.

MR. JOHNSON: Thank you.

MS. WALTER: Next application before the board would be Sayreville Borough of Education appearing on a $9 million proposed ESIP program. Again, as you come up, please speak up so you appear on the screen to be sworn in before testifying.

MS. KAHN: Good morning. I'm Andrea Kahn from McManimon, Scotland and Baumann. We are bond counsel to the Sayreville Board of Education. With me today are Erin Hill who is the business administrator board secretary, Jennifer Edwards from Acacia who is the financial advisor to the Board of Education.

We also have, I believe, Steve Spiegel who is with Spiegel Architectural Group, the architect for the Board of Education. And I'm not sure if either Tejas Desai or Rahul Shif chef from Willdan Energy Solutions are here. Are either one of you here?

MR. SHIF: Yes. This is Raul from Willdan.

MS. KAHN: Great. Thank you. And I don't know if you want to swear them in at this time.

MS. WALTER: Yes.

(At which time those wishing to testify were sworn in.)

MS. WALTER: Thank you. You may proceed with the application.

MS. KAHN: Thank you. The Board of Education is seeking approval of an Energy Savings Obligation Refunding Bond Ordinance in an amount not to exceed 9 million dollars. This is pursuant to N.J.S.A. 18A:18A4.6C3 and N.J.S.A. 18A:24-61.1 in the following sections. The purpose of this is to fund their Energy Savings Improvement Program.

The plan has been reviewed and verified by the verification agency consulting and it was approved by the Board of Public Utilities on September 14th. The Board of Education adopted the plan on September 15th. This will fund a number of energy conservation measures.

These would include LED lighting, high efficiency rooftop units, hot water boilers, building management systems, unit ventilators with cooling, transformer upgrades. It will also include a photovoltaic system which is going to be undertaken through a power purchase agreement and combined heat and power.

Perhaps at this point, we can just open ourselves open to questions. I might just add, that with the review by the Board of Public Utilities and the verification agent, the debt service will be covered by the cost of the energy savings.

And as required by the statute, the debt service would be budgeted for in their general fund budget and offset by the savings of their utility budget.

MS. WALTER: Thank you. If you could please describe the impact of the power purchase agreement on this savings as well as the year one effect of the rebate?

MS. KAHN: I'm sorry. The impact of the solar power purchase agreement?

MS. WALTER: Yes.

MS. KAHN: Yes. The solar power purchase agreement actually will add to the savings, but the district does not have to pay for the cost of it. Instead they will enter into a power purchase agreement with the provider who will own and the solar units and they will arrange for the financing and they will put them on and they will provide reduced cost of energy during the 15 year period of time that the solar power purchase agreement can remain in effect so this increases the amount of the energy savings and is counted as part of the energy savings under the Energy Savings Improvement Program.

MS. WALTER: Thank you. One other anomaly in the savings schedule here is that year one the savings are about $270,000 which appears to result from the rebates. Looking forward in subsequent years, the range appears to be between close to ten and 35,000. If you could please describe that structure to us?

MS. EDWARDS: Andrea, I can jump in there. The reason why there appears to be a larger savings amount in the first year is because there is an anticipated rebate that will come in. However, we did not assume in the savings structure to use all of that rebate in the first year because we wanted to be conservative in case the rebate got delayed.

That's why you see an up front savings schedule there. However, if there is a few month delay that crosses the fiscal year, then we'd still be able to cover our debt service payments in that first year.

MS. WALTER: Thank you. It also appears that you've locked in the interest rate at this point beyond the projections. Can you please advise us as to what that rate is? I'm seeing at 1.78 percent. Is that accurate?

MS. EDWARDS: It's not locked in. That's the assumed rate when we go to market. That is the estimate for a AA3 credit rating at this time over 20 years is the 1.78 true interest cost. It will all be subject to market when we do that probably early November.

MS. WALTER: And the debt is being sold at negotiated sale?

MS. EDWARDS: That's correct.

MS. WALTER: Does anyone else have questions at this time? Hearing none, would anyone like to move the approval of the application?

MR. BLEE: Motion to approve.

MR. DIROCCO: I'll second it.

MS. MCNAMARA: Miss Walter?

MS. WALTER: Yes.

MS. MCNAMARA: Mr. Mapp?

MR. MAPP: Yes.

MS. MCNAMARA: Mr. DiRocco?

MR. DIROCCO: Yes.

MS. MCNAMARA: Mr. Close?

MR. CLOSE: Yes.

MS. MCNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MCNAMARA: Miss Rodriguez?

MS. RODRIGUEZ: Yes.

MS. MCNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. MCNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS. MCNAMARA: Thank you.

MS. KAHN: Thank you very much.

MS. WALTER: Thank you. Motion carries. Have a good afternoon. The next application before the board is the Camden County Improvement Authority appearing on a county guaranteed loan revenue bond under the County Capital Program.

As you come up to testify, please make sure to speak up so you appear on the screen and you can be sworn in. I see Chris Orlando. I see David McPeak. I see Gary Walsh and Josh Nyikita. Am I missing anyone?

MR. WINITSKY: Jeff Winitsky, bond counsel to the Improvement Authority is on as well.

MS. WALTER: Are you anticipating anyone else at this time?

(At which time those wishing to testify were sworn in.)

MR. WINITSKY: Thank you, Director. We are here this morning seeking positive finding pursuant to N.J.S.A. 40A:5A-6 for the authority to issue up to 32 million dollars aggregate principal amount of county guaranteed loan revenue bonds and approval pursuant to N.J.S.A. 4037A80 for the county to finally adopt an ordinance guaranteeing the payment of the principal and interest on those bonds.

The proceeds of the bonds will be loaned to the County of Camden pursuant to a loan agreement between the authority and the county and will be used thereafter to permanently pay for the costs of acquisition and installation of various capital equipment and the construction of various capital infrastructure for the county as set forth in the county's 2018 capital budget which is approximately 31.9 million dollars.

The authority has served in this capacity on behalf of the county for its capital program since 1992. This is simply a continuation of that very successful partnership wherein the authority issues bonds on behalf of the county and helps for purposes of undertaking improvements.

As I mentioned before, the specific projects to be financed for this financing include the county's 2018 capital program which included infrastructure and equipment for various county departments including buildings and operation, parks, corrections, the sheriff's office, the surrogate's office, the library and Public Works and there's a detailed list of those specific improvements that are to be undertaken and financed in Exhibit A to the application that was provided.

Also, as noted previously, the authority will issue the bonds pursuant to its own bond resolution and will loan the proceeds pursuant to a loan agreement between to it and the county. Pursuant to the loan agreement itself, the county pledges its general obligation paying ability and those loan payments will be made in an amount sufficient to amortize the principal and interest on the bonds over time.

In addition to the loan agreement as security, the county guarantee serves as a back stop for investors for which to the extent a loan payment is not made under the loan agreement, the county is unconditionally guaranteed its ad horam pledge to make up any deficiencies.

Generally, this is utilized for purposes of marketing and investors like to see that there is a specific guarantee behind it, notwithstanding the fact that the loan itself is a general obligation pledge. Under current market conditions, the county anticipates issuing approximately 26 million dollars of bonds.

Those bonds would mature in years 2022 through 2038 with amortization structure that generally produces level debt service throughout. I think there's a couple of bumps, but generally, it's level throughout the life of the bonds. As the board is probably aware, the county's net debt is very, very low. This issue will have very little effect on its net debt.

I think it moves from a 1.28 to a 1.3 and change. The tax impact of that is extraordinarily low. It's less than a penny for $100,000 of assessed which equals about 11 dollars per household. As noted, we've got representatives from the county, from the authority and the financial advisor today if you have any questions about the application.

MS. WALTER: Thank you. Just a couple clarifying points about the outstanding debt. So the CCIA's outstanding debt is about 575 million; is that correct?

MR. WINITSKY: The authority itself or the county?

MS. WALTER: The authority itself. I believe the county is about 37 million.

MR. WINITSKY: It's roughly that, but you know, most of that debt -- well, all of that debt is, not all of it, but most of that debt is conduit debt for various borrowers, some of which is the county, some of which are stand alone borrowers, et cetera. So while the number of the authority is seemingly high, there's very little obligation of the authority directly, if that makes sense.

MS. WALTER: To what extent has the county guarantee CCIA outstanding debt to date?

MR. WINITSKY: Josh, do you happen to have those numbers in front of you?

MR. NYIKITA: Almost all of the debt that is guaranteed by the county issued to the Improvement Authority was on behalf of the county itself, so everything that the county guaranteed was for its own purposes. The majority of which are annual county capital programs that were presented to you today.

MS. WALTER: What amount does that include?

MR. NYIKITA: I'm seeing that at about 375 million.

MS. WALTER: Checking in, does anybody who doesn't have it in, we always ask while we have you here. When can we anticipate receiving the 2019 audit report? The deadline was extended, so you're not too far beyond the deadline, but wanted to check in while we had you.

MR. MCPEAK: The county audit will be filed by the end of this month, within the next couple of weeks.

MS. WALTER: Great. CCIA as well?

MR. ORLANDO: Our auditors are in the office right now so it will be finalized in the next couple of days.

MS. WALTER: Thank you. One of the things you talked about with a large portion of this financing is the one stop service center within the county. If you can please describe the intended use with the Net Center who is going to be occupying it. Is there anyone leasing? Is it all county or local facilities. Give us a little bit of background on that project.

MR. ORLANDO: Sure. So right now, the one stop is currently housed at 2600 Mount Ephraim Avenue which was leased space in conjunction with some state offices including parole, DMV and Department of Labor. That space was in pretty bad condition, so what the county did, along with the state, was moved to one stop as well as labor to Woodcrest.

Woodcrest Corporate Center, which is in a leased space for the next three years. That leased space becomes substantially more expensive than where it is right now because the anticipation is that we've demoed the existing structures at 2600 Mount Ephraim Avenue except for DMV and parole are stand alone structures.

Right now the anticipation is to build new office space there which would allow the county one stop as well as Department of Labor to occupy new office space. We've been in conversations with various state entities to potentially move into that office to potentially execute lease agreements for that office space.

We don't have anything finalized as of yet with other entities that may come in. And what will wind up happening, once we kind of nail that down as to who may come in with us, will decide on final square footage which will allow us to do our design and ultimately build.

MS. WALTER: Thank you. And do you anticipate taking any other building out of service or selling them as a result of the consolidation?

MR. ORLANDO: No, because the

building that were there have been demoed, so really, it would be starting new, but those building are in horrible shape. I mean, we had PEOSH and various complaints with state and county, workers by the conditions. We've had sewer interruptions, sewer pipe breaks, HVAC never quite worked properly, so when we wound up buying the properties, we did as much as we could to keep them running, also anticipating building new buildings in that space.

MS. WALTER: So going forward, should we anticipate you coming in with applications for renovations on those buildings?

MR. ORLANDO: We're going to build a new building there. We anticipate building a new building there. The idea is to figure out how big that building is going to be based on what other end users want to occupy space with us being the state. Once that's done, that's about 13 acres I think in 2600.

If we don't need the whole space, we'd anticipate subdividing and pushing off that for potential sale. But again, it's all in the planning stage right now. Dave McPeak, that would be a question for you when we come back with what potential applications for the buildings.

MR. MCPEAK: I don't anticipate coming for anymore applications. This is part of a multi year funding and there was funding for this 2600 Mount Ephraim project for previous years capital projects, so this is actually, I believe this is probably the final piece of that overall project.

MS. WALTER: Thank you. Another question that becomes more relevant these days is do you anticipate continuing regular use of these office facilities. I know a lot of people have talked about whether to downsize or readjust less office space. Do you think you'll have use for all of the facilities that you're going to have available?

MR. ORLANDO: Yeah. That's a great question. It's becoming very timely based on a lot of people having to be able to utilize work from home and shared space. One off the things we see with the move to Woodcrest where we are sharing space with the state because of the size of that location, the anticipation was always do more shared open space in terms of conference rooms, in terms of client meeting rooms and things like that.

We are always scaling to a more flexible work space anyway, but again, everything has kind of been delayed for the last six months, not only because of the pandemic and people not being as available, but also trying to figure out what an office work environment is going to look like over the next five, 10, 15 years.

That's all things we're trying to wrestle with right now which is delayed any commitment on other parties to decide exactly how many people are going to be in that space, how many offices we need with the square footage is going to look like. So it's all the things we're working through.

MS. WALTER: Have you received any indication that there will a challenge with extending construction loans if need be? I've seen that pop up a few places. I'm trying to check in with a large scale project that's had some deferrals.

MR. ORLANDO: I have not. I don't know if Jeff or Dave can weigh in on that.

MR. WINITSKY: No. I mean, no. The

straight answer is no. In a case of the county, it hasn't been a problem.

MS. WALTER: Great. Thank you. Does anyone else have questions for the applicant at this time? Hearing none, would anyone like to move the approval of the application?

MR. BLEE: Motion.

MS. MCNAMARA: I need a second.

MR. AVERY: Second.

MS. MCNAMARA: Miss Walter?

MS. WALTER: Yes.

MS. MCNAMARA: Mr. Mapp?

MR. MAPP: Yes.

MS. MCNAMARA: Mr. DiRocco?

MR. DIROCCO: Yes.

MS. MCNAMARA: Mr. Close? Mr. Avery?

MR. AVERY: Yes.

MS. MCNAMARA: Miss Rodriguez?

MS. RODRIGUEZ: Yes.

MS. MCNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. MCNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS. MCNAMARA: Motion passes. Thank

you.

MR. WINITSKY: Thank you very much.

MS. WALTER: Next application before the board is the Morris County Improvement Authority appearing on the guaranteed pooled program bond for Rockaway Borough and the pooled refunding projects. As you come up again, introduce yourself for the record, make sure you're visible on the screen so you can be sworn in.

MR. JESSUP: Good morning, Director. Matt Jessup, McManimon, Scotland and Baumann.

MS. EDWARDS: Jennifer Edwards, Acacia Financial Group.

MS. MANTELL: Kathy Mantell with Nisivoccia.

MR. BONANNI: John Bonanni, Morris County Administrator.

MS. REICHE: Patty Reiche, Rockaway Borough.

MR. JESSUP: Director, I think that's all of us.

(At which time those wishing to testify were sworn in.)

MR. JESSUP: Good morning. Matt

Jessup, McManimon, Scotland and Baumann. Again, briefly, John Bonanni. He's the Morris County administrator and chairman of the Morris County Improvement Authority. Patty Reiche is the administrator and CFO for the Borough of Rockaway. Kathy Mantell of course from Nisivoccia, the auditors to the borough and Jenn Edwards from Acacia Financial Group is the financial advisor to the Improvement Authority.

This is an application pursuant to N.J.S.A. 40A:5A-6 in connection with the adoption of a bond resolution and issuance by the Improvement Authority of its county of Morris guaranteed pooled program bonds. The MCIA bonds are being issued in two series.

Series A will fund the Borough of Rockaway's new money bonds project. And Series B will refund 2011 and 2012 bonds previously issued by the Improvement Authority which refunding will result in debt service savings to the local participants of those original 2011 and 2012 bond issues.

The refundings do meet all of the requirements of the LFB refunding rule. We did include the information on the refunding bonds in the application. We'll talk about them in a moment. Sort of as part of the bigger story here of the total transaction that's being undertaken. So with respect to the Series A new money Rockaway Borough bonds, the borough has short term notes outstanding in the aggregate amount of $9,837,739.

That consists of general capital notes and water utility notes. Those notes mature January 21st 2021. In addition to those notes, the borough has approximately $780,000 in existing bond ordinance authorizations that have not yet been previously been issued, not previously been borrowed, but that it now needs.

So in total, between the existing short term notes that the borough has out standing and the new money needs, the borough is seeking to issue 10.62 million in general obligation bonds. Given how well long term interest rates are in the market right now, which I know the board has been hearing that for months, including some of the applications heard this morning, the borough determined this is the best time to get into the market, issue bonds, long term finance on these projects and lock in really low long term interest rates. That's it.

The borough doesn't have a credit rating. They haven't issued bonds on their own in 17 years. Those bonds are long since been paid off. The only bonds they have issued since have been through the Improvement Authority are actually part of the refunding series that we'll talk about in a minute.

So without a rating and without being a frequent issue in the marketplace, the borough determined it could really achieve the lowest interest rates possible going through the AAA Morris County guaranteed pooled program here.

So the borough is going to issue its general obligation bonds to the MCIA and use the proceeds from the sale of those bonds to pay off the notes and to raise the new money that it needs. On the general capital side, those Rockaway bonds will mature from 2021 through 2034. That's a conforming Maturity Schedule, and a projected true interest cost of 1.35 percent.

On the water utility side, the bonds will mature in 2021 to 2040, also pursuant to a conforming Maturity Schedule and also have a projected true interest cost of 1.99 percent.

The borough has very little debt outstanding as I talked about earlier, about 6.8 million dollars and a net debt of just 0.82 percent.

The MCIA will sell its pool program bonds and use those proceeds to buy the general obligation bonds of the borough in that traditional bond to bond transaction that I know the board is familiar with. And of course the MCIA bonds will be guaranteed by Morris County's AAA rating which leads to the TIC rates that I mentioned earlier.

So unrelated to that transaction, but timing is everything, right? The MCIA has an opportunity to refund both its 2011 bonds and its 2012 bonds for debt service savings. The refunding deal is being combined with the Rockaway new money deal to provide for cost and market efficiencies.

So in 2011, the MCIA issued bonds that funded projects for Morris County, the Town of Newton and the Borough of Rockaway. And then in 2012, the Improvement Authority issued bonds to finance projects for the county and the Borough of Chester. So in total, the amount across those two bond issues to be refunded is, approximately, 22.965 million.

And the refunding transaction is expected to produce over 11 percent net present value savings or about 2.55 million dollars after all costs of issuance, et cetera, of course. That includes 15 percent NPV for Chester. 19 percent NPV for Rockaway and nearly six percent for Newton.

So as I mentioned earlier, the refunding does meet all the parameters of the LFB refunding rule. All the bonds have net present value savings in excess of three percent, some six or seven times that amount actually. Debt service savings are substantially level and all of the obligations are maturing in the same time period of the original bonds. So if you have any questions, we'll gladly try and answer them.

MS. WALTER: Thank you. First, I would like to note for the applicant that the ordinances were very thorough, which is always appreciated giving us an idea of the size and scope of the project and it didn't reflect anything that was an considered an unusual project on our on the other hand, so that's nice to see.

We see a lot of pooled applications where we don't have that level of detail. The 11 percent savings overall is excellent. I had a couple questions about some of the underlying. It looks like in the 2012 bonds there was a potential for 2012 to fall below the three percent threshold.

Obviously, with the blended savings, it looks like everything is great. If you could explain to us that what you're seeing there and the value moving forward with that component.

MR. JESSUP: Sure, Director. I'll let Jenn address the issue of where we stand today, but just a little bit of background, when we first started putting the refunding together, realizing we had an opportunity to combine it with the Rockaway deal to benefit all the local units really, that issue which is a Chapter 12 county college bond issue, so of course half of the debt service is paid for by the state, that issue was below three percent, just below three percent.

And the idea at the time, quite frankly, was to come and ask the board to be able to put that bond issue in notwithstanding because, A, it is kind of small so the odds it were to boost high above three percent on its own are slim. And B, of course, the state benefits from the savings as well, so it's not just county that benefits, but the state benefits as well.

As the markets have turned, that deal got somewhat comfortably above the three percent so at that point we said, this looks good, we think we can go without it. But to your point, we would like to do that issue almost regardless, given it's a small bit of the cost of issuance for sure. We're already doing the balance of the deal and both the county college and the state benefit from it.

MS. EDWARDS: Just to echo that, Director, the savings were 3.19 at the time the application was submitted. That has gone down a little bit since then due to widening of credit spreads, so it would be great to have that approval in hand if it does drop slightly below the three percent because we wouldn't be able to move forward with it on its own likely.

MS. WALTER: And below three percent, the offset against the cost of issuance is still yielding a savings?

MS. EDWARDS: You mean on an annual basis. We would structure it to be level debt service where no year would drop below or have negative savings. It would all have to be positive.

MS. WALTER: No. I was asking that even if they were below three percent, would they still have ultimately savings once you factor in the cost of issuance?

MS. EDWARDS: Yes, that percent is net of cost of issuance.

MS. WALTER: Thank you. It appears the County of Morris agreed to guarantee the debt for this project. Can you describe the rate impact of having a AAA county rating provides for this issuance.

MS. EDWARDS: We did an initial comparison of the Borough of Rockaway new money versus their stand alone, which as Matt mentioned, they do not have an underlying credit rating. So for purposes of this, we assume if they weren't AAA rated, they would end up in the AA category.

And with that being said, it looks like the difference the AAA including any annual fees or trustee fees that are incorporated within that, that the savings would be well over 100,000 for the life of the 20 year issue to use the Improvement Authority.

MS. WALTER: Great. Thank you. Does anyone else have questions for the applicant? Hearing none, would anyone like to move this application be approved?

MR. CLOSE: I'll move the application.

MR. MAPP: I'll second that.

MS. MCNAMARA: Miss Walter?

MS. WALTER: Yes.

MS. MCNAMARA: Mr. Mapp?

MR. MAPP: Yes.

MS. MCNAMARA: Mr. DiRocco?

MR. DIROCCO: Yes.

MS. MCNAMARA: Mr. Close?

MR. CLOSE: Yes.

MS. MCNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MCNAMARA: Miss Rodriguez?

MS. RODRIGUEZ: Yes.

MS. MCNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. MCNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS. MCNAMARA: Motion carries. Thank you.

MR. JESSUP: Thank you. Appreciate it.

MS. MCNAMARA: Next application before the board is the Monmouth County Improvement Authority on a county guaranteed pooled governmental loan revenue project. Again, as you come up, please speak up so you appear on the screen and can be sworn in before testifying.

MR. DRAIKIWICZ: John Draikiwicz from Gibbons, bond counsel to the Monmouth County Improvement Authority.

MR. BACHER: Doug Bacher, NW Financial, financial advisor to the Monmouth County Improvement Authority.

MS. WALTER: Do we have any representatives of the Improvement Authority here?

MR. DIROCCO: Just for the record, I want to confirm I'll be recused on this matter. I won't be participating.

MS. WALTER: Okay. Thank you.

Recusal is noted. And Doug, I believe you're the only one that needs to be sworn in before testifying.

(At which time those wishing to testify were sworn in.)

MS. WALTER: Please proceed.

MR. DRAIKIWICZ: Thank you. The Monmouth County Improvement Authority proposed to issue its bonds to the public in an amount not to exceed $61,513,055. The proceeds of which will be used to acquire the authority's bonds in an amount equal to $61,513,055.

The proceeds of which will be used to make a loan to eight municipalities in Monmouth County. I would like to note for the record that those two dollar amounts total $123,026,110. And unfortunately, the application page of the application had 121 million dollar number, so a two million dollar discrepancy, but we did inform Pat McNamara of the discrepancy and wanted to note it for the record.

The remainder part of the application however did include numbers that equaled $123,026,110. The Monmouth County Improvement Authority bonds will be secured by general obligation bonds of each municipality. And each municipality bonds will have a conforming bond Maturity Schedule.

The Monmouth County Improvement Authority bonds related to each loan will also be secured by a guarantee from the County of Monmouth which is rated AAA by all three bond rating agencies. We hereby request positive findings on the project financing as well as positive findings on the county guarantees in connection with this financing. If the Local Finance Board has any questions, we would be happy to answer them at this time.

MS. WALTER: First, thank you for taking note of the corrected amount from the applications submission. We were able to take that on notice at the board and amend the application to reflect such, so your current request is for what total amount?

MR. DRAIKIWICZ: $123,026,110.

MS. WALTER: Thank you. Now, we're familiar with the pooled note program generally. We're able to waive the applicant's appearance in this matter because the individual submissions were sufficient on the supplemental questionnaire, so thank you for that. The items of significance for our purposes today, debt outstanding is a total of what from the MCIA at this time?

MR. BACHER: The outstanding amount at the Monmouth County Improvement Authority is 743,900,000 with the exception of a small FMRA note -- well, that's not true. All of it is conduit financing. None of it is county financed. It's all for conduit municipalities, school boards and fire districts within the County of Monmouth.

MS. WALTER: Thank you. And could you please describe the new money components of the issuance?

MR. BACHER: You mean with the individual municipalities?

MS. WALTER: Yes. If you could briefly describe the character of the projects being financed.

MR. BACHER: Yes. It's a combination of outstanding municipal notes with the eight participants. There are eight participants. It's Allenhurst, Asbury Park, Belmar, Manalapan, Millstone, Township of

Neptune, Red Bank and Sea Bright.

It's a combination of outstanding municipal notes with those entities and unfunded outstanding ordinances that have previously been adopted by each of those eight municipalities. And it's for a combination of projects, I think detail was provided in our application, but it's a variety of projects that each of those either general improvements, different kinds of capital improvements, roadway improvements, general improvements at each of those eight municipalities.

MS. WALTER: Thank you. And it does appear that there may have been some confusion as to whose appearance was waived, so just to clarify. When we authorized waiver of appearance for this session and going forward, please bear in mind, we do not waive it for the actual applicant, the MCIA, just for the underlying participants. So we would anticipate that in all further appearances, the MCIA would have a representative on the line. It seems there may have been some confusion for this hearing.

MR. BACHER: The Monmouth County Improvement Authority, it's basically just John and I that appear on each. They have no real staff. They have a part-time secretary, but there are no -- there is no staff at the Monmouth County improvement Authority.

So in the past, it's basically just been John and myself and when we need it to bring one of the conduit issuers forward, we bring them forward as well. I don't have a better explanation than that.

MS. WALTER: Thank you. I think that's all the questions I have at this time. Do any of the other board members have questions?

MR. BLEE: Motion to approve.

MS. MCNAMARA: Do we have a second?

MR. AVERY: Second.

MS. MCNAMARA: Miss Walter?

MS. WALTER: Yes.

MS. MCNAMARA: Mr. Mapp?

MR. MAPP: Yes.

MS. MCNAMARA: Mr. Close?

MR. CLOSE: Yes.

MS. MCNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MCNAMARA: Miss Rodriguez?

MS. RODRIGUEZ: Yes.

MS. MCNAMARA: Mr. Blee?
MR. BLEE: Yes.
MS. MCNAMARA: Mr. Light?
MR. LIGHT: Yes.
MS. MCNAMARA: Motion carried. Thank you.
MR. DRAIKIWICZ: Thank you very much.
MS. WALTER: Have a good afternoon. Next application appearing before the board is the Bergen County Improvement Authority regarding a lease obligation for Felician University Project. Again, as you come up, if you could please speak up so you'll appear on our screen and be sworn in before testifying.
MR. LANGHART: Good afternoon, Director. It's Chris Langhart from McManimon, Scotland and Baumann.
MS. WALTER: Who do you have with you today?
MR. LANGHART: So today we have with us, Joe Luppino who is the CFO for the Improvement Authority and the treasurer for the County of Bergen. From Felician University, we have Tom Truchen. I hope I'm saying that right.

And their counsel, Gary Walsh and John Bitar from Windels Marx. And from Siemens who is the lender and lessor in this deal, we have Eric Herman and their counsel, Tony Stegnan. I think that's all.

(At which time those wishing to testify were sworn in.)

MS. LANGHART: Director, I'll give a brief overview of the deal. Thank you for the members of the LFB for hearing our application here today. This deal involves the issuance of 2.7 million dollars worth of lease obligations by the Bergen County Improvement Authority for the benefit of Felician University.

I would note right off the top, that the lease obligation payments are non recourse to the authority. For the record, that means in the event of non payment, the Improvement Authority is not liable for payment. There is also no county credit or municipal credit involved in this deal.

It is a strict conduit deal by the Improvement Authority. It's anticipated that Siemens, as the lender, will make 2.7 million dollars to Felician University for the purchase of certain equipment that's designed to lead to energy efficiencies.

There is water chilling equipment, which I assume has something to do with air conditioning and building automation systems. The university will purchase equipment, install it, they will make lease payments over a period of time that will compose of interest component to Siemens through the Improvement Authority, and upon final payment, they will own all the equipment. It's a pretty straight forward deal, but we're happy to answer any questions you might have about it.

MS. WALTER: If you could please distinguish between this and the traditional ESIP model which we see more commonly before the board, that would be helpful.

MR. LANGHART: Gary or John, I don't know if you want to address that.

MR. WALSH: I didn't quite catch the question.

MS. WALTER: I was asking about the structure of the energy financing. We see a lot of ESIPs before the board. This is a slightly different structure, so I was hoping you could provide some background.

MR. WALSH: Yeah. This is not an unusual structure for this kind of equipment with respect to colleges and universities or and even with respect to healthcare entities or other privately owned facilities. These lease financings are pretty standard throughout the country.

The only difference here is in order to effectuate the tax exemption, it is necessary to utilize a state or political subdivision of a state or agency which is the reason for asking the Bergen County Improvement Authority to act in a conduit financing. This could traditionally could -- in a lease arrangement between Siemens and Felician, but not have accorded the ability to get a tax.

MS. WALTER: Thank you. I note that the agreement essentially specifies that Siemens will guarantee the energy cost reductions of at least 2.7 million. It appears that essentially it's assuring that there won't be any costs to the school above the savings they obtain on the principal payments. Is that accurate?

MR. WALSH: Yeah, I'll defer to Siemens to talk to that point as well.

UNKNOWN SPEAKER: You're correct. There are guaranteed energy savings in this project and I believe there was a cash flow analysis that was included in the information and it lists both the energy and operational savings that are expected to be achieved from the project.

And then from those savings, and I believe there's a small capital contribution on an annual basis for deferred maintenance. Effectively, that's what that covers. There will be sufficient funds for university to make the debt service payments.

MS. WALTER: Thank you. Do you anticipate variability in the savings rate year over year?

UNKNOWN SPEAKER: Normally, there is some escalation assumptions built into the energy savings, but in general, in our experience, once these improvements are installed, they continue to deliver the same level of savings throughout the level of the transaction and then beyond.

MS. WALTER: Thank you. What is the useful life, first of all of the improvements and then I'll ask a secondary question.

UNKNOWN SPEAKER: These are all very long useful life. I'm not the engineer on the project. I'm the lender, but I believe all of these have upwards of a 20 year useful life. It's a lot of basic infrastructure.

MS. WALTER: Do we know what the blended rate for the useful life is?

UNKNOWN SPEAKER: I don't have that information at hand. Sorry.

MS. WALTER: Can anyone on the call confirm that we are using the useful life that will exceed the duration of the obligation here?

MR. TRUCHAN: It's two portions. The chiller project, which Christopher correctly said, it's for air conditioning and also lighting and improvements would include controls. Chillers typically have lives in the 225 to 30 year range, so that would be longer.

The controls in place, I would think would also, although I don't have it in front of me approach that 20 year term, so as a blended rate you're look at exceeding, I think.

MS. WALTER: Thank you. And what are the ongoing operational and maintenance costs, and are they factored in to this assessment?

UNKNOWN SPEAKER: The ongoing operational maintenance is not funded by this. That's handled either directly by the university or through, they would contract the maintenance of the equipment out to the third party which could be Siemens.

MS. WALTER: What's typically the ongoing cost to repair?

UNKNOWN SPEAKER: I'm the lender. I can't really answer that. Perhaps the university could answer it.

MR. TRUCHAN: We do not have the detail on the cost to repair. As I mentioned earlier, the savings of approximately 2.7 million dollars, we would consider any maintenance cost as part of our operational budget and we take that from there and consider that in all operational budgeting expenses.

That would be included in the operational budget. And again, the 2.7 million savings is comprised of actual energy costs and also some operational costs that was set previously, but the cost you just mentioned would be covered in our yearly operational budget.

MS. WALTER: Even if there were an offset against the ultimate savings due to ongoing operational costs, you anticipate you would still yield substantial savings through this transaction?

MR. TRUCHAN: We would yield savings depending on what the costs were. It's not anticipate to have a substantial expense to correct this. As long as we go along those lines, we do anticipate to have savings.

MS. WALTER: Thank you. Does anyone else have questions for the applicant at this time? Hearing none, would anyone like to make a motion to approve the application?

MR. MAPP: Move.

MR. LIGHT: I'll second.

MS. MCNAMARA: Miss Walter?

MS. WALTER: Yes.

MS. MCNAMARA: Mr. Mapp?

MR. MAPP: Yes.

MS. MCNAMARA: Mr. DiRocco?

MR. DIROCCO: Yes.

MS. MCNAMARA: Mr. Close?

MR. CLOSE: Yes.

MS. MCNAMARA: Mr. Avery?

MR. AVERY: Yes.
MS. MCNAMARA: Miss Rodriguez?
MS. RODRIGUEZ: Yes.
MS. MCNAMARA: Mr. Blee?
MR. BLEE: Yes.
MS. MCNAMARA: Mr. Light?
MR. LIGHT: Yes.
MR. TRUCHAN: Thank you.
MS. WALTER: Good luck with the project. Next application appearing before the board is the Newark City Parking Authority regarding a subordinate loan agreement proposal.
MR. JOHNSON: Good afternoon. This is Everett Johnson from the Law Firm of Wilentz, Goldman and Spitzer, bond counsel to Newark Parking Authority. With me today I have Anthony Mack who is the executive director of the Parking Authority and Eric Terain who is the financial advisor to the Parking Authority.
MS. WALTER: I can see both of you. Is there anyone else joining, or are good to swear in?
MR. JOHNSON: I think that will be all.
(At which time those wishing to

testify were sworn in.)

MR. JOHNSON: The Parking Authority of the City of Newark is proposing to borrow a not exceeding 3 million dollars from TD Bank for the purpose of completing the construction of a structured parking facility containing a 510 space parking garage, office space for the finance department for the City of Newark of approximately 13,000 square feet, a storage and office space for municipal court of the city of approximately 14,000 square feet, offices for the authority itself of approximately 16,000 square feet and retail/cafe space for 2300 square feet including common areas and public improvements and also funding interest to pay debt service on bonds that were issued in 2018 which I will describe further later on.

In December of 2018, the Parking Authority issued $37,386,500 of parking revenue bonds to finance the aforementioned parking facility. A general contract was reflected through a competitive building process and began and construction of parking soon began in early 2019. The parking facility is currently over 90 percent complete.

However, due to some unforeseen construction costs, the authority needs to the ability to borrow an additional 1.05 million to complete the construction of the parking facility. Additionally, the impact of the COVID-19 pandemic has had an adverse affect on the authority's finances.

The authority had to temporarily shut down its meter marking and tipping operations for a couple months in the spring of 2020. Additionally, the delay in the completion of the construction of the facility negatively impacted projected revenues for 2020. Even once the project is completed, the Prudential Center was a major revenue source of revenue of parking has shut down its concerts and live performances through at least the end of 2020 and probably the beginning of 2021.

Additionally, City Hall and municipal court are operating at a reduced schedule which will generate less for the parking facility to the end of the year. There has been projections for the parking facility for 2020 much less than anticipated. And as a result, they will have to use the remaining 1.5 million potentially to pay interest on the bonds through stabilization.

TD Bank deferred interest due on the 2018 bonds for six months. Initially, there was capitalized interest that was set aside in 2018 to pay interest on the bonds through completion of the project. That capitalized interest was paid and drawn down upon in June of 2020 was the lost cap I payment. TD Bank agreed to pay the interest due for the loan for the 2018 bonds for six months from July through December 2020.

And instead, interest would be paid from January 2021 through June of 2021. The expectation of the authority's will be stabilized in 2021 and be sufficient to pay debt service on the bonds at that point in time. The authority proposed not to exceed 3 million dollars which will be a line of credit loan.

Meaning that the authority will only draw down on the loan that's needed. Therefore, they will only pay interest which will not exceed 3.5 percent on the loan, only upon the amount they draw down upon as necessary. The loan with a 20 year amortization schedule with a five year term. And in the five years, the interest rate will reset with TD Bank or the authority can take a loan from another source.

The authority operates on a system wide basis reflected all its revenues and expenses from its operations and facilities. Therefore, the authority secured the payment of the principal and interest on the loan through a pledge that was parking fees, meter fees and its share of ticket revenues.

Additionally, revenues the Parking Authority received from the city from the lease agreement from the city office space. The city also has an agreement with HVSC which operates and manages the Prudential Arena. That agreement requires the HVSC to pay the Parking Authority minimally $300,000 annually.

The loan will be supported to the 2018 outstanding bonds. It will not be subject to a Parking Authority properties. TD Bank already has a mortgage on the property from the 2018 bond financing. The loan would not be secured by guarantee for the revenue, tax credit of the City of Newark.

The city taxpayers will have no liability for payment or guarantee of the loan.

The city will receive parking taxes from 15 percent of anybody from parkers using the parking facility. Additionally, the city will see an additional seven percent of an event parking tax during arena event nights. They will also collect payroll tax of 11 percent from the salaries of employees that work in the recollect parking facility.

The city and the surrounding businesses will receive significant financial and economic benefit from the construction of the project. It is important to note, I think in the application that the feasibility study that was prepared by Tim Haahs and Associates prior to the issuance of the 2018 bonds projected debt service in excess of the debt service due on the bonds so that's even with this additional loan of 3 million dollars.

Total debt service on the bonds alone would be less than the debt service that was outlined in the feasibility study. The feasibility study covered projected revenues over a 10 year period. The feasibility study showed positive net income in years one through 10 with net income increasing incrementally each year with debt service coverage 1.5 to 1.98.

Once the parking facility is completed and the pandemic asides the authority expects the parking facility to generate enough revenue to pay its expenses including debt service on the bonds in the loan. I want to add one other thing I think is important for this loan.

Unlike most parking garages that rely strictly on revenues from the parking, this significant fixed component to the revenues will be received by the authority. The city is moving its finance and municipal court, at least a part of municipal court over to the new facility in the next month or two.

So by January, they will be collecting directly from the city. The authority is going to allocate money that was paying for rent in its current space towards debt service on the bonds when it moves its offices over to the new facility and next month and the -- has agreed to make a fixed payment of minimally $300,000 annually to the Parking Authority.

So projected debt service is about 2.2 annually. About 1.5, 1.6 is going to be fixed revenue coming into the Parking Authority before a car even parks in the garage. So they only need to generate another $600,000, $700,000 to pay debt service for parking in the garage itself.

Additionally, the Parking Authority is currently working with the city to increase its meter rates and ticket rates, ticket fines as well to generate more revenue for the Parking Authority and they expected that rate increase to be approved passed by their Board of Commissioners and City Council some time between now and the beginning of 2021 which will general additional revenue for the Parking Authority which will generate enough to pay debt service on these bonds and operate the Parking Authority with its employees and current budgeting operations.

So in accordance with the Local Authority Fiscal Control Law, the authority respectfully requests the Local Finance Board to issue positive findings on the loan and the approval of the authority's resolution to undertake the loan. And at this point, I will entertain any questions you may have for us.

MS. WALTER: Thank you. And first, speaking to the Parking Authority, it certainly has been an unusually challenging year. I know you're trying to stand up with a couple of large projects, so first I commend you for your creativity in trying to address this and for all the restraint you guys have shown in trying to manage through this, this year.

I just wanted to acknowledge that right off the bat, because I understand it has been a challenge. And to that end, you're looking at some potential extension of the construction period, it seems. Are your leases, those guaranteed revenues, those entities still comfortable participating? You haven't had any push back about the extension of the construction period.

MR. MACK: None at all. It's the City of Newark. The leases were approved simultaneous with the redevelopment agreement. We really hope to be able to move in next month, but definitely by December the 1st.

MR. JOHNSON: And Director Walter, I don't know if you recall, last month the City of Newark came to you guys for a 2.5 million dollar bond ordinance. That bond ordinance was to do the fit out for this space in this facility.

MS. WALTER: Okay. So that's progressed since then?

MR. JOHNSON: The city council adopted the bond ordinance, so, yes.

MR. TERAIN: I spoke with the Devil's this morning. They asked if we delay another six months, but I told them we were ready to go.

MS. WALTER: In terms of your long term revenue projections, are you assuming continued closures through early next spring? What are you projecting at this time?

MR. TERAIN: We're really projecting closures through the summer. So it looks like the hockey season over at the Pru Center probably is going to start in January, but that's going to be somewhere between five and 25 percent. Given the fact that they have their own parking facility, that doesn't really seem like a revenue opportunity for us.

They do think, however, that once they get into the summer and into the fall, they will see a significant pick up in activity and of particular interest to us are the concerts. So from their end, we really see them being dormant probably for the next six to eight months. On the parking side though, however, we think that we will generate some revenue of the feasibility study as referenced was showing about 600,000 or so in open market revenue.

We think that we get maybe 25 percent of what we were going to get in a non COVID environment in the first quarter up to 50 percent in the second quarter. So we think over the course of the year, we can reclaim about a half of that revenue. That's from the daily parking in the non event generated parking.

MS. WALTER: Thank you. Do you anticipate submitting to the division regarding the COVID-19 operating deficits this year or any over expenditures or concerns related to addressing COVID-19? Do you think you'll be coming into the division to seek spread of those amounts?

MR. MACK: I don't anticipate that. Although we did submit an application through the City of Newark for some funds that may be available through Essex County. We are still awaiting on that, but we're hopeful that will come through somewhere in the area of about $200,000 that were COVID related expenditures primarily for PPE office sanitizing, vehicle sanitizing, equipment maintenance.

So there was an expenditure over the past four or five months for that. We think that will continue, but I see it steadily decreasing as things open up more.

MR. JOHNSON: I don't think they anticipate coming to you guys for any authority deficit notes at this time at least or any COVID bond finances at all at this point in time.

MR. MACK: That's correct.

MS. WALTER: Now, the structure of this loan, I want to put on the record a few things that make it a little bit different from some of the applications we had before where we couldn't consider. In this case, there is a few unique facets of it. First, the new fees are anticipated to cover the costs of this specific project. This is essentially built into the existing deal, correct?

MR. JOHNSON: Yes.

MR. MACK: That is correct.

MS. WALTER: It only addresses debts connected to the underlying project, not general operations of the agency.

MR. MACK: That is correct.

MS. WALTER: Effectively, we're looking at the same lender that provided initial bond providing a second direct bank loan, to avoid you having to go back to the market to do a separate note or bond for the same purpose, right?

MR. TERAIN: That is also correct.

MS. WALTER: Can we conceptualize that this is more of a refunding or an adjustment of a Maturity Schedule?

MR. TERAIN: I think that's exactly right.

MS. WALTER: For our purposes, it is something that's a bit unusual, but because it's a loan that's necessary during the construction period due to the delay in the building of the garage and some impacts related to COVID and because it's not truly operating deficit of the authority because your parking fees were impacted by COVID, but that's not the really that there's a challenge right now, we're much more comfortable with this structure that we would be with some other ones that have come before us.

As a result, I feel comfortable allowing the structure to proceed as long as it stays with that existing TD Bank structure. If there were to be any change in lender or otherwise, we would need to revisit. I appreciate this is bringing you savings to allow you to quickly address the issue internally and that's a structure I can be supportive of. So to that end, I would ask if any of the other board members have questions at this time.

MR. CLOSE: Director, what was the additional funding of 1.4 million to complete the project? What were those costs for?

MR. TERAIN: If I understand that, you're asking specifically about what were the specific costs over runs or at least the large ticket items?

MR. CLOSE: Yes, sir.

MR. TERAIN: So there were frankly several, but the toughest was really the under ground, so this is a six story facility, 500 cars, a very heavy facility, bedrock -- to reach bedrock where we had to drive the pylons was particularly deep here, so we had about 1.5 million dollars in strictly underground costs that were probably a million above what we thought we would hit on the contingency of another half a million came, 200,000 came from PSE and G in the way that they priced their services to the authority in a way that was unfortunate, but it is a monopoly and frankly didn't have a choice.

Another 300,000 came for additional sprinkler costs. We actually, the design team put in the correct amount of sprinklers per the code. However, the fire code official felt he wanted something additional. This just happened in the last month. We're in a tough situation. In that case, we cannot get it TCO or CO without his approval.

Our only other option would have been some type of DCA appeal. That takes three or four months. We didn't have the time to fight that out, so we added that as well. And I would say another large ticket item was the low voltage. Meaning, the fiberoptics as it relates to the city's fit out what they needed for their space as well as for the court and some very specific needs and those things unfortunately were not captured in our original design and therefore had to be added to the project.

MR. CLOSE: So it seems like you had some design challenges that you encountered along the way, so I appreciate your response. Thank you.

MR. TERAIN: Yes, sir. Thank you.

MS. WALTER: Any other questions at this time? Hearing none, would someone like to move the application be approved?

MS. RODRIGUEZ: I move the application.

MR. BLEE: Second.

MS. MCNAMARA: Miss Walter?

MS. WALTER: Yes. Good luck with the project.

MS. MCNAMARA: Mr. Mapp?

MR. MAPP: Yes.

MS. MCNAMARA: Mr. DiRocco?

MR. DIROCCO: Yes.

MS. MCNAMARA: Mr. Close?

MR. CLOSE: Yes.

MS. MCNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MCNAMARA: Miss Rodriguez?

MS. RODRIGUEZ: Yes.

MS. MCNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. MCNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS. MCNAMARA: Motion carries.

MR. MACK: Thank you very much.

MS. WALTER: You're welcome.

MR. MACK: Feel free to visit our facility whenever you come to Newark.

MS. WALTER: I'm sure we will. We move to adjourn this meeting.

MR. AVERY: So moved.

MS. RODRIGUEZ: Second.

MS. MCNAMARA: Miss Walter?

MS. WALTER: Yes.

MS. MCNAMARA: Mr. Mapp?

MR. MAPP: Yes.

MS. MCNAMARA: Mr. DiRocco?

MR. DIROCCO: Yes.

MS. MCNAMARA: Mr. Close?

MR. CLOSE: Yes.

MS. MCNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS. MCNAMARA: Miss Rodriguez?

MS. RODRIGUEZ: Yes.

MS. MCNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS. MCNAMARA: Mr. Light?

MR. LIGHT: Yes. And everybody have a nice day.

(Hearing Concluded at 12:42 p.m.)

C E R T I F I C A T E

I, LAUREN ETIER, a Certified Court Reporter, License No. XI 02211, and Notary Public of the State of New Jersey, that the foregoing is a true and accurate transcript of the testimony as taken stenographically by and before me at the time, place and on the date hereinbefore set forth.

I DO FURTHER CERTIFY that I am neither a relative nor employee nor attorney nor council of any of the parties to this action, and that I am neither a relative nor employee of such attorney or council, and that I am not financially interested in the action.

Lauren M. Etier

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Notary Public of the State of New Jersey

My Commission Expires June 30, 2022

Dated: October 29, 2020

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