

1 STATE OF NEW JERSEY
2 DEPARTMENT OF COMMUNITY AFFAIRS
3 LOCAL FINANCE BOARD

4 MEETING AGENDA *
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6 Conference Room No. 235A
7 101 South Broad Street
8 Trenton, New Jersey
9 Friday, May 2, 2014

10 TIME: 10:00 A.M.

11 B E F O R E: THOMAS NEFF-CHAIRMAN
12 IDIDA RODRIGUEZ-MEMBER
13 TED LIGHT-MEMBER (VIA PHONE)
14 FRANCIS BLEE-MEMBER

15 ALSO PRESENT:
16 PATRICIA MC NAMARA-EXECUTIVE
17 SECRETARY
18 EMMA SALAY-DEPUTY EXECUTIVE SECRETARY

19 A P P E A R A N C E S:
20 JOHN J. HOFFMAN, ACTING ATTORNEY
21 GENERAL
22 BY: PATRICIA E. STERN, ESQ.
23 Deputy Attorney General
24 For the Board

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1 (Transcript of proceedings, May 2, 2014,
2 commencing at 10:32 a.m.)

3 MR. NEFF: Actually, I would kind of
4 ask that we just-- while people are testifying,
5 let them testify and then I'd ask you guys to come
6 up and testify as well.

7 MR. LIGHT: Ted Light is on the
8 phone now. I can hear you in the background.

9 MS. MC NAMARA: Hi, Ted.

10 MR. NEFF: We have the members that
11 are here, Ted, and there are parties from Belmar
12 who are in favor of the application and opposed to
13 the application. So we have a full house and
14 we're ready to go. Thanks for participating.

15 MR. LIGHT: Okay.

16 MS. SALAY: I'll read the opening
17 statement. We are in compliance with the Open
18 Public Meetings Act. Notice was given to the
19 Secretary of State, the Star-Ledger and the
20 Trenton Times.

21 MS. MC NAMARA: Roll call. Mr.
22 Neff?

23 MR. NEFF: Yes, here.

24 MS. MC NAMARA: Mr. Avery is absent.
25 Ms. Rodriguez?

1 MS. RODRIGUEZ: Here.

2 MS. MC NAMARA: Mr. Blee?

3 MR. BLEE: Here.

4 MS. MC NAMARA: Mr. Fox is absent.

5 Mr. Light?

6 MR. LIGHT: Yes, here.

7 MR. NEFF: Okay. Just before we
8 start, by way of background for the folks who are
9 here who don't ordinarily come to meetings like
10 this, this is the Local Finance Board.

11 The Local Finance Board is an
12 appointed group of individuals who hear various
13 applications pursuant to a statutory requirement.
14 When a municipality wants to do something that
15 isn't otherwise permitted as a matter of right
16 under law, they come to the Board and ask for
17 approval.

18 In this particular matter we have a
19 request from the Borough of Belmar's governing
20 body asking to be permitted to adopt a bond
21 ordinance that doesn't otherwise have a down
22 payment in it that would otherwise be required.
23 Which is equal to five percent of the par amount
24 of bonds that are being issued in the capital
25 ordinance that is being adopted.

1 That's what we're here for. This
2 Board doesn't generally interject its opinions
3 with the opinions of the local governing bodies in
4 terms of a project they want to move forward with
5 or that they don't want to move forward with.

6 What we do look at is the question
7 at hand, which is, should an exemption from the
8 need to make the down payment be approved by this
9 Board? So that's why we're here.

10 You guys will be permitted to say
11 anything you would like before the body. But I
12 would ask you to keep it pretty much to those in
13 particular, you know, what our role is here.
14 We're not a Planning Board, we're not a Zoning
15 Board. We don't substitute our judgment for the
16 local body, about whether these buildings should
17 be built or not.

18 So with that, we'll take some
19 testimony from the applicant. And then when they
20 have concluded we'll ask you guys to make comments
21 as well.

22 MR. MC MANIMON: Swear Colleen in?

23 MR. NEFF: Sure.

24 (Colleen Rochelle Connolly, being
25 first duly sworn according to law by the Notary).

1 MS. CONNOLLY: My name is Colleen
2 Rochelle Connolly. I am the business administrator
3 for the great Borough of Belmar.

4 MR. MC MANIMON: Thank you. For the
5 record, Ed Mc Manimon, from Mc Manimon, Scotland &
6 Baumann. Our firm serves as the bond counsel to
7 the Borough of Belmar.

8 The Director explained what the
9 application was about. It is in connection with
10 the effort to adopt a seven million dollar Bond
11 Ordinance to undertake improvements to various
12 beach facilities, including the Fifth Street
13 Pavilion and the Tenth Street Pavilion.

14 The request here is to ask you to
15 waive the down payment, which has been done many
16 times on Hurricane Sandy-related improvements in
17 other municipalities in the state.

18 At least from my prospective,
19 that's been primarily the product of the fact that
20 grants are coming into the project and they far
21 exceed any amount that would represent the down
22 payment that would be forthcoming from a source
23 other than borrowing.

24 So this project, which I'm going to
25 ask the administrator to testify with regard to

1 the project costs and an explanation of what it
2 is, is not necessarily the culmination of
3 improvements, but the Borough has spent over \$29
4 million since Hurricane Sandy undertaking a
5 variety of improvements that were caused by that
6 hurricane. This is one that has been the subject
7 of some issues locally, because of an effort to
8 have these improvements funded through the beach
9 front utility which they have, which produces
10 revenue and generates costs in connection with the
11 use of the beaches.

12 That has been held up. So the
13 Borough's governing body determined that they
14 would adopt this as a General Improvement Bond
15 Ordinance. Which results in it being included in
16 its debt capacity, which would not have been done
17 had it been under the beach utility.

18 Nevertheless, there will still be
19 beach fees that will be forthcoming that can be
20 allocated to pay for some of this cost. So in a
21 number of ways the costs are being borne other
22 than from taxpayers in Belmar.

23 So I would ask Colleen if she would
24 explain the project and the costs that have been
25 determined by the engineer that resulted in the

1 seven million dollar Bond Ordinance. And then
2 we'll be available for any questions you have.

3 MR. NEFF: Okay.

4 MS. CONNOLLY: The Borough of
5 Belmar lost our five oceanfront pavilions in
6 Superstorm Sandy. The storm washed away our
7 boardwalk, 1.2 miles, and the five structures that
8 were on the beach front were demolished.

9 We decided very early on to
10 bifurcate our recovery and get the boardwalk
11 rebuilt first, then follow with the pavilions
12 after.

13 We were in conversations with FEMA
14 immediately after the storm about both the
15 boardwalk project, the pavilion project, all of
16 our recovery projects.

17 We have done an extensive public
18 comment period, actually more on this topic of
19 rebuilding our oceanfront pavilions, than any
20 other topic in the last decade in Belmar.

21 Through that very robust process
22 we are advancing two designs, for the Fifth and
23 Tenth Avenue Pavilions. Those are the only two
24 pavilions that we intend to rebuild at this time.

25 We've been working with FEMA and

1 have developed project worksheets for every
2 structure that we lost. What we're able to do, at
3 FEMA's suggestion, is advance an improved project
4 worksheet for Fifth and Tenth Avenue, that would
5 allow us to direct the funding for Eighth, Tenth
6 North and Thirteenth Avenue, the pavilions that
7 we're not building, and that funding will be
8 directed toward these two projects.

9 What this allows us to do is to
10 offset the cost of this reconstruction project
11 with the federal grant reimbursement. We've been
12 out to bid on these buildings. We have good bids
13 in. The low bid for the GC contract is just under
14 five million dollars.

15 In addition to that number, we need
16 to purchase mobile bathrooms for the beach front.
17 These were bathrooms that were included in two of
18 the pavilions that we're not rebuilding. In terms
19 of public access and providing for the beach
20 front, we need to have those back as well.

21 With utilities, equipment and other
22 expenses, to bring the buildings back up to
23 fruition and engineering costs, it totals just
24 under seven million dollars. I have a detailing of
25 that here I can submit for the record, if that's

1 helpful?

2 MR. MC MANIMON: I'd like to submit
3 that. Thank you.

4 MS. CONNOLLY: We're looking to
5 leverage the seven million dollar bond, as Mr.
6 Neff pointed out, on the current fund. The intent
7 is to pursue, obviously, every penny of FEMA
8 funding that the Borough has coming to us. At
9 which time we will see what's left and discuss how
10 to appropriately apportion the remaining debt
11 between the current fund and the beach utility.

12 So we endeavor into this process in
13 full awareness and understanding of the inherent
14 risks that we incur. We believe that FEMA is our
15 partner. We'd be working with them to recoup the
16 federal reimbursement and will fairly apportion
17 the remaining debt between the taxpayers and the
18 beach users at the beach utility.

19 MR. MC MANIMON: I would like to
20 point out that for every million dollars that is
21 not reimbursed, regardless of whether it comes
22 from the utility or it comes from the general
23 fund. The effect on an average homeowner is about
24 twenty-three dollars a year for each million
25 dollars that is not otherwise paid from a source.

1 It is not coming from the taxpayers or the
2 utility-- they call them rate payers, but people
3 who use the beach. So the net effect that comes
4 from about seventy-- the projection, if you assume
5 a twenty year maturity schedule that conforms to
6 the Local Bond Law and you assumed a four percent
7 interest rate, which I think is much higher than
8 you would pay now, it is about \$73,000 a million,
9 on debt service. That equates down in the context
10 of an average home, to about twenty-three dollars
11 on an average home a year over that twenty year
12 period, for each million dollars that is not
13 otherwise coming from reimbursements from FEMA.

14 As I said, some portion of that is
15 certainly likely to be paid from people who use
16 the beaches, many of whom are not from Belmar.

17 So if there are any questions
18 we'll be happy to address them?

19 MR. NEFF: Could you just, Colleen,
20 explain what portion of the seven million you
21 think will be coming back from FEMA and why you
22 believe that amount will be coming from FEMA?

23 MS. CONNOLLY: Sure. As I stated
24 earlier, I met with FEMA many times. The project
25 worksheets have been obligated by FEMA.

1 The total face value of those
2 project worksheets is just over six million
3 dollars. We anticipate some deductions --when you
4 take into account the local match and deductions
5 that will be taken for flood insurance from each
6 building, even if we didn't have flood insurance
7 on that building we can still deduct for it. We
8 believe the net proceeds will be about four
9 million.

10 We do have some insurance money for
11 the buildings that were insured, that would
12 additionally help offset that. So we are looking
13 that the end result of this, if we don't recoup
14 from any other reimbursement source, would be one
15 to two million dollars.

16 MR. NEFF: How much insurance money
17 is coming in for these buildings?

18 MS. CONNOLLY: \$500,000.

19 MR. NEFF: So nothing close to what
20 the project costs are?

21 MS. CONNOLLY: No.

22 MR. NEFF: Okay. My review of your
23 project worksheets, which we had requested and we
24 reviewed, suggested to me that the project
25 worksheets for the Fifth and Tenth Avenue

1 pavilions were \$3.1 million in total, or am I
2 incorrect on that?

3 MS. CONNOLLY: I think you are in
4 the right ballpark, yes.

5 MR. NEFF: So presumably for those
6 two pavilions, ninety percent of the \$3.1 million
7 is what the reasonable estimate would be for what
8 FEMA would pay for those two projects; correct?

9 MS. CONNOLLY: Correct.

10 MR. NEFF: Which would leave
11 whatever the balance of ten percent is, at least,
12 for the municipality to pay. In addition to that,
13 we all know that every now and then FEMA will have
14 a disagreement with the municipality of what they
15 will or won't pay. So there could be additional
16 amounts that they deem not to be eligible costs
17 that the Borough would be liable for that could or
18 could not happen, depending on what happens at the
19 end of the day.

20 There is some portion of costs at
21 the end of the day that will be borne by Belmar,
22 either through the beach utility or through just
23 general-- through the general budget?

24 MS. CONNOLLY: Absolutely.

25 MR. NEFF: Okay. And the premise of

1 not being required to make a down payment is
2 presumably that a municipality isn't able to make
3 a down payment.

4 By way of background, the Board has
5 routinely approved waivers of down payment for
6 every project related to Sandy reconstruction. On
7 the premise that, A, the municipality had some
8 level of financial distress from the storm and, B,
9 it didn't make sense to require a large down
10 payment where ninety percent of the project costs
11 or a large percentage of the property costs were
12 ultimately going to be paid for with FEMA funds.

13 But in this particular case, Belmar
14 has fared pretty well in its budget over the last
15 year. The budget seems to be very stable. It
16 appears to me that there is some ability to make a
17 down payment. I certainly would never suggest
18 that five percent of seven million dollars is what
19 the down payment should be. Because at the end of
20 the day, what's really intended with down payments
21 is that you pay five percent of whatever the
22 ultimate cost would be for the municipality, not
23 the total project costs itself when there is a
24 grant involved.

25 By my read, it looks like at the

1 end of the day it is not unreasonable to think
2 that there is at least a million dollar liability
3 that either will be paid through the beach utility
4 or the taxpayers. Five percent of that, by my
5 math, is \$50,000.

6 So my suggestion or recommendation
7 would be that I think, absent hearing something
8 else, is that there should be some level of down
9 payment, that \$50,000 would be a reasonable level
10 of down payment. I'm just interested in your
11 reaction to that?

12 MS. CONNOLLY: Sure. You are
13 correct, we have been very diligent and attempted
14 to stabilize our budget, especially post Hurricane
15 Sandy. We have borne extraordinary work effort and
16 expense during that time, as has our residents, in
17 terms of recouping and repairing from the storm.

18 So our intent in formulating our
19 2013 and 2014 budget, was to keep our tax rate
20 flat. To, again, acknowledge what our residents
21 have been going through on the ground in terms of
22 their hardships.

23 All I could fit into the 2014
24 budget in terms of down payment money, was
25 approximately, ironically, \$50,000. Because I

1 know we had some road projects coming up that we
2 might need that down payment money for.

3 So I certainly understand the point
4 of view. And should the Board recommend something
5 of that nature, I actually luckily have that near
6 number in my budget.

7 MR. NEFF: Then what happens to the
8 road projects that--

9 MS. CONNOLLY: I can pursue
10 additional granting options or think about pushing
11 to 2015.

12 MR. MC MANIMON: I would just-- I'm
13 not sure procedurally because of the timing of
14 this, if the suggestion is that the Borough
15 allocate \$50,000 to this project from their
16 capital improvement fund. Procedurally I hope you
17 would consider approving the waiver of down
18 payment so that we don't have to redo the
19 ordinance. But nevertheless condition that on a
20 commitment within the budget of those \$50,000 to
21 this project from the capital improvement fund, as
22 opposed to for other projects. That's feasible.
23 It's not up to us to say what's acceptable, but we
24 could make that work.

25 MR. NEFF: Okay. I'm not going to

1 respond to that just yet.

2 MR. MC MANIMON: I'm not asking you
3 to.

4 MR. NEFF: Any other questions from
5 the Board, comments? Ted, do you have any?

6 MR. LIGHT: No. I'm on board with
7 what you are saying.

8 MR. NEFF: Okay. You are saying you
9 are on board with what I'm saying. I thought you
10 said you were bored with what I said. Okay. I know
11 I know this isn't the most exciting stuff.

12 With that--go ahead.

13 MR. BLEE: One quick question. The
14 three pavilions that you are not going to rebuild
15 at this time, are you thinking about rebuilding
16 them in the future?

17 MS. CONNOLLY: Not this present
18 administration, no. There could be future mayors
19 and council who could wish to do that. We made
20 the determination that our focus right now is on
21 Fifth and Tenth.

22 MR. BLEE: All right.

23 MR. MC MANIMON: Do you want us to
24 leave the table when they come up?

25 MR. NEFF: If you can do the

1 dosey-doe. You either can come up individually or
2 you can come up as a group, whatever you would
3 like to do.

4 (Joy De Sanctis, James Bean, Mike
5 Seebeck, being first duly sworn according to law
6 by the Notary).

7 MS. DE SANCTIS: My name is Joy De
8 Sanctis, 101 Sixth Avenue, Belmar, D-e
9 S-a-n-c-t-i-s.

10 MR. BEAN: James Bean, 612 Sixteenth
11 Avenue in Belmar. I'm a councilman in Belmar.

12 MR. SEEBECK: Mike Seebeck,
13 S-e-e-b-e-c-k, 110 Second Avenue, Belmar.

14 MR. NEFF: Okay.

15 MR. BEAN: My argument here today
16 is that I would want these pavilions built, but
17 the timing is wrong. You can tell the timing is
18 wrong because we are in front of you for asking
19 for no down payment.

20 I have here-- this is the annual
21 debt statement as of January 1st, 2014. The
22 Borough of Belmar has 5,700 people in it. We are
23 one mile by one mile. We are \$52 million in debt.
24 Two point six of that is the school, \$10,000 is
25 the water -- I'm sorry, \$10 million is the water,

1 \$20 million is the beach and \$20 million is the
2 municipalities. Which equals up to \$52 million as
3 of the beginning of this year.

4 And I also have here, we took out a
5 \$4.5 million Community Disaster Loan that isn't in
6 this. So actually we're up to about \$56 million
7 as of probably today.

8 We are-- FEMA I know promises
9 money, they promises us checks. Chris Smith came
10 out, Congressman Chris Smith came out and said
11 congratulations, you guys got all of this money.
12 Well, we have yet to receive a check.

13 I'm saying that I want these
14 pavilions but right now our financial debt is
15 storming. I'm asking-- I want to wait six months
16 to make sure this money comes in from FEMA. Then
17 we can probably make the whole down payment come
18 next year on this new debt.

19 Just yesterday, the front page of
20 the Asbury Park Press, "Audit Recommends Nixing
21 \$523,000 in FEMA Aid to Belmar". Even the money
22 from FEMA that was promised to us is a little
23 shaky.

24 So I could understand if this seven
25 million dollars was going to do infrastructure

1 that we have to get done, if there is a fire that
2 we have to fix something. This is to restore two
3 buildings that we've operated and we're going to
4 operate for two years without. I don't think
5 that-- I think it is irresponsible to let us
6 borrow this money without a down payment, when
7 financially we are-- I don't say struggling, but
8 we have some debt that in six months when we get
9 these FEMA checks, when the checks come in, this
10 debt will significantly drop. And then we can
11 then borrow the money with probably the whole down
12 payment come the next budget, without any kind of
13 assistance.

14 Let's see. And you know what,
15 people still came to the beach last year. We had
16 a great beach season. The police are still
17 patrolling. People are paying their taxes. This
18 isn't essential that we have to get this through
19 at this moment right now.

20 I think six months from now we
21 should be back in front of you or, you know, come
22 next budget. We didn't pass this year's budget
23 yet. Come next budget we can probably almost make
24 the down pavement in the next budget.

25 I don't see what the rush is that

1 we have to slam this through now with these
2 exceptions. That's all I have, thank you.

3 MR. NEFF: Just a quick question for
4 you. Do you think if the Tenth Avenue--I may have
5 this backwards. The Fifth Avenue Pavilion --

6 MR. BEAN: That's the Taylor.

7 MR. NEFF: The Taylor Pavilion?

8 MR. BEAN: Correct.

9 MR. NEFF: It's sort of an
10 attraction where people go for events, concerts or
11 what have you. Do you think if that were rebuilt
12 that it had would pull in more people to the
13 municipality for those, maybe sell a few more
14 beach badges?

15 MR. BEAN: I don't. That building
16 was used more for community stuff than for outside
17 people. They would all go to the lawn where the
18 pavilion is, for the concerts or the Seafood Fest.
19 That building was never a big tourist attraction.
20 It was nice to walk through, but I never heard
21 where people go to Belmar just for the Taylor
22 Pavilion.

23 MR. NEFF: How about the Tenth
24 Avenue Pavilion, that has facilities for people
25 who use the beach?

1 MR. BEAN: Sure. Then I would
2 ask--that is actually the first one that should be
3 rebuilt. We should just be coming to you for just
4 rebuilding that one building. I don't know why we
5 have to group these two together to do that.
6 That's the main one.

7 That's the one nobody-- everybody
8 accepts that we need this one rebuilt first. Why
9 can't we just bond for this while our bond is
10 still at \$52 million? It would make sense to fix
11 that one until we get to a little sunnier
12 financial grounds. Questions?

13 MR. NEFF: None from me.

14 MR. BEAN: That's all I have, thank
15 you.

16 MS. DE SANCTIS: Hi, my name is Joy
17 De Sanctis. I guess the first thing I would like
18 to address is the the emergency appropriation that
19 we were before this Board in November, for a \$1.9
20 million bond for which you waived the \$98,000 down
21 payment.

22 Now, it is absolutely unknown and
23 unclear what happened to that \$1.9 million bond.
24 But we've already been here. It was specifically
25 for the construction of the beach front pavilions.

1 And you waived it, we received the appropriation
2 and we have \$1.9 million. So now the Borough is
3 coming back before you for an additional waiver of
4 \$350,000 on a seven million dollar bond, that you
5 are adding to the already existing \$1.9 million.
6 So where are we? That's not nine million dollars
7 that we have asked for. And this money-- and I
8 would, if I could, ask the Township Administrator
9 what happened to that \$1.9 million bond,
10 specifically for the construction of the beach
11 front pavilions?

12 Now we're coming before you with
13 another ordinance for an additional seven million
14 dollars, when by Ms. Connolly's own admission, she
15 has stated that the reimbursement and the
16 reconstruction of brand new buildings would only
17 be about \$3.1 million. That I have in their
18 amended the project worksheets.

19 So we're asking for seven million.
20 We already have \$1.9 million, but the actual cost
21 to reconstruct it, by the Township's estimate and
22 by their amended project worksheet, is only \$3.1
23 million.

24 Ms. Connolly also mentioned the
25 bathrooms, which by law are required to be on

1 beaches, by the state. But we had a separate
2 bonding for the bathrooms and I believe that issue
3 is taken care of. So I don't know how it is
4 relevant here. I could be mistaken on that, but I
5 believe that something already occurred with the
6 bathrooms, where we purchased them and they were
7 not part of this particular bonding issue.

8 Another thing Ms. Connolly
9 mentioned, is she did state that this issue of the
10 building of these pavilions has been well
11 publicized and just probably the most news worthy
12 issue in our town. But it couldn't be really
13 further from the truth.

14 I have here a letter from our
15 municipal clerk. I am asking to review the
16 pavilion construction file, either electronically
17 or by hard copy file. I am being told that there
18 is no file or other documents pertaining to the
19 reconstruction of the beach front pavilions.

20 It was based on this letter that
21 the entire situation came to light, that this was
22 not being conducted in a transparent
23 administration. And that an incredibly
24 extravagant initial design was paid for by way of
25 engineering and architectural costs, that I would

1 say the majority of the town was unaware of. There
2 were six beach front advisory committee meetings
3 held where major, major decisions were made and
4 then these extravagant two story buildings-- I
5 know you did ask not to speak at length about
6 that, but that's first when it came to light.
7 That was July 4th.

8 Based on that, our town became
9 incredibly motivated with regard to extending
10 these funds for such an extravagant two story
11 replacement of a very modest building that had
12 been there, that truly just served the beach's
13 needs.

14 You asked if it was a tourist
15 attraction. I live across the street from it. It
16 was not. We sold tickets there. It was used on
17 occasion for small concerts, in the evening for
18 senior citizens and it also had the Woman's Club.
19 It was a very, very modest building.

20 Many of the town's people would
21 like to have participated in the design and the
22 plans for the new Taylor Pavilion, because we're
23 not against that. We're just against the
24 extravagance and we're unclear of what the seven
25 million dollars will actually pay for. When, by

1 the town's own documents, it would only cost about
2 \$3.1 million to reconstruct it and bring it up to
3 hurricane standard codes and municipal codes that
4 are now in force.

5 Also, the Mayor has released a
6 press release regarding the budget, where-- this
7 was several days ago, where he has said that he's
8 keeping taxes down. And that, in fact, our
9 operating expense budget is under by \$190,000 than
10 it was last year.

11 Well, some of that just doesn't
12 make sense to me. If we're in such a good position
13 financially that our operating expense budget is
14 under by \$190,000, then why are we even here?

15 Not only that, but I feel like it
16 is a little bit disingenuous for him to continue
17 to claim that we are in a good sound financial
18 position because our taxes, our real state estate
19 taxes, have not been raised in four years, when it
20 is entirely the opposite.

21 It is that many people who do not
22 follow municipal government as much as others, and
23 there are not that many in our town that do, do
24 not realize that the actual bond payments do not
25 kick in immediately. It takes several years.

1 So waiving the down payment, I feel
2 misrepresents to the town that this is a burden
3 that is incumbent upon them, and will be
4 compounded when the actual bond debt starts to
5 need to be collected.

6 I just feel it is not in the best
7 interests of our town to take on additional debt
8 for the Taylor Pavilion.

9 I agree with Councilman Bean, that
10 we have a Tenth Avenue Safety Building. There is
11 no one in our town, that I'm aware of, and I have
12 spoken to many, many people, that is against that
13 Tenth Avenue Safety Pavilion. We could use the
14 \$1.9 million bond we've already appropriated for
15 the construction of the beach front pavilions, and
16 we could take the \$385,000 insurance payment that
17 we received. I'm not sure where that is, but that
18 was the one building that was insured, it was the
19 Tenth Avenue building.

20 We have a \$385,000 insurance
21 payment. That certainly would suffice as a down
22 payment to start the reconstruction, in
23 conjunction with the \$1.9 million bond that we
24 have already appropriated. And we could literally
25 start, if there was an argument that the Tenth

1 Avenue Safety Building was an emergent situation.
2 Which it could not be the argument for the Taylor
3 Pavilion.

4 These two buildings need to be
5 separated and the public needs to be more formally
6 advised of these types of proceedings. Were it
7 not for a random phone call that Councilman Bean
8 made to this office yesterday on another matter,
9 we had no knowledge of that.

10 In spite of that, I believe you've
11 gotten several emails and letters -- don't know
12 if you are reading them into the record or you
13 just take them and consider them, against this.

14 One has been from the attorney
15 representing the plaintiffs with regard to
16 spending seven million dollars that Mayor Doherty
17 said was going to be completely paid for by the
18 beach utility fund.

19 By his statement, that statement
20 alone, telling the public--and, again, I have the
21 documentation where he announced and he, in fact,
22 sent out a flyer, that the bonding of \$7.5 million
23 would be paid for entirely by our beach utility
24 fund, makes me feel he does not have a clear
25 understanding of the legality surrounding the

1 beach utility fund.

2 Because in one sense he was saying
3 that he was building a catering hall. It was
4 going to be a community center. This is not the
5 purpose of the beach utility fund. The beach
6 utility fund is a specific fund. It is a flat
7 fund. What goes in needs to go out. It only is
8 to service the beaches, to maintain them, to
9 provide cleanup, areas such as providing
10 bathrooms. It is not to build a community center.

11 And had we not gone to Court to
12 stop the mayor from passing that \$7.5 million
13 bond, that would have ultimately resulted in a
14 lawsuit by visitors and tourists to our town, once
15 they realized that their beach fee was paying for
16 our community center.

17 I'm sorry I'm being so lengthy
18 here, I don't mean to. Another thing I'd like to
19 mention is that right now the beach fee that we
20 charge of seven dollars is actually under
21 scrutiny. We don't even know what's going on with
22 the beach utility fund. So to even rely on that at
23 this particular point is also a little fragile.
24 Because that's still, for whatever reasons, is
25 being scrutinized, that maybe we should not charge

1 that beach utility fund or perhaps a portion, up
2 to two percent of that beach utility fund, should
3 not be allowed to be kept by the Township to use
4 to offset the costs. So that also is a little bit
5 fragile with regard to funds coming into Belmar.

6 I simply feel that our entire
7 financial placement and budget is too fragile.
8 That there has been a black-out of information.

9 Ms. Connolly has announced to
10 several media outlets that the additional \$2
11 million above the \$4.9 million construction bid
12 that they want to award the same night that they
13 pass this ordinance, is for utility and
14 engineering costs.

15 Well, I OPRA'd that. I was told
16 that it was too vague of a request. So I don't
17 know what utility costs and/or engineering costs
18 could amount to \$2 million. But she's testifying
19 that it is for beach buildings separate and aside
20 from the pavilions. But is it for beach buildings?
21 Is it utility costs? What are those utility
22 costs? It is all very hard to verify.

23 Notwithstanding a lot of effort
24 from a lot of the town's people, we are still
25 unclear what is going on in our town.

1 What I finally want to say is that
2 I have petitions that have been signed by 540
3 people that do not want a \$7.5 million bond on
4 their backs.

5 There is a separate petition that I
6 have been asked to read, from an individual who
7 started her own. That's regarding an issue in
8 Lake Como in our town. It is called the Lake Como
9 area, but it is part of our town. There is a
10 terrible flooding problem. That needs to be
11 bonded first.

12 MR. NEFF: If I could, you're
13 getting a little off topic here. I've given you a
14 lot of leeway. I really want to hear testimony on
15 the issue of whether a down payment is appropriate
16 or not.

17 Again, this Board is not going to
18 substitute it's judgment for the local governing
19 body members as to whether or not these pavilions
20 should be rebuilt.

21 MS. DE SANCTIS: I promised this
22 woman that I would say that I'm here with a
23 petition of 276 signatures, that they want bonding
24 for the flooding to be done before the Taylor
25 Pavilion is done. Thank you so much for giving me

1 leeway. I appreciate it. I know I spoke a lot.

2 MR. NEFF: I just want to make a
3 couple of comments. One is, first, the notice for
4 this meeting, we did comply with the Open Public
5 Meeting requirements, as indicated in the
6 beginning of the meeting.

7 Additionally, I would note, we kind
8 of went above and above beyond the call of duty
9 with this. I contacted the attorney for the
10 plaintiffs who has been involved in this matter,
11 in the past to let him know as a courtesy. I
12 don't have to do it. I did it because we care. We
13 want to hear what people have to say about these
14 types of issues, in addition to calling the town
15 to let them know that we had scheduled this as
16 well.

17 The notion this is being rushed
18 through, is I think something that would be taken
19 exception to by the municipality. I never seem to
20 make anybody happy here. But this has been--was
21 proposed to us last year. We refused to hear it
22 because an audit hadn't been done and pushed it
23 back. We got a little lot of grief for that. We
24 did not hear it at our last meeting because we had
25 some quorum issues and some questions that needed

1 to be asked.

2 This is now I think the third time
3 it has been on our agenda, not the first. Both of
4 those were publicly advertised as well. So there
5 has been more than ample opportunity for people to
6 contact this Board and give their opinions. We've
7 gone above and beyond the call of duty to let
8 people know about this meeting. We've been very
9 welcoming peoples comments and testimony.

10 I also need to just address, as a
11 housecleaning matter, I did get a request from
12 somebody yesterday who suggested that I should be
13 recusing myself in this matter. I've consulted
14 with our attorneys for the state as to whether I'm
15 required to recuse myself. I'm not.

16 Frankly, I'm really not quite sure
17 what the basis of my required recusal would be.
18 It is a little hard for me to understand it.

19 I have in the past, to the extent
20 that if there were or if there were to be ethics
21 complaints involving either Councilman Bean or
22 Mayor Doherty, that I would recuse myself from
23 those, because I don't want either of those two
24 gentlemen to believe that I have a relationship
25 with the other.

1 I know that there are people in
2 town who have said, oh, Mr. Neff is friends with
3 Mr. Bean, or Mr. Neff is friends with Mr. Doherty.
4 So I recuse myself completely and totally from any
5 ethics matters, because it's their personal
6 reputations at stake and it is a very high
7 standard for me. So I recuse myself from those
8 sort of personal disputes between the two.

9 When it comes to general matters of
10 government in Belmar, I have no personal
11 relationships, as I just stated, with anybody,
12 either on the council or--I don't think I have any
13 friends left in Belmar--or enemies for that
14 matter. So I have no personal interest with
15 property or otherwise. I have no family members,
16 I have no business or anything like that. I don't
17 have anything in town.

18 So there is no need for me to
19 recuse myself in this matter and I'm not going to.
20 I just need to state that for the record. I think
21 our attorney needed to read something to that
22 effect?

23 MS. STERN: No.

24 MR. NEFF: No, okay. I just wanted
25 to reflect that. Because it is a little

1 disconcerting to me when I hear somebody
2 suggest--and I think Mr. Bean could probably
3 verify, we're not friends. We don't hang out. I
4 think this is the first time I ever met you?

5 MR. BEAN: Yeah.

6 MR. NEFF: Other than I think seeing
7 Mr. Doherty in the A&P once and maybe meeting with
8 him twice in a professional setting for the
9 municipality, I don't socialize or consider myself
10 either friends or enemies with him either. So I
11 just wanted to state that for the record.

12 Colleen, we'll give you a chance to
13 comment on some of the points that what raised by
14 Joy--and I'm sorry, what's your last name again?

15 MS. DE SANCTIS: De Sanctis.

16 MR. NEFF: De Sanctis. But I think
17 probably and Colleen will answer better, but I
18 think the earlier approval for emergencies to
19 expend-- if there was anything for the pavilions,
20 it was a different financing mechanism. This
21 would probably replace that with a long term
22 maturity as opposed to a shorter term maturity in
23 an emergency. So it's sort of a financing
24 mechanism. It is not like there is double-dipping
25 here. It's replacing how the funds are raised from

1 short term to long term under this ordinance; am I
2 correct in that?

3 MR. MC MANIMON: I'm trying to
4 verify what the \$1.9 million was used for in the
5 context of the demolition, removal and a whole
6 bunch of things related to the beach
7 replenishment.

8 As you know, when you do emergency
9 appropriations or have special emergencies, you
10 issue notes or you have bonds, when it's a capital
11 improvement replaced with a bond ordinance, which
12 is what this is.

13 MS. DE SANCTIS: This came under
14 the local bond ordinance. It was specifically for
15 the construction of the beach front pavilions.

16 MR. MC MANIMON: It was under the
17 Local Budget Law, not the Local Bond Law. The
18 Local Budget Law, as you know, is for emergency
19 appropriations, that then get funded with a bond
20 ordinance. And this isn't a duplication of money.

21 MR. NEFF: That's right. I don't
22 have any questions. Anybody else have questions
23 for Ms. De Sanctis, before we move on?

24 No, okay.

25 MR. SEEBECK: Mr. Chairman, thank

1 you very much for the opportunity to comment. You
2 were quite correct in that you fulfilled your
3 obligations in terms of open public meetings. It
4 is just sad that our administration made no effort
5 whatsoever to notify the residents of town about
6 this. Because I believe that you would have had a
7 far larger audience. In fact, I believe that many
8 residents would probably be weighing in by email,
9 because many of us have to work for a living and
10 can't expend the time.

11 Our knowledge of this meeting came
12 by a chance conversation Jim had with a member of
13 the DCA and we discovered this meeting was
14 occurring.

15 As far as my understanding of the
16 DCA's job, it is both to help administrations in
17 their operations and there is also a component of
18 the DCA's obligations that is directed toward the
19 community and being responsive to the community.

20 One thing that wasn't touched upon
21 here that I want to bring up quite specifically,
22 is the fact that many of our residents on the
23 south end of town are very concerned about
24 flooding.

25 To the point that they held a

1 meeting that the Mayor and the Borough
2 Administrator were supposed to attend to discuss
3 this issue and what was being done, or better yet
4 what was not being done about it.

5 Colleen Connolly, to her credit,
6 attended this meeting and heard these people out.
7 This is an emergency. We're heading back into
8 hurricane season in about a month. June 1st or
9 July 1st, I apologize, I don't remember the exact
10 start.

11 We had five inches of rain recently
12 in the last couple of days. One of the residents
13 in this area called me up and had pictures of a
14 bench, where the water was up to the bench. This
15 is an emergency. And this is not being addressed
16 by our administration, because the priority is on
17 these beach front amenities, not emergencies.

18 In terms of the larger scheme of
19 what is being told to this Board and what the
20 larger body of knowledge is, it should include
21 things like the fact that the people in town
22 formulated a petition in good order of over 500
23 signatures, in contesting the original designs of
24 this. For which we spent--we actually went out to
25 bid on the first jobs. We've expended hundreds of

1 thousands of dollars on these buildings already,
2 in a non-responsive manner to the residents of the
3 very community that they are intending to serve.

4 We were told by this
5 administration that ninety-two percent of the
6 usage of the Taylor Pavilion was Belmar residents,
7 therefore, it benefits Belmar. In the same breath
8 we're being told, but the beach utility will pay
9 for everything.

10 We all know via Slocum V. Belmar,
11 that we are the poster children in our community
12 of how towns cannot abuse their beach utilities
13 for their own personal benefit. So much so, that
14 upon having our duly processed and collected
15 petitions with signatures completed ignored, we
16 had to resort to litigation. That currently is
17 still open.

18 Once again, we don't know what the
19 outcome of this is going to be. The Judge may
20 very well rule in favor of Mayor Doherty and the
21 administration regarding the fact that the beach
22 front is in need of rehabilitation. In which case
23 they can do whatever they want down there. We
24 don't believe that is going to be the case. That's
25 why we took this to Court.

1 So far the early opinion from Judge
2 Lawson --

3 MR. NEFF: Can I? I think the
4 pavilions we're talking about, Fifth and Tenth,
5 are different than what's being --

6 MS. DE SANCTIS: No.

7 MR. NEFF: They would be rebuilt
8 regardless as to whether or not this was--

9 MR. SEEBECK: This is all part of
10 the litigation.

11 MR. NEFF: Give me a second here.
12 I read the Judge's decision in the first case and
13 the stay, because it impacts all sorts of
14 utilities along the Jersey Shore. So we're
15 following that and I understand that.

16 I also understand that Judge Lawson
17 reviewed the bond ordinance that is being
18 considered today and issued a note that the matter
19 before him doesn't bar that ordinance from moving
20 forward.

21 The projects that are being
22 constructed under that ordinance, I think, are
23 very public projects and are different than, I
24 think, the core of the redevelopment project
25 litigation which pertains to the prior restaurant

1 Matisse, on Thirteenth. But these two pavilions
2 that are being built, whether or not there is a
3 redevelopment--area in need of redevelopment or
4 not or not, they would be able to be developed and
5 rebuilt regardless.

6 MR. SEEBECK: Agreed. To your
7 point, the problem is that the residents of Belmar
8 need to take these actions to have some input into
9 how this is being done, how this is being
10 financed, who ultimately is going to be
11 responsible. The people in the south end of town
12 feel totally neglected.

13 I live in the north end. They call
14 it the prestigious north end. Which is kind of, to
15 me, you know, a little derogatory, because I
16 bought a \$175,000 home. The only mistake I made
17 back in 1995 was I should have knocked it down,
18 because I'm still fixing it.

19 The point is, that we believe that
20 all of this information should be included in the
21 decision made by this body, so as to be
22 responsible to all the residents of Belmar in
23 terms of potential financial liabilities that all
24 of this takes on, and the priority of those
25 financial obligations.

1 The south end of town and the
2 flooding should be addressed. The north end of
3 town where I live is being address by a \$1.2
4 million bond issue. We're now currently digging
5 along A Street to put in a pipe to alleviate
6 flooding conditions in Lake Silver.

7 Nothing is being done, nothing is
8 being proposed about the south end of town. These
9 residents want to know why we're being taken care
10 and they are not. The beach pavilions are being
11 taken care of. And they sit there thinking about
12 the fact that when we get another rainstorm,
13 another hurricane or whatever, they are going to
14 have the same thing happen to them that happened
15 the last time.

16 So in terms of FEMA and the
17 discussions of all this finance, there is a lot of
18 people in our community that are very concerned
19 about the rising debt. The fact that we're being
20 told the taxes are even and the budget is level.
21 Yet the debt keeps rising and we don't know who
22 ultimately is going to pay for that.

23 I hope this body of commissioners
24 has seen the fact that FEMA has just put out the
25 other day in the paper, notice that the audit of

1 our town may result in a loss of \$532,000 in
2 funding. Belmar is 5,700 people. \$532,000 is a
3 lot of money.

4 We have have been asking all along
5 for accountability and transparency from our
6 administration and we have gotten the runaround.

7 In fact, this meeting is the
8 quintessential example of how this type of stuff
9 is not being communicated to the taxpayers and
10 residents of Belmar, so they can understand,
11 comment and have input on the decisions.

12 I don't know what town you all
13 folks live in. I hope it's wonderful. I know that
14 in Belmar \$50 million and knowing that there are
15 other projects that need to be done, is starting
16 to raise the concerns of a lot of people, myself
17 included.

18 Many of them have told me they
19 would have loved to attend this meeting,
20 particularly the people in the south end. I said
21 no one knew about it. We just found out about it
22 last night.

23 In fact, we had a Borough Council
24 meeting cancelled at the last hour--

25 MR. NEFF: Can you get back to the

1 merits of the application. We met our public
2 responsibilities. We followed the law. And as I
3 noted, we've gone above and beyond the call of
4 duty in letting people know about this meeting
5 today.

6 There is a pretty narrow focus on
7 whether or not a waiver of down payment is
8 appropriate or not. We can have all the discussion
9 and debate we want about the Open Public Meetings
10 Act, whether or not notice was given to people,
11 but I think enough notice was given.

12 As I noted, this has been on our
13 agenda twice before, publicly noticed to the
14 newspapers. The attorney who is involved in this
15 matter has been informed of prior consideration of
16 this matter pending before the Board. There has
17 been a lot of public notice of this matter. There
18 has been plenty of opportunity for people to write
19 this Board, let us know of their concerns and
20 eventually it will be addressed.

21 I'm not going to debate that to the
22 end of the world, but get your comments back to
23 the application at hand.

24 MR. SEEBECK: Commissioner Neff, do
25 you consider this an emergency?

1 MR. NEFF: I don't consider it an
2 emergency.

3 MR. SEEBECK: Excuse me?

4 MR. NEFF: I don't consider it an
5 emergency for the purposes-- how do you define
6 "emergency"?

7 MR. SEEBECK: Because you mentioned
8 in your statement that the Board has waived the
9 down payment requirement in most Sandy-related
10 emergencies.

11 MR. NEFF: In most Sandy-related
12 reconstruction matters.

13 MR. SEEBECK: Reconstruction, okay.

14 MR. NEFF: Reconstruction, it's
15 important. I think it is important that Belmar
16 pursue reconstruction. I think you all agree.
17 You maybe disagree with different portions of it.

18 But let's move on here. Talk to
19 the merits of this application.

20 MR. SEEBECK: Okay. Then I'll sum up
21 by saying that I really believe that this
22 application, unfortunately, should be carried or
23 tabled until Belmar's finances are in better order
24 and better understood and communicated to the
25 residents of our community. Thank you.

1 MR. NEFF: If we could change roles
2 here.

3 MS. MC MANIMON: I don't want to
4 take a lot of time, because it's clear that these
5 are well intentioned individuals who disagree with
6 the way in which the people who are elected in
7 Belmar have made decisions. I don't think that's
8 the prerogative of this Board.

9 You certainly have a right to
10 consider these things, but we have a form of
11 government that elects people and they can get
12 unelected or somebody else can go in their stead.
13 But most of the comments here, I certainly don't
14 criticize any of them. I think that maybe impacts
15 on how Belmar proceeds in the future.

16 I would point out, notwithstanding
17 the size of the debt, that Belmar's debt is 1.27
18 percent and it is allowed three and a half
19 percent. This ordinance raises it to 1.72 percent
20 and they are allowed three and half percent. That
21 doesn't mean that simply because it's under the
22 allowable borrowing capacity that it should make
23 sense that they should do it. But they are not
24 exceeding by any stretch the statutory basis for
25 determining what is a reasonable amount of debt.

1 Again, it doesn't address the
2 political issues that were addressed today, which
3 I think most of them are this disagreement about
4 how the Borough is proceeding.

5 You know, we would-- if you have
6 any other-- I think the administrator is concerned
7 about some representations that were made and she
8 may want to make some comments. But I believe
9 that the request that was made here is not only
10 consistent with many another similar requests.
11 But in this particular instance, I think the
12 situation that exists in the Borough of Belmar
13 more than warrants the ability to proceed with
14 this ordinance, as the governing body choses.
15 With the suggestion that was made at the beginning
16 of this to allocate a portion of the capital
17 improvement fund for the down payment of the piece
18 that is likely to be borne by the
19 taxpayers/utility parties.

20 And all the issues about--the
21 comments made previously about the beach utility,
22 this ordinance is the product of those comments.
23 This was an ordinance that replaces the efforts
24 that were made. Whether the administration and
25 the council that voted for the revision didn't

1 want to do that or not, they did. They accepted
2 that there was an issue about it. Rather than
3 continue to pursue it in litigation, they decided
4 to go on this course rather than that course.

5 It doesn't change the fact that
6 there is going to be substantially more money
7 coming in from-- you know, I think Joy mentioned
8 about the insurance proceeds. If we had the
9 insurance proceeds we could use them for the down
10 payment and we wouldn't even have to be here. But
11 we have the FEMA money, but certainly not the
12 amount of money we are going to get. Because all
13 of those monies, if you have them in hand, can be
14 allocated to the ordinance with the down payment
15 under the Local Bond Law.

16 Since we don't have that money in
17 hand, but we will, that's the basis for the
18 request. So that's all I need to say.

19 MS. CONNOLLY: I'll just keep it
20 very, very short. I'm not an elected official.
21 I'm not running for office. This is my job. I do
22 it very deliberately and I take it very seriously.

23 I lead a team of financial
24 professionals. We have been advancing this
25 recovery effort very responsibly. In conversation

1 with the Local Finance Board, in conversation with
2 FEMA, in conversation with EDA, we pursue every
3 ounce of funding that is potentially available to
4 us and we will continue to do that.

5 I'm following the direction of my
6 mayor and council, who have authorized us to
7 rebuild. That is my job.

8 So I don't find it helpful to
9 engage in some of the political aspects of maybe
10 what was said, but if any members of the Board
11 have any questions for me or you want me to
12 clarify a point, I'll be more than happy to.

13 MS. RODRIGUEZ: I have a question,
14 the beach front utility is what it is called?

15 MS. CONNOLLY: Ah-hum.

16 MS. RODRIGUEZ: Is that an
17 autonomous entity?

18 MR. MC MANIMON: No, it's an
19 accounting. Internal utilities are an accounting.

20 MS. RODRIGUEZ: I'm hearing that
21 entity.

22 MR. MC MANIMON: It's not an
23 authority.

24 MS. RODRIGUEZ: Okay. So it's not
25 an authority.

1 MR. MC MANIMON: It is an
2 accounting vehicle internally, where you account
3 for the revenues and expenses, through the DPW.

4 MS. RODRIGUEZ: It is in the Borough
5 budget?

6 MR. MC MANIMON: It is.

7 MS. RODRIGUEZ: Ultimately the
8 Borough will be responsible for anything--

9 MR. MC MANIMON: To the extent there
10 are not revenues collected, yes.

11 MS. RODRIGUEZ: My question was that
12 and you answered it. I was thinking this was like
13 an authority or something?

14 MR. MC MANIMON: No, it is not an
15 authority. It's only an accounting.

16 MS. RODRIGUEZ: That's my only
17 question. It's an accounting, okay.

18 MR. NEFF: At the end of the day, it
19 is important for all of the Board members to know,
20 because it is going to wind up impacting all of
21 the other municipal budgets, too.

22 The case that was referenced
23 earlier is a case where plaintiff suggested that
24 the beach utility shouldn't be allowed to pull the
25 full freight for paying for these buildings

1 because they are, at least in part, more than just
2 a beach amenity. It's a community center that's
3 used in the winter time when no one is at the
4 beach.

5 So the matter is still pending
6 before the Judge. The Judge is going to determine
7 what portion of these buildings really can rightly
8 be paid for by the beach utility, which is funded
9 by the beach fees as opposed to the general fund
10 in the municipality?

11 That's an important question. For
12 the time being the municipality is moving forward
13 on the premise that, okay, we'll do this as a
14 general bond and we'll pay for it with general
15 money.

16 Getting back to the question at
17 hand, my personal belief has always been that if
18 the municipality knows that it has a liability
19 that it is going to have to pay, outside of a
20 grant, that it should make some sort of down
21 pavement for those payments that it's going to
22 experience.

23 And in this case I think that's
24 appropriate. We've generally allowed
25 municipalities to not make a down payment at all

1 with respect to Sandy reconstruction activities.
2 In some respects the municipality can say to me,
3 well, why are you treating us differently, when
4 everybody else skipped their down payment?

5 I personally don't think in this
6 case that they should be permitted to skip the
7 down payment. Because I think there is a
8 considerable liability to the municipality. That
9 the municipality should acknowledge that and begin
10 to put money down to pay for what ultimately will
11 be their portion of the project.

12 As I said earlier, I still believe
13 after this discussion that a million dollars is
14 not an unrealistic estimate as to what the
15 municipality's liability would be. It could be
16 more.

17 If FEMA comes in and says, oh, a
18 portion of this project is ineligible, for all I
19 know they will look at the engineering costs and
20 say these engineering costs were for a different
21 building and it was two stories instead of one
22 story, so we won't reimburse, I don't know. God
23 only knows what FEMA says they will or won't pay
24 for.

25 I feel sorry for Colleen and the

1 people in all of these municipalities having to
2 deal with FEMA, because they are not easy. They
3 fight for every penny they can get.

4 So it is for those reasons that
5 the recommendation would be that we approve the
6 waiver of the down payment and allow the Bond
7 Ordinance to be adopted. But condition that on
8 when the Division reviews and approves the
9 municipality's budget, to require a down payment
10 or a setting aside of \$50,000 toward paying for
11 these projects. That's my recommendation at the
12 end of the day.

13 I don't think I made anybody happy.
14 Probably the plaintiffs would like to see more--
15 the opponents would like to see more. I think the
16 town would like to see nothing. I'm sure the town
17 can probably sue me and say why did you treat us
18 differently than everybody else? The plaintiffs
19 can say why did you give an approval at all? I
20 don't know.

21 But at the end of the day, I think
22 that's a reasonable outcome for this. That would
23 be my recommendation.

24 MR. BLEE: Mr. Chairman?

25 MR. NEFF: I do want to--sorry

1 Frank, if I just could, we did have maybe three
2 emails that came in. And I did want to just read
3 them into the record.

4 MS. DE SANCTIS: Mr. Neff, can I
5 just clarify one thing?

6 MR. NEFF: Just hang on. I'm going
7 to read these emails into the record.

8 This one is from Teddy Ehmann.
9 "Dear Ms. Mc Namara. I recently found out that the
10 Local Finance board will have a special and not
11 previously announced hearing". That is incorrect,
12 it was previously announced--"just on Belmar
13 Borough's request to waive the down payment on a
14 seven million dollar bond to rebuild two pavilions
15 on the beach front. I must question what emergency
16 involving the safety and welfare of Belmar
17 residents dictates a special meeting." Actually
18 this is just a scheduled meeting. It's not
19 otherwise not being done by public notice. Which
20 is the context of what a special meeting
21 ordinarily is.

22 "When I and so many residents do
23 not see a pressing need for more municipal debt
24 and we do not have the finds, i.e, need a waiver.

25 "There are pending lawsuits, three

1 total, of which I am a plaintiff in one dealing
2 with how the bonds will be repaid. Judge Lawson,
3 Monmouth County Superior court, has yet to rule.
4 His ruling may change all future plans for
5 rebuilding the pavilions. Therefore, the Borough
6 meeting with you before a regular meeting is not
7 only premature but suspect."

8 Again, as I would note, we had a
9 letter from Judge Lawson saying that nothing
10 pending before him would obviate this Board
11 allowing this particular bond ordinance to move
12 forward.

13 "I have conflicts and cannot be
14 present at 10:00 a.m. tomorrow. Hence, I am
15 sending you this as a resident of Belmar who
16 objects. Yesterday we found out that FEMA was
17 taking back over \$500,000 for poorly and
18 inadequately documented debris removal and hauling
19 force accounts, contracted work done after
20 Hurricane Sandy. I have an accounting of almost
21 \$3.5 million bonded, approved by the LFB, for
22 Hurricane Sandy expenses that never made it to a
23 FEMA project worksheet I would be more than happy
24 to share with the Board.

25 "Finally, there is the question of

1 quorum for tomorrow's meeting." In which case he
2 raises concerns about believing that I should
3 recuse myself from the matter, which I won't.

4 Then we have an email from somebody
5 named Meaghan O'Day, who resides in Belmar.

6 She says, "I am a resident and
7 taxpayer of Belmar, New Jersey. I am writing to
8 ask you to deny the request being made by Mayor
9 Doherty for the waiver of the down payment for the
10 bond for our pavilions to be rebuilt. Many
11 residents signed a petition last year in
12 opposition to the bond. There are still major
13 flooding issues that have not been resolved that
14 we have been begging the mayor and council to
15 prioritize. With yesterday's rain and excess
16 water in our streets due to a major overhaul of
17 our underground water pipes, Lake Como, which is
18 the lake on the south end of Belmar, was spilling
19 over onto the shore of the lake. This is a great
20 concern to property owners, especially as we are
21 fast approaching hurricane season. The lake needs
22 a \$1.5 million repair job. Many residents feel
23 that this should be a priority rather than
24 pavilions, which are not a necessity. The mayor
25 will claim that the Tenth Avenue Pavilion is

1 necessary for our lifeguards and emergency
2 services. This can easily be accomplished for
3 considerably less money without a seven million
4 dollar bond that the residents will ultimately pay
5 for. Thank you for your time".

6 Finally we have an email from Ken
7 Pringle.

8 "Dear members of the Local Finance
9 Board. I am"--he's the attorney in the matters
10 pending in Court.

11 "I am writing in my capacity as a
12 longtime resident and taxpayer of the Borough of
13 Belmar, and its former mayor for more than twenty
14 years. My law firm also represents a diverse group
15 of taxpayers and beach goers who have brought
16 three lawsuits challenging the Borough's
17 designation of the boardwalk and beach area as an
18 area in need of redevelopment, and elements of the
19 Borough's plans to build two pavilions.

20 "The first of the pavilion suits
21 arose from a petition voters circulated pursuant
22 to the Local Bond Law, challenging the two
23 previous pavilion bond ordinances. These
24 ordinances authorized a combined amount of debt of
25 \$6.65 million in debt to fund the construction of

1 the two petitions. At the time of the adoption of
2 these ordinances, the pavilion proposed for Fifth
3 Avenue was designed to include a second floor that
4 would serve as a 200-seat catering facility.

5 Because of the Borough's designation of the beach
6 front as an area in need of redevelopment, the
7 mayor and council would have been able to award a
8 lease for this facility without a public bidding.

9 "The Court enjoined the Borough
10 from proceeding on those bond ordinances until
11 they were submitted to a referendum.

12 "In a second suit, captioned Wright
13 V. Belmar, we challenged Mayor Doherty's publicly
14 announced plan to finance the entire cost of the
15 proposed pavilions out of the beach utility, on
16 the ground it violated the Public Trust Doctrine
17 as annunciated by the Court in Solcum V. Belmar.
18 We also specifically challenged the Borough's plan
19 to pay for the entire \$375,000 down payment
20 required by those ordinances entirely from the
21 beach utility account. The Borough needed to use
22 beach utility funds to finance the down payment
23 because it had no funds in its general fund
24 capital account. Indeed, on September 4, 2013, the
25 mayor and council adopted an emergency

1 appropriation pursuant to NJSA 40A:4-48, to fund
2 the down payment required for Bond Ordinance
3 Number 2013-16, which funded a new Silver Lake
4 outfall pipe.

5 "Relying upon the decision in
6 *Slocum v. Belmar*, the Court agreed that the costs
7 of constructing the pavilions, one of which the
8 mayor described in flyers to residents and on
9 boardwalk banners as a community center, must be
10 allocated between the Borough's beach utility
11 account and its general fund. Monmouth County
12 Assignment Judge Lawson enjoined the Borough from
13 expending any funds from or otherwise encumbering
14 the beach utility account to pay for the
15 construction of the pavilions until further
16 allocated by the Court. The Borough has indicated
17 that it will not apply to the Court to propose an
18 allocation of the cost of construction any time
19 soon.

20 "In response to the Borough's loss
21 of those suits, the mayor and council announced
22 that the Fifth Avenue Pavilion would be reduced in
23 size to one-story. They also repealed the prior
24 bond ordinances and adopted Bond Ordinance Number
25 2014-07, which now authorizes the Borough to issue

1 seven million dollars in bonds, this time without
2 a down payment. So long as no down payment is
3 required and no costs of the bond or construction
4 are paid from the beach utility, the Borough can
5 proceed with the pavilion construction without
6 having to return before Judge Lawson for a ruling
7 on how costs should be allocated between the
8 Borough's general fund and the beach utility.

9 "Belmar's financial position is not
10 strong. In July of 2013 it applied for and
11 received a \$4.5 million FEMA Community Disaster
12 Loan, which has been divided approximately evenly
13 between the Borough's general fund and beach
14 utility funds."

15 I apologize for having to read all
16 of this, but I promised people I would.

17 "Although Mayor Doherty has
18 publicly stated that such FEMA loans are forgiven
19 ninety percent of the time, Belmar's financial
20 situation is far better than those of most
21 communities eligible for FEMA Community Disaster
22 Loans. Because Belmar has, in fact, suffered
23 little in the way of actual tax or beach revenue
24 losses, there is a high likelihood that Belmar
25 will be required to repay this loan. The mayor and

1 council are using the Community Disaster Loan fund
2 proceeds not to offset a loss in revenue, but
3 instead to cover large increases in spending while
4 not increasing taxes for four consecutive years.

5 "While keeping taxes flat is a
6 laudable goal, borrowing \$4.5 million in FEMA
7 Community Disaster Loans to do so, creates a
8 potentially enormous longer term liability in the
9 event and to the extent these loans are not
10 forgiven.

11 "The Borough's attempt this morning
12 to obtain a waiver of the down payment obligation
13 before it knows how Judge Lawson will allocate the
14 costs of the pavilion construction between the
15 general fund and the beach utility account, and
16 before the Borough knows whether and to what
17 extent the seven million dollars in new debt will
18 be offset by Sandy-related grants, is putting the
19 taxpayers at further risk.

20 "My concerns are compounded by the
21 announcement this week that the FEMA auditors have
22 challenged the Borough's request for reimbursement
23 of"--certain funds.

24 "Belmar had a very successful beach
25 season in 2013, its first summer following the

1 storm. 2014 should be even better. Even if the
2 Board approves the waiver this morning, the
3 proposed pavilions will not be constructed in time
4 to be used for any meaningful portion of this
5 summer.

6 "I urge the Board to carry the
7 Borough's request for a waiver of the down payment
8 until the Borough has obtained a determination
9 from Judge Lawson regarding the amount of this
10 additional debt that will be from the cost of the
11 construction that will be allocated to the
12 Borough's general fund obligations, and the
13 borough knows how much it will be receiving in
14 Sandy-related grants to offset the cost of these
15 projects. As the 2013 summer season demonstrated,
16 these proposed pavilions are amenities, not
17 necessities. There is simply no need to risk the
18 Borough's financial well-being until all of the
19 relevant facts relating to the actual impact these
20 costs will have on the Borough's general fund are
21 known and can be properly evaluated. Ken Pringle."

22 All of these emails have been
23 disseminated to Board members. I'm not going to
24 read them all into the record.

25 We do have one from David Schneck,

1 303 C Street, also in opposition to the matter,
2 with similar points that have been raised in the
3 prior emails.

4 Kelly Lang, at Nineteenth Avenue in
5 Belmar, raises similar objections with respect to
6 increasing debt. Actually, her comments are almost
7 identical to the one that I just announced.

8 Those are the emails that we
9 received in opposition. All of them have been
10 forwarded to all the members. With that, sorry,
11 Frank.

12 MR. BLEE: Mr. Chairman, I was going
13 to make a motion to approve.

14 MR. NEFF: See, I should have let
15 you make the motion.

16 MS. DE SANCTIS: Could I just say
17 one thing? I just misunderstood something and I
18 just want some clarification. I believe both
19 counsel and Ms. Connolly testified that they did
20 not receive the \$385,000 insurance payment. I'd
21 like them to provide testimony to that. Did you
22 get the \$385,000 payment?

23 MR. NEFF: If you can address your
24 comments to me. I'm sorry, what's your issue?

25 MS. DE SANCTIS: I'm sorry. I

1 believe they just testified they did not receive
2 the insurance reimbursement, the insurance
3 reimbursement, not FEMA. This is the insurance
4 reimbursement for the one building. It was
5 \$385,000. Ms. Connolly provided testimony earlier
6 that there would be expected reimbursement from
7 FEMA totalling \$500,000. But I believe we have
8 received that \$385,000 insurance reimbursement
9 payment.

10 MR. MC MANIMON: Let me just address
11 that.

12 MS. DE SANCTIS: I think that's
13 critical. That would pay for the down payment.

14 MR. MC MANIMON: I think it is
15 irrelevant. My comment was that if we had that, we
16 wouldn't have to be here. I don't personally know
17 whether it exists. We could apply it as the down
18 payment. It going to be used for the project
19 either way. It will reduce the bonds and notes if
20 you get the grant money.

21 The ordinance provides that any
22 grants or any monies received would be used to
23 reduce the amount of bonds or notes. So it's not a
24 relevant comment whether we have it or not.

25 MR. NEFF: I'm not going to start an

1 inquisition on whether certain insurance payments
2 have been received.

3 MS. RODRIGUEZ: That was my
4 question, it is going to be applied anyway. You
5 answered my other question, okay.

6 MR. NEFF: Any other comments
7 anybody wants to make that are directed to this
8 application before we vote?

9 (No response).

10 Okay. You had a motion?

11 MR. BLEE: Motion to approve, with
12 the provision that \$50,000 be set aside if needed
13 for future down payment.

14 MR. NEFF: In their budget.

15 MS. RODRIGUEZ: I'm going to second
16 that motion.

17 MR. NEFF: Okay. We'll take a roll
18 call.

19 MS. MC NAMARA: Mr. Neff?

20 MR. NEFF: Yes.

21 MS. MC NAMARA: Ms. Rodriguez?

22 MS. RODRIGUEZ: Yes.

23 MS. MC NAMARA: Mr. Blee?

24 MR. BLEE: Yes.

25 MS. MC NAMARA: Mr. Light?

1 MR. LIGHT: Yes.

2 MR. MC MANIMON: Thank you very
3 much.

4 MS. MC NAMARA: Thank you, Ted. We
5 need a motion to adjourn.

6 MR. BLEE: Motion to adjourn.

7 MR. NEFF: I'll second that.

8 MS. MC NAMARA: All in favor?

9 (Upon a unanimous affirmative
10 response, the matter stands adjourned at 11:43
11 a.m.).

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

2

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

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

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

20

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22

23

24 CHARLES R. SENDERS, CSR NO. 596

25 Dated: May, 13, 2014

STATE SHORTHAND REPORTING SERVICE, INC.

