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, October 8, 2025

Commencing At: 9:56 a.m.

HELD BEFORE: (ALL MEMBERS APPEARING VIA VTC)

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
ANNA MARIE CHIWANGA

I N D E X

MR. ROGERS: Let everybody know, we previously opened this meeting, approximately, 9 a.m. before we went into closed session. Now, we are back in open, so I guess we can move on to the first matter which is motion to adopt the September 10th 2025 minutes as presented.

MR. CLOSE: So moved.

MR. ROGERS: Do we have a second?

MR. AVERY: Second.

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

MR. JACKSON: Yes.

MR. BENNETT: Motion is approved.

MR. ROGERS: Great. Miss Chiwanga, you're up with our ethics matters.

MS. CHIWANGA: Thank you, Director.

The first matter is C2-020. And here the board is being asked to approve a motion to issue a notice of investigation to one local government officer and investigate the claim against them for potential violations of Subsection D of the Local Government Ethics Laws.

MR. ROGERS: Any questions, concerns? Board? Public? Hearing none, do we have a motion to authorize an investigation of one LGO for possible violations of Subsection D of the LGEL.

MR. CLOSE: So moved.

MR. AVERY: Second.

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

MR. JACKSON: Yes.

MR. BENNETT: Motion approved.

MR. ROGERS: Next one?

MS. CHIWANGA: The next matter is 24-024. The board is being asked to approve a motion to issue a notice of investigation to two local government officers and investigate the claims against them for potential violations of Subsection D and E of the Local Government Ethics Law.

MR. ROGERS: That's for the first LGO?

MR. BENNETT: A and E for the second LGO.

MS. CHIWANGA: Yes.

MR. ROGERS: Great. Do we have a motion to authorize investigation of two LGOs for possible violations of Subsection D and E of the LGEL, for the first LGO, and A and E for the second LGO

MR. CLOSE: So moved.

MR. JACKSON: Second.

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

MR. ROGERS: Yes.

MR. BENNETT: Mr. DiRocco?

MR. DIROCCO: Yes.
MR. BENNETT: Mr. Close?
MR. AVERY: 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.
MS. CHIWANGA: The next matter is 25-011. The board is being asked to approve a motion to issue a notice of investigation to one local government officer and investigate the claim for potential violations of Subsections C, F and G of the Local Government Ethics Laws.
MR. ROGERS: Okay. Any questions? Concerns? Do we have a motion to authorize an investigation of one LGO for possible violations of Subsections C, F and G of the LGEL?
MR. AVERY: So moved.
MR. JACKSON: Second.
MR. BENNETT: I heard Mr. Avery and Mr. Jackson. 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. CHIWANGA: The final matter is 25-014. The board is being asked to approve a motion to issue a notice of investigation to one local government officer and investigate the claim for a potential violations of Subsections C, D and G of the Local Government Ethics Laws.

MR. ROGERS: Any questions? Concerns? Hearing none, do we have a motion to authorize an investigation of one LGO, possible violations of C, D and G of the LGEL?

MR. DIROCCO: So moved.

MR. JACKSON: Second.

MR. BENNETT: Mr. DiRocco and Mr. Jackson. 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: Last matter?

MS. CHIWANGA: The last matter is the 2025 FDS enforcement. And the board is asked to approve a motion to rescind the notices of violation sent to 22 local government officers due to clerical errors, to approve a motion to rescind the notices of violations sent to two local government officers who have since passed away, to waive the fine for two local government officers who were listed on different rosters and timely filed in at least one of the positions they held and to waive the fine for 23 local government officers who have since filed their

FDS while requesting a waiver for their initial non filing?

MR. ROGERS: Any questions? Concerns? Hearing none, do we have a motion to rescind the notice of violations sent to 22 LGOs due to roster errors, to rescind the NOV for two deceased individuals, to waive the fine for two LGO who timely filed in at least one jurisdiction and to waive the fine for 23 LGOs who have since filed and have asked the LFB reconsider the violation?

MR. AVERY: So moved.

MR. JACKSON: Second.

MR. BENNETT: Mr. Avery and Mr. Jackson. 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: Before we get the to the applications, just a reminder to everybody to remain muted to eliminate background noise. And if you're coming in on audio, please use star six to mute and unmute yourself.

And then anybody, when your application is up and you're testifying, please have your video on. It's required to be sworn in.

Now, we'll move to our first application which is the City of Paterson. We have Mr. Wielkotz. Who is leading the Paterson application?

MR. SEEMON: Good morning, Director. This is Mark Seemon, the business administrator for the City of Paterson.

MR. ROGERS: Good morning, Mr. Seemon.

MR. SEEMON: Good morning. On this call from the city, we have our CFO, Javier Silva. We have our council president, Dr. Lisa Mims. I believe Mayor Andre Sayegh just jumped on as well, NW Financial represented by Heather

Litzebauer. And I'm jumping through to see if we have anybody else from our team on here. I believe that is it,

MS. LITZEBAUER: Steve will be joining. I just talked to him.

MR. ROGERS: Okay. We just need to get everybody sworn in, so please put your video on if you're testifying on this application.

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

MR. ROGERS: Mr. Seemon, the floor is yours.

MR. SEEMON: Thank you, Director. Right now we're here before you today hoping to be able to pass a CAP ordinance for the City of Paterson.

I'm going to turn it over to our CFO to give a brief history on the ordinance and where we've been with that, so Javier?

MR. SILVA: Good morning. I think we're here to pass a waiver just to move the deficit from inside the CAP to outside the CAP.

MR. ROGERS: Okay. Care to just briefly elaborate on what it is that you're asking and what's the components that make up the amount?

MR. SILVA: We had a deficit in the 2023 audit of 789,000. And to stay under our CAP, our 3.5 CAP, we would have to move that outside, the CAP waiver. I'm sorry. We would have to move that outside -- outside CAP.

MR. ROGERS: Okay. Does anyone else have anything to add from your team?

MR. SAYEGH: We appreciate the Department of Community Affairs continue to support our city. Paterson is in growth mode. We've been successful in reducing the number of abandoned properties by about 90 percent.

The only issue we've had is apart being the Garden State Growth Zone with all the development that has been taking place unfortunately, we have been able to capture the ratables that we'd like, but clearly in the future, we will see that materialize.

But again, we have grateful for the Department of Community Affairs continued success of our city and the success of Paterson.

MR. ROGERS: Good morning, Mayor.

MR. SAYEGH: Good morning. Is that Mr. Rogers?

MR. ROGERS: Yes.

MR. SAYEGH: I didn't see you, but I recognize your voice.

MR. SEEMON: Director, I would also just make a point. This is Marc Seemon again, the BA. If given the approval, this is another step in the right direction for the city's future financial benefit, so any consideration would be helpful.

MR. ROGERS: Anyone else?

MS. MIMS: Hi. I am the council president. And I just wanted to piggyback on what already has been stated, but we do appreciate the partnership that we've had over decades with the DCA and so many of our partners, as well as, the Local Finance Board, your guidance and leadership has really helped to ensure our city stays in a progressive growth spurt that we're experiencing.

But it also helps us to be financially stable as well, so we truly appreciate it. We want to make sure as a council that we're taking the necessary steps to ensure that we're doing what's right for the residents in our community.

And with your help, we're able to do that, and so that's why this CAP ordinance is really a plus for us and we're looking forward to your approval, if that happens on today, so we can continue on working a building relationship. Thank you so much.

MR. SAYEGH: To dovetail what Council President Mims, Director, if I may dovetail on what Director Mims just stated. You may have read about council members or council meetings, but I can assure you as far as the mayor's office and our council president, council vice president, we are aligned, as far as our goals are concerned, and this would help us achieve these objectives that we have outlined as a collective legislatively and part of the executive branch as well.

MR. ROGERS: Okay. Thank you, Mayor. Anyone else to add?

MR. WIELKOTZ: I have to apologize for some reason, I can't get my camera to work. This is Steve Wielkotz.

Just to piggyback on what everybody else said, this CAP waiver is important because, you know, the budget as introduced is tight obviously. We're always fighting in terms of appropriations, taxes, what have you.

And the approval of this waiver for an operating deficit that happened in 2023 will be tremendously helpful to getting this budget adopted and moving forward in the City of Paterson.

MR. SAYEGH: Thank you, Steve. See you soon.

MR. WIELKOTZ: Mayor, I hope so.

MR. ROGERS: If there's nothing else to add, I guess I'll start with some questions and then open it up to the board and the public. So this is related to a 2023 audit finding, which my understanding, was just completed a couple of months ago.

I guess my question, first question is, so Mr. Wielkotz, have you been the auditor of Paterson, is it new to this or have you been the auditor in Paterson?

MR. WIELKOTZ: I've been the auditor, I believe, since 2021.

MR. ROGERS: Okay. And I guess what were some of the reasons why the audit was delayed, the 2023 audit was finally completed by, I think it was June 2025.

MR. WIELKOTZ: I think it was a little bit earlier perhaps. Maybe March or April,

MR. ROGERS: Okay.

MR. WIELKOTZ: Again, not to be picky, but part -- I guess the biggest issue is that the city has not made their appointment until later in the year for the current years.

We were just appointed for the 2024 audit at the end of August of 2025, so that process, for some reason, has always been a little elongated under the previous administrator and what have you.

And again, part of our issue is then that kind of falls into our Board of Education audit time frame. And then some issues with getting information, clearing up some comments, what have you, it's been a problem for the last couple years.

MR. SEEMON: And if I could add to that, Director, obviously, I started here in May, and this was one of the first things that we were looking at to enhance the way that we are getting --

MR. ROGERS: That's a plus.

MR. SEEMON: So that is something that we are looking at immediately. We're able to retain Wielkotz for the 2024 audit to get that done and put us in line for the future in our anticipation.

And Javier, you can jump in, I believe in March is our goal to have the auditing professionals retained each year?

MR. SILVA: Yes. And again, part of the reason for the delay is also because I lost staff members and that put me on a background which made information come late to our recruiters.

MR. ROGERS: I guess I would question why you're waiting until March for the 2025 audit when typically, municipalities will have their auditors set up January latest, February. I would encourage you to deal with that sooner so you're not in this situation where it's dragged out.

But I understand maybe some of the thinking on why it was delayed for last year, but I guess my next question is regarding the 2024 audit, which is late, and what is the expected time frame to have that completed?

MR. WIELKOTZ: We're currently in process.

MR. ROGERS: Any estimated time frame to complete?

MR. WIELKOTZ: I would hope to have a draft out by the end of November with a final delivery some time in December to get it done in 2025.

MR. ROGERS: Okay. Which leads me to the finding or why we're here today with this CAP deficit. What was that related to from the 2023 findings?

MR. WIELKOTZ: It had to do with the operationally tax appeals and the refund of certain appeals during the year that they exhausted all the excess in revenues that the city had.

MR. ROGERS: So they didn't have enough in reserve to cover it?

MR. WIELKOTZ: It would charge directly to tax appeals.

MR. ROGERS: Okay.

MR. WIELKOTZ: Exactly.

MR. ROGERS: I'm just going to pass

it over to my board members at this moment, if they have any questions and I'll come back if I have some more.

MR. CLOSE: Director, could I jump in?

MR. ROGERS: Sure, Mr. Close. Go ahead.

MR. CLOSE: Thank you. Thank you, Mayor for being on the call today. We really appreciate it when the mayor, from any entity, but particularly the larger ones come in to be part of the application process, so we'll start with that. Also say I've always ben a long supporter of the city.

MR. SAYEGH: Yes, you have.

MR. CLOSE: And I very much appreciate that. Having said that, I do have some concerns today about this application, so I'm glad you and your team are here. Congratulations Mr. Seemon, I'm sure you'll do a great job there.

But I do have some concerns based on the staff reports and what was provided relative to what appeared to be some systemic financial control issues, reconciled CDBG funding, missing sewer utility on the general ledger, the reconciliation issues, so much so that it appears to have reached a point or exacerbated where the auditor, Steve, had the issue of additional qualified opinion for '23, so I do have some concerns about that while we're here today.

So I'm going to start with the thing that the director just asked on, number one, which was the deficit. Steve, you identified how that occurred and we're talking '23. So given that, and the fact that you're in the '24 audit, and given what I read from the documentation provided to us by staff, are you anticipating because it would appear that you would be another deficit in 2024 as part of the audit that you're currently undertaking?

MR. WIELKOTZ: Hopefully not. I mean, the AFS as filed had a very small excess in operations. Again, there is no guarantee because we're not --

MR. CLOSE: Given where you are today because you said you'll be done in December, Steve, that you hope to be, have it there with the preliminary in November.

It appears to me that, by this

point, you know, you would have some indication, given we're in October, of whether or not you identified the likelihood of another deficit being present and whether we would find -- all find ourselves here again next year with a similar request.

MR. WIELKOTZ: As of now, no, we're not anticipating a deficit, but we're not done yet.

MR. CLOSE: Okay. I understand. Having said that, another question I have is relative to the sewer utility and the issues there. Was the sewer rate study done? If so, has that been implemented? And if not, why not?

MR. WIELKOTZ: I would defer that to the administration.

MR. CLOSE: Thank you.

MR. SEEMON: I'm going to have to ask Javier to jump into that one. Has this been done in the past yet? The utility was officially put in place?

MR. SILVA: So there was a sewer rate study done in 2018. There hasn't been a sewer rate, another study done since. We do need a sewer increase, rate increase.

Next year we're looking because of Passaic Valley Sewerage, we're looking for somewhere around six to 10 percent increase on Passaic Valley Sewerage, so we're going to need an increase for 2026.

MR. CLOSE: Mr. Silva, having said that, and that would make sense to me. I guess my question is because you need to give the mayor the tools so he can properly address these things with Mr. Seemon.

If you're anticipating that, are you telling me that you're going to use a seven year old sewer rate study, or just use the Passaic Valley number?

What's the basis upon which you anticipate implementing or recommending to the administration the rate increase that would be imposed upon the users?

Is it strictly related to the City of Paterson, or do you have users outside of the study?

MR. SILVA: It's mostly related to the City of Paterson and sewerage increase is about 1.8 million dollars, so I have prepared a worksheet that shows what we would need to increase and I give it to administration to show what we need to increase the sewer rates to, to make up that 1.8 million.

MR. CLOSE: I'm going to go back to my original point. Are you using the 2018 numbers as the basis and foundation for that analysis?

MR. SILVA: Yes.

MR. CLOSE: Do you think should have undertaking or be undertaking a sewer rate study more recent one to confirm and identify what the appropriate increase would be beyond just your independent now just using a seven year old data

MR. SEEMON: I can jump in. I would agree, coming into this relatively new with the city, that I would agree that an updated study would be beneficial for the city.

And we are exploring all options when it comes through our sewer utility at the time, so we will definitely be looking into a better sewer utility rate. I know overconsumption versus what was the other, it's consumption or just housing, supply.

So we are going to look into how we can adjust our ordinance, as well as, make sure that we're giving proper numbers when you're enhancing them or decreasing them.

MR. CLOSE: I'm sure you have to adjust I&I and other issues related to it as well. But when I look at this, the issues with, at least with the information we were given, it jumps out to me that I would hope that there would be some sort of current sewer rate study being undertaken to provide you, the mayor, with the proper information to go to the governing body and implement this for the users. Candidly, it should have been brought for (inaudible).

So I have one other question and I'm going to jump out, Director. So Steve, I want to come back to you relative to issues that were identified to us.

And one of the things I talked about was having a corrective action plan put in place which you do and are required to do. The corrective action plan from 2023, did it address these items, but you've found, has that corrective action plan and the items that you identified in the qualified opinion audit, have they been addressed or in the process of being addressed?

MR. WIELKOTZ: I believe they're in the process of being addressed. I mean some of those comments or recommendations will be repeat just because they will. Again, understanding it's a big city, and for the last two or three years, the staff level of finance has not been where it should be for various reasons.

And so some of those things, I think will still repeat. Again, we're not -- we're in the middle. We're not at the end stages yet, so I can't -- I can't opine, you know, with certainty what will stay and what will go. Some things are better and some things will still be there needing some more direction.

MR. CLOSE: Okay. All right. Thanks, Mayor. Thank you, Marc. Thank you, Mr. Silva. Thank you, Steve. Appreciate the information.

MR. WIELKOTZ: Thank you, Bill.

MR. ROGERS: Thank you, Mr. Close. Any other board member with questions?

MR. JACKSON: Yes, Director. First, I want to thank Bill for his analysis and questioning. I think many of the points you raised, are concerns that I have as well. I have some additional points.

And just as a generic sort of comment, I don't have a warm and fuzzy at the moment at all about attacking the problems and what's going on.

I mean, when you tell me that we know the audit is due at the end of June of 2025 and the city didn't appoint an auditor until August of 2025, which I just heard. You know, to me that does not suggest urgency or being on top of what's going on.

And just a question perhaps Mr. Silva. You talked about increasing the rates, but what's the collection rate for the sewer utility? What's your collection rate?

MR. SILVA: It's between 88 percent and 90 percent.

MR. JACKSON: So is that factored into your request for the increase?

MR. SILVA: Yes, it is.

MR. JACKSON: Okay. The other concern I have is, among others, but one concern I have is that the collection rate that's built into your -- your reserve fund collected taxes which is built into your budget.

You know, we've seen the collection rates gone from 97 percent down to 93, you know, percent. Yet, the budget continually puts in 95 percent or whatever and you're creating -- you're building a problem automatically by overstating what you thing you're going to collect.

So if I look at -- if you had taken for 2024, the fact that you budgeted 95 percent and you collected 93.5, well, that created a 4.7 million dollar problem under collected.

And then if I just look at 2025, you want to go to use the three year average which is 94.23 percent, but last year you only collected 93.51 percent.

So even if I assumed my collection rate was going to stay the same, I've now created a 2.3 million dollar problem for myself because I'm overstating what I'm going to collect, so now I have to send out, make that up.

So at some level, I think that that, in itself, is creating a problem. Again, if I look at 2024 even. You collected your 2023 rate before was 94.58. You budgeted 95.03.

If you had just budgeted what you collected last year, you would have created another 1.4 million dollars which kind of addresses some of the issues here. So I think some of it is self created in that regard.

And, you know, I'm not sure where we go with. And this is not the only city that's done it, but at some level, and I'm not saying this at all, but an intentional strategy.

But at some point if I do my budget in November and these issues are hoist on the Local Finance Board, and now, we are put in an untenable position, because, well, what do you do? And that's not the way to govern.

That's not the way that this board to function is we get fait accompli, oh, what else do we do, so we have to approve it. Even the way the budget was introduced.

The budget was introduced, as I understand it, with the assumption that the board was going to approve removing this out of the CAP. There's no guarantee of that. So now you have to go -- let's say it isn't approved.

Now, you have to go back and the fault falls back on the Finance Board. We're the bad guys because we didn't let you move it outside of the CAP. So I don't have, as I said, I don't have a warm and fuzzy.

I'm not quite sanguine about the fact that 2025 is going to be -- there aren't going to be any deficits. There aren't going to be -- so I just have an overall concern and I'm not, at the moment, favorably towards your request, so I just threw that out there.

MR. WIELKOTZ: Let me see if I can kind of address your issues. Number one, I agree with you, the audit due in June, not making the appointment until August.

I mean, you have to remember that this was a fiscal year town up until, I think 2020, when on the recommendation -- when the mayor became the mayor on the recommendation of the state.

They reverted back to calendar year which was, obviously, the right thing to do. A lot of their appointments, on a professional level were not until after June 30th or into July, so again, making those changes has taken a bit of time.

In terms of your issue with the reserve fund collected taxes, I mean, the city is doing what's allowed under the statutes, the three year average is allowed. The economics of it in the city is the city is suffering just like every other municipality and county, certainly in New Jersey and perhaps across the nation where the economy is not good, interest rates go up, have gone up, inflation is killing everybody.

I won't even -- I'll just mention health benefits without any kind of explanation because I think everybody understands and knows what's going on in that world.

When the city reverted back to the calendar year, again, with the help of the state, they move from being self insured to the State Health Benefits Plan which in year one was an obvious home run.

Now, we're three or four years down the road. It's a nightmare in terms of the increases that state health benefits is, you know, giving to all their participants.

So again, this particular application for the CAP waiver to move the deficit from inside to outside, to me, is pretty perfunctory in terms of, again, it's in the statute. They're allowed to do it. They're allowed to ask for it, I should say, and it's just a way to help the city get this budget which, again, to your point, there was difficulty getting it on the table with the council.

It will be difficult to get it adopted by the council. That's unfortunately, you know, I sympathize with the mayor and with the council president, and certainly the administrator, that this is a tough place to work. You know, and their focus is right.

Their focus is on the people, the taxpayers, that in a city like Paterson, the regular people can't afford any increase. And when we're in the middle of this tremendously miserable inflation area economic time, it's much harder than if you were in a different town with different economics and different income levels and what have you.

So, you know, it's again, all the city is trying to do, all the mayor is trying to do is the right thing for the people and I think that can't be glossed over that this particular application, to move that deficit from '23.

And I agree we shouldn't be dealing with a '23 deficit in '25, but we are where we are. They're trying to make it better. There's a new administrator. The mayor and the council president are vested in making this better, so they're working their behinds off.

But as you might have read in the newspaper, once or twice, it's not easy because not everybody is on the same page.

MR. JACKSON: If I can respond.

MR. ROGERS: That's okay, Mr. Jackson. Go ahead.

MR. JACKSON: Thank you. I can't accept for a minute that the fact that the city changed its fiscal year four years ago has anything to do with appointing an auditor in 2025. It's been going on for a while, so I just don't think that's a reasonable explanation.

Secondly, the fact that the law allows you to average three years doesn't mean that that three year average is credible oris reliable. Your tax collectibles have gone from 97 percent in 2020. 94.5 in 2022. 94.58 in 2023. 93.51 in 2024.

And you're putting together a budget that says that somehow this year that's going to go up, and for the last five years, it's gone down. So when you propose a budget that says that now all of a sudden you're building in an aggressive tax collection rate, which there's no bearing in the data, no substantiation in the data to suggest that's going to be the case.

And my concern is, when you talk about the concern of the people, not the concern of the people because I think at some level that's a false narrative about what's going to happen. I think you'll be pleasantly surprised if your rate was what you did last year, 2024.

And I'm saying why hoist upon the taxpayers, upon the residents something that we know we're going to have to come back with or something special this to accommodate. That's my concern, and it's a concern for the people.

So I know everybody works hard, but, you know, cities all over the place are working hard, facing some of the same issues. But I do believe some of this is addressable.

And when we use terms like perfunctory and it is what it is, we are where we are, that suggests to me that, again, this sort of fait accompli approach which is, hey, it's October, we're 10 months in, it's a done deal, let's just do it and we'll move on.

That doesn't work for me. And I think we have to, at some point, and this is perhaps Paterson just came up at the wrong time on the agenda here, but it's something we need to address that it's just not acceptable. We have to do it differently, so sorry for taking up some time, Mr. Director.

MR. ROGERS: No problem.

MS. MIMS: This is Council President Mims. Can I jump in for a quick second?

MR. ROGERS: Sure.

MS. MIMS: Your points that are being raised are very salient, right. And so we as a city, right, we do take accountability for those things that we can do and will do to get it to a place, the place for a better, right.

We're going to make sure that we move forward to the final adoption of the budget. We're going to make sure that we look at the rates to make sure if it's more salient to do consumption versus making sure we do it through supply for our sewer utility.

There are so many different things that are on the corrective action plan, which will be voted on by the 21st. Sure to be approved those things, but just internally, making sure we do what's right within our city, whether there is amendments to our standard operating procedures or creating those things to put in place to make sure that we have timelines that will gear us and make sure and guides us to make sure that we do what's right.

We have done some things that are in the right place, but as some of the points that are raised, we can do better and that is our commitment that we will do that and that's why we're before you today.

We're not glossing over any other commentary or the constructive criticism that's being given because it's needed, right, to help us to grow and do what's needed. But as the mayor has already stated, we do have a working council and administrative body with a few people that are not on board, but it still gets us over the finish line and that's what we're going to do continuously every day to work towards that to make sure that your points that are being raised that we hold ourselves accountable to make sure we do the right thing and then do things like what we're putting forward, which is the CAP ordinance, which will be finalized very shortly, but just to do some things to make sure that we do the right things and then allow you to hold us accountable to make sure we stay on task.

So we appreciate the feedback and all the insight, but we're just here to able to plead our case on the things that we need to continue to be a sustainable city. We have a lot of great things that are happening. We're in growth mode.

But you know, there are some unexpected turns that happens while you're growing when it comes to creating some of these gaps or these deficits, sometimes beyond our control or some things we can control.

And those things that are internally within our control that we haven't, we'll create some internal controls and those things that are outside will proactively do some things to ensure that we can do better to make sure that we do the right thing.

But we want to thank you for your support over the years and even the time that you're taking with us today, but I just had to come on to say because I didn't want -- I can't see who speaks when they're speaking unfortunately because my phone is not showing me.

But there was some great points of criticism and then some points to help us as well. But I want you to hear from me as a council president that we do hear those concerns and we will definitely make sure that internally, we work to adjust and to amend or to do what we need to do for that. But we also, we plead with you today to help us to keep our city sustainable. Thank you.

MR. ROGERS: Thank you, Council President. Any other questions from the board?

MR. CLOSE: The lack of journal entries with explanation to support the CBG, trust grant awards for cease and expenditures. And failure of a lack of a general ledger for the sewer utility.

So I guess one of my questions is, are all these computerized now, financial accounting systems, are they all computerized or is any portion of it still being done manually and how did that occur Mr. Silva relative to the lack of those entries? Because those are basic. And then how do you do reports for the ongoing reports that are required for those programs?

MR. SILVA: In 2020, they were all manual. They were all paper. In 20 -- by 2022, they're all in the system. They're all in admins. What happened is I think mid 2021 and 2022, I lost two accountants and my assistant.

So that made us fall behind on the monthly journal and on the monthly report and that's what happened. It made a full bag. It made us be delayed for the time that we're delayed now.

MR. CLOSE: So if I understand correctly, was the staff now, you have staff and these are all up to date, the reports, the journal entries for all these different funds and accounts, grant accounts?

MR. SILVA: Yes, I have two staff now and I have a controller to help me. And yes for 2025, we will be.

MR. CLOSE: So if you have that, then I guess I'm not understanding the report from staff. So they could explain to me then why they're saying they don't have it. If you have the reports and they were up to date, why weren't they provided?

MR. SILVA: From 2023, we have staff now, so we were catching up.

MR. CLOSE: Okay. Thank you.

MR. ROGERS: Any other questions from the board?

MS. RODRIGUEZ: I don't have any questions. I think my colleagues have done a good job at that. But I do have a few comments I want to make. First of all, I want to welcome Mr. Seemon as the new BA, or the current BA of Paterson. It seems like you're trying to put things together there.

For the mayor, I've always been a constant advocate. I live about a mile from Paterson physically, but my heart lives in Paterson always, so I would be remiss if I didn't say that.

To council president, she's on the move. She's doing a phenomenal job. She's working cooperatively and comprehensively and cohesively with the administration which is really, really important when you understand the dynamics of the city of Paterson, politically speaking.

Prior to Mr. Seemon coming in, I

have to say, you know, the mayor is busy promoting the city and he's doing an excellent job. That's why he's gotten so many projects on the table. He's been able to accomplish a lot during his time there as the leader.

But prior to this, there were years of, you know, it's telling by the report, the staff report we got that there were years of improper oversight. And I'm just hoping and I'm wishing the city well, with Mr. Seemon coming in, the accountability, the staffing, the fact that there was a lack of replacement in staffing and treasury and, you know, the finance office rather. It's concerning. I hope that has been taken care of.

Of course, I want nothing but the best for the city that made me who I am today and I would be remiss if I didn't make those comments, but I think there's a lot of work to be done in the city of Paterson still. I think the leadership is a good leadership if you can get over these obstacles.

And Mr. Seemon, you've got your work cut out for you ahead of you. And I just the report was very enlightening and it's very eye opening and it's very concerning. I have to say, me, as a member of this board, Paterson has always come up in front of us. I've been a big advocate.

I want to see the city not back to where it was, but greater because I believe that it can be. But these issues were very concerning and I just wanted to make those comments.

MR. ROGERS: Thank you, Miss Rodriguez. Anyone else? I just had one last question. When is your budget up for adoption? What's the date? Javier?

MR. SILVA: I would say November. I believe November 13th or November 11th.

MR. SEEMON: Yeah. I believe the 13th. I was checking.

MS. MIMS: November 13th.

MR. ROGERS: I thought it was originally schedule for the end of October. What happened?

MR. SILVA: No, there is no meeting in the end of October.

MR. ROGERS: There was no meeting?

MS. MIMS: November 6th and the regular voting session is November 13.

MR. ROGERS: Okay. I will refrain from asking anymore questions. There's no short of the issues as we all know. I just hope, and I strongly urge the mayor and council president, there are things that the division have recommended to you.

I highly, highly suggest and urge you to take action on those. It will improve your condition. It will improve the place that you want to get your city in, so that's all I want to say to you both and try to say this with mutual cooperation that we both, we all seek one another and I will work with you as the director of the division.

I hope that we're not dealing with the same issues next year. So there's things that, not only were shown in the corrective action findings, the audit. I'm sure they'll be the same that show up in the 2024 audit, but it's time to make some changes.

They're long overdue, so I will leave it at that and I will ask the board do we have a motion to approve a CAP waiver not to exceed $780,000 for the cash deficit? Can I get a motion? I'll make the motion.

MR. AVERY: I'll second it.
MR. BENNETT: Mr. Rogers and Mr. Avery. Mr. Rogers?
MR. ROGERS: Yes.
MR. BENNETT: Mr. DiRocco?
MR. DIROCCO: Yes.
MR. BENNETT: Mr. Close?
MR. CLOSE: I have a very heavy heart here today. I have great respect for Mayor Sayegh and what he's done and what he's continued to do on a daily basis for the city. Great hope for Mr. Seemon and his success there.
But given what was provided to me today for the first time since I've been on the board, I can't support the application, so I'm a no.
MR. BENNETT: Mr. Avery?
MR. AVERY: Yes.
MR. BENNETT: Miss Rodriguez?
MS. RODRIGUEZ: I'm going to abstain.
MR. BENNETT: And Mr. Jackson?
MR. JACKSON: No.
MR. BENNETT: Three votes. Director, we have three votes in favor and one

abstention. I believe the abstention is the majority, so that the motion would carry.

MR. ROGERS: Okay. All right, Mayor, Council President.

MR. SAYEGH: So Director, I do want to thank you. Thank you for your support and we consider the feedback to be a gift and constructive, so we will build on that so we're not having the same conversation next time, if there is a next time.

And quite frankly, I think it was Mr. Jackson who said he wasn't sanguine. Yes, based on what you've read, I wouldn't be optimistic as well. But I do want to let you know that there are measures being implemented right now so we don't have a repeat of this situation.

MS. MIMS: Thank you everyone.

MR. ROGERS: Thank you, Mayor. Thank you everyone. Moving on to the second application, the Borough of Jamesburg. Mr. Capabianco.

MR. CAPABIANCO: Good morning, everyone. With me is Mayor Shannon Spillane. I'm Michael Capabianco, the borough administrator, and also Anders Hasseler, our CFO. As we here for a couple waivers --

MR. ROGERS: Before we get into the application, Mr. Capabianco, we're going to get you sworn in. Lauren?

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

MR. ROGERS: The floor is yours.

MR. CAPABIANCO: So thank you again for having us today. We are seeking waivers for surplus and a sewer deficit and appropriation CAP. Over the last few years, I started here in August of 2021, the borough had CAP issues from the beginning.

In 2019 was the last year the borough did some tax work. We have been facing levy tax and appropriation CAP issues for, at least since I've been here. Over the years, the borough never raised the levy to a highest amount. It was always the bare minimum needed.

When I started, it was the story issued here far too often, the Public Works director had said, we were never allowed to buy new swings because no one was on the swing sets.

So over the last four years, as

we've tried to improve things, the borough's revenue, has just never grown. Our evaluation has been stagnant. It has gone up .07 percent, less than one percent on average over the last six years, while the rest of the county is closer to nine.

Going back to pre COVID, the police department is writing 50 percent less summons, so our revenue is literally gone in half from the 2019, 2020 era to today, of about 70, $80,000 in court revenue, and that is it for our revenue. Many years ago, previous council had given away Chapter 78, so these unions here, all pay five percent of their salary towards health benefits with which cost us $120,000 a year.

There is administrative staff of three, and two of us pay the 35 percent of the premiums. So operationally, we are barer than bare bones. The deficit is due to the sewer utility, which we anticipated heading into '25.

We have one pump station that does 15 homes. It's, approximately, 15 years old, had never had any preventative maintenance, but more concerning was how it was booked by previous CFOs and administrators.

We would be billed for November, December, January and December, January, February from Monroe Township and whichever year had more money in it, whether it's current or prior year was how it would be charged.

So in 2024, it was time to fix this and I charged all the year to the appropriate time, so there would actually be years where the sewer utility would have 15 months in it and then the next year would have seven, eight, nine months.

So that was fixed which resulted in that sewer deficit along with a bunch of propellers that broke. There was an electrical upgrade because they put the electrical panel too low 15 years ago.

And we know now, moving forward, the plan is this year we are looking to be self-liquidating again, so we don't anticipate a deficit, raise the rates for next year and start to rebuild that pump station in '27 to today's standards. There's no generator on it. The controls are manual and not digital.

So when you start looking at we had to make numerous cuts to make the appropriation and the levy CAP, which obviously results in less appropriation reserves which results to less fund balance, as we all know, we wind up in today's situation of cost grows, contracts went up, the maintenance of the borough went up.

I will be very clear, I wasn't happy with the auditors for the last few years. They start our audit in June. We're an eight million dollar operation. I've said can we get this done in April or May and the CFO can go into a little bit more if you need to about tying in the AFS with the audit this year, which has resulted in the delay.

We also had numerous banking issues with the chain from Lakeland to Provident which took almost three to four months of our time just to figure out. So operationally, we are very, very small. Public Works is three people. Right now, there was a fourth. He's retiring in December.

That will free up $108,000 I think -- $118,000 in salary. He's a foreman that makes that much, so we need some relief for this year and probably next year as we see the top heavy people leave. Our police chief, who makes 220, is leaving. And December 31st he put his retirement papers in on Monday.

So we will have some relief in the next two or three years. We need help getting through this year and probably next year. Thank you.

MR. ROGERS: Anyone else from your team?

MR. HASSELER: I'm just going to highlight the three, the four big increases that we had in this year's budget is the -- obviously, we're state health, so, you know, we had a very large increase there and then we have the recycling contract almost doubled from 100,000 to 190,000.

And then because of all of the capital investment, we had to go from 24,000 last year to over 300,000 this year, so that further squeezes quite a bit of things.

MR. ROGERS: How much was your health benefit increase in 2025?

MR. HASSELER: We're projecting 285,000 on a base of 778, so we're state health, so it's about 37 percent.

MR. ROGERS: Yeah, that's for 2026.

What was your 2025 increase, this year's budget? Was it 285 was the increase?

MR. HASSELER: Yes.

MR. ROGERS: Okay. How much was the amount? I know you just filed a TA application. How much was the need, calculated need?

MR. HASSELER: That's what's in the transitional aid. We applied for 890.

MR. ROGERS: 890. Okay. And Mr. Capabianco, do you think this year, next year, that's what you need to get through to reduce that it a need?

MR. CAPABIANCO: I'm hopeful that that's going to happen. All the projections are pointing to that. Because we're going to see roughly $300,000 in salary leaving. And with the transitional aid itself, we have one union contract that will be open which, again, is Public Works which is three people. That's only a couple thousand.

The biggest concern is the State Health Benefits Plan. That amount of money next year is roughly 400,000, early numbers depending on who needs what. So we're facing just those two is 100,000 dollar deficit for us.

We are projecting to have a little bit more in surplus, maybe another 150, 200,000, so we'll be even it looks like, but it's still a little early to do those type of projections.

MR. ROGERS: And the tax impact, assuming the waiver is granted, what's the tax impact per household?

MR. HASSELER: Without the transitional aid, we're looking at a 25 percent increase with this waiver. With the transitional aid, we're looking at somewhere around eight.

MR. ROGERS: Okay. I'll open it up to the board for any questions and the public.

MR. CLOSE: Mr. Capabianco, Michael, first thank you for the presentation. Nice job. Just a couple questions maybe you can touch on relative to inside the capital expenditure and utility.

The report stated the general ledger was not timely maintained which contributed to the over expenditures and appropriations. Can you tell me the internal controls that have been put in place to address that?

Also, with respect to the sewer situation, has a rate study been done? You talked about an increase occurring. When was the rate study done and when will that be implemented and at what level?

MR. CAPABIANCO: To answer your second question first. We anticipate doing the rate study in November or December with implementation in the second quarter. We don't have a November meeting here unless we call special meetings.

And quite honestly, we have four of the seven elected officials up this year and it's political chaos right now, so it's going to be easier to describe all of this to people in January.

So in January, we anticipate introducing, whatever increase is needed for the sewer utility, to be able to start to put some more into reserves for the capital needs. The audit finding of timeliness is last year we switched -- I was the temporary CFO for three years.

Anders came in around August and we had the former CFO helping us. So during that transition, some items were not done because there was a transition of Anders learning where we were.

And then quite honestly, getting hit by Provident Bank, and I can't say anything nice about them, but things were delayed. Anders and I have talked routinely about this.

We are up to date with everything with the bank reconciliations and the managing of the general ledger where it will be to the point where, whoever the auditor is next year should be able to start immediately.

So it was a transition of switching CFOs, switching banks that just caused a mess for us. But the internal controls of it, Anders does all of the 30,000 foot. I'm also the deputy CFO, so I handle all the purchasing, all the debt and all accounts payable, so we have the separation that's needed.

Our tax collector does all receivables along with doing payroll and HR. So our internal controls I think are very solid. Our JIF is happy with them. It was more or less, we got bogged down by a switch of everything at the same time and then it got delayed, but this year we're fine with it.

MR. CLOSE: Okay. It sounds like

you've taken serious steps from that description, Michael, so thank you. Also, I think Mr. Hasseler, Anders, had talked about the tax impact with and without the transitional aid.

I think he talked about eight percent roughly with the transitional aid without it this year, that we'd be looking at something relative to 220, maybe 680, if you didn't get it. Was there any back up plan, those numbers may be off on that, Michael, by the way. I did a quick count.

Is there a back up plan if you don't get the transitional aid or the level identified? Is there a back up plan? And if so, what is it?

MR. CAPABIANCO: Honestly, there isn't at this point in time. We have met with the Division a couple weeks ago. We have no staff here. One of the discussions was, obviously, with shared services how can we either make money or save money.

The administration is a staff of three. It's myself, the clerk and the tax collector. We have a zoning officer and a court administrator. Public Works is a staff of three, and we have 16 patrol officers and a force of 20.

We don't have anything to lay off because people still have to do the basic bare minimum. We outsource everything. Garbage is outsourced. Recycling is outsourced. Animal control is outsourced. We patrol Helmetta.

Without the transitional aid, it would be devastating. We don't know what would happen next other than just closing the doors because there's nothing left to cut. And if you look over the years of our appropriations, you keep seeing them being cut. There's nothing left.

We're cutting to the bare bones doesn't exist. We're now, the bones have turned to dust. There's nothing left for us. So the answer is we'd probably wind up closing the doors.

MR. CLOSE: So you've done all the internal controls and you've done all the necessary operational cuts. There really are no other options beyond the transitional aid. Is that correct, Michael?

MR. CAPABIANCO: That is 100 percent correct. For many years here too, the borough didn't do what was regulatory or statutorily required. They didn't do a reexamination report for 20 years before I started, so they have been sued twice and lost both.

On next week's agenda is a consent agenda with DEP because storm water management reports weren't filed as per the Clean Water Act. It's been rebuilding the basic throws of government for four years while trying to manage this stuff within a government budget. Our ratio is 36 percent.

Our tax assessor, who is new a couple months ago, is beside himself with this. There hasn't been reevaluation done, I think since 1965, so it's really starting at the basic of best management practices here.

Similar to when, for those of you who are newer to the board, when I was in Asbury Park in '15 to '19 of really just getting to the basics of what government is and what we're supposed to do, there's nothing left here. We're rebuilding it from scratch with very tight finances.

MR. CLOSE: Gotcha. Michael, thank you. Appreciate the input.

MR. ROGERS: Any additional

questions? Mr. Capabianco, please convey this message to your council. Whatever actions need to be taken to set you up for success in a better position next year, take it before the end of the year and not wait until next year.

So I know you're being considered for TA and you voluntarily came to us, but they need to understand that they're going to be certain requirements that they're going to need to follow, but I strongly urge them to take action instead of waiting.

And I understand the political environment is playing into that, but they need to gather. So whatever you can do to get them to act, make whatever efforts you can.

MR. CAPABIANCO: Thank you, sir. I will make sure that they hear that.

MR. ROGERS: Please do. Okay. If there are no more questions, do we have a motion to approve the appropriation CAP waiver of 251,972 for a use of surplus and a CAP waiver for a deficit in the sewer utility of 146,929.

MR. DIROCCO: I'll make that motion.

MR. CLOSE: I'll second it.

MR. BENNETT: Mr. DiRocco 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. ROGERS: Thank you. Thank you all. On to Township of Monroe, your application.

MR. JESSUP: Matt Jessup here from McManimon, Scotland and Baumann.

MR. ROGERS: Mr. Jessup, good morning.

MR. JESSUP: How are you?

MR. ROGERS: Good.

MR. JESSUP: So Director, we should have with us this morning, township business administrator Kevin McGowan, township CFO, Lori Olah. From Phoenix Advisors, Anthony Inverso and

Dan Riggle from Schneider Electric, who is our energy savings company for this energy savings improvement project.

MR. ROGERS: Get them sworn in. Just have your video on so Lauren can you see for swearing in.

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

MR. ROGERS: Floor is yours, Mr. Jessup.

MR. JESSUP: Thank you. Good morning, everyone. This is an application by the Township of Monroe, pursuant to N.J.S.A. 40A:11-4.6(c)(3) and 40A:2-52 in connection with the issuance of not to exceed 11 and-a-half million dollars in energy savings obligation refunding bonds to finance a portion of the township's Energy Savings Improvement Program.

The township has decided to undertake various energy conservation improvements to multiple township facilities, including the senior center, library, community center, E and S building, the police building, the DPW buildings and softball fields.

To that end, the township hired

Schneider Electric as their energy services company to assist the township with the creation of an energy savings plan. The completed energy savings plan includes solar PD systems, LED lighting, sports field lighting, HVAC upgrades, combined heat and power and other facility improvements.

There is a more detailed list in the energy savings plan which you have a copy of in the back of our application. DLV Associates performed the required third party review of that energy savings plan. And that plan and the third party review were submitted to in NJBPU for approval and they approved a plan.

BPU approved a plan in August of this year. Total cost of the BPU approved project is 14.8 million dollars. We are funding that project from two sources. The 11 and-a-half million dollar ESIP refunding bonds before you, and a 4.6 million dollar bond ordinance that the township is adopting to provide a portion of these improvements outside the scope of this application with a down payment conforming it always.

The debt service on the township's

ESIP bonds will be paid through the energy savings realized by the township through the implementation of these energy savings improvements.

The bonds will be issued for a 21 year term to match the savings produced by the energy conservation measures. To summarize that effect, total aggregate debt service on the bonds is about 14.62 million dollars.

Total energy savings are 14.9 million dollars leaving a net energy savings, after all the improvements are paid for, of about $290,000. The renewable energy certificate revenue which, as the board knows, we can't use for BPU savings purposes produces another 5.9 million dollars to revenue to the township which more than offsets on the bond ordinance that I mentioned earlier.

So in summary, we have an approved energy savings plan. We have BPU approval. We have a transaction that produces significant energy conservation measures across multiple township facilities, all of which is more than paid for by the savings produced by those energy conservation measures.

So as a result, we're here seeking the board's approval to continue down this process to be able to implement our Energy Savings Improvement Program.

MR. ROGERS: Thank you, Mr. Jessup. Any further comments from your team or anything to add? I guess my only question, and I know this is sort of out of your control, but why are you seeing higher underwriting costs for bonds these days? Any sense of why that's happening? It just seems to be a little bit on the higher side than what we typically see?

MR. INVERSO: Yeah, I'll take that question.

MR. ROGERS: You're projecting about a 10 dollar bond. Why is that higher than what we're used to seeing?

MR. INVERSO: Yeah, it's a high estimate. Can you hear me okay?

MR. ROGERS: Yes.

MR. INVERSO: So we are seeing, in a competitive bond market, which is how we anticipate selling these bonds. We sometimes see higher spreads and, you know, we put the 10 dollars in there because we have seen that recently on similar sized issues, but not consistently. It varies.

The competitive market, the underwriters, you know, they attack the bonds slightly different than negotiated market. They can be a little more aggressive. They put a little more --

MR. ROGERS: Just lost you there, Mr. Inverso.

MR. INVERSO: Can you still hear me?

MR. ROGERS: I can still hear you, yeah.

MR. INVERSO: I have a problem with Teams for some reason. I'm going to continue talking. Hopefully, it still works. But, yeah, we have seen spreads that range anywhere, we have seen a low of 4 dollars a bond on some sales to, you know, 10, 11 dollars a bond.

So we always like to be conservative in our estimates. But even given that, at the end of the day, the issuer of the bonds, you're getting the rate that the underwriters are bidding, which is the true interest cost factors in that underwriters discount.

So at the end of the day, we're

still seeing the very, very good results with a competitive sales. So it's a just a function of the market, how the underwriters are bidding and, you know, they're using that additional spread to be able to sell to more buyers and to protect themselves from market risk.

So it is beneficial to our clients that we've seen. In the competitive market, the overall rates have been better than what we've seen for comparable sales in a negotiated market recently.

This could change as market dynamics change and fluctuate, but that's what we've been seeing for the past several months.

MR. ROGERS: Okay. Thank you, Mr. Inverso. I don't have anymore questions. I'll open it up to the board or public for any. Hearing none, do we have a motion to approve the proposed Energy Savings Improvement Program and a motion to authorize the issuance of the refunding bonds pursuant to the ESIP.

MR. CLOSE: So moved.

MR. JACKSON: Second.

MR. BENNETT: Mr. Close and Mr. Jackson. 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, everyone.
MR. JESSUP: Thank you. Appreciate it.
MR. ROGERS: Good luck. Moving on to the first of two Camden County Improvement Authority applications.
MR. WINITSKY: Good morning, Director. It's still morning, yes. Before we get going, I'd like to get some folks sworn in. I've got Jim Lex, who is the executive director of the Improvement Authority. We got Steve Williams who is the CFO of the County of Camden. Josh Nyikita from Acacia Financial Advisors who

is the financial advisor, and I believe perhaps Jackie Shanes, county bond counsel.

MS. SHANES: I'm here, Jeff.

MR. ROGERS: Set your video on and we'll get you sworn in. Lauren?

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

MR. WINITSKY: Thank you. We're here this morning on behalf of the Camden County Improvement Authority seeking two things. One, positive findings pursuant to N.J.S.A. 40A:5A-6 for the proposed issuance of two series of bonds.

One county guaranteed loan revenue bonds Series A of 2025 in an amount not to exceed $16,500,000. And two county guaranteed loan revenue refunding bonds Series B of 2025 in an amount not to exceed 33 million dollars.

I believe I said that twice. The second reason we're here today is seeking approval pursuant to N.J.S.A. 40A:37A-80 for the adoption by the county of a guaranty to secure the repayment of the bonds.

So as the board is aware, and if you're not, just by way of background, the county has financed the cost of its annual capital improvement and improvement program through the authority since 1992. This is simply a continuation of that partnership.

A little bit different here because we've got a new money component and a refunding component. The new money component includes a whole host of capital improvements and equipment for the county.

The full list was included in our application, but I'll give you sort of the broad strokes. Buildings and operations, parks, Public Works, corrections, the county college, the golf academy, sheriffs office and information technology.

The total estimated cost of those projects is in the neighborhood of around 15 and-a-half million, closer to 16 million dollars. Under current market conditions, we expect to issue $14,185,000 of new money bonds to fund that project.

Those bonds will amortize in the years 2027 through 2042 and will be structured to produce level debt service throughout. On the refunding side, we're looking to issue those bonds to currently refund and redeem, all or a portion, of the callable maturities of the authority's outstanding county guaranteed loan revenue bonds Series A of 2016.

Those bonds are currently outstanding in the amount of $31,430,000. They mature in 2007 through 2032. Where we sit today, we expect to issue bonds in the approximate amount of 29 million to 30 million dollars depending on market conditions which presently produce savings of around, net present value savings, of around two and-a-half million dollars which is a little over eight percent of the par amount, which is a very positive refunding scenario.

As the authority has done in the past, the idea is we issue the bonds on behalf of the county. We loan the proceeds to the county. The county then goes and undertakes all of the capital improvements and equipment. On the refunding side, same thing.

The county issues the bonds, loans the proceeds to the county, for the purpose of funding an escrow, to currently refunding the bonds on the first call date. In addition to that loan structure where in the county provides its general obligation pledge, the county is also providing a guaranty wrap as it has done in the past.

We find that for marketing purposes, even though the credit is the same, the municipal marketplace likes to see the guaranty on top of that. So the county will finally be adopting a guaranteed resolution to provide it's full and limited payment guaranty for each series of bonds.

And we've got folks from the county on the line who can talk about the projects to be financed. We've got the financial advisor if you want any details with respect to the bond issues. Otherwise, if you have any questions, please let me know.

MR. ROGERS: Thank you, Mr. Winitsky. I guess really the only question I have was surrounding the audit, 2024 audit. That was a little past due. What's the status of that? Anyone have an answer?

MR. WILLIAMS: Yes, Director, the report was just issued last week.

MR. ROGERS: Okay. Does my office have your audit or it hasn't been --

MR. WILLIAMS: It probably has not been transmitted yet. We still haven't approved it on our commissioner agenda. We typically do that first. That's scheduled for this month.

MR. NYIKITA: Director, were you asking for the county's audit or the authority's audit in this case.

MR. ROGERS: The authority's audit, I believe. That's the one outstanding, correct, Mr. Williams?

MR. WILLIAMS: Actually, Jim Lex, the executive director might know about that.

MR. LEX: Director, I can shed some light on that. Back in July of this year, our CFO left. She gave her two weeks notice. We appointed an interim CFO and he is out on FLMA, so we're appointing another CFO this Thursday, so we've been trying to scramble to get that filled.

We have Bowman appointed to do the audit. We're trying to get some information to them to finalize the audit, so I apologize for having it delayed. It's just a series of unfortunate circumstances that have happened over the last few months, and I'm not trying to make an excuse. It's just the reality.

MR. ROGERS: That's fine. I just wanted to understand what the current status of that was. Thank you. I'll open it up to the board and public for any questions. Not hearing any, I guess do we have a motion to render positive finding on the proposed project financing and the proposed county guaranty?

MR. AVERY: So moved.

MR. JACKSON: I'll second it.

MR. BENNETT: Mr. Avery and Mr. Jackson. 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. WINITSKY: Thank you very much. We appreciate it.

MR. ROGERS: Thank you, everyone. Next application.

MR. WINITSKY: Yes, Jeff Winitsky again. Bond counsel to the Camden County Improvement Authority. A couple folks for this application have already been sworn, but we've got a few other folks that do need to be sworn in.

In particular, I believe Dr. Samuel Rosetti, who is the superintendent of the Brooklawn Board of Education is on the line. I'm not sure if Sam Dutkin, who is the business administrator for the Board of Ed is on, as well.

MR. DUTKIN: I am.

MR. WINITSKY: There you go. He needs to be sworn in. Andrea Kahn, who is the Board of Education's the bond counsel, I believe is on the line as well. And Ryan Giles, who is the CFO for Brooklawn Borough, should be on the line as well.

MR. ROGERS: Even if we swore you in for the last application, please raise your hand again for this particular application.

MR. WINITSKY: And Bob Garrison is on the line.

MR. ROGERS: Lauren?

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

MR. ROGERS: And if you are not speaking, put yourself on mute. Thank you. Mr. Winitsky, the floor is yours.

MR. WINITSKY: Thank you. So we're here today for two purposes. One, seeking positive findings pursuant to N.J.S.A. 40A:5A-6 with respect to the issuance by the authority of its borough guaranteed lease revenue bonds for the Brooklawn Board of Education project Series 2025 and a principal amount not to exceed $7,500,000.

We're also here seeking approval N.J.S.A. 40A:37-A80 with respect to the adoption by the Borough of Brooklawn of a guaranteed ordinance to provide its repayment guaranty to the bonds.

A little bit of a background here. I think is important for the board to understand why we're here for a school district in this particular context. I think the history is important to understand how we got here and why we're here at the end of the day.

So the Board of Education has determined previously to undertake a series of renovations, alterations, improvements at its Alice Costello Elementary School which is located in the Borough of Brooklawn. The project is, to say urgent, would be an understatement.

I would probably use the word emergent as well for improvements for health and safety, code requirements and educational adequacy purposes, notably, and among other purposes, there's a whole host of HVAC improvements which include a new boiler and related infrastructure improvements which are to replace a decades old, and currently failing, system.

So it is an urgent group of repairs that need to be done. Understanding this, in 2024, the Board of Education actually had gone through the process of going through the DOE for purposes of looking to do a bond issuance.

And in fact, got an FED letter which approved a total project cost of a little over 6 million dollars. Subsequent to that time, that amount has actually increased because the cost of frankly everything has increased.

So we looked to move the project cost up from 6 million to 6 and-a-half million to accommodate realistic pricing and future costs increases, et cetera. In fact, a separate application and form of documentation was submitted to DOE.

In that FEC letter, which is a final eligible cost letter for those who are unfamiliar, the state had agreed to provide state aid, in the form of debt service aid, to cover what we believe is going to be ultimately around 55 percent of annual debt service on any bonds issued to finance the project which is great, so we were in a good spot.

And when I say, we, the Board of Education was in a good spot from the state perspective and planned to go issue its own bonds. However, because of the size of the bond issuance, and because of the size of the district itself, it's debt capacity is relatively limited, right.

In this case, the school district has the debt capacity under normal circumstances of around four and-a-half million dollars, which is three percent of its average annualized equal property valuation for the prior three years.

So to do that, if they were going to issue their own bonds, they would have to use all of their own debt capacity. In fact, to borrow some of the borough, right. For that purpose, under the law, we need to go both through the DOE and you need to go to LFB to get approval to do so and go out to the voters and ask, A, to issue the bonds, and B, to exceed its own borrowing power and use the borough's as well.

So for that purpose, the Board of Education actually appeared before this governing board in August of last year and went to DOE and got approval at both levels, which was great, so the Board of Education was on its way, it thought.

Subsequent to those approvals, the school district was informed by DOE that the approval for an extension of credit, i.e., exceeding its own debt capacity and using that of the borough, would only be permitted, you would only be permitted to go to the voters where the project was for new construction, specifically new construction as that term is defined in the Educational Facilities and Construction Financing

Act, which is how the school board is governed in issuing school debt.

And because of the nature of this project which is renovations, alterations, improvements, et cetera, they could not go to referendum, so kind of put a pain in the entirety of the school district's plan which was 100 percent to go to the voters, issue bonds, get debt service aid, et cetera.

Fortunately, there was a change to the Educational Facilities and Construction Financing Act in 2024 which permitted school districts to utilize an Improvement Authority to fund capital improvements in lieu of going to referendum.

So given the fact that they couldn't, they, being the Board of Education, could not go to the voters by way of referendum, they approached the Improvement Authority to say hey, guys, would we very much like to get this project financed, we can't do it on our own because the Department of Education told us we can't and we'd very much like to utilize you as a conduit financing source to fund the cost of the project. So that's what they did.

So the Improvement Authority obviously reviewed what needed to be done, took a look at what the project was going to be. We had conversations with the borough as well because obviously, the borough was involved in the immediate instance because their own credit had to be utilized under a normal bond ordinance.

So everybody was fully aware of the project. And it wasn't an instance of not wanting to do a referendum, but rather, this is the only alternative, so we're doing that. So what does that mean. How does that operate under the law.

So under the EFCA, what happens is the school district will lease its school facilities, it's ground and the facilities, upon which this project will be constructed, to the Improvement Authority.

The Improvement Authority will then lease that in its entirety to the county. The county will then sublease that back to the school district. I can get into the why of the statute, meaning, why they haven't specifically structured in this instance. We find it a little wonky.

Nevertheless, that's the structure

that has to be utilized. It has to go from the Improvement Authority, to the county, to the board of ed. So you say, okay, well, how then do the bonds get repaid. Ultimately, the obligation of repayment of the bonds falls with the school district.

And under the act, under the new legislation, utilizing this particular structure, the Board of Education is required to budget and appropriate and ultimately pay lease payments in an amount sufficient to fully fund debt service, right.

So there is no direct obligation of the county to repay. The only obligation here is in the form of the school district. Moreover, under the act, the debt service aid that was made available to the school district, had it issued its own bonds, is permitted to be used and shall be used for the repayment of the authority bonds.

Meaning, that district aid is still available, and instead of going to the school district, it is sent directly to the trustee for the bonds. Meaning, so there will be an offset of debt service normally paid by the Board of Ed.

Instead it's coming from state aid

in the same way you would see from any other school district bond transaction whether it was state aid. So we have the benefit of the state aid notwithstanding the fact that the school district can't issue its own bonds.

In addition to the security provided by the school district's lease payments, the Borough of Brooklawn, because they believe in this project because they wanted to show, not only to the Board of Ed, but to taxpayers constituents, et cetera, look, we are all aligned on what this means and why it's important.

And to do that the best way to do that, from everybody's perspective, is to say, look, we are invested and are willing to do this. When I say willing to do this, provide the guaranty shows a unanimous thought process, right.

And then everybody is aligned that this needs to be done and that there is no subterfuge at any level, right. There's no attempt to go around the voters. The municipality is on board in saying, look, our guaranty is there if we need it.

The school district is there.

They're providing their lease payments. The county is on board. Everybody is here today basically to say the same thing. This is not a circumvention of a bond referendum.

This is a function of we can't do a bond referendum, so this is the way around it and we're all aligned and willing to proceed. So it's a little convoluted in terms of how the statute operates, but hopefully, my explanation makes it a little bit more clear.

So the bonds will be issued pursuant to bond resolution indenture, revenue stream, as I described is lease payments, sublease payments from the Board of Ed, plus state aid. And if and to the extent that there is a shortfall or a failure to repay, the borough guaranty stands behind it.

So I've got folks from the borough, from the school district, from the county, from the authority all here to answer any questions that you might have about the project or about the financing or the thought process in getting to you today.

MR. ROGERS: Mr. Winitsky, thank you for that thorough explanation. I appreciate it.

Some of the questions I had, you've answered, so that's good.

Does anyone feel the need to add to whatever you've already clearly explained a lot of moving parts and some things that triggered this and why you're here, so I appreciate you taking us through that.

Is there anyone else that would like to add on your side, anything that might be useful for the board to hear?

MR. ROSETTI: Just to piggyback, thank you Mr. Winitsky for explaining it very, very well. I just want to let the board know thanks for taking the time out for us today.

But also, as Mr. Winitsky said, it is an emergent health and safety issue here at the school. I believe that the boiler is somewhere around -- our building is around 100 years old. I believe the boiler is about that old as well. We have just pipes.

Every time we fire the boiler up, there is a pipe leak, burst. Thank God it hasn't happened in a classroom yet. It's been mostly offices and closets, but it's only a matter of time.

And this is something that we urgently need to ensure the health and safety of our students. So thank you.

MR. ROGERS: Thank you for that. My understanding is that the average, the tax impact to the average assessed home is $187. What outreach have you done, either the BOE or municipal officials to take property owners through what that impact is? Anyone?

MR. ROSETTI: Well, I can say that we've been, not necessarily out there knocking on doors, but at the same time, we've been working with the borough to make sure that we are, our debt service, our debt was clear.

We had two bonds, I believe, that we have paid off and make sure that we were debt free. We also work very, very -- we're actually in the same building as the borough officers, so we've been working with the borough just to make sure that we are being responsible and not hammering the taxpayers with more, with more tax.

I work very, very intimately with Ryan Giles and Sam Dutkin, our BA, just to make sure that we're not, once again, hitting the taxpayers too hard in our small little working class town.

MR. GILES: I'll piggyback on that, Dr. Rosetti. We had a couple meetings already last year when we were going through the first process that Jeff was explaining.

Multiple people were there, hearing us, what we were looking to do with the money and some of the impact was there in our council meetings and public meetings.

And then we also, you know, passed a resolution for the guaranty on the back end for the school, the BOE, so the public does know about it. We do all of our meetings on Zoom. There is about 25 people that usually watch that every single meeting, so it has been discussed.

As far as outreach, maybe the individuals, we might get more information out there, but it has been stated multiple times in different meetings.

MR. ROGERS: Thank you. And who will be managing the project? The Improvement Authority or the BOE?

MR. WINITSKY: I think it's both. I mean, most of the day to day is probably going to be on the school district side because it's not a new building where you would need sort of a larger group of construction management.

It's largely internal, HVAC, infrastructure, those kind of improvements. But the authority and the Board of Ed are working collaboratively for that purpose, so.

MR. ROGERS: Okay. And I presume much of the work will be done during the summer to minimize disruption to the school year?

MR. GARRISON: Yes, and I can speak to that. So Garrison Architects will also, as the architect of record for the district, will be performing construction administration duties.

So right now in order to get a jump on this project are a long standing client of ours and confidence that the application will be looked upon favorably. We began survey of the building when the students were out this summer.

We've already entered into design, design in identifying critical path items like the ordering of boilers and unit ventilators. Other projects in lighting and ceiling, we know we can get in quick order.

So the program is really have the design completed this fall so we can hit the ground running, procure the building materials, no later than January and then hit the ground running on April 15th.

On April 15th, we all know we can get into the boiler room to start the demolition there and then proceed with earnest working with the school district and their staff when school ends in early June, so that we have the month of June, July and August to complete the improvements.

We'll be in every single classroom. We'll tear out the perimeter walls. We're also doing the interior walls, and as I mentioned, ceiling and lighting so this is accomplishable.

It's something we do every single summer. We can get this done in three months. And as I said, getting a jump on the procurement of the equipment and controls is paramount, which we're doing.

MR. ROGERS: Thank you, Mr. Garrison. I'll open it up to the board, public for any questions.

MR. CLOSE: Great presentation, Mr. Winitsky. One quick one. How does the seven and-a-half million guaranty impact the borough's statutory debt calculation and debt capacity?

MR. WINITSKY: Yeah, it doesn't. It is listed on their gross debt, but not their net debt. It doesn't affect their net debt unless and is called upon, so think about it as a contingent liability, so it will not affect them.

MR. CLOSE: Appreciate you clarifying that for the record. Thank you?

MR. WINITSKY: Sure. One other thing I wanted to clarify just so everybody understood what the end result looked like on this.

When the bonds are fully repaid, the leases essentially go away and all the improvements and equipment are vested completely in the Board of Ed, so it's really a mechanism by which to afford this structure, but it will all go back during the lifetime of the facility and the lifetime of the bonds.

The Board is Ed is responsible, obviously, for upkeep, operations maintenance, et cetera, so it's not like the Improvement Authority is on site. It's really just a pass through, just so everyone understood internal structure and mechanics.

MR. CLOSE: Thank you.
MR. ROGERS: Anyone else? Hearing none, do we have a motion to render positive findings on a proposed project financing and proposed municipal guaranty of in amount not to exceed 7.5 million dollars?
MR. CLOSE: So moved.
MS. RODRIGUEZ: Second.
MR. BENNETT: Mr. Close 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. WINITSKY: Thank you very much. We appreciate it.
MR. ROGERS: Thank you everyone.

Thank you for your time and your patience, and good luck with the project. Moving on, Passaic County Improvement Authority.

MS. LITZEBAUER: Heather Litzebauer from NW Financial. I can introduce the rest of the team. There is a whole host of people.

We have Chris Walrath and Mariana Diosa-Cosme from Dilworth Paxson. They're bond counsel to the PCIA. Steve Wielkotz, the county and PCIA auditor. Tracey Marinelli, superintendent of the Little Falls Board of Ed. Melissa Sanzari-Stevens, administrator of the Little Falls Board of Ed.

Tony Solimine from Wilentz, Goldman and Spitzer, bond counsel to the Board of Ed. Brian Morris and Danielle Marino from Phoenix Advisors. They're the municipal advisors to the Board of Ed. Paul Lerch and Paige Fisher from Lerch, Vinci and Bliss, auditors to the Board of Ed. And I think that's it.

MR. ROGERS: All right. If you are testifying today, please put on your video so Lauren can swear you in.

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

MS. LITZEBAUER: Thank you for having us, Director. The Passaic County Improvement Authority is seeking positive finding pursuant to N.J.S.A. 40A:5A-6 in connection with the issuance of its county guaranteed lease revenue bonds for the Little Falls Board of Education project in an aggregate amount not to exceed $44,898,000 and approval pursuant to N.J.S.A. 40A:30A-80 with respect to the adoption of the County of Passaic of a guaranteed ordinance in connection with the issuance by the authority of the bonds.

The bonds will be issued under the Amended Education Facilities Construction Financing Act where local school districts can finance and implement the school capital project without a school district referendum through the assistance of a county and county Improvement Authority.

The Board of Education of the Township of Little Falls has seen increased enrollment, which is expected to continuously increase due to the new residential developments.

After careful review and planning, the Board of Ed, with its architect, created a plan to deal with the stressed existing facilities, overcrowded cafeterias, created dedicated art and music space and mitigated rising class sizes.

I'll turn it over to Tracey Marinelli, the superintendent to give a more detailed explanation of the projects.

MS. MARINELLI: Hi, everyone. I'm Tracey Marinelli. I'm the superintendent of Little Falls. Thank you so much for having us here today. As Heather said, a little overview of the projects and what we've been dealing with here in Little Falls.

We've experienced a steady enrollment growth over the last several years. Back in 1920, our enrollment was, approximately, 861. Currently, 993. And according to our demographic study that we just had done, we're anticipating 1,067 students in the year 2930.

While we are very grateful that this reflects our district's strong representation and the confidence that families have in our schools, it's also creating a significant challenge for, us as far as, space and program delivery and scheduling goes.

Our classrooms are at capacity. Most are near capacity. Two of our buildings, as for the demographer, are functioning above capacity with what is called, in our business, unhoused students.

Meaning, we have more students than the building is capable of holding. Our classes said, in a lot of our classrooms this year, are reaching 26 and 27. A far cry from the 17 and 18 that was in 2015 when I first came to the district.

We're also seeking to align ourselves with the state's commitment to expanding high quality early childhood programming, so we need some classrooms for preschool expansion.

Art and music in two of our buildings is currently on -- are currently on carts and those teachers are putting all of their materials on old lunch carts and pushing them in and out of elevators and through the schools to teach our young students.

We don't have lunch rooms in two of the buildings. We have multi purpose rooms. And even in our middle school, our lunch room is so small that lunches begin at 10 a.m. and they run until 2 p.m. and the students eat in 20 minute shifts.

We all know that that is not really conducive to health and wellness. And the biggest strain here is the multi purpose room serves as several space providing for several spaces, so we can have instrumental music happening on the stage while some students are eating lunch on one side.

And if it's inclement weather, students are on the other side for indoor recess. This also occurs sometimes with physical education. In the middle school, there's no one space that can house the total population of the school which is, with the staff, well over 500 students now.

With that being said, our buildings are not built for today's enrollment, nor, are they built for the programs that we need to offer to our students. We have done a great deal of outreach.

We've worked tirelessly to make sure that the entire community is aware of these projects and our desire to seek the funding through the Passaic county Improvement Authority. We had over 900 people participate in our project survey.

We came and spoke in public at our town hall meeting where community members were in person and via Zoom. We hosted several interactive sessions at each of our school buildings throughout the summer and during the school year.

I literally rode on a school bus with a megaphone stopping throughout the community to make sure that people that couldn't get to us, we could get to them. We have a website. Within our website designed specifically to these projects.

And one of the greatest features is that the community can put in their address, get their actual assessment of their home, their Zillow assessment, type that in and the calculator lets them exactly what the tax impact to them would be.

We reached out to our community groups and offered to speak at their meetings so that they didn't have to alter their meeting dates and times.

Brought pizza and ice cream to the senior citizens and helped them call their bingo meetings and we also have a newsletter that is mailed to the entire community, not just our parents.

And we've been keeping them up-to-date with all of the projects and what this cost would mean for them. We're also pleased to confirm that the State Department of Education has guaranteed us 8 million dollars in debt service aid towards these projects based on their review of the projects and the need, so that will be going to authority to pay down that debt.

And I just want to end by saying that these projects are not just about building. They're about investing in our facilities and ensuring that we have the space, the resources and the environment that we need for our students to thrive and become active and successful members in our community and worlds at large.

MR. ROGERS: Thank you, Miss Marinelli. I want to apologize to everyone. Apparently my screen is blank, which I can't tell. And also Mr. Bennett's is blank, but we're here. No disrespect to you all. So I apologize for that. It's a technical difficulty here we're experiencing.

MS. LITZEBAUER: I must be special because I can see both of you.

MR. ROGERS: Thank you for taking us through the project.

MR. WALRATH: Director, hi this is Chris Walrath from Dilworth. As the prior presentation, of course the legal structure is similar. The school district will (inaudible) the Improvement Authority. They'll issue the bonds. The use of proceeds, the improvement facility.

Then they will lease it to the county. The county will then sublease it to the school district. When all the bonds are paid off, then the school district will own the facilities.

MR. ROGERS: Thank you, Mr. Walrath. Is there anything else anyone would like to add? Good seeing you, Mr. Wielkotz. Got his video up and running.

MS. MARINELLI: I was negligent in mentioning some of the health and safety upgrades as well. I tend to focus on the academic pieces, but I know my business administrator is on and want to make sure that I do my due diligence in saying that this project also includes full roof replacement on all three buildings.

Some of these roofs are original to the buildings that are built well before any of us were born. Electrical upgrades, fire alarm upgrades.

MS. SANZARI-STEVENS: Macadams, we have macadams at each school. School three has a sink hole. And school two, we've had a couple of kids fall and break their arms. We need to replace that as well.

MR. ROGERS: Okay. Who will be managing the project? The school district be handling -- I know you'll have construction manager.

MS. MARINELLI: Yeah. We have a construction manager, but then -- so Melissa Sanzari-Stevens who is our business administrator, as well as, our director of maintenance and grounds, he will be the liaison between the two as well.

MR. ROGERS: Okay. Great. Thank you for taking us through the outreach. I know it's important. It's a pretty significant tax impact, $500 per average assessed home. I'm trying to think if there was anything else.

The school aid that the state is issuing, is that going directly to the BOE, or is there a trustee that will receive those funds?

MS. MARINELLI: So it's interesting. We just received notification, correct me if I'm speaking out of turn, Melissa. It is going directly to the Improvement Authority.

MS. SANZARI-STEVENS: Debt service is going directly to the Improvement Authority.

MS. LITZEBAUER: And the Improvement Authority will have a trustee on the bonds that will go right into the trust account and then sit there to pay the debt service.

MS. SANZARI-STEVENS: Originally we were told the opposite, but then debt service just emailed me and asked me, so I clarified that.

MR. ROGERS: Great. That's all the questions I have at the moment. I'll open it up to the board and public at this time.

MR. CLOSE: Nice presentation, Miss Marinelli and your team.

MS. MARINELLI: Thank you.
MR. CLOSE: Real quick, just two quick questions. One, the district is making the lease payments, correct?
MS. MARINELLI: Correct.
MR. CLOSE: They're making the annual lease payments?
MS. MARINELLI: Correct.
MR. CLOSE: So what is the final expected maturity date of the lease revenue bonds and the estimated total interest cost over the length of the debt?
MS. MARINELLI: I'm going to defer to heather on that. She has that information.
MS. LITZEBAUER: So the expected last payment will be August 15th 2050. The total interest is about 31.4 million dollars and that assumes premium funds.
MR. CLOSE: And the structure of the lease payment agreement between them, is the lease payment between the Board of Ed and PCIA, is the lease payment structure level debt service back loaded towards the end of the term? What's the structure?
MS. LITZEBAUER: It is level debt

service.

MR. CLOSE: Level debt service. Thank you. And I guess my last question is, was there any type of facility compliance or health safety audit done relative to the -- conducted to the school relative to the upgrades that were identified?

MS. MARINELLI: Yes. We had several audits done. We had a safety audit done, structural audit. We had a green audit done. We had the demographic study. All of those were done prior to making sure that we were selecting the need versus the want. So anything in the projects is necessary based on those audits.

MR. CLOSE: I would presume they're all deemed urgent or emergent as you described?

MS. MARINELLI: Correct.

MR. CLOSE: Thank you. That's all my questions and comments.

MR. ROGERS: Thank you, Mr. Close. Anyone else? One last thing maybe for the benefit of everybody. We noticed with your -- there's a projected project completion date in 2028; is that correct?

MS. MARINELLI: Correct.

MR. ROGERS: Probably the fall of 2028?

MS. MARINELLI: Yes.

MR. ROGERS: It looks like you're starting to pay back, the first principal pay down is in 2027. What's the rationale was around that, maybe heather can address that. Or usually it happens after the project has been completed typically, but why before?

MS. LITZEBAUER: That was the structure that the Board of Ed had sent in their application for, the first payment being in the '28 budget.

MR. ROGERS: Okay. Right.

MS. LITZEBAUER: And I think that's typically how Board of Education transactions, the first year, they don't pay principal. In the second year they start.

MR. ROGERS: Okay. So that's really for the 2028 budget there. Okay.

MR. MORRIS: This is Brian Morris. That structure will be typical for a regular referendum, general obligation bonds, so we kept the structure consistent.

MR. ROGERS: Got it. Thank you very

much for that clarification. If there are no more questions, do we have a motion to render positive findings on the proposed project financing and proposed county guaranty in the amount of $44,898,000?

MS. RODRIGUEZ: I make a motion.

MR. CLOSE: I'll second it.

MR. BENNETT: Miss Rodriguez 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.

MS. MARINELLI: Thank you so much.

MR. ROGERS: Good luck with the project.

MS. MARINELLI: Thank you so much.

MR. ROGERS: Moving on to the Borough of Butler. Mr. Gilder with us? Anyone from Butler?

MR. BENNETT: I do see Mr. Gilder. It appears he's coming on.

MR. ROGERS: Okay. Mr. Gilder? If he can't get it working, do we have representatives of Bellmawr with us?

MR. WINITSKY: Yes, I believe our team is ready to go.

MR. ROGERS: We'll bypass Butler at the moment. Maybe give a little more time squared away. We'll move on to Bellmawr.

MR. WINITSKY: I've got a few folks from the borough and our redeveloper on the line. We've got Mayor Charles Sauter who is on and the CFO from the borough, Maria Fasulo is on. The borough solicitor, Howard Long is on.

And council for the redeveloper, Don Nogowski is on also on. I don't know if I missed anybody. If I did, please speak up so you can be sworn in.

UNKNOWN SPEAKER: Josh is here as well.

MR. WINITSKY: Oh, Josh. I

apologize. And Josh Nyikita from Acacia Financial Advisors.

MR. BAUMANN: Joe Baumann.

MR. CRAGIN: Mike Cragin from Bowman.

MR. WINITSKY: We got a lot of folks on the line I missed.

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

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

MR. ROGERS: Mr. Winitsky, the floor is yours.

MR. WINITSKY: Thank you. We are here today on behalf of the Borough of Bellmawr seeking approval pursuant to N.J.S.A. 40A:12A-29(a)(3) and N.J.S.A. 40A:12A-67(g) with respect to the proposed issuance by the borough of one or more series of non recourse Redevelopment Area bonds in an aggregate amount not to exceed $300,000.

So this application and this project and why we're here today has a long and storied past, not necessarily in a negative way, but simply in terms of time.

The Borough of Bellmawr and the township of Deptford have a portion of some parcels of property that have been underutilized for decades. They were formally privately operated landfills.

And the borough and the township have, for a very long time, sought to redevelop those parcels through a variety of iterations. We have finally come to a place where we're prepared to do that with the assistance of the developer who is on the line today.

For the purpose of completing a rather large warehousing and logistic center comprised of three separate buildings. Two of which are in the borough and one of which is in the Township of Deptford.

Specifically, in the borough, one of the buildings is 400,000 square feet plus or minus. And the other one is around 250,000 square feet. And the one in the Township of Deptford is around 345,000 square feet for a total of a little over a million square feet.

The redevelopment project, in addition to the warehouses that I just described, will also include, because of the nature of where this project sits, which is immediately adjacent to what is called Big Timber Creek, which is an estuary that finds its way out into the Delaware River right outside of Philadelphia.

It's actually a beautiful visa if you've ever been there. And so part of the redevelopment project is to actually develop and include a 40 acre park with walking trails and other amenities for the folks in Bellmawr and Deptford, which is very nice.

So why are we here today? So we're here today looking to issue Redevelopment Area Bonds to support the project. Those bonds are being issued principally in an effort to specifically dictate and structure two PILOT agreements that are associated with the project.

The Redevelopment Area Bond Law permits you to issue bonds on behalf of redevelopment projects that are supported solely, solely by a portion of the PILOT revenue that is payable by the developer, and that is the case here.

So the PILOT is obviously much greater than the debt service on these bonds. These bonds are very small, $150,000 for each series for a total of $300,000. However, the borough, while supportive of the project and while supportive of the improvements to be completed is not providing any of its own credit.

Meaning, the only credit and repayment source is a very small portion of the overall payable by the developer. In this instance, the PILOT payments are calculated in an amount equal to a dollar amount based on square footage.

The way that it works. It's a dollar 40 per square foot in year one. And at the conclusion of the PILOT, it ramps up a little over 2 dollars. I think it's $2.25. So all of that PILOT is what we call the unpledged portion which means all of that goes to the borough and to the county.

A small percentage goes to the county, five percent. And then whatever portion is necessary to amortize the bonds, which in this case is very small. It's roughly $5,000 for the length of the maturity of the bonds is diverted directly to that repayment.

So we took a long time to sort of work through what this project would be, how the borough would participate. We have been partners with the developer in the process sometimes friendly, sometimes not so friendly, but we're very happy with the result.

In addition to the park improvements that we talked about for the borough, the developer has agreed to build a new roadway, which will hopefully alleviate some congestion in Bellmawr, which is a very congested spot anyway, due to sort of where it its is.

A lot of big highways in and around there, so we're hopeful that's going to provide some relief, not just for Bellmawr proper, but the surrounding area, so we're happy about that.

So the proceeds of the bonds are going to be used particularly to help pay for a portion of the environmental CAP that is associated with this site. The site, as I mentioned, is a former landfill, so there's a CAP that needs to be applied to it because you're building warehouses.

Environmental remediation and regulations require that you do so, so we're going to use proceeds of those bonds for that purpose.

The bonds themselves are actually going to be offered specific -- sold privately, in this instance, to the developer or an affiliate of the developer and that's one of the reasons why we're here today, is when you want to do a private sale of the bonds, you need an approval from LFB.

It's sort of all in house at the end of the day relative to sort of how this works. You've got a developer who is using the proceeds for the larger project which benefits the borough.

The developer is paying the PILOT over a term of years, and in fact, repaying a subsidiary of itself and they're completely non recourse to the borough itself.

So if you have questions sort of the project at large or questions about the financing in general, we've got the full compliment of the folks on the line to do so. So I'll turn it over to you, Director.

MR. ROGERS: Thank you, Mr. Win. Just so I'm clear, you mentioned two PILOT agreements. Is that just for the two phases that are in Bellmawr?

MR. WINITSKY: Yes. So there's three phases. Two in Bellmawr, one in Deptford. And they're separate renewal entities, so you have two separate PILOTs for each phase.

MR. ROGERS: And the 150 for total 300 in Bellmawr and then Deptford, they'll be coming to us at some point for their portion, their phase?

MR. WINITSKY: Yeah, it's our expectation that they'll be in front of you next month.

MR. ROGERS: Okay. And you mentioned that the RAB proceeds will be used for, it's really tied to the remediation? Is that what you heard?

MR. WINITSKY: Yeah, principally. And Don Nogowski, who is on, can give you a little more flavor of where those dollars will go. Don, if you could quickly.

MR. NOGOWSKI: Good afternoon, Director and everyone else. Yes. This project is, first and foremost, a remediation project.

The three landfills have remained uncapped and were creating environmental problems in Bellmawr for decades. In around 2005 our client and Bellmawr Borough agreed on a plan to remediate the landfill.

Bellmawr Borough is not just a municipality. Bellmawr Borough is actually an owner of one of the landfills, not an operator, but actually own one of the landfills.

The borough and the redeveloper work together with our New Jersey Department of Environmental Protection to remediate the landfills. The landfills have been remediated. There is no longer any leche entering the Big Timber Creek, which was a great accomplishment.

The only part that remains not completed is what's called the top of cap. The top of cap, in this case, as approved by DEP consists of the buildings, the pavings, the roadways, the parking areas, the sidewalks, and also in areas that are not paved one to three feet of clean residential fill on top of the cap that is now in place.

So the bond proceeds will be used to pay for a portion of that top of cap which will be constructed as the project is constructed. Because again, the top of cap includes the buildings and the payments.

MR. ROGERS: What was the total remediation cost?

MR. NOGOWSKI: About 60 million dollars.

MR. ROGERS: And that was born by the redeveloper or the municipality contributing to that?

MR. NOGOWSKI: Yes. This was a case where the redeveloper, working with the team, employed novel practices in terms of the material that was brought in. The material that was brought in actually generated revenue to the project.

And that revenue was used to pay for the rest of the project which included, you know, cut off lulls 40 feet down, significant storm drainage systems, significant infrastructure in addition to the cap itself, so it was a great example of a public private partnership working very well.

MR. ROGERS: Thank you for that. This is really just a small portion of that last layer. That's what these RABs are providing funding for.

MR. NOGOWSKI: That is correct, sir.

MR. ROGERS: I think just a question for the borough. 2024 audit, what the status is?

MR. CRAGIN: The audit has been filed. It's been taken care of.

MR. ROGERS: Okay. Great.

MR. WINITSKY: Yeah, Director. We had worked with your office last week to make sure that it was filed in advance of the meeting today, and it was.

MR. ROGERS: Great. Thank you. That's all I have at the moment. I'll open it up to the board, public, for any questions. I'm not hearing any. I guess we will move to a motion.

Motion to approve the issuance of the Redevelopment Area bonds and submit the private sale of the bonds in an amount of $300,000. Do I have a motion?

MR. JACKSON: So moved.

MR. AVERY: Second.

MR. BENNETT: I have Mr. Jackson, Mr. Avery. 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. WINITSKY: Thank you very much. Appreciate it.

MR. ROGERS: Exciting project for the area. Thank you. We'll go back to the Borough of Butler. Was he able to get on?

MR. GUILDER: Yes, I'm here. Apologies. We also have Nick Rapagnani from USG Water is also on the call.

MR. ROGERS: If we can have your video on and we can get you sworn in.

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

MR. GUILDER: Thank you for hearing our application. The Borough of Butler has two water tanks as part of our water utility that are in need of rehabilitation and ongoing maintenance.

The borough went out with a request for proposal to solicit a contractor to perform the rehabilitation and then ongoing maintenance for 20 years through a public private partnership.

USG Water was the respondent who the borough deemed was the best qualified and best proposal to do this work. The borough has already funded 2 million dollars in our 2025 capital budget to appropriate for the first several years of the work which is the rehabilitation which is the biggest, the largest expense over the first few years.

Then once the rehabilitation is done, there would be ongoing maintenance through 2044. This way the borough has more stable costs in place for the maintenance of these water tanks.

And that way we don't have the possibility of a one off charge that the borough is not as prepared to fund. This will not be affecting water rates. As like I said, the funding for this project has already been in place.

I'm happy to answer any questions

that the board has regarding this project, but that's essentially what we're looking for today.

MR. ROGERS: Okay. Thank you, Mr. Guilder. How many RFP submissions did you receive?

MR. GUILDER: USG Water was the only submission we received for this project.

MR. ROGERS: Only submission. Okay.

MR. GUILDER: Correct. We have several others who requested that and then did not respond.

MR. ROGERS: And you're maintaining the ownership?

MR. GUILDER: Correct. We maintain ownership. We don't have the staff to do this work in house.

MR. ROGERS: Got it. Understood. Okay great. I'll open it up to the board and public for any questions at this time.

MR. CLOSE: Real quick question, Mr. Guilder, a couple. Did you complete an analysis of the water utilities finances to confirm they're able to fund the 181,000 annual service fee over the 20 years and what impact on current water rates was projected as part of that analysis?

MR. GUILDER: There wasn't a full analysis just done with this in particular project. We also are allocating 17 million dollars for a complete rehabilitation of our water treatment plant.

And I've been the borough administrator just for this year, so there was an analysis done prior to me coming on. Water rates were increased.

We would anticipate future rate increases due to the large undertaking to maintain borough ownership of the water treatment plan, but those would be in the future. And more than likely this expense would be tied up in an overall rate study for the water utility.

MR. CLOSE: So what you just described, so there's no existing rate study that you're working off of. You're looking to do one prospectively for all the --

MR. GUILDER: There was a rate study done prior to me coming on board for the initial large projects the borough was undertaking including the larger rehabilitation of a water treatment plant. And from that study --

MR. CLOSE: What year was that?
MR. GUILDER: When was that done?
MR. CLOSE: Yes. What year?
MR. GUILDER: Is that the question? That was done, it was done in 2023 and it came into effect in 2024, before I came on board with Butler.
MR. CLOSE: Thank you. Also, what was the borough's original estimated course to perform the tank rehabilitation and maintenance work if it were done using traditional procurement methods, if you will, versus the public private arrangement you're pursuing now?
MR. GUILDER: So if we did a traditional procurement and method for just the initial rehabilitation work, we estimated that cost to be about 2 million dollars for the initial work for both.
Then through feedback and research, the ongoing maintenance, if it was done in procurement, should be going out to bid when specific maintenance work was needed, where this, let's say, the average maintenance costs 50 to $60,000 per tank, there might have been years where it was much less.

But then five years down the line, we might have been hit with a one time 500,000 dollar charge for what's needed. Where with this public private partnership we have stable maintenance over the course of the entire partnership with the contractor that we have.

MR. CLOSE: So the 3.628 that you're spreading out over the long term of the arrangement versus you're saying you project it to be 2 million dollars as a one time, one shot fee, or was that your overall long term cost similar --

MR. GUILDER: No, that would have been only for the initial rehabilitation of the two water tanks. And then over the next 20 years, we would expect that the one time one off maintenance charges, that we would neat to go out to bid for, would more than likely be greater than the ongoing stable cost of having a public private partnership do ongoing maintenance work.

MR. CLOSE: But is there a number associated with that, or is that just a generic overall projection?

MR. GUILDER: There is not a specific number with it. It's just based on my prior water superintendent and experts in the field, that that was what we ascertained in terms of what the pros and cons versus doing a public private partnership and the governing body felt the stability of knowing exactly what the costs were going to be for 20 years was in the best interest of the borough.

MR. CLOSE: Okay. Thank you.

MR. ROGERS: Anyone else from the board? Public? Questions? Mr. Guilder, who will be monitoring the contractors performance?

MR. GUILDER: Yes, that will be done by our Public Works superintendent, Brian Pumo, who is a licensed water distributor, as well as, our new T4 water treatment operator, Peter Fitzpatrick. Those will be the two primarily responsible for overseeing, and of course I will be involved as needed.

MR. CLOSE: Okay. That's a requirement just under this type of arrangement. And then there's reports. So we're going to condition the motion on that, part of what you're doing. Any other questions?

MR. CLOSE: Yes, Director. I have one more on this. Mr. Guilder, given that you only had one, to the director's note, one response to the RFP, did you consider going back out again in an effort to see if you would get more proposals since you said there was early interest in the project from other potential suppliers?

MR. GUILDER: I did reach out to the other companies that provided the feedback to see if there was a way that this could be done to get more bids, but they weren't comfortable with the amount of maintenance that we wanted.

So based on that feedback, the borough felt strongly that if we went out for another proposal with the same specs or similar, that we would receive the same number of responses.

MR. ROGERS: Anyone else? Do we have a motion to permit entry into a contract pursuant to the New Jersey Water Supply Public Private Contracting Act on the condition that the borough appoint an employee to monitor performance and to provide annual reports to the Local Finance Board on the private entities compliance with the contract? Do we have a motion?

MR. DIROCCO: So moved.
MR. AVERY: Second.
MR. BENNETT: I believe that was Mr. DiRocco and Mr. Avery. Mr. Rogers?
MR. ROGERS: Yes.
MR. BENNETT: Mr. DiRocco?
MR. DIROCCO: Yes.
MR. BENNETT: Mr. Close?
MR. CLOSE: I'm not completely comfortable, but, yeah.
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. GUILDER: Thank you.
MR. ROGERS: Thank you, Mr. Guilder. Good luck. I think we have one additional item, and that's the 2027 Local Finance Board meeting dates. Do we have a motion to approve the 2026 calendar?
MS. RODRIGUEZ: I make a motion.
MR. AVERY: Second.

MR. BENNETT: Miss Rodriguez, and I heard Mr. Avery second it. 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: And our last motion, motion to adjourn.

MR. JACKSON: So moved.

MS. RODRIGUEZ: Second.

MR. BENNETT: I believe I heard Mr. Jackson 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: We are adjourned.
(Hearing Concluded at 12:31 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
____
Notary Public of the State of New Jersey
My Commission Expires June 30, 2026
Dated: October 21, 2025