STATE OF NEW JERSEY

DEPARTMENT OF COMMUNITY AFFAIRS

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IN RE: :
     Local Finance Board   :
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Location: Department of Community Affairs
101 South Broad Street
Trenton, New Jersey 08625

Date: Wednesday, March 12, 2025

Commencing At: 10:29 a.m.

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HELD BEFORE:

MICHAEL ROGERS, Chairman
WILLIAM CLOSE
ALAN AVERY
ROBERT JACKSON
IDIDA RODRIGUEZ
DOMINICK DIROCCO

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

NICK BENNETT, Executive Secretary
MATTHEW MARTHALER

I N D E X

MR. ROGERS: Reminder to the public that the Local Finance Board meeting was previously opened this morning at, approximately, 9 o'clock. And if you, would appreciate if you could remain muted to eliminate background noise and if you're using audio only, press star six to mute and unmute yourself. And I guess we will, first item is the motion to adopt the February 12, 2025 minutes as presented. Do I have a motion?

MS. RODRIGUEZ: So moved.

MR. JACKSON: Second.

MR. BENNETT: Miss Rodriguez and Mr. Jackson. Mr. Rogers?

MR. ROGERS: Yes.

MR. BENNETT: Mr. DiRocco?

MR. DIROCCO: Yes.

MR. BENNETT: Mr. Close? Mr. Avery?

MR. AVERY: Yes.

MR. BENNETT: Miss Rodriguez?

MS. RODRIGUEZ: Yes.

MR. BENNETT: And Mr. Jackson?

MR. JACKSON: Yes.

MR. BENNETT: Motion approved.

MR. ROGERS: Okay. Great. Moving

on to ethics matters. Mr. Marthaler, please take the board through the ethics items to be considered today.

MR. MARTHALER: Thank you, Director. So the first matter before the board is 21-002. Here, the board is being asked to approve a notice of determination where the board is dismissing the complaint for having no reasonable factual basis.

MR. ROGERS: Do we have a motion?

MR. JACKSON: So moved.

MS. RODRIGUEZ: Second.

MR. BENNETT: I have Mr. Jackson and Miss Rodriguez. Mr. Rogers?

MR. ROGERS: Yes.

MR. BENNETT: Mr. DiRocco?

MR. DIROCCO: Yes.

MR. BENNETT: Mr. Close? Mr. Avery?

MR. AVERY: Yes.

MR. BENNETT: Miss Rodriguez?

MS. RODRIGUEZ: Yes.

MR. BENNETT: And Mr. Jackson?

MR. JACKSON: Yes.

MR. BENNETT: Motion approved.

MR. MARTHALER: So the next matter

is 23-013. Here the board is being asked to approve a notice of investigation to investigate potential violations of Subsection D.

MR. ROGERS: Do we have a motion?

MR. JACKSON: So moved.

MR. CLOSE: Second.

MR. BENNETT: Mr. Jackson and Mr. Close. Mr. Rogers?

MR. ROGERS: Yes.

MR. BENNETT: Mr. DiRocco?

MR. DIROCCO: Yes.

MR. BENNETT: Mr. Close?

MR. CLOSE: Yes.

MR. BENNETT: Mr. Avery?

MR. AVERY: Yes.

MR. BENNETT: Miss Rodriguez?

MS. RODRIGUEZ: Yes.

MR. BENNETT: And Mr. Jackson?

MR. JACKSON: Yes.

MR. BENNETT: Motion approved.

MR. MARTHALER: The next matter is 24-009. Here, the board is being asked to approval a notice of determination where the board is dismissing the complaint for having no reasonable factual basis.

MR. ROGERS: Do we have a motion?
MR. AVERY: So moved.
MS. RODRIGUEZ: Second.
MR. BENNETT: Mr. Avery and Miss Rodriguez. Mr. Rogers?
MR. ROGERS: Yes.
MR. BENNETT: Mr. DiRocco?
MR. DIROCCO: Yes.
MR. BENNETT: Mr. Close?
MR. CLOSE: Yes.
MR. BENNETT: Mr. Avery?
MR. AVERY: Yes.
MR. BENNETT: Miss Rodriguez?
MS. RODRIGUEZ: Yes.
MR. BENNETT: Mr. Jackson?
MR. JACKSON: Yes.
MR. BENNETT: Motion approved.
MR. MARTHALER: The next matter is 19-021. Here, the board is being asked to approve seven notices of dismissals lettered A through G. The board had investigated these matters for potential violations of the Local Government Ethics Law and found no violations.
Additionally, the board is being asked to approve one notice of determination,

19-021H where the board is dismissing the complaint for having no reasonable factual basis. Again, this is 19-21 A through H.

MR. ROGERS: Do we have a motion to move?

MS. RODRIGUEZ: So moved.

MR. AVERY: Second.

MR. BENNETT: Miss Rodriguez and Mr. Avery. Mr. Rogers?

MR. ROGERS: Yes.

MR. BENNETT: Mr. DiRocco?

MR. DIROCCO: Yes.

MR. BENNETT: Mr. Close?

MR. CLOSE: I'll vote no on A and B. And yes on the others.

MR. BENNETT: Mr. Avery?

MR. AVERY: Yes.

MR. BENNETT: Miss Rodriguez?

MS. RODRIGUEZ: Yes.

MR. BENNETT: Mr. Jackson?

MR. JACKSON: No on A and B. And yes on the others.

MR. BENNETT: Motion approved.

MR. MARTHALER: Nick, for 19-31, just a --

MR. BENNETT: Mr. Avery, you indicated previously that you would abstain on this one.

MR. AVERY: Correct.

MR. MARTHALER: Okay. So this next matter is 19-031. Here, the board is being asked to approve a notice of violation for two violations of Subsection C, one violation of Subsection D and one violation of subsection G assessing a 100 dollar fine for each violation for a total fine of $400.

MR. ROGERS: Do we have a motion?

MR. DIROCCO: Which item was that?

MR. MARTHALER: This is 19-031.

MR. DIROCCO: Thank you.

MR. JACKSON: So moved.

MR. CLOSE: Second.

MR. BENNETT: Mr. Jackson and Mr. Close. Mr. Rogers?

MR. ROGERS: Yes.

MR. BENNETT: Mr. DiRocco?

MR. DIROCCO: Yes.

MR. BENNETT: Mr. Close?

MR. CLOSE: Yes.

MR. BENNETT: Mr. Avery is

abstaining. Miss Rodriguez?

MS. RODRIGUEZ: Yes.

MR. BENNETT: And Mr. Jackson?

MR. JACKSON: Yes.

MR. BENNETT: Motion is approved.

MR. MARTHALER: The final matter before the board is 20-001. Here, the board is being asked to approve a notice of violation for two violations of Subsection D and one violation of Subsection E assessing a 200 dollar fine for each violation for a total fine of $600.

Additionally, the board is being asked to approve a notice of dismissal to one local government officer and to approve a notice of determination to another local government officer where the board is dismissing the complaint for lack of jurisdiction.

MR. ROGERS: Do we have a motion?

MR. AVERY: So moved.

MR. CLOSE: Second.

MR. BENNETT: Mr. Avery and Mr. Close. Mr. Rogers?

MR. ROGERS: Yes.

MR. BENNETT: Mr. DiRocco?

MR. DIROCCO: Yes.

MR. BENNETT: Mr. Close?

MR. CLOSE: Yes.

MR. BENNETT: Mr. Avery?

MR. AVERY: Yes.

MR. BENNETT: Miss Rodriguez?

MS. RODRIGUEZ: Yes.

MR. BENNETT: And Mr. Jackson?

MR. JACKSON: Yes.

MR. BENNETT: Motion approved.

MR. MARTHALER: Director, that concludes the ethics portion.

MR. ROGERS: Thank you, Mr. Marthaler. We're moving on to board applications. Just a reminder to everyone, any applicant who's here to testify, please turn on your camera when your application is before the board to be heard. It's important that we can see you. The first application is the City of Newark.

MR. MAYER: Good morning, Director.

MR. ROGERS: Good morning.

MR. MAYER: How is everybody doing.

MR. ROGERS: Good.

MR. MAYER: I'm Bill Mayer with DeCotiis, Fitzpatrick, Cole and Giblin, bond counsel to the City of Newark. We're here before you today on a 6 billion dollar bond ordinance by the city seeking Municipal Qualified Bond Act approval and the approval of the Maturity Schedule for the bonds. We have, joining us today, Ben Guzman. I don't see him on the screen yet.

MR. ROGERS: He's there.

MR. MAYER: Ben is the acting CFO of the city. We have Louis Ulerio. He's the director of the Office of Homeless Services in the city and Tiffany Harris, project manager in the business administrator's office and also Tim Eismeier of NW, the city's municipal advisor. They should be sworn in now.

MR. ROGERS: Okay. Lauren, would you please swear them in.

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

MR. MAYER: Thank you. This is an interesting application. The City of Newark, together with the Newark Housing Authority, is working on what they call the Path Home Program to find residences for unhoused -- residential units for unhoused residents in the City of

Newark.

The city has agreed pursuant to a shared service agreement with the Newark Housing Authority to provide up to 6 billion dollars for improvements to and furnishing of 200 housing units, which housing units are managed by the Newark Housing Authority.

As stated earlier, we're looking for qualifications on the Municipal Qualified Bond Act and approval for the Maturity Schedule on the bonds.

And I think at this point, I can open it up to any questions. Mr. Ulerio is probably best on the Path Home Program and Miss Harris on the project cost, and Mr. Guzman on the financial matters.

MR. ROGERS: Okay. Does anyone else want to add anything, or do you just want to hear questions from the board and the public?

MR. GUZMAN: I don't have anything.

MR. ROGERS: I guess I'll start. So this is I'm sure one of, I know this is an important initiative for the mayor just hearing publically him speak about it.

I'm somewhat familiar with some of

the Office of Homeless Services and generally, what they're trying to do based on my connection with another division here in DCA.

So just, if there's any, I guess my question is, is this the only transitional housing project that the city is taking on this year, or are there other capital type of projects or rehabilitation of existing homes, if anybody could fill me in on just what is anticipated for 2025 there.

MR. ULERIO: Sure. I'll go ahead and take that question. Thank you so much for this opportunity. I do really want to emphasize how innovative and really groundbreaking this initiative is. It's creating a meaning access to housing and wrap around services to our city's most chronically homeless residents.

So again, a pathway to stable housing for folks that are previously in shelters and unsheltered as well. So we're really proud of this initiative and really hoping that the board can support us. This is part of a larger initiative, right.

We do have other transitional housing programs that we have in the pipeline for this year. One being Resilient and Hope which is the third iteration of the mayor's signature transitional housing program.

We've actually identified the city, and are in the process of, in the design process to begin really designing this new project. It's going to be more of a tiny homes model. Previously, it was more containers.

We're shifting the design a little bit and responding a little bit to the community input. That is one project. We have also, in partnership with the state, through the Treasury Department acquired an 8,000 square feet, you know, commercial space in the heart of downtown which will respond to the homeless needs in and around the Penn Station and downtown area.

This base is actually going to be converted into a state of the art resource and drop in center for our most vulnerable individuals in and around that area. They will provide basic needs, shower, food, but also counseling and other, you know, critical services.

You know, we have launched the Path Home Program initiative plan just over two years ago. And, you know, again, it's part of just many, many initiative that we have, you know, introduced over the last year or so and, you know, includes much more than we have in store for this year as well.

MR. ROGERS: Mr. Ulerio, do you have any existing federal state grants that -- do you have in place already that you plan on using for any projects this year?

MR. ULERIO: Not so much for the projects. I mean, obviously, we are -- we do receive entitlement grants, such as, ESG, the CBEG package of grants, but none of them are tied -- well, actually, you know what, except for the drop in center, which is a pass through grant from the Treasury Department, but other than that, a lot of the projects that we have are secured through other sources.

MR. ROGERS: Okay. And this particular Path Home, it's a 200 unit, it's rehabbed, right?

MR. ULERIO: Renovations, yes.

MR. ROGERS: Renovations, yep. I think at this moment, I don't have anymore questions other than, Mr. Mayer, so are you doing bonds or notes for this?

MR. MAYER: We contemplate issuing notes this year, and then down the road, issuing bonds. I know I had a discussion with Mr. Bennett. We are seeking approval of the Maturity Schedule, but I would anticipate if it follows what I now consider the typical Jersey pattern of notes, notes, notes and then bonds, when you get to the pay down, that the bonds would actually, the first maturity would actually be in 2029, but administrative convenience like the Maturity Schedule approved now if you can do that?

MR. ROGERS: But the Maturity Schedule is based on a bond, this bond issuance?

MR. MAYER: Yes.

MR. ROGERS: And notes. Okay.

MR. MAYER: Yes.

MR. ROGERS: I'll open it up to the board and the public for any questions. I'm not hearing any.

MR. JACKSON: I do have a question. The staff has recommended that we do, as we typically do which is to, you know, agree, but have the schedule come back.

And given the fact that it's three

years in advance, potentially, I don't know if there's any imminent reason for us to sway from our past procedure, but just my comment.

MR. ROGERS: Yeah. That's the board's -- anyone else from the public?

MR. AVERY: Director, I would just ask, what the reason is from not following the board's normal procedure in this case.

MR. MAYER: Mr. Avery, there's been, there's some discussion in the background about whether that's actually been the board's procedure. I know it's not been the board's procedure in IBank projects where I'm most familiar with.

Mr. Eismeier tells me there's other examples where the board is approved the Maturity Schedule in advance. It's really administrative convenience. Sometimes it's awkward to get things through the Newark legislative process.

They've got a very interesting seven step legislative process and a resolution to come back to the board could cause timing problems. We would prefer to have it approved now. It's not a, you know, it's a significant bond issue.

Of course, if it was my money or

your money, it would be significant, but in the finances of the city and the Municipal Qualified Bond Act qualified revenue, it's not that significant of an amount.

We don't expect anything to change between now and three years from now, and we'd appreciate the approval. So it's an administrative convenience, Alan.

MR. AVERY: Mr. Mayer, would the city incur additional costs if they were to have to come back for the Maturity Schedule?

MR. MAYER: Of course. Thank you.

MR. ROGERS: So just so I have a sense of given that you're asking the board to approve Maturity Schedule that is not necessarily going to be the Maturity Schedule.

So I just think personally, yeah, I understand what you're saying, it may not be so much different than what you're proposing and I know the note schedule would be different and I don't know when you would -- typically, it's just market dependant.

Whatever the market conditions are, whether it makes sense to roll it into a bond issuance or not. Again, personally, I like to know what I'm voting on, and if this is not going to be the exact schedule, I would not be inclined to move forward on it, but I'm open to any other thoughts, if the board wants to proceed with that.

MR. MAYER: It's the exact schedule. It's the start date and end date that's in question. Maturity Schedule, the principal Maturity Schedule would remain the same.

MR. MAYER: Right. Understood. Miss Rodriguez, any thoughts? You've been here a long time.

MS. RODRIGUEZ: No. I think everything has been said. I'm good.

MR. ROGERS: So what I'll do is we have a motion to approve the adoption of the bond ordinance pursuant to the Municipal Qualified Bond Act in the amount of 6 million dollars to fund improvements to existing Housing Authority housing stock to serve as transitional housing for the unhoused population. Let's just vote on that. We have a motion?

MR. JACKSON: So moved.

MS. RODRIGUEZ: Second.

MR. BENNETT: Mr. Jackson and Miss

Rodriguez moving and seconding. Mr. Rogers?

MR. ROGERS: Yes.

MR. BENNETT: Mr. DiRocco?

MR. DIROCCO: Yes.

MR. BENNETT: Mr. Close?

MR. CLOSE: Yeah.

MR. BENNETT: Mr. Avery?

MR. AVERY: Yes.

MR. BENNETT: Miss Rodriguez?

MS. RODRIGUEZ: Yes.

MR. BENNETT: Mr. Jackson?

MR. JACKSON: Yes.

MR. BENNETT: Motion is approved.

MR. ROGERS: Okay. Do we have a motion to approve the Maturity Schedule as submitted by the applicant? I'm not hearing any. Okay. So I think that's an indication that we're not ready to move on the Maturity Schedule, Mr. Mayer.

MR. MAYER: That's fine, Director. Thank you. We'll be back. We actually expect to be back with the other housing project that Mr. Ulerio mentioned, the Resilient Hope Village Project.

They've been working diligently in

gathering and sizing that bond ordinance, and I expect we'll be back in, I would say, one to two months.

MR. ROGERS: You're doing important work, Mr. Ulerio, so I appreciate it.

MR. ULERIO: Thank you.

MR. ROGERS: And everyone else involved. So keep up the good work.

MR. MAYER: Thank you everybody.

MR. ROGERS: We are moving on to the City of Bayonne in this application.

MR. LANGHART: Good morning, Director.

MR. ROGERS: Good morning.

MR. LANGHART: Director, I'm Chris Langhart from McManimon, Scotland and Baumann. I haven had a chance to present before you yet, so I offer a quick congratulations on getting the position which is probably semi new at this point.

MR. ROGERS: Thank you.

MR. LANGHART: We appreciate you and the executive secretary and the board hearing our application. We do have some people on line who probably need to be sworn in. I will introduce them.

Dan Castles is the school business administrator. We have Greg Burns from DCO Energy. They'll be doing the energy improvements we'll be talking about. And Sherry Tracey from Phoenix Advisors is on the line as well.

MR. ROGERS: Let's get them sworn in. Lauren?

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

MR. LANGHART: This is a pretty straight forward application, Director. The Bayonne Board of Ed is coming before the board seeking positive findings for approval for the issuance of not to exceed 18.3 million in the school energy savings obligations refunding bonds.

The proceeds of the bonds will be used to install capital improvements that are intended to provide energy efficiencies within the district. Those energy efficiencies are projected to, not only pay for the debt service on the bonds, but hopefully provide a positive cash flow when all is said and done.

So it's pretty straight forward. We

borrow the money, we do the improvements, the improvements save us money. And there should be no tax impact on the school district residents as a result of this project. We intend to issue the bonds over a period of 21 years.

The bonds will be backed by the full faith and credit of the school district, as well as, the school bond reserve fund. We have gone before the BPU. We have gotten our approval from the BPU and we've done the third party verification of the energy savings at audit.

We do have Greg Burns on from DCO Energy just to give a little color as to the improvements we'll be doing. I would ask him give a summary of the improvements that are planned on behalf of the district.

MR. ROGERS: Thank you.

MR. BURNS: Good morning, everybody. Thank you for your time this morning. I'm going to highlight some of the key energy conservation measures that we plan to implement as part of this ESIP project.

They include, but are not limited to district wide LED lighting upgrades, district wide lighting controls, district wide energy management system, replacing a boiler at the high school.

Again, most of these, all of these, are well past their useful life, also two chiller plants at the Walter Robinson Community School, as well as, Woodrow Wilson School, 28 roof top units and district wide steam trap replacements.

So that is the highlight of the key energy conservation measures being completed throughout the district.

MR. ROGERS: Thank you.

MR. LANGHART: I don't know if anybody from our team, Sherry or Dan has anything to add. If not, we'll take questions from the board.

MR. ROGERS: Thank you. I don't have any questions. I'll open it up to the board and the public if they have any.

Hearing none, I guess do we have a motion to approve the school ESIP and the school refunding bonds?

MR. CLOSE: So moved.

MS. RODRIGUEZ: Second.

MR. BENNETT: Mr. Close with Miss Rodriguez seconding. Mr. Rogers?

MR. ROGERS: Yes.
MR. BENNETT: Mr. DiRocco?
MR. DIROCCO: Yes.
MR. BENNETT: Mr. Close?
MR. CLOSE: Yes.
MR. BENNETT: Mr. Avery?
MR. AVERY: Yes.
MR. BENNETT: Miss Rodriguez?
MS. RODRIGUEZ: Yes.
MR. BENNETT: Mr. Jackson?
MR. JACKSON: Yes.
MR. BENNETT: Motion approved.
MR. ROGERS: Thank you, Mr. Langhart. Thank you everyone.
MR. LANGHART: Thank the board. We appreciate you hearing the application. Thank you.
MR. ROGERS: Have a good day. Thank you.
MR. LANGHART: You too.
MR. ROGERS: Our next application, the City of Vineland.
MR. SOLIMINE: Good morning, Director. Tony Solimine from Wilentz, Goldman and Spitzer. How are you this morning?

MR. ROGERS: Good morning, Mr. Solimine.

MR. SOLIMINE: Today we also have Brittany Whelan from Acacia Financial Group, Scott Musterel, the board's business administrator, Greg Burns of DCO and Mike Garcia, the district's auditor that need to be sworn.

MR. ROGERS: Great. If you're being sworn in, please put on your camera so we can see you.

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

MR. SOLIMINE: Great. Again, good morning. Tony Solimine from Wilentz, Goldman and Spitzer, appearing on behalf of the Board of Education of the City of Vineland.

We're here before the Local Finance Board requesting approval of the issuance of energy savings obligation refunding bonds pursuant to N.J.S.A. 18A:18A-4.6 and N.J.S.A. 18A:24-61 et seq.

The amount of bonds will be a not to exceed 20,900,000. In accordance with the law, the board conducted energy audits of all its facilities. They utilized the competitive contracting method to select DCO as its ESCO.

DCO subsequently has worked with the board and its professionals to prepare an energy savings plan. That energy savings plan has been submitted to the BPU and it's also been submitted to and approved by the Board of Education.

That energy savings plan has determined that the savings generated from the energy conservation measures that will be implemented along with the applicable rebates will be sufficient to pay the debt service on the bonds, which will be paid from the savings in the board's general fund.

The board is going to select an underwriter based on a competitive process conducted by the board's financial advisor, whereby, the bonds will be repaid over 20 years.

The plan expects to generate over a million dollars in annual energy savings and is eligible to receive $32,700 in rebates. And additionally, the plans to reduce CO2 emissions by 34 percent.

Some of the key measures in this plan are district wide LED upgrades, lighting controls, district wide energy management system, a boiler replacement. There's a CHP component, (inaudible) repair replacement and building weatherization.

It's important to note that there will be improvements that occur at all 18 of the board's facilities in some capacity. The board is respectfully requesting the approval of the Local Finance Board.

And as stated before, the individuals are here to answer any questions that the board may have.

MR. ROGERS: Anyone else? I really don't have any questions. This is -- you said there's no outstanding debt?

MR. SOLIMINE: Correct.

MR. ROGERS: Great. Okay. I don't have any questions. So I'll open it up to the other board members and public. Not hearing or seeing anyone. I guess we will -- do we have a motion to approve the school ESIP and school refunding bonds as proposed?

MR. AVERY: So moved.

MS. RODRIGUEZ: Second.

MR. BENNETT: Mr. Avery and Miss Rodriguez. Mr. Rogers?

MR. ROGERS: Yes.
MR. BENNETT: Mr. DiRocco?
MR. DIROCCO: Yes.
MR. BENNETT: Mr. Close?
MR. CLOSE: Yes.
MR. BENNETT: Mr. Avery?
MR. AVERY: Yes.
MR. BENNETT: Miss Rodriguez?
MS. RODRIGUEZ: Yes.
MR. BENNETT: And Mr. Jackson?
MR. JACKSON: Yes.
MR. BENNETT: Motion approved.
MR. SOLIMINE: Thank you everybody. Appreciates your time.
MR. ROGERS: Moving on to Franklin Township Sewerage Authority application.
MR. JOHNSON: Good morning, Director. Can you hear me?
MR. ROGERS: I can, yeah.
MR. JOHNSON: This is Everett Johnson from the Law Firm of Wilentz, Goldman and Spitzer, bond counsel to the Franklin Township Sewerage Authority.
On the line with me I have Apryl Roach who is the administrative manager for the

sewerage authority. I'm not sure if Apryl is able to show her camera or to speak. But she's listed as being in the que of presenters that I see.

Also, William Korosec who is the engineer for the authority, and Heather Litzebauer who is the financial advisor for the authority.

MR. ROGERS: We'll get them sworn in.

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

MR. ROGERS: Mr. Johnson, back to you.

MR. JOHNSON: The Township of Franklin Sewerage Authority is seeking the Local Finance Board's review and positive findings on a permanent financing of an existing construction financing program note through the New Jersey Infrastructure Bank.

The construction note temporarily financed the authority's Marcy Street Sanitary Sewer Rehabilitation Project. The project is substantially completed, and now the authority desires to issue bonds to permanently finance the notes pursuant to 40A:5A-6 of the Local Authorities Fiscal Control Law.

The Local Finance Board is required to review proposed project finances prior to the adoption of the bond resolution by the authority authorizing such financings.

The authority is now looking to adopt a bond resolution authorizing the issuance of not to exceed 5 million sewer revenue bonds Series 2025 to be issued through the state fiscal year 2025 New Jersey Water Bank's Environmental Infrastructure Financing Programs, 2025 bond pool to permanently finance the boats that were originally issued in June of 2022.

As traditional with bonds issued through the Infrastructure Bank, the bonds will be sold to the IBank and another portion of the bonds will be sold to the State of New Jersey, act and by and through, the New Jersey Department of Environmental Protection.

The portion sold to the Infrastructure Bank will be sold at market rates with interest rates based upon the IBank's AAA bond rating, portion of the bonds sold to the state will be paid back without interest.

The bonds will be secured by pledge the authority sewer system revenues derived from public and private use of the sewer system and will be issued as bonds on the authority's general bond resolution.

The project financing is a revenue deal. There is no annual service contract or deficiency agreement with the Township of Franklin in the County of Somerset. The sole security for the bonds and revenues generated by the sewer system in any amount held in accounts by the trustee and pledge the bond holders.

The authority had to drop off a debt service from last year to this year of, approximately, 85,000. Another additional drop off from this year to next year of 315,000. So debt service on the proposed issues of bonds will be level at about 195 a year.

So to the drop off, there would not be any financial impact to the average household from the issuance of the proposed bonds. In fact, there will be a net overall reduction of annual debt service of, approximately, $120,000 a year.

The authority seeks the approval of

the Local Finance Board pursuant to 40A:5A-6 of the Local Authorities Fiscal Control Law to adopt the bond resolution authorizing the issuance of the bonds.

At this time, I will turn it back over to the board for any questions that may exist.

And also, I know that one of the issues was whether the authority submitted its audit to the state's system and I have received evidence of that's been done, so wanted to state that on the record before you guys asked us questions. Director?

MR. ROGERS: Thank you, Mr. Johnson. I appreciate it. I just have a question about do you think you have other IBank loans outstanding? Are you maturing those, any of those? Is that what you were talking about, as far as, your debt service dropping?

MR. JOHNSON: Yes.

MR. ROGERS: Outstanding IBank issuance. Okay?

MR. JOHNSON: That is correct.

MR. ROGERS: Okay. I'm just screening through your application. Just wanted to make sure that's the only outstanding debt is through the IBank issuances, the loans that you received.

MR. JOHNSON: Heather Litzebauer is on the line from NW. Maybe she can confirm that, but to my knowledge, that is the case.

MR. ROGERS: Okay. I will open it now to other board members and the public for any questions or comments.

MR. CLOSE: Director, I saw that in the audit comments that were provided to us, there was a reference to confirming purchase orders.

I would like to have someone speak to the fact that that situation has been addressed with staff just to avoid those issues in the future.

MS. ROACH: I will answer that. Apryl Roach for the authority. We have addressed that and is all in place.

MR. CLOSE: Okay. Can you tell me what measures you put in place, Miss Roach?

MS. ROACH: We were switching over from a Harris Microfund System Finance and we were transitioning over into an Edmonds Financial

Platform.

MR. CLOSE: Okay. Thank you very much. I appreciate that.

MS. ROACH: You're very welcome.

MR. ROGERS: Thank you, Mr. Close. Anyone else? Do we have a motion to render positive findings on the proposed project financing?

MS. RODRIGUEZ: I make a motion.

MR. JACKSON: Second.

MR. BENNETT: Miss Rodriguez and Mr. Jackson seconding. Mr. Rogers?

MR. ROGERS: Yes.

MR. BENNETT: Mr. DiRocco?

MR. DIROCCO: Yes.

MR. BENNETT: Mr. Close?

MR. CLOSE: Yes.

MR. BENNETT: Mr. Avery?

MR. AVERY: Yes.

MR. BENNETT: Miss Rodriguez?

MS. RODRIGUEZ: Yes.

MR. BENNETT: And Mr. Jackson?

MR. JACKSON: Yes.

MR. BENNETT: Motion approved.

MR. JOHNSON: Thank you.

MR. ROGERS: Thank you, Mr. Johnson. Appreciate it. Up next is the Hudson County Improvement Authority application.

MS. SANDBANK: Yes. Hi. This is Leah Sandbank with McManimon, Scotland and Baumann. We also should have on the line Mike Hanley from NW and Michael O'Connor from the Hudson County Improvement Authority and Jacob Fisher from Pennrose Holdings.

MR. ROGERS: Let's get them sworn in.

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

MS. SANDBANK: Great. Thank you, Director. This is a little bit of a different application for you this morning than what you're used to seeing.

We seek approval and positive findings for an issuance of county guaranteed housing revenue bonds issued by the Hudson County Improvement Authority for an amount not to exceed 52 and-a-half million dollars.

These bonds are being issued to finance what is the first development of the redevelopment area in Jersey City. This has been property that is 90 plus acres for which the city and the Jersey City Redevelopment Authority have spent years and over a hundred million dollars to acquire and remediate outstanding environmental conditions.

It was a Honeywell owned industrial site that the city and the JCRA has acquired and cleaned up and made developable in order to be able to sell parcels of it in multiple phases. This is the first such project.

It's being undertaken by a partnership of Pennrose Holdings and Omni Development. They are building a six story mixed use and mixed income housing development that will consist of 74 affordable housing units, 83 work force housing units and 43 market rate residential units along with some commercial retail space and parking and amenity space.

This project has been in the works for a very long time, has a lot of state and local stakeholders including Housing Mortgage Finance Authority and the New Jersey Economic Development Authority, both of which have been very involved in the structuring of the project and the financing and are very actively participating in the capital stack of their project along with their own dollars in financing.

These bonds are secured by Aspire tax credit. That's the state tax credit that's issued through the New Jersey Economic Development Authority. The EDA has awarded to the project, a tax credit of 60 million dollars.

The idea is that these bonds will be issued almost as if they were conduit bonds. They're residential rental bonds. They're exactly the same kinds of bonds in the market as the HMFA issues when they issue their tax exempt four percent tax credit bonds.

But instead of being secured by the underlying project, or by federal tax credits, these bonds will be secured by the sale of the state tax credits to a state credit purchaser who will then be able to use those credits against their own state tax liability.

And the sale proceeds that come in will go directly to pay debt service on these bonds, so the bonds are being structured in order to fund a capitalized interest period through construction and then to be fully amortized over the tax credit period in an amount that, you know, will be based on the amount of tax credits that are actually generated based on final eligible costs.

And that tax credit period is 10 years, so one 10th of the final tax credit amount will come in and be used to pay the debt service which will fully amortize over that period of time.

Short of that, there's a back stop to the sale of the tax credits, and that is a corporate guaranty by the corporate guarantor entities of Pennrose and Omni who are providing unconditional certainty of the entire debt service, as well as, compliance with all of the rules and requirements of the EDA so that the expired tax credit is received and generated.

The purpose for the county guaranty is that the county is a credit that investors are aware of. They know how to price that. They know what that's worth.

And in order to provide the most amount of up front proceeds that can be used for the project, which is needed for the project, we're generating a solid tax exempt interest rate that the market knows how to price because of the county guaranty and the county credit.

But the expectation is that, you know, the bonds will be paid first from the Aspire proceeds and the second unconditional guaranty.

MR. ROGERS: Anyone else from your team would like to add anything?

MR. HANLEY: I think Leah covered it.

MR. ROGERS: I have a question that might be more for the benefit of just getting it on the record. Can you just explain the private activity bond volume CAP, the state volume CAP is I think an important piece of this.

MS. SANDBANK: Yep, absolutely. So again, these are qualified residential rental bonds. They are obviously Pennrose and Omni are private developer.

The project is being owned and developed and operated by private party. It's not a governmentally owned project, so it would not otherwise qualify for tax exemption.

The tax code allows for specific qualifying projects that are considered private activity bonds that have a governmental purpose, but are not owned or operated by a governmental entity to still be issued tax exempt in a tax exempt bond market.

And one of those types of private activity bonds are for residential rental projects that meet certain affordability restrictions as this does.

It's a 40/60 project, and that 40 percent of the units are restricted at a 60 percent area median income or below, so it qualifies as a type of restriction that's eligible to be issued in a tax exempt market if you receive an allocation from the state of private activity bond volume CAP.

The state receives, every year, an amount of volume CAP that's based on population. Every state does. The state then, generally, divvies that up in very large part, mostly to a combination of HMFA and the HESAA, the Student Loan Housing Authority both of whom issue private activity bonds routinely.

Maybe a little bit goes to HIPCA, the health care agency. And the rest, the state keeps and has available for very special circumstances like this.

Normally, the Improvement Authority, and or any other authority, really doesn't get involved in issuing housing bonds without the blessing of the HMFA, who is in control of all housing issuances of the state.

They were aware of this. They did okay. The state granting, an allocation of separate private activity bond volume CAP for this issuance of bonds and the project did receive from the state an allocation for 52 and-a-half million of the state's 2025 volume CAP.

MR. ROGERS: Which federal agency allocates that to all states? Is it Treasury?

MS. SANDBANK: Good question. It's got to be Treasury, yeah.

MR. ROGERS: It sounds like a Treasury.

MS. SANDBANK: It's not a specific agency.

MR. ROGERS: And it's based on population?

MS. SANDBANK: It is based on population. It is a very large, yeah.

MR. ROGERS: Interesting.

MS. SANDBANK: 300 million goes to HMFA pretty much annually. A similar amount goes to HESAA and there's always some left over. And if it's not used, there's a period of time, it can be carried over.

MR. ROGERS: Okay. So 300 million was the 2025 allocation?

MS. SANDBANK: You know what, I'm not 100 percent certain. In the past, it has been around 300 million, but it's usually whatever HMFA needs for the year.

MR. ROGERS: Okay. And can you just take us through the state credits of how that works with the credit purchase agreements? Just a brief explanation?

MS. SANDBANK: Yes. So the state awards the project tax credits. Those tax credits, under the Aspire program, can only be used against insurance premium tax, there's another insurance company specific tax and corporate franchise tax.

Those are just the three particular types of tax liability that this tax credit can be used against. So even though the tax credits are awarded to the project, the owner, it does not have the ability to use it against their own tax, general gross income tax liability, so they have the ability of the act to sell the tax credit.

So you have insurance companies and large franchise holders who are in the market to buy the tax credits. It is a certificate. The tax credit is a literal certificated issued by Treasury and you're allowed to sell it and transfer it once to a buyer for not less than 85 cents on the dollar.

So that tax credit purchaser enters into a purchase agreement with the developer that says, you know, as soon as you get approval from the state, that certifies your cost. And then the EDA tells the Treasury Department, yes, we certify these costs, issue them a tax credit certificate.

And then that certificate is transferred and issued in the name of the ultimate purchaser. And that purchaser pays the purchase price, whatever price per tax credit they're willing to pay above 85 cents and they get the certificate and pay one tenth of the tax credit amount in each year over the 10 years.

MR. ROGERS: And there's -- it's a small bargain of buyers?

MS. SANDBANK: It is because of the limit of who the tax credit can be taken against, it is, yeah.

MR. ROGERS: And what's the percentage of project costs that's being subsidized by the various -- as far as, the Aspire and the HMFA?

MR. HANLEY: It's about a third from the Aspire. You have about 20 percent coming from HMFA through work force housing dollars and tax credits. The city has a second loan that's about five percent. The other 43 percent comes from the developer equity and traditional debt.

MR. ROGERS: Okay. Great. I don't have anymore questions. I'll open to up to the board and public at this time.

MR. JACKSON: Director, I have a couple questions. Just reading some of the grander plans going forward, we'll be looking at 8,000 units. I saw in some of the articles, but it's a big project which is exciting. My question is, as part of that, is there a school component that's envisioned for the --

MR. HANLEY: Yes.

MR. JACKSON: A good number of school kids that are going to be generated as a result?

MR. HANLEY: Yes, school. There's a school in the redevelopment plan.

MR. JACKSON: Okay. And secondly, going forward, of that, is the percentage that's going to be market rate, which is about 21 and-a-half percent of these units are going to be pure market rate, is that the percentage that's going to be going forward, will that continue?

MR. HANLEY: The requirement is that the projects produce 35 percent income restricted units.

MR. JACKSON: I understand that, but you've got another big portion of that is work force housing. The only percentage that I would call unrestricted market units is 21 and-a-half percent of this total. And my question is, for the 8,000, will that same percentage be there?

MR. HANLEY: No, no. This project has less market units than other markets may have in the future. The goal is that 35 percent will be income restricted accumulatively.

MR. JACKSON: You're not answering my question. My question is --

MR. HANLEY: I don't understand the question, then.

MR. JACKSON: We have 200 units. We have 200 units. You have, I think --

MS. SANDBANK: Yes, 43 market units, yep.

MR. JACKSON: 74 are affordable and 43 are market. So that market percentage is 21 and-a-half percent. What I'm asking simply is, is going forward, will the remaining units have that same 21 and-a-half percent market?

MS. SANDBANK: They will not, no.

MR. HANLEY: No.

MS. SANDBANK: They will not. That is specific to this project, not to the overall redevelopment plan.

MR. JACKSON: Okay. So then my final question is, what is your anticipation for that mix going forward?

MR. HANLEY: It will always have at least 35 percent income restricted units.

MS. SANDBANK: So the rest could be

market. So if there is no other work force housing dollars or a developer who doesn't intend to use, you know, the work force program or can't use the work force program, then they could have 65 percent of the building be in market.

MR. JACKSON: Thank you.

MR. ROGERS: Anyone else?

MS. RODRIGUEZ: No, but I have a comment. You know, I personally, this is a very innovative idea to do mixed use this way. I don't think I've seen anything come in front of us. I've been here for a long time.

And, you know, to me, I think this is probably going to be the wave of the future, the way things are going. And I just wanted to just make a comment and commend the project because, you know, I think it's innovative.

And I just really do think that this is the way we're going to be going forward with development, especially in urban centers.

MS. SANDBANK: Thank you.

MR. ROGERS: Thank you, Miss Rodriguez. I agree with that. Anyone else? Comments?

Having grown up in Hudson County,

I'm very familiar with this area. It was a terrible brownfield area for a long time and I know it took a lot of years, almost a generation to get it cleaned up and to get this -- so this is exciting new chapter for this property.

And good luck with this endeavor there. It's kind of a scary place for a long time as a kid growing up in that area. Anyway, all right.

If I'm not hearing any other questions, I guess do we have a motion to render positive findings on the project financing and on the county guaranty?

MS. RODRIGUEZ: So moved.

MR. DIROCCO: I'll second it.

MR. BENNETT: Miss Rodriguez, Mr. DiRocco, seconds. Mr. Rogers?

MR. ROGERS: Yes.

MR. BENNETT: Mr. DiRocco?

MR. DIROCCO: Yes.

MR. BENNETT: Mr. Close?

MR. CLOSE: Yes.

MR. BENNETT: Mr. Avery?

MR. AVERY: Yes.

MR. BENNETT: Miss Rodriguez?

MS. RODRIGUEZ: Yes.

MR. BENNETT: Mr. Jackson?

MR. JACKSON: Yes.

MR. BENNETT: Motion approved.

MS. SANDBANK: Thank you.

MR. ROGERS: Thank you, Miss Sandbank. Appreciate your presentation. Moving on to our last application, which is Asbury Park.

MR. FEARON: Good morning. This is Jim Fearon, from Dilworth Paxson. We're bond counsel to the City of Asbury Park.

We have a number of people scheduled to be with us today. We're running a little bit ahead of schedule, so I'm not sure if everyone is one, but I'll introduce them and then we can do the swearing in.

From the city, we're expecting Michele Alonso who is the director of planning and redevelopment. And then the city's professionals include Brittany Whelan of Acacia Financial Group, the city's financial advisor. I believe she's on line.

And Joseph Maraziti of Maraziti Falcon, the city's redevelopment counsel. And also we're expecting Brian Bradley of RBC Capital

Markets and they're the city's --

Representing Inspired Somerset, which is the project redeveloper and for purposes of this discussion, the subsequent developer, we're expecting Ken Gold and their outside counsel, Brian Shemesh of Giordano, Helleran and Ciesla, I believe is on the line.

And finally, representing Asbury Partners, LLC, which is the master developer for the city's waterfront redevelopment area, we have on line Brian Cheripka and Oliver Monaghan, along with their counsel, Steve Pearlman and Deborah Verderame of Pearlman and Miranda. I suggest that all these non lawyer individuals be sworn in now.

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

MR. FEARON: So this application seeks the board's approval under two statutes in connection with a proposed 274 million dollars redevelopment project known as Inspired Somerset which will be developed by an affiliate of Somerset Development, LLC.

The project is located in the city's waterfront redevelopment area and will include

112 residential condominium units, approximately, 9,000 square feet of commercial space, 237 parking spaces and an internal parking structure and related amenity space and common areas.

The site of the project is currently surfaced parking lot. As described in our application, the city has, since 2002, been working in partnership with its designated master developer, Asbury Park, which is an affiliate of Star Holdings, to redevelop the entire waterfront redevelopment area.

Under process in place since 2013, the master developer advances its own funds to finance wastewater storm water roadway street scape utility and other public infrastructure improvements throughout the waterfront redevelopment area, which improvements made possible various site specific developments -- and by other approved so called subsequent developers, such as, the developer of this Inspired Somerset project.

This is an application for the issuance of up to 28 million dollars of Redevelopment Area Bonds. The proceeds of which will be used, along with the reserves, capitalized interest and issuance costs to reimburse the master developer for a portion of its costs in constructing the aforementioned infrastructure improvements within the waterfront redevelopment area.

Under special assessment agreement to be entered into with the city, the subsequent developer will acknowledge that its project is benefited by those infrastructure improvements.

And will agree, on behalf of itself, and all subsequent owners, including the owners of the residential condo units and the retail space, to pay certain ongoing special assessments in the city in consideration for such benefits.

The RAB bonds will be secured by a pledge of assignment of the pledged portion of these special assessments. The city expects to issue RAB bonds in two series and roughly equal parts with the first tranche closing in the spring and the second tranche closing mid 2026, by which time, the projected sales prices will be fine tuned to reflect demonstrated market demand.

This will be the 15th series of RAB bonds, under this financing structure, since 2013. Under this program, each subsequent developer enters both a financial agreement and a special assessment agreement with the city.

Following application of certain credits, the effect of these arrangements is that the property owners pay a total amount that approximates the amount that would be paid is full property taxes in the absence of the tax abatement.

The city receives, as PILOT payments under the financial agreement, an amount that approximates the amount it would have received as the city share of full property taxes. The county receives its statutory PILOT share, and the remaining amounts, which are payable as pledged special assessments are directed to the bond trustee to secure the payment of the RAB bonds.

Thereby, paying the share of the public infrastructure that made the project feasible. 10 series of prior RAB bonds under the structure have involved 100 percent for sale residential projects for which the Local Finance Board has previously issued its so called shelf approval in February 2013 for up to 58 million dollars of those bonds.

The city most recently closed one such shelf series of RAB bonds in October of 2024 and plans to close another one in April or May of this year. The terms of shelf approval process, the city provides Local Finance Board staff with detailed reports both before and after the bond sale.

To date, the city has issued 22.585 million dollars in RAB bonds under that 2013 shelf approval. But whereas here a project includes more than 100 percent for sale residential units. Separate project specific approval from the Local Finance Board.

The most recent of which was given by the board in July of 2023. To date, the city has issued 17.565 million dollars of RAB bonds in separate non shelf approvals. And so putting the two together, to date the city has issued a total of 40.15 million dollars of RAB bonds under both types of LFB approval.

As with all RAB financings, we are requesting two approvals from you today. The first under N.J.S.A. 40A:12A-67(g) which is part of the Redevelopment Area Bond Law. We are seeking approval for the issuance of RAB bonds that are secured by special assessment payments.

Second, under N.J.S.A. 40A:12A-29A3 which is part of the Local Redevelopment Housing Law, we are seeking approval for the negotiated sale of the RAB bonds. This is needed because these RAB bonds being secured by project generated pledged special assessments and without any recourse of the city or its tax base are essentially speculative investments that can be offered to and purchased by only sophisticated investors capable of assessing the costs and the risks of this particular project.

As in the past, the developer has agreed to do the initial purchaser should no other purchaser be identified. A detailed limited offer memorandum will be prepared in connection with the sale of these bonds and it is anticipated the developer may, at some future time, choose to resell or sell the bonds to other sophisticated investors.

With all that, we will be happy to answer any questions you may have.

MR. ROGERS: Thank you, Mr. Fearon. I think just for the benefit of everyone here and the record, can you just distinguish what a shelf and non shelf bond is?

MR. FEARON: Certainly. Back in 2013, in anticipation of the significant investment that the master developer was prepared to make for the infrastructure improvements, an application was filed with the Local Finance Board to approve up to 58 million dollars of infrastructure bonds such as this. But they were limited in scope to projects that were 100 percent for sale residential because that was the template that was in mind for most of the development. And for lack of a better word, the shelf approval is another way of saying you have already given approval for up to 58 million dollars worth of RAB bonds that fall within that category, 100 percent for sale residential. And as I said, about, what did I say 22.5 million of that has already been issued. This project does not qualify for that, does not fall within that approval because there is a significant amount of commercial space as well. And because of that, any time we have a project that is off that script, we come to you for approval. That has been done for a hotel project. It's been done for other mixed use projects in the past. And it is the reason we are not operating the prior approvals because our commercial space took us outside of the proper approval.

MR. ROGERS: Okay. So even though the Somerset project has for sale residential units because you have the retail office --

MR. FEARON: Yeah.

MR. ROGERS: -- components, that's why you're referring to it as a non shelf.

MR. FEARON: Yes. And actually, as a structural matter, the financial terms are identical to what they would have been on the shelf.

MR. ROGERS: Okay. Have the original estimates, for infrastructure costs, I would assume, have they increased since the original estimates. What was the original estimate, and what is it more or less projected at this point to be in total?

MR. FEARON: I will defer to the master developer and or its counsel to answer that question.

MR. ROGERS: Sure.

MR. PEARLMAN: I'm happy to jump in. Mr. Chairman, because we have a number of these deals that have been non shelf and don't count against the CAP, such as this one, we've actually been able to deal with the increase in costs.

And I think our current projections will be within a million dollars of completing everything we need to do within the waterfront redevelopment area, and obviously that's today. We're roughly halfway through the program. That could change.

But at the present moment, the CAP will be sufficient when you take into account these non shelf deals. And just building on the prior question, I want to add context for the shelf. Asbury Park had been stuck for decades in stop and start.

And this particular master developer came in and said we will advance infrastructure. At the time, I think the original appraisal was about 80 million dollars worth, but we will advance it only if we know, there's a mechanic for us to get the money back.

And so this program, this bond program, this RAB program says that each time a development goes up, a portion of the money goes to the city under a PILOT payment and the county will get its five percent and then the balance goes as a reimbursement to the master developer for infrastructure costs it has already laid out.

At the present moment, the master developer has laid out, in excess, of 11 million dollars more than what they received back. So each time one of these deals comes on line, the bond proceeds get drawn down, the net proceeds get drawn down, the closing is a reimbursement.

So it's been incredibly successful to take the city, which was on transition aid when this program started in 2013, to the point where the last three years, I believe, the municipal tax levy has gone down and it's added cumulatively, to date, about 3 million dollars of additional PILOT revenue for the town annually on a tax base that's not particularly large.

And finally, I would say that the reason we limited the shelf originally to just for sale housing is that we had a formula that the city and the master developer had agreed upon.

In effect, the PILOT that went to the town was holding them harmless for what would have been their real estate tax payment in terms of amount. And we've kept to that over the years even as the school portion has increased.

It was too difficult, frankly, to figure out on mixed use fields if you could hold to that formula for every deal. Each deal with a mixed use deal has to be taken on its own which is why we're here. So that gives you context for what shelf is, why we have it.

MR. ROGERS: Thank you for that. I had some understanding, just given the materials I have, but I thought it was important to go through that discussion again for the benefit of the public and perhaps the board members. It's creative.

It certainly was needed in Asbury's case. And infrastructure costs are sometimes kill projects because of the extent of it. So this is a creative way, I thought, of dealing with this.

So I don't have anymore questions. I'll open it up to the board and the public at this moment.

MR. JACKSON: A couple of things, Mr. Chairman. One is I want to thank Mr. Fearon and Mr. Pearlman. Very elucidating presentation and answering of questions in actual English. It was very helpful to understand. I appreciate that.

I did have a question. It had nothing to do with how I view the project, just a question. Is there an affordable component in this project at all?

MR. PEARLMAN: We have been asked over the years. First of all, this is for sale. This is not rental, so there have been some residential rental projects for a very limited scope. One has been approved. A couple others are being considered.

With the one residential project that has been approved, that is about 90 percent built, not yet open. Hopefully opening this summer. The town asked us, could you bring in affordable component.

Two sets of numbers were provided to the town, to the city. One with affordable, one without. And the city made the determination that they wanted, frankly, to get a higher PILOT payment to go for their budget which would have been reduced to a very nominal PILOT amount if they had accepted the affordable component.

So it has been discussed at the city level with respect to that one particular rental project and is presently being discussed by others that are on the drawing board.

And I think it will be a case by case basis where the city decides, does it want the affordable component because obviously that's additional subsidy which means less dollars to the town, or will it go through the standard formulating program that we've had.

MR. JACKSON: Okay. Thanks. My other question, and this is actually more generic, Mr. Chairman. The project sounds, to me, very exciting, but it's 284 bedrooms, just based on the schedule that we received which suggests to me a decent number of children.

And I haven't seen, I don't know if the applicant supplied any analysis of the fiscal impact, particularly with respect to kids. I think that we should, in the future, have require, if the town doesn't, I think we should require a more robust look at the fiscal impact of when we're doing these particular RAB bond kind of things of where we are creating residential and we're not really looking at some of the extra costs, I should say, just a thought going forward.

And I'm not picking on our friends here, but it seems to me, that's something we should have a more structured formal rigorous look at.

MR. ROGERS: Can anyone provide what the estimated generation with this project generating new students?

MR. PEARLMAN: I have a generic answer, but Brian Shemesh, have you, you're counsel for Somerset. Have you prepared anything like that? If not, I'll give you the general answer.

MR. SHEMESH: This is Brian Shemesh for the record, counsel to Somerset here. We have not prepared a public school age children analysis. That's not been required to date.

However, I do think even if you applied the well accepted Rutgers study to the units that are being constructed here, that would yield a fairly low number, given the low number of public school aged children, in light of the price of these units and the location.

And further, I would suggest that

this project be non Ocean Avenue in Asbury Park is well suited for second time home buyers, so we would expect that the Rutgers study would probably yield a higher number than will actually reside in the building, and in turn, place a burden on the school district.

So while it's not a specific answer, I do think the impacts would be minimal for this type of project.

MR. PEARLMAN: Brian gave my generic answer. And I can also add, as a resident of Asbury Park, this building is going up right next door to 1101 Asbury Ocean Club, and I frequently walk by it on the boardwalk in the winter.

And I would say, I see about 40 percent of the lights on. Meaning that, to Brian's point, but price points are such and the price points, I believe for Somerset, are going to be even higher than the price points for 1101 Asbury Ocean Club, which is the large, I think it's 16 story building in the center of town right on Ocean Avenue.

These are bought by wealthy people as a second home. So I would imagine that the school impact is quite minimal. There just aren't people there in the winter.

MR. JACKSON: I accept and respect your gentlemen's responses, but I just think from our perspective, Mr. Chairman, that if we had a more formal analysis or something that we could look at, and again, I respect what the gentlemen have said with their experience of living around there and everything, but just a suggestion.

MR. ROGERS: Your point is duly noted. Thank you, Mr. Jackson. I think it's something that's usually done particularly in a financial agreement analysis at some point that is always a question that's usually provided and there is a methodology, well known methodology that's there.

But I agree with Mr. Pearlman and Mrs. Shemesh, it's going to be low, just given the price points there and how the typical buyer of those units won't be their primary residence. Okay. Anyone else? Any more questions?

Do we have a motion to approve the issuance of Redevelopment Area Bonds and the private sale of these bonds?

MR. JACKSON: So moved.

MR. DIROCCO: I'll second it.

MR. BENNETT: Mr. Jackson and Mr. DiRocco. Mr. Rogers?

MR. ROGERS: Yes.

MR. BENNETT: Mr. DiRocco?

MR. DIROCCO: Yes.

MR. BENNETT: Mr. Close?

MR. CLOSE: Yes.

MR. BENNETT: Mr. Avery?

MR. AVERY: Yes.

MR. BENNETT: Miss Rodriguez?

MS. RODRIGUEZ: Yes.

MR. BENNETT: Mr. Jackson?

MR. JACKSON: Yes.

MR. BENNETT: Motion approved.

MR. FEARON: Thank you very much.

MR. ROGERS: Thank you, gentlemen. Appreciate your time. Have a great day.

MR. FEARON: Thank you.

MR. ROGERS: We have one more matter that comes from the Division of Local Government Services. And this is been an issue, I know we did a CAP waiver back in December.

This is still a vexing issue for quite a few municipalities that, during their budget creation, have been calling Tina and others and the regulatory unit that this still is plaguing their budgets with pretty substantial increases and the general liability workers comp insurance area.

So we just -- Tina recommended, and hopefully you had time to read the memo, just to -- we're just requesting from the board to approve a CAP waiver for this particular line item in the 2025 budget.

MR. JACKSON: So moved.

MR. CLOSE: I'll second it, Director. And I did want to -- I'm glad to see us doing this. I think, for the reasons that are identified in the memorandum, but also, I think taking a look at issues with pension, again, another item that is beyond the scope of control by municipalities.

And I think what were in the delayed impact of tracks being implemented with bargaining units and then the lag with catch up by pension and the impact on town budgets a year or two after the fact in terms of increases in these particular line items, is something to be looked at and hopefully will be considered by the board and by your office and staff moving forward.

MR. ROGERS: We certainly are, and we have proposed pension increases allowing for a CAP addition over a certain percent regarding pensions. We are working with various legislators.

There's a bunch of amendments that we're looking to advance and hopefully will get done this year. This is one -- another area that we don't think it will be -- we don't really know what the impact will be, but in utilities, given some of the projected substantial increases in, I think electric, I don't recall what gas, if there will be any, but we know that's going to probably be an issue.

But we're hoping, public entities are at least just budgeting something based on their usage for the second half of the year because they won't come into effect until July, but it could be an issue next year.

But we'll know more and hear feedback probably by the end of the year. And it would be something, that if it is substantial and pretty extensive in what we're seeing, that I would come to the board for a CAP waiver regarding utilities, but to be determined.

MR. CLOSE: Okay.

MR. JACKSON: I second Mr. Close's point. I think, Mr. Chairman, it's also, you know, when the salaries are one thing, right. Observing, particularly with bargaining units where we haven't reached agreements, it's not only that, but also the 32 percent in additional for the pension that for the municipalities contributions towards pensions and ensuring that that cash is also being sequestered some place.

So when you finally reach an agreement with the bargaining unit, you not only have the money to pay them retro pay, but also now you gotta ante up to the state for the pension contribution, so it's a big issue and just having the available cash is critical.

MR. ROGERS: Yeah, I mean, look, that's the art of budget making and you're limited to what you can actually appropriate in any given year, as you all know.

But there's reserve for salary adjustments which, if you're in that situation where you don't have contracts ratified, then you have to be able to have good estimates of what your future impact is going to be as a result and assume certain numbers, a certain of percentage numbers, in addition to, just other things you can do in the budget to just have sufficient funds to cover that in that year or in the next.

So I hear you and I think it's something we're fully aware of and I'm thinking about all the time about how some of these issues just are either continuing or stuff that we see prospectively that we're going to have to deal with, and municipalities and counties will have to deal with.

And there's all sorts of changes we're trying to get done legislatively to address some of these issues. So, again, to be determined. We'll see if we can get it done, but we'll strongly advocate to do what's in the best interest for certainly, the taxpayers, but how public entities can function and it's ever changing.

And that's why we need to change with what's going on, given great uncertainties right now and impacts that will occur in government, particularly what's happening at the federal level and how it will impact counties and some of the cities regarding certain types of grant funding and so forth annually that may not be there.

So I think that's something that we're trying to advocate for with the Governor's Office.

MR. BENNETT: I have a motion and a second.

MR. ROGERS: Okay.

MR. BENNETT: Mr. Jackson and Mr. Close, moving and seconding. Mr. Rogers?

MR. ROGERS: Yes.

MR. BENNETT: Mr. DiRocco?

MR. DIROCCO: Yes.

MR. BENNETT: Mr. Close?

MR. CLOSE: Yes.

MR. BENNETT: Mr. Avery?

MR. AVERY: Yes.

MR. BENNETT: Miss Rodriguez?

MS. RODRIGUEZ: Yes.

MR. BENNETT: And Mr. Jackson?

MR. JACKSON: Yes.

MR. BENNETT: Motion approved.

MR. ROGERS: Thank you. I guess do we have a motion to adjourn?

MR. JACKSON: So moved.
MR. DIROCCO: Second.
MR. BENNETT: I heard Mr. Jackson moving and Mr. DiRocco seconding, I believe. Mr. Rogers?
MR. ROGERS: Yes.
MR. BENNETT: Mr. DiRocco?
MR. DIROCCO: Yes.
MR. BENNETT: Mr. Close?
MR. CLOSE: Yes.
MR. BENNETT: Mr. Avery?
MR. AVERY: Yes.
MR. BENNETT: Miss Rodriguez?
MS. RODRIGUEZ: Yes.
MR. BENNETT: And Mr. Jackson?
MR. JACKSON: Yes.
MR. BENNETT: We are adjourned.
MR. ROGERS: Very good. Thank you everyone. Appreciate your time.
(Hearing Concluded at 11:56 a.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, 2026

Dated: March 21, 2025

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