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STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS
LOCAL FINANCE BOARD

* ----- *
MONTHLY MEETING AGENDA *
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Conference Room No. 129
101 South Broad Street
Trenton, New Jersey
Wednesday, July 16, 2014

TIME: 10:00 a.m.

B E F O R E: THOMAS NEFF-CHAIRMAN
IDIDA RODRIGUEZ-MEMBER
JAMIE FOX-MEMBER
TED LIGHT-MEMBER
FRANCIS BLEE-MEMBER

ALSO PRESENT:
PATRICIA MC NAMARA-EXECUTIVE SECRETARY
EMMA SALAY-DEPUTY EXECUTIVE SECRETARY

A P P E A R A N C E S:

JOHN J. HOFFMAN, ACTING ATTORNEY
GENERAL
BY: DONALD M. PALOMBI, ESQ.
Deputy Attorney General
For the Board

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STATE SHORTHAND REPORTING SERVICE, INC.

1 (Transcript of proceedings, July 16, 2014,
2 commencing at 10:29 a.m.)

3 MR. NEFF: All right. We're going
4 to get this meeting started. We have two items on
5 consent, North Wildwood City, \$10,500,000 Proposed
6 Environmental Infrastructure Trust Loan Program,
7 nonconforming maturity schedule and proposed
8 waiver of down payment.

9 Peguannock River Basin Regional
10 Sewerage Authority, \$2.7 million EIT Loan Program
11 and proposed project financing. Take a motion on
12 those two. I'll move it.

13 MR. LIGHT: I'll second it.

14 MR. NEFF: Roll call.

15 MS. MC NAMARA: Mr. Neff?

16 MR. NEFF: Yes.

17 MS. MC NAMARA: Mr. Blee?

18 Mr. BLEE: Yes.

19 MS. MC NAMARA: Mr. Fox?

20 MR. FOX: Yes.

21 MS. MC NAMARA: Mr. Light?

22 MR. LIGHT: Yes.

23 MR. NEFF: Next up is Bogota.

24 They had requested an approximately \$340,000
25 appropriation and cap waiver.

1 (Frank Di Maria, being first
2 duly sworn according to law by the Notary.)

3 MR. DI MARIA: Frank Di Maria,
4 D-i M-a-r-i-a, chief financial officer.

5 Good morning. We're back for
6 hopefully what will be the final step in this
7 process of Bogota going forward. The update since
8 our last meeting is that the cap waiver has been
9 reduced from \$340,000 down to \$200,000.

10 There is \$340,000 available in
11 cash to fund the \$200,000, so that there is no
12 question. The balance of that was moved in cap.
13 The budget is currently poised to be amended to
14 reflect the appropriation cap at the within --at
15 the maximum level within cap and also the levy cap
16 at the maximum level within cap. So that's where
17 we are.

18 MR. NEFF: Okay. For the record,
19 last month the town came before the Board in the
20 context of the application for a waiver for the
21 appropriation cap to exceed it. It was brought to
22 our attention that the municipality knowing it had
23 cap issues, went ahead and gave the police there a
24 step increase that they weren't otherwise entitled
25 to because the contract had expired. So they

1 deliberately made a bad problem worse.

2 There is a fair amount of
3 litigation which seems frivolous or inappropriate
4 and avoidable in town, which is continuing to go
5 on.

6 We had asked the municipality to
7 come back to us with a plan for what are they
8 going to do to control spending so they don't need
9 a waiver cap, to the extent they can. We had
10 received, I think, a one page list of the things
11 that the municipality was doing to try and now
12 control costs.

13 It is unfortunate that they
14 didn't do them earlier like other municipalities
15 do. But they are going to eliminate the Mayor and
16 Council's salary and wages. They are going to
17 institute a one day per week furlough for nonunion
18 white color administrative personnel. Their CFO is
19 going to assume tasks previously outsourced to the
20 auditor, the AFS, the ADS, that shouldn't have
21 been outsourced in the first place. But the ADS
22 budget, the SDS appropriation, they are going to
23 eliminate the seasonal DPW workers. They are going
24 to eliminate the senior bus driver, eliminate the
25 municipal building cleaning service. They are

1 going to have their public works department clean
2 their building instead.

3 They are going to eliminate a
4 property maintenance position and eliminate
5 non-contractual employee benefits for life
6 insurance, which saves \$100,000 this year and
7 \$150,000 next year. I'm sorry, it saves \$100,000
8 in 2014 and \$153,000 in 2015.

9 And I just personally really
10 want to vote no on this, the whole thing, just
11 because I think it is offensive. Bogota
12 essentially created their own problems and they
13 came to this Board thinking that we'll back them
14 into a corner and they'll have to approve it and
15 they'll just approve it.

16 So I'm glad that the request is
17 now down to \$200,000. But I think there is
18 probably room to find some more. So my
19 recommendation is going to be that the cap waiver
20 be approved, the \$175,000. The municipality can go
21 figure out how to come up with another \$25,000.

22 And we would condition that on
23 the municipality coming under the same oversight
24 provisions with respect to transitional aid, as
25 applied to personnel.

1 So that the municipality would
2 need the approval of the Division for any hires,
3 promotions or raises. They would also need to
4 consult with the Division at least ten days prior
5 to executing a collective bargaining agreement.

6 They would have to give us a
7 copy of what the draft agreement is, have some
8 feedback from us. Part of the reason for that is,
9 we noticed that in addition to just giving away
10 increases, that are not contractually required,
11 there is \$155,000 a year police chief in town that
12 I think has fourteen police or something like
13 that. Their Sergeants are paid \$130,000. When
14 they get overtime they are up to \$150,000 a year.

15 It is my understanding that the
16 Mayor has assigned himself an SUV as the OEM
17 coordinator, which is a rather expensive SUV. It
18 is not your typical SUV.

19 It just seems like there
20 continues to be opportunities for savings there.
21 So I don't want to go on and on ad nauseum. If
22 there is anybody else that has questions or
23 comments, I'll open it up, but I'm not supporting
24 anything that--the max I'm supporting is \$175,000
25 with the conditions that we just spoke about.

1 I know we had talked about your
2 mayor--talked to your mayor and gave him a heads
3 up. That was something that was coming down.

4 So anybody else have comments or
5 concerns on this one.

6 MR. LIGHT: I think you
7 summarized it. It puts the Board in a box. I was
8 prepared to vote no, but based on the discussions
9 with the Mayor I'd go along with the \$175,000. I
10 wouldn't want to see something like this happen
11 again, that's for sure.

12 MR. NEFF: I can promise I'll
13 never vote for another waiver increase for Bogota
14 ever again. You can take it to the bank. If I'm
15 told I'll have to I'll be absent that day or get
16 sick or something.

17 MR. LIGHT: That means the rest
18 of us have to be here, I guess.

19 MR. NEFF: I know the
20 municipality has tax appeal issues, too. So at
21 some point if this municipality comes back and
22 asks to refund tax appeals, it better com in here
23 with a plan or having tried to do anything and
24 everything they could short of coming here to ask
25 for that type of approval, as well. Because I

1 wouldn't be inclined to vote for something like
2 that either.

3 MR. FOX: My hearing is there is
4 a consensus on the \$175,000 you are proposing,
5 Ted?

6 MR. BLEE: Second.

7 MR. NEFF: There is a motion and
8 second.

9 MR. LIGHT: No, no, that's fine.

10 MR. NEFF: You made it, you
11 second it.

12 MR. FOX: It doesn't matter.

13 MR. LIGHT: Okay, I second it.

14 MR. NEFF: Take a roll call.

15 MS. MC NAMARA: Mr. Neff?

16 MR. NEFF: Yes.

17 MS. MC NAMARA: Ms. Rodriguez?

18 MS. RODRIGUEZ: Abstained.

19 MS. MC NAMARA: Mr. Blee?

20 MR. BLEE: Yes.

21 MS. MC NAMARA: Mr. Fox?

22 MR. FOX: Yes.

23 MS. MC NAMARA: Mr. Light?

24 MR. LIGHT: Yes.

25 Belleville Township, refunding

1 for tax appeals, \$1.735 million.

2 (Kevin Esposito, being first
3 duly sworn according to law by the Notary,
4 testifies under oath as follows.

5 MR. ESPOSITO: Kevin M. Esposito,
6 Township Manager.

7 MR. NEFF:

8 MR. JESSUP: Good morning. Matt
9 Jessup, counsel to the Township of Belleville. To
10 my right is Kevin Esposito, the interim Township
11 manager of the Township of Belleville.

12 This an application pursuant to
13 NJSA 40A:2-51, to authorize a Refunding Bond
14 Ordinance in the amount of \$1,735,000 to fund tax
15 appeals over a requested three year financing
16 period. Paying one third a year or \$578,000
17 approximately per year in principal, until the
18 amount is reduced to zero.

19 Belleville has been, I would
20 like to think, one of the most proactive
21 municipalities when it comes to trying to manage
22 their tax appeal issues over the years.

23 Going back to 2006 the Township
24 did a revaluation effective for 2007. Obviously,
25 as we all know, property values have continuously

1 declined since that time period.

2 In 2009 the Township went and
3 pursued the approval to do a compliance plan,
4 which eliminated approximately \$2 million in
5 likely tax appeal judgments. Recognizing that
6 still wasn't enough, in late 2009 the Township
7 instituted a voluntary assessment review program
8 that allowed residents to come in and asked to
9 have their properties basically voluntarily
10 assessed. That resulted in additional adjustments
11 to a number of property owners.

12 In 2011 the Township sought and
13 got approval to do a reassessment, which resulted
14 in about 8,000 property reductions. Again,
15 recognizing that even that wasn't enough, in 2011,
16 2012, a second compliance plan was sought by the
17 Township, approved and completed, resulting in
18 about 1,350 property reductions. And that's still
19 not being enough, in 2013 the Township again
20 sought and got approval to do a compliance plan
21 which resulted in about 1,700 line items.

22 That's six major actions taken
23 by the municipality in the last eight years. All
24 instituted at the --voluntarily by the Township.
25 They sought the approval of the County and of the

1 State Division of Taxation to do these programs.
2 They approved. I think they were encouraged that
3 the Township was looking at that.

4 Despite all of those things, the
5 Tax Courts have still awarded approximately \$1.671
6 million in tax appeal judgments to property owners
7 within the Township over the last couple of years.

8 This amount of money funded in
9 the 2014 budget, would equal an approximate \$153
10 tax increase or about close to four percent
11 increase on the average assessed value tax bill of
12 a little over \$3,900. A three year financing of
13 this amount is a \$51 tax increase to that average
14 taxpayer.

15 At this point we'll take any
16 questions you have.

17 MR. NEFF: Belleville hasn't
18 adopted their budget yet; correct.

19 MR. ESPOSITO: No, we introduced
20 it. We are waiting to see what happens here.

21 MR. NEFF: One item that is noted
22 in the staff report, is that even though the
23 emergency was past last year in the amount of, I
24 guess \$550,000, there is no appropriation this
25 year of paying down the emergency.

1 The desire is to just skip a
2 year and got to 2015 and start paying it down
3 then. I would respectfully suggest that perhaps
4 it is appropriate over a three year period to pay
5 it down and do it over three years starting in
6 2014 and not skip a year; right?

7 MR. JESSUP: The emergency
8 appropriation, the reference, which was for a
9 portion of this \$1.6 million tax appeal amount,
10 that emergency appropriation referenced the intent
11 to take out that emergency with the Refunding Bond
12 Ordinance that is before you now.

13 So that was an intention at the
14 time of the Township, to do the Refunding Bond
15 Ordinance and then pay it off over a three year
16 period.

17 MR. NEFF: Why is the
18 municipality still not able to start paying this
19 down in 2014 or am I missing something? There is
20 no ability to pay this down now?

21 MR. JESSUP: I think in addition
22 to a near two percent tax increase on the budget
23 already, there would be, obviously, an
24 additional--

25 MR. NEFF: I'd like to kind of

1 hear from the business administrator.

2 MR. ESPOSITO: If we were to do
3 that, it would cause us to exceed the cap, if we
4 were to do that for this year.

5 MR. NEFF: How big is
6 Belleville's budget?

7 MR. ESPOSITO: Just under \$60
8 million.

9 MR. NEFF: \$60 million?

10 MR. ESPOSITO: Yes.

11 MR. NEFF: You couldn't find a
12 \$150,000 in a \$60 million budget to accommodate a
13 pay down?

14 MR. JESSUP: I'm sorry, Tom, we
15 thought you were asking for a third of the full
16 \$1.6. It sounds like you are looking for a third
17 of the emergency portion or \$500,000, roughly.

18 MR. NEFF: The emergency is
19 \$550,00, but you are spreading it out over three
20 years; correct?

21 MS. MC NAMARA: The total
22 application is \$1.7 million. Part is the emergency
23 and part is this year.

24 MR. NEFF: I'm looking at East
25 Greenwich, that's why. I'm sorry, East Greenwich

1 is the next one.

2 You are looking for a third of
3 the emergency in the first year. There is no pay
4 down of the emergency in fourteen. I don't
5 understand why with a budget \$60 million you can't
6 figure out how to begin paying it down instead of
7 waiting a year.

8 MR. JESSUP: Right. If you're
9 suggesting that a third of the emergency portion
10 of the overall tax bill liability is paid in the
11 2014 budget, then it sounds like the Township
12 would amend the budget before final adoption
13 to make that happen.

14 MR. NEFF: I'm sorry, there is a
15 little confusion. The emergency that was passed
16 in 2014 was \$1.39 million --is \$1.39 million.
17 Ordinarily without coming to the Board most
18 municipalities would pay there in the next
19 budget. You are asking for some relief, which I
20 understand. I don't understand why you can't pay
21 a third of that in 2014. There has got to be a
22 way to come up with \$150,000-- I'm sorry, a third
23 of the emergency amount in a budget that's \$60
24 million, I would think.

25 MR. JESSUP: About \$450,000. It

1 doesn't put you outside the cap.

2 MR. ESPOSITO: It could probably
3 put you close to that.

4 MR. JESSUP: I think, Tom, the
5 only issue we are discussing is whether that-- it
6 is about \$450,000 then on a \$60 million budget?

7 MR. FOX: I just want to get a
8 clarification. Are we talking \$150,000 or
9 \$450,00?

10 MR. NEFF: \$450,000, I'm sorry.

11 MR. JESSUP: Right, \$450,000.

12 MR. NEFF: I mean, what's the
13 municipality's surplus, unused surplus amount?

14 MR. ESPOSITO: I don't know what
15 the unused surplus is at this time.

16 MR. JESSUP: It is probably
17 about forty dollars, forty-five dollars, to the
18 average taxpayer. If it is not, I think the issue
19 is within the cap.

20 MR. NEFF: You still do have some
21 room under the cap?

22 MR. ESPOSITO: Yes, we do.

23 MR. NEFF: How much room do you
24 have under your cap?

25 MR. ESPOSITO: I would say

1 probably about \$200,000.

2 MR. JESSUP: The current tax
3 increase is 1.82 percent.

4 MR. NEFF: I'd just like to see
5 commitment to start paying this down now instead
6 of just skipping a year.

7 MR. JESSUP: I think the Township
8 is certainly willing to make a pay down, Director,
9 within the cap, if that's something that the Board
10 will accept. Which sounds that's about \$200,000
11 plus.

12 MR. NEFF: They would have to do
13 it with the cap.

14 MS. ZAPICCHI: Director, if you
15 want me to verify that, I can go check, verify the
16 cap, do you want me to do that?

17 MR. NEFF: That's all right.
18 Why don't we just split the difference and say,
19 look, in 2014 you've got to pay at least \$250,000
20 out of your municipal budget. Whatever the
21 balance is, you can spread that over three years.

22 MS. MC NAMARA: Three more
23 years, so that's four years?

24 MR. NEFF: I'm sorry, three year
25 total?

1 MR. JESSUP: Yes, reducing by
2 \$250,000.

3 MR. NEFF: You pay \$250,000 this
4 year. Then you'll figure out the balance then.

5 MS. MC NAMARA: Then they'll
6 only have two years left.

7 MR. FOX: Second.

8 MS. MC NAMARA: Let's be clear
9 here.

10 MR. JESSUP: So if I can, I think
11 what the Director is suggesting is, the original
12 \$1.735 million would be reduced by \$250,000 in
13 2014.

14 MR. NEFF: In 2014. Then pay the
15 balance in '15 and '16.

16 MR. JESSUP: Over a two year
17 period.

18 MR. NEFF: Over a total of a
19 three year period. In '14, '15 and '16 the
20 emergency will have been eliminated, funded.

21 MR. JESSUP: So then the '15 and
22 '16 payments will be higher than if they were
23 doing a third year. They would be significantly
24 higher than the \$51.00.

25 MS. MC NAMARA: \$700,000 each

1 year.

2 MR. JESSUP: Yes, that's right.
3 So about \$75.00 a year to taxpayers.

4 MR. NEFF: Unless you would be
5 able to figure out over the next course of three
6 weeks or month as you are trying to adopt your
7 budget, how to accommodate a bigger payment than
8 the \$250,000 payment this year.

9 I don't like when people just
10 skip a year. It has got to be some payment.

11 MR. JESSUP: I understand.

12 MR. NEFF: So we have the motion.
13 Do we have a second?

14 MR. FOX: Yeah, I think, ah-hum.

15 MS. MC NAMARA: Who made that
16 motion?

17 MR. LIGHT: I thought you did.
18 I'll make the motion.

19 MR. NEFF: Jamie seconded it.
20 Now do the roll call.

21 MS. MC NAMARA: Mr. Neff?

22 MR. NEFF: Yes.

23 MS. MC NAMARA: Ms. Rodriguez?

24 MS. RODRIGUEZ: Yes.

25 MS. MC NAMARA: Mr. Blee?

1 MR. BLEE: Yes.

2 MS. MC NAMARA: Mr. Fox?

3 MR. FOX: Yes.

4 MS. MC NAMARA: Mr. Light?

5 MR. LIGHT: Yes.

6 MR. NEFF: East Greenwich.

7 (Robert Law, Sherry Tracey,
8 being first duly sworn according to law by the
9 Notary).

10 MR. LAW: Robert Law, L-a-w,
11 CFO, East Greenwich Township.

12 MS. TRACEY: Sherry Tracey,
13 financial advisor, Pheonix Advisors.

14 MR. WINITISKY: Jeff Winitisky,
15 Parker, Mc Cay, Bond Counseln.

16 Good morning. We're here this
17 morning representing the Township of East
18 Greenwich in connection with seeking approval
19 pursuant to NJSA 40A:2-51, for a Refunding Bond
20 Ordinance to refund a portion of the Township's
21 August 1st, 2014 maturing principal of its 2008
22 bonds.

23 I believe the Township has been
24 in contact with the Director about this issue.
25 The original application was for a not to exceed

1 \$550,000 Refunding Bond Ordinance. Subsequent to
2 the application, however, the Township did a
3 little bit more checking in terms of its finances
4 and realized that it does, in fact, have
5 sufficient funds to pay a portion of that
6 principal amount from existing Open Space and
7 water and sewer funds.

8 So the application would not be
9 \$550,000. Instead, it would be for, Sherry, I
10 believe it is not to exceed \$315,000, give or
11 take.

12 \$315,100 is the principal
13 amount. But with additional cost of issuance I
14 think we were looking at not to exceed \$350,000.

15 MR. WINITSKY: The Township
16 would be looking to move those payments and refund
17 it over a period of five years. Which has a net
18 decrease for 2014 and then increases of
19 about\$81.00-- excuse me a reduction in 2014 and
20 then an increase about \$13.00 in 2015 and about
21 \$21.00 annually in 2016 through 2019 to taxpayers.

22 Sherry and Bob can speak a
23 little bit more of the impact if you have any
24 questions.

25 MR. NEFF: Just to put it in

1 context, East Greenwich has a new administration;
2 right?

3 MR. WINITSKY: Correct.

4 MR. NEFF: This year. And the
5 prior administration that is no longer around had
6 spent down surplus to the point where the
7 municipality's budget was way out of balance. It
8 couldn't be balanced this year without seeking
9 some sort of assistance or flexibility. They
10 didn't ask for transitional aid, which is always
11 appreciated.

12 And it seemed like the only
13 other way that a municipality that small, that
14 size, is going to be able to balance its budget
15 was to provide for relief like this.

16 It is not good government and
17 I'll say it right up front. But it is like the
18 best bad government, that option that exists and
19 otherwise balances its budget.

20 So it looks like something
21 that's necessary to get the budget done. And
22 hopefully between now and when you would adopt the
23 budget maybe you'd find ways that you don't have
24 to do this entire amount. If you can't, at least
25 you'd have the option to do it.

1 That's why the Division has been
2 supportive of this. It keeps the municipality out
3 of the Transitional Aid Program and it puts them
4 on a path to otherwise get their budget to where
5 it will be sustainable without coming to the Board
6 for additional aid.

7 MR. LIGHT: It will be over a
8 period of five years?

9 MR. NEFF: It would be over a
10 period of five years. It would have a net present
11 value loss of, I think, seven percent, five
12 percent?

13 MS. TRACEY: Five percent.

14 MR. WINITSKY: Five.

15 MR. NEFF: Five percent. That's
16 why it's not necessarily good government. It
17 helps them, addresses their own problems on their
18 own without asking for special funds.

19 MR. LIGHT: I'll move the
20 application.

21 MR. BLEE: Second.

22 MR. NEFF: Roll call.

23 MS. MC NAMARA: Mr. Neff?

24 MR. NEFF: Yes.

25 MS. MC NAMARA: Ms. Rodriguez?

1 MS. RODRIGUEZ: Yes.

2 MS. MC NAMARA: Mr. Blee?

3 MR. BLEE: Yes.

4 MS. MC NAMARA: Mr. Fox?

5 MR. FOX: Yes.

6 MS. MC NAMARA: Mr. Light?

7 MR. LIGHT: Yes.

8 MR. NEFF: Thank you very much.

9 MR. NEFF: Next up is West New
10 York.

11 Can I ask, is there anybody from
12 West New York who wanted testify on this other
13 than people from West New York?

14 (No response).

15 Okay.

16 MR. MAYER: Good morning.

17 MR. NEFF: Can I help you on this
18 one?

19 MR. MAYER: You can. This is
20 Marge Cerrone, the CFO.

21 MS. CERRONE: Good morning.

22 MR. MAYER: Bill Mayer with De
23 Cotiis, Fitzpatrick & Cole. Director, if you'd
24 like to take-over, you can?

25 MR. NEFF: Yeah. I think we can

1 speed this one up. Ordinarily the Board would vote
2 on a Qualified Bond Ordinance on consent for a
3 municipality if it's just routine and ordinary
4 types of capital repairs, coverage to pay the
5 debt.

6 In this case there is-- the only
7 reason this item wasn't on consent was because
8 things are very volatile in West New York from a
9 political prospective. We though maybe somebody
10 would want an opportunity to come in here and
11 testify. Since there is not we don't need to
12 belabor the point.

13 All this is, is a Qualified Bond
14 Ordinance for \$275,390 for road improvements and
15 \$380,000 for various capital improvements, routine
16 capital type improvements. They have the aid
17 coverage to make debt payments under the Qualified
18 Bond program. So unless there is something else
19 you want to add, you can?

20 MR. MAYER: We can talk our way
21 out of this very quickly.

22 MR. NEFF: As the Chairman of the
23 Budget Committee used to say, you are winning,
24 just be quiet.

25 MR. BLEE: Motion to approve.

1 MS. RODRIGUEZ: Second.

2 MR. NEFF: Roll call.

3 MS. MC NAMARA: Mr. Neff?

4 MR. NEFF: Yes.

5 MS. MC NAMARA: Ms. Rodriguez?

6 MS. RODRIGUEZ: Yes.

7 MS. MC NAMARA: Mr. Blee?

8 MR. BLEE: Yes.

9 MS. MC NAMARA: Mr. Light?

10 MR. LIGHT: I've got to think
11 about this--yes.

12 MR. MAYER: Thank you very much.

13 MR. NEFF: Next up is Somerset
14 County Improvement Authority--oh, I'm sorry, West
15 New York Parking Authority.

16 There is nobody here on this
17 issue here from the public; right?

18 (No response).

19 (Jamie Cryan, Dennis Enright,
20 being first duly sworn by the Notary)

21 MR. MC MANIMON: Ed Mc Manimon,
22 Mc Manimon, Scotland & Baumann, bond counsel. We
23 also have Jamie Cryan, who is the Executive
24 Director of the Authority and Dennis Enright, who
25 serves as the underwriter for the refunding.

1 Do you want a presentation or--
2 I know this is a refunding for present value
3 savings that meets all the guidelines.

4 It is an authority so you don't
5 put them on the consent agenda. But it meets all
6 of the Local Finance Board guidelines. If you'd
7 like testimony we'd be happy to give it.

8 MR. NEFF: Again, this is one of
9 those items that would have gone on consent. It
10 is level savings?

11 MR. CRYAN: Yes.

12 MR. NEFF: It is present value
13 savings of more than three percent. Again, it is
14 something that we had not on consent, only because
15 I didn't know whether someone would want to come
16 in and testify. So we didn't want somebody not
17 here from the Town.

18 MR. BLEE: Motion to approve.

19 MS. RODRIGUEZ: Second.

20 MR. NEFF: Roll call.

21 MS. MC NAMARA: Mr. Neff?

22 MR. NEFF: Yes.

23 MS. MC NAMARA: Ms. Rodriguez?

24 MS. RODRIGUEZ: Yes.

25 MS. MC NAMARA: Mr. Blee?

1 MR. BLEE: Yes.

2 MS. MC NAMARA: Mr. Light?

3 MR. LIGHT: Yes.

4 MR. NEFF: Next up is Somerset
5 County Improvement Authority.

6 (Dennis Enright and Arthur
7 Powell, being first duly sworn according to law by
8 the Notary).

9

10 MR. ENRIGHT: Dennis Enright.

11 MR. POWELL: Arthur Powell,
12 Financial Advisor to the Improvement Authority.

13 MR. NEFF: Do you want to give a
14 one minute overview?

15 MR. JESSUP: Yeah. Can I take the
16 Ed approach?

17 MR. NEFF: If you can just give
18 the one minute version of the refunding request?

19 MR. JESSUP: Absolutely. Matt
20 Jessup, Mc Manimon, Scotland & Baumann, bond
21 counsel. Art Powell and Dennis Enright are at the
22 table as well.

23 This is an Improvement Authority
24 Debt Savings Refunding, in the amount of not to
25 exceed \$8.7 million. It's a essentially a two

1 series transaction, all being issued at the same
2 time for two different purposes. Both series
3 independently have a three percent present value
4 savings. The savings are level in every year. The
5 maturities are not being extended in any way.
6 That's it.

7 MR. NEFF: Very simple and
8 straight forward.

9 MR. LIGHT: I'll move the
10 application.

11 MS. RODRIGUEZ: I'll second it.

12 MR. NEFF: Roll call.

13 MS. MC NAMARA: Mr. Neff?

14 MR. NEFF: Yes.

15 MS. MC NAMARA: Ms. Rodriguez?

16 MS. RODRIGUEZ: Yes.

17 MS. MC NAMARA: Mr. Blee?

18 MR. BLEE: Yes.

19 MS. MC NAMARA: Mr. Fox?

20 MR. FOX: Yes.

21 MS. MC NAMARA: Mr. Light?

22 MR. LIGHT: Yes.

23 MR. JESSUP: Thank you.

24 MR. NEFF: Next up is the Union
25 County Improvement Authority.

1 (Dennis Enright and Dan
2 Sullivan, being first duly sworn according to law
3 by the Notary).

4 MR. SULLIVAN: Good morning. I'm
5 Dan Sullivan. I'm the interim Executive Director
6 of the Union County Improvement authority. To my
7 left John Hudak is Bond Counsel to the Authority.
8 To my right Dennis Enright you already know, who
9 is the underwriter for this refunding.

10 MR. NEFF: Is there anyone from
11 Union County who would want to speak on this other
12 than the applicants?

13 (No response).

14 Then I think I can probably help
15 expedite this one, too. This is just something
16 that had been approved for refunding, I think last
17 year or two ago --

18 MR. HUDAK: 2012.

19 MR. NEFF: --by the Board. They
20 couldn't do the refunding at three percent present
21 value savings. Now they need to come back to the
22 Board to able to still have the authority to do
23 the refunding in the event they can't get three
24 percent value savings, and I think you can now.
25 So that's why they are here.

1 We approved this once before.
2 It is just a garden variety refunding. Again, the
3 only reason it wasn't on consent is because Union
4 County, like West New York, tends to have a lot of
5 drama associated with what goes on up there. So we
6 put this on with regards to people who would want
7 to come in and testify about this, but they are
8 not here. I think I can expedite this one.

9 MS. RODRIGUEZ: I'll move it.

10 MR. BLEE: Second.

11 MR. NEFF: I've never been
12 involved in any drama. Roll call.

13 MS. MC NAMARA: Mr. Neff?

14 MR. NEFF: Yes.

15 MS. MC NAMARA: Ms. Rodriguez?

16 MS. RODRIGUEZ: Yes.

17 MS. MC NAMARA: Mr. Blee?

18 MR. BLEE: Yes.

19 MS. MC NAMARA: Mr. Fox?

20 MR. FOX: Yes.

21 MS. MC NAMARA: Mr. Light?

22 MR. LIGHT: Yes.

23 MR. NEFF: Middlesex County is
24 deferred until next month. Next up is Lower--
25 hang on just one second, Lower takes up time.

1 MR. LIGHT: Washington Township?

2 MR. NEFF: Washington Township
3 Fire District Number One.

4 (Everett John Hoffman, being
5 first duly sworn according to law by the Notary).

6 MR. HOFFMAN: Everett John
7 Hoffman. I'm the Fire Chief, Washington Township
8 Fire District.

9 MR. NEFF: You want to give a two
10 minute version of this?

11 MR. HOFFMAN: I'm sorry. You
12 said you wanted to give a two minute --

13 MR. NEFF: If you can give a two
14 minute version. I would if I could, but I can't.

15 MR. HOFFMAN: We're seeking
16 approval for an application for financing for
17 \$184,973.54 for and SCVA replacement project which
18 was approved by voter consent in our 2012 Fire
19 District Election.

20 I know there was a package that
21 was sent. We were-- looking Don Huber was trying
22 to get us through on consent approval. Not all
23 the documents came through or were sent up
24 completed. I think the one thing that he
25 indicated to me that you were missing was the

1 application certification by Board of Fire
2 Commissioners. I have that with me here.

3 I tried to get it before this
4 meeting convened but that was not possible, so
5 whoever I would need to submit that to.

6 I'm available to answer any
7 particular questions. The original project as we
8 were looking at it in 2012, was for \$550,000 to
9 finance. And as it turned out, in 2013 we were
10 awarded a grant for \$463,169 from the Federal Fire
11 Grant. And several changes occurred.

12 A generation, if you will, in
13 self-contained breathing apparatus that came
14 through, causing the cost that we originally to be
15 a little bit higher.

16 The total pricing was-- I
17 didn't write that down, actually. But it's the
18 combination of \$463,169 and \$184,973.54.

19 MR. NEFF: So it is a relatively
20 small purchase for things you need for safety of
21 firemen?

22 MR. HOFFMAN: That's correct.

23 MR. NEFF: Can you explain how
24 you did the bids for this?

25 MR. HOFFMAN: It was a State

1 contract?

2 MR. NEFF: State contract.

3 MR. HOFFMAN: I have the State
4 contract number, A-80961.

5 MR. NEFF: Okay. On the
6 financing side, how did you go about finding the
7 financing for it?

8 MR. HOFFMAN: That's one of those
9 things that caused us a little bit of agita in
10 trying to get here today. Our business
11 administrator has been suspended pending
12 termination from our fire district.

13 I know there were several
14 finance companies that were contacted. And one
15 that we have used before in the past was had a
16 very low interest rate. That's who we secured an
17 financing with. But I don't have the details on
18 that since had she is no longer with us.

19 MR. NEFF: The rate is what?

20 MR. HOFFMAN: Two point
21 something.

22 MR. NEFF: Over how long a
23 period?

24 MR. HOFFMAN: A five year
25 period, two point something. And the only--the

1 main reason this wasn't on consent, there were
2 still some outstanding mostly technical issues.
3 We're not going to hold something like this up.

4 MR. HOFFMAN: If there are some
5 technical questions other than the financing part,
6 I probably can answer them.

7 MR. HOFFMAN: If you can't today
8 that's fine. I think what we can do is approve
9 this, conditioned on getting this information.

10 One is to provide the name of
11 the newspaper and the date the public question was
12 advertised.

13 MR. HOFFMAN: That was the
14 Gloucester County Times. I don't have the date.

15 MR. NEFF: Right. If you get us
16 the date?

17 MR. HOFFMAN: I thought that we
18 had provided that much information to Don Huber, I
19 think Friday of last week.

20 MR. NEFF: Okay. If you can
21 share with Don, who are the other lenders who were
22 solicited?

23 MR. HOFFMAN: Okay.

24 MR. NEFF: If you can't find it
25 because you don't know because the BA is gone who

1 used to be there, so be it. But you might want to
2 then just check around see if you can find any
3 other rate?

4 MR. HOFFMAN: Understood.

5 MR. NEFF: Finally I guess we
6 need the LOSAP, the financial statement?

7 MR. HOFFMAN: We just received
8 that. We have that audit and we can submit that.
9 You need a copy or the full registered document?

10 MR. NEFF: We need a copy of the
11 full submittal.

12 MR. HOFFMAN: Okay.

13 MR. NEFF: If you just get those
14 things to Don. We would-- I think I would make
15 the motion to approve this conditioned on us
16 receiving that information to complete the record.

17 MS. RODRIGUEZ: Second.

18 MR. NEFF: We have a motion and a
19 second. Roll call.

20 MS. MC NAMARA: Mr. Neff?

21 MR. NEFF: Yes.

22 MS. MC NAMARA: Ms. Rodriguez?

23 MS. RODRIGUEZ: Yes.

24 MS. MC NAMARA: Mr. Blee?

25 MR. BLEE: Yes.

1 MS. MC NAMARA: Mr. Fox?

2 MR. FOX: Yes.

3 MS. MC NAMARA: Mr. Light?

4 MR. LIGHT: Yes.

5 MR. NEFF: Thanks.

6 MR. HOFFMAN: Thank you very
7 much.

8 MR. NEFF: We're going to go a
9 little bit out of order. Can I ask Robury
10 Township/ Mount Arlington Borough applicants to
11 come forward if they are here?

12 (Pause in proceedings).

13 They just got here, so we'll
14 come back to it. I thought it was an easy, fast
15 one.

16 I think what's remaining on the
17 agenda may take a little bit of time.

18 Is there anybody here who wants
19 to testify in opposition to the Roxbury
20 Township/Mount Arlington Borough application?

21 (No Response).

22 I certainly want to give you the
23 opportunity to speak and get sworn in if you want
24 to, but I think this is going to be relatively
25 quick and I think you are going to have approval,

1 probably. But if you want to say a few brings
2 things you are more than welcome to.

3 (Chris Rodgers, Nancy Abselon,
4 being first duly sworn according to law by the
5 Notary).

6 MR. RODGERS: Chris Rodgers,
7 Roxbury Taxpayers Association.

8 MS. ABSELON: Nancy Abselon,
9 Mount Arlington Taxpayers Association.

10 MR. NEFF: If you want to say a
11 word or two you certainly can.

12 MS. ABSELON: I look forward to
13 approval.

14 MR. NEFF: There was testimony
15 last month, I read the transcript and reviewed the
16 matter. I think one of the only outstanding
17 issues with respect to the application, is the
18 legal question as to whether or not the petition
19 signatures were valid. There were some people who
20 were saying they wanted to remove their names from
21 the petition.

22 We had consulted the Attorney
23 General's office on the matter. There is no
24 precedence for allowing people to sign a petition
25 and then later take their name off. Otherwise it

1 would make it impossible and be never ending where
2 people get signatures, they sign them. When they
3 sign them they should know what they were signing
4 or have every reason to know. That's not an
5 impediment. There is not opposition expressed
6 before the Board.

7 With that I make the motion to
8 approve it.

9 MS. RODRIGUEZ: I'll second.

10 MR. NEFF: Take a roll call.

11 MS. MC NAMARA: Mr. Neff?

12 MR. NEFF: Yes.

13 MS. MC NAMARA: Ms. Rodriguez?

14 MS. RODRIGUEZ: Yes.

15 MS. MC NAMARA: Mr. Blee?

16 MR. BLEE: Yes.

17 MS. MC NAMARA: Mr. Fox?

18 MR. FOX: Yes.

19 MS. MC NAMARA: Mr. Light?

20 MR. LIGHT: Yes.

21 MR. NEFF: Good luck.

22 MS. ABSELON: Thank you. Have a
23 great day.

24 MR. NEFF: Let's go back to Lower
25 Township.

1 (Gary Douglas, Michael Voll,
2 Lauren Read, Robert Swartz, Ron Gelzunas, being
3 first duly sworn according to law by the Notary).

4 MR. DOUGLAS: Gary Douglas.

5 MR. VOLL: Michael Voll, V-o-l-l.

6 MR. SWARTZ: S-w-a-r-t-z.

7 MR. GELZUNAS: Ron Gelzunas,
8 G-e-l-z-u-n-a-s.

9 MR. WINITSKY: Jeffrey Winitzky,
10 Parker, Mc Cay, bond counsel.

11 MR. NEFF: Okay.

12 MR. WINITSKY: Good morning. We
13 are here today on behalf of the Township of Lower
14 seeking approval from the Local Finance Board
15 pursuant to 40A:51-20, to finally adopt an
16 ordinance to dissolve the Lower Township Municipal
17 Utilities Authority.

18 As part of the application we
19 are also seeking approval to deduct from gross
20 debt any of the obligations to be assumed by the
21 Township.

22 As the Board is aware, for the
23 purposes of dissolving a Municipal Utilities
24 Authority, you adopt an Ordinance to do so. Prior
25 to doing so you seek approval of the Local Finance

1 Board, upon a finding that the ordinance makes
2 adequate provision for the payment of all
3 creditors and obligees of the MUA. And that
4 adequate provision is made for the assumption by
5 the Township of those services that were
6 previously provided by the MUA, which are
7 necessary for the health, safety and welfare of
8 the residents of the Township.

9 We believe that the Township
10 satisfies both prongs of the statute. Specifically
11 the Ordinance dissolving the authority was
12 adopted on June 2nd, which includes specific
13 provisions for the payments of all obligees and
14 creditors of the MUA.

15 To do so the Township is going
16 to create its own water and sewer utility, which
17 it presently does not have. The Township
18 representatives can speak a little bit more about
19 how that's going to be constituted, but we'll get
20 to that a little bit later.

21 For the purposes of what they
22 are actually going to be assuming by way of
23 obligations and the like, they have got existing,
24 sort of--I'll call them day to day contracts
25 related to materials, supplies, third party

1 vendors and the like. They've got a land-lease
2 with the Delaware River Bay Authority. They've got
3 a couple of settlements with the Cape May MUA.
4 They have some retiree health care benefits from
5 MUA employees, nine employees in particular, in
6 the approximate amount of \$200,000.

7 And they have got uncompensated
8 absences worth about \$200,000 which we hope to
9 renegotiate upon dissolution, assumption by the
10 Township.

11 I would also add that the
12 Township, as I mentioned up front, is going to
13 assume the outstanding indebtedness of the MUA,
14 which is about \$17,800,000.

15 For purposes of making the
16 determination as to whether to assume in lieu of
17 refund or refinance, the Township engaged the
18 services Pheonix Advisors. I believe a copy of
19 that analysis is included in the application in
20 front of you.

21 That analysis essentially
22 concluded that refinancing or refunding those
23 bonds in lieu of assumption, would actually cost
24 the Township about a million and a half dollars.
25 So it obviously makes more sense to assume rather

1 than refund.

2 In accordance with the statute
3 the Township adopted a resolution that confirmed
4 those findings. So we've got that element
5 satisfied as well.

6 Due to the creation of the water
7 and sewer utility, debt service on those bonds
8 will be paid exclusively through that utility
9 rather than through the general funds of the
10 Township.

11 We believe based on preliminary
12 analysis that have been done, that that debtor
13 will be self-liquidating immediately based on the
14 budgets that we've seen from the MUA.

15 The Township has also prepared
16 an interim budget from the date of dissolution to
17 the end of fiscal 2014, which likewise shows that
18 it will be self-liquidating. We have no reason to
19 believe that it wouldn't be going forward.

20 I would also like to just state
21 that upon assumption, we don't expect any rate
22 increases. We can let Mike Voll speak to that and
23 a couple of the members of the Town sort of speak
24 to that just a little more clearly. I just wanted
25 to sort of get that out front.

1 I also want to mention that,
2 obviously, because the MUA debt was issued by the
3 MUA, a separate entity, there is a bond
4 resolution that exists.

5 The Township has every intention
6 of honoring all of the covenants, warranties and
7 representations, related to the use of money, debt
8 service reserve funds and the like going forward.

9 Obviously, we can't legally
10 unwind that. We have no intention of pulling
11 funds that we're not otherwise entitled to. To the
12 extent that any funds are released from that
13 indenture or bond resolution, the new utility
14 expects to keep it within the utility and not back
15 to the Township's general capital capital fund or
16 otherwise. Principally to keep the rate exactly
17 where it is and hopefully lower as we go forward.

18 The other thing is, the
19 assumption of the debt we do not expect to have
20 any negative rating impact on the Township. This
21 is basically a net zero to the Township, because
22 this is self-liquidating. So we don't expect any
23 rating action action based on assuming this debt.

24 That's the first part of the
25 statute relative to the assumption of obligations

1 and liabilities.

2 The second part is whether or
3 not the Township has done everything it needs to
4 do to assume the water and sewer services
5 previously provided by the MUA.

6 What the Township intends to do
7 for this purpose, and, in fact already has
8 drafted the co-provisions to incorporate in it's
9 own code to create what they are calling the
10 Division of Water and Sewer utility within their
11 existing Township Public Works Department. What
12 they intend to do, despite some comments to the
13 contrary, they are going to hire almost everybody
14 who works for the MUA, other than sort of some
15 duplicative positions, principal clerical and
16 administrator. Because the Township has their own
17 folks in-house that, obviously, generates some
18 savings right up front.

19 Sort of the--I'll call them the
20 blue collar workers, those who are out on the
21 lines and the like, are all going to be rehired by
22 the Township, with the same salaries, doing the
23 same jobs and the like.

24 One of the other things they
25 intend to do is, obviously, I think the acting ED

1 for the MUA, is there an expectation I think to
2 have--

3 MR. VOLL: He's coming with us.
4 He is the supervisor for Sewer and Water.

5 MR. WINITSKY: He'll essentially
6 be running the new department. So there is a
7 seamless transition in that respect, which is good
8 for everybody at the end of the day.

9 When they do assume some of the
10 services, functions and employees, there is,
11 obviously, cost savings with respect to the
12 duplicative employees that won't be there. There
13 are a couple of employees who are retiring, just
14 through attrition. So there are some savings.

15 There is no expected salary cuts
16 relative to anybody coming over the salary
17 structure the MUA. It is very similar, almost
18 identical to the Township's salary structure. The
19 Township can speak to that a little more clearly.

20 In terms of actual services,
21 because we're hiring almost everybody from the
22 MUA, we don't expect any interruption in how
23 things are done, billing, service and the like.

24 We've got representatives who
25 can speak a little bit more about how that

1 transition is going to occur. But we expect it to
2 be absolutely seamless. Essentially, the
3 consolidation of functions, the elimination of
4 duplicative positions, it's ultimately cost
5 savings positive. That's principally why we're
6 here.

7 So the benefits here--and Robert
8 Moore, who prepared an analysis which is included
9 in your application, at least on its face from
10 looking at it, indicates at least \$900,000
11 annually, principally in salary reductions,
12 reductions in pensions, reductions in duplicative
13 fees, auditing, legal fees and the like.

14 Then some of the things that
15 they outsource now, that the MUA outsources, we're
16 going to bring in-house. So there are some
17 savings there, in the hundreds of thousands of
18 dollars, to bring that in-house. We think that's
19 an excellent mechanism by which to consolidate
20 services and save taxpayers some money at the end
21 of the day.

22 So we believe that through sort
23 of the, I would say, the efforts of the Township
24 to sort of get ahead of this, do everything that
25 they need to do to put it together, to do it

1 seamlessly, that we clearly satisfy both prongs of
2 the statutes, for which we can obtain approval for
3 final adoption of the Ordinance.

4 We also understand that there
5 are parties here in opposition to this application
6 today. We understand MUA folks are a little
7 nervous and upset that their entity may be going
8 away. We certainly respect that.

9 We believe some of the things
10 that have been out there in the press and the
11 like, are either incorrect or immaterial really to
12 the Board's decision whether or not we're legally
13 permitted to do so. We believe we are based on
14 the and circumstances presented to you today.

15 There are specific
16 representations that were made. I think Mike
17 Voll, who is the Township Manager, would like to
18 speak to that, just to sort of get ahead of some
19 of the representations that may or may not be
20 made. We'd like to sort of defend ourselves ahead
21 of time, if that makes sense.

22 Before we do that, is there any
23 questions that the Board has specifically?

24 MR. NEFF: I have one quick
25 question. Is Lower a Civil Service municipality?

1 MR. VOLL: Yes, we are.

2 MR. NEFF: MUA is not?

3 MR. VOLL: MUA is Civil Service.

4 MR. NEFF: It is Civil Service
5 also.

6 MR. VOLL: It will be a smooth
7 transition within our ranks.

8 MR. NEFF: I wasn't sure if one
9 was Civil Service and the other wasn't. That's all
10 I have. Anybody else?

11 MR. LIGHT: We did receive that
12 one email from resident who objected. Is it true
13 that one-third of the Township doesn't receive
14 sewer or water services? Does that mean they are
15 wells and septic. Is that true?

16 MR. VOLL: There is another
17 portion of the Township that's not in the 208
18 plan. Which the commissioners are probably
19 familiar with where we run sewer collection and
20 water.

21 That there is a plan for another
22 USDA loan that we'll work on to try to extend
23 those areas that have been approved for 208.

24 MR. NEFF: That would provide
25 water as well as sewer?

1 MR. VOLL: Yes, sir.

2 MR. LIGHT: They would be
3 required to connect?

4 MR. VOLL: Yes, sir. We have an
5 Ordinance with mandatory hookup.

6 MR. LIGHT: What's your timing
7 on that?

8 MR. VOLL: I can't really give
9 you an honest answer.

10 MR. LIGHT: Within five years.

11 MR. VOLL: Within five years I
12 would hope, yes, sir.

13 It will be a seamless
14 transition. There was a lot of propaganda put out
15 by the opposition trying to threaten the
16 employees. As a matter of fact, they met with the
17 employees and then we met with the employees. I
18 met with the employees with all of my key
19 components, my labor attorney, my Public Works
20 Director. Who else? We had our Human Resources
21 person there, answered all their questions.

22 MR. LIGHT: What is your
23 position?

24 MR. VOLL: I'm the Township
25 Manager, I'm sorry, sir. I met with them and

1 eased all their nerves. I said look guys, you
2 know, it is in the budget. It is going to be
3 coming over. We're going to blend you right in
4 with our work force, with the Civil Service
5 titles. At the end of the day, if you are
6 satisfied with all the questions about benefits
7 that all of our employees get --as a matter of
8 fact we have a better plan in some areas, we shook
9 hands and they were satisfied.

10 MR. LIGHT: What are the
11 oppositions then as you see them?

12 MR. VOLL: We are looking at a
13 minimum of a million dollar savings. The only
14 opposition is that-- I don't know if you are
15 familiar with reading the papers. The current
16 Executive Director is under investigation by the
17 County Prosecutor's Office. The Office Manager--
18 five top administrative positions retired,
19 resigned, whatever.

20 We're just taking all the blue
21 collar workers, making a seamless transition. We
22 have all the administrators in place, the CFO,
23 Purchasing Agent, all the things in local
24 government that we have. We have a regular 168
25 employees. We're talking about fourteen and a

1 half--when I say a half, fourteen full-time and a
2 part employee coming over. You'll be eliminating
3 the five commissioners, that only get a stipend
4 each month.

5 So it is going to be basically a
6 seamless--the people in town applaud the idea of
7 savings at least a million dollars. We haven't
8 quantified all the equipment and the land.

9 Then a bigger picture, the
10 Public Works Director can talk if he wants to.
11 Sewer and water will come under him as all of his
12 other services do.

13 We'll take our Public Works
14 facility at another location, bring it over to the
15 MUA facility and merge everything under one shelf
16 and sell that property. It's assessed at a little
17 less than a million dollars right now and return
18 that back to the taxpayers also. So it is a win,
19 win, win.

20 MR. LIGHT: The savings of a
21 million dollars doesn't necessarily mean a
22 reduction in taxes, but it means a reduction in the
23 burden for the future?

24 MR. VOLL: It is stabilizing the
25 ratepayers. It will stabilize the ratepayers of

1 any increases in the very near future.

2 As you are aware it will be
3 dedicated--even in the Ordinance, the Council went
4 as far to put wording in there. Ron Gelzunas is
5 our attorney.

6 MR. GELZUNAS: Township
7 Solicitor. We did put a provision in the Ordinance
8 that requires revenue generated from sewer and
9 water fees to put in a dedicated fund. It is not
10 to be expended on any other purpose than in
11 connection with water and sewer.

12 Just to-- I know you asked the
13 question, Mr. Light, concerning who--he is the
14 Township Manager. Lower Township is a
15 Council-Manager form of government under the
16 Falkner Act.

17 Mr. Voll is what, in effect, is
18 the chief operating officer of the municipality.
19 He will be a level of-- top level of supervision
20 of the new Sewer and Water Division within the
21 Department of Public Works. Then you have a
22 Director of Public Works, Mr. Douglas.

23 There are multiple layers of
24 supervision over this new division.

25 MR. VOLL: We have about 160

1 full-time employees. So we're going to transition,
2 blend them right in with our current employees. We
3 will have a bigger work force.

4 If we have emergency situations
5 between all the people, it will be under the
6 direction of Mr. Douglas. We can get those tasks
7 done quicker. Of course, whatever is the utility
8 piece will be charged to the utility account and
9 the rest will be charged out of our general funds.
10 So it is a seamless transition. Yes, ma'am.

11 MS. RODRIGUEZ: Yes. You stated
12 before that the sale of the real property, that
13 would also be included into the Township budget?

14 MR. VOLL: We would sell the--are
15 you talking about selling the current--

16 MS. RODRIGUEZ: Upon--

17 MR. VOLL: Yes. And then
18 transition them over to the MUA property, once we
19 take them over. This way we have all of our
20 equipment one place. Whatever job has to be done
21 within the thirty-two square mile municipality we
22 can get it done under the direction of Mr.
23 Douglas.

24 MR. WINITSKY: To answer your
25 direct question, what are the oppositions, there

1 were statements about salary cuts. We addressed
2 that there won't be any salary cuts.

3 MR. VOLL: It was propaganda. I
4 don't want to bore you.

5 MR. WINITSKY: There is a laundry
6 list of the kinds of things. Most of which or all
7 of which we disagree with.

8 MR. VOLL: They were all false.

9 MR. WINITSKY: Rate hikes. We
10 don't expect any rate hikes. How they bill and
11 experience, on and on, all of which we believe
12 were just --

13 MR. LIGHT: That there would be a
14 loss of jobs?

15 MR. WINITSKY: Of course.

16 MR. VOLL: There were threats
17 that that they would lose their jobs or their
18 salaries would be cut by \$10,000. That is not
19 true.

20 MR. LIGHT: What is population?

21 MR. VOLL: We're
22 thirty-two--23,000 residents, thirty-two square
23 miles. We're the largest community in Cape May
24 County year round.

25 MR. WINITSKY: We understand, as

1 I said, the MUA has retained counsel. They are
2 going to make a few remarks. Will we have a chance
3 to rebut or is it just simply let them make
4 their--

5 MR. NEFF: We'll see what they
6 say.

7 MR. VOLL: Also for the record,
8 our Mayor is here, Mayor Beck.

9 MR. NEFF: We intend to, just for
10 today, this is to be testimony from everybody.
11 If there are legal issues raised, our DAG will
12 review it. We'll probably be back to vote on that
13 next month.

14 If there were questions that
15 come up we'll try and figure out how to resolve
16 them. I think probably most people on this Board
17 are in the pre-disposition of-- most--a lot of
18 municipalities can provide the services in-house
19 through a utility without a separate authority
20 with another governmental agency if they are
21 inclined to do so. We have to statutorily make
22 sure that the service will be provided, with the
23 liability being covered by the town. That sounds
24 like it is going to be able to be met. But we'll
25 hear from the other folks, too.

1 Is there anything else that you
2 want to testify to before we bring them up?

3 MR. VOLL: No, Mr. Chairman.
4 We've had a lot of public support. Even the local
5 regional paper, the Atlantic City Press, came out
6 with an editorial endorsing it. The other local
7 papers have endorsed it. It is just the right
8 thing to do.

9 We've had a lot controversy over
10 the last eleven months from investigations going
11 on at that facility, where commissioners,
12 employees, begged the Council, and they gagged
13 themselves for months, the Council, when they were
14 coming in and asking for help. Look into the
15 place. Something is going on illegal down there,
16 this, that and the other thing.

17 Until finally, Council in closed
18 session, all five Councilmen authorized me to do
19 an investigation. That's when I started the
20 investigation, hired an independent auditor to do
21 it.

22 I was shocked. I thought we
23 were going to save a few hundred. We are looking
24 at least at a million dollars in savings.

25 MR. WINITSKY: Thank you. We

1 appreciate your consideration.

2 MR. VOLL: Thank you
3 commissioners.

4 (Steven Testa, being first duly
5 sworn according to law by the Notary).

6 MR. TESTA: I'm Steven Testa,
7 Financial Consultant for the Authority.

8 MR. BARNES: Jeffrey Barnes,
9 B-a-r-n-e-s, attorney.

10 MR. FEARON: I'm Jim Fearon,
11 Gluck, Walrath. We are special counsel to the MUA.

12 Thank you for hearing us. Let
13 me begin by saying I do not read the newspapers in
14 Cape May County. My remarks are prepared based
15 upon review of the application, review of the
16 statutory criteria, review of the audits and
17 budgets of the MUA, and my discussions with the
18 client.

19 So I hope you will find these
20 comments helpful. That they will present a
21 different point of view. We certainly are opposed
22 to the dissolution, because we think that the MUA
23 is an efficient service provider.

24 Mostly, as you will hear from my
25 comments, we believe that the savings are grossly

1 overstated. And that there is room for doubt on
2 the part of this Board that adequate provision is
3 being made both for the rights of obligees and for
4 the assumption of services.

5 It would then, of course, be up
6 to you to determine whether or not we've instilled
7 in this Board enough concern that some of the
8 stated objectives have been achieved and that some
9 of the prospective advantages of dissolution have
10 been proven.

11 So with that background I just
12 want to say that we're dealing with this in a
13 non-adversarial way, even though it's by nature
14 adversarial. We just trying to illuminate the
15 Board from our prospective.

16 The application states that the
17 dissolution will be bring about three results;
18 significant annual savings of at least a million
19 dollars on a recurring basis. That's been stated
20 twice again today. Operational efficiencies and
21 relief to local residents.

22 The MUA believes that the
23 projected savings were vastly overstated. That
24 additional efficiencies are modest and can be
25 accomplished through less drastic means, such as

1 shared services arrangements. And that dissolution
2 can actually result in long term harm to the
3 ratepayers of the MUA.

4 We agree with Jeff's summary of
5 the basis of the Board's review, that you are to
6 ensure adequate provision for the payment of
7 creditors and obligees and that you are to ensure
8 adequate provision for the assumption of the MUA's
9 services.

10 As stated, the obligations of
11 the MUA include include \$17.9 million of bonded
12 debt. Let's stop there for a moment. The Bond
13 Ordinance to assume the debt has been passed on a
14 three to two vote on introduction. It is apparent
15 that if it retains that three to two vote on final
16 adoption, that it will fail, under the Local Bond
17 Law.

18 I believe that will end this
19 process. Because without the assumption of the
20 debt or the refunding of the debtor, which as we
21 testified would cost a million and a half more,
22 that would be-- the debt would not be provided
23 for.

24 So I believe one element of your
25 review should be that any approval that you give

1 should be expressly conditioned upon the passage
2 of an ordinance that would provide for that debt.
3 Then, again, from our prospective, that isn't
4 there right now.

5 Third party contracts exist. We
6 assume that any third party consents that those
7 assumptions will occur in due course. We have no
8 reason to doubt that. There is ongoing retiree
9 health benefits.

10 Then there is \$200,000 in
11 required employee compensated absence payouts.
12 What that is, is because all of the MUA employees
13 are being terminated, they are entitled to unused
14 vacation pay on termination.

15 Now, the Township has indicated
16 in its application that it will attempt to
17 negotiate these amounts with the new employees who
18 previously worked with the Authority.

19 That sounds like as a condition
20 to employing these employees, they will be asking
21 them to forego their contractual entitlements.
22 Which by the terms of their contract they are
23 entitled to be paid when they are released from
24 the MUA.

25 So putting aside the question of

1 whether the Township's employee union would agree
2 to have special rules for the transferred
3 employees, this Board should consider whether it
4 is sound public policy to permit the Township to
5 pressure employees to negotiate away their rights
6 in order to avoid making a \$200,000 payment.

7 So because we have doubt over
8 the assumption of the debt and because we have
9 doubt over the Township's intentions with respect
10 to payment of the \$200,000 due to the employees on
11 termination, we feel that there is doubt as to
12 whether or not that adequate provision for the
13 rights of obligees has been provided for that's
14 our first prong.

15 Secondly the Authority needs--
16 the Board needs to be convinced that the services
17 will continue to be provided. We have no quarrel
18 with the legal and administrative procedure that
19 has been undertaken to create a department to
20 establish a rate base, to put the necessary code
21 provisions. All of those things are quite
22 properly done.

23 However, a couple of points that
24 we think you should consider as part of your
25 analysis first.

1 While the MUA has an excellent
2 record of customer service and in promptly
3 responding to service outages and incidents, and
4 is will regarded by the USDA, which has provided
5 low cost financing for several of its projects,
6 the Township has no track record of providing
7 retail utility service and has had difficulty
8 meeting its obligations with respect to similar
9 services, such as collection of vegetative waste
10 and maintenance and repair of storm sewers.

11 Second, the proposed budget that
12 was included in the application omitted ten
13 contract part-time meter readers, which are
14 essential to the billing process. They were a
15 line item in the auditor's report of \$71,000 that
16 was omitted. While, in fact, there are, I believe
17 22,000 sewer accounts and 9,300 water accounts.
18 These meters need to be read.

19 So these part-time meter readers
20 are essential to the billing process. And to omit
21 them from a plan going forward, we think reflects
22 less than a full understanding of the system's
23 operation's needs.

24 Third, the Township has asserted
25 that incorporating into the Township's billing

1 cycles the two billing cycles associated with
2 water and sewer, would not create any staffing
3 difficulties at the Township, which currently
4 sends out its municipal tax bills.

5 We think that that should be
6 taken with a grain of salt. Because if a tripling
7 the number of bills is going to not result in any
8 staffing increases, then it either is reflective
9 of current over staffing or its just not right.
10 That there inevitably some additional staffing to
11 take into account the new billing cycles.

12 So, again, in broad overview, we
13 think there is grounds for you to doubt whether
14 adequate provision for the continuation of the
15 service has been demonstrated in fact, as opposed
16 to merely by implementation of a doe provision.

17 In a moment I'll discuss how
18 dissolution may also be expected to lead to future
19 rate increases, which also bears upon quality of
20 continued service.

21 First I'd like to drill down on
22 the three results that the Township claimed will
23 be achieved by dissolving the MUA.

24 First and foremost we go back to
25 the one million dollar recurring annual savings.

1 Now, we are heard that practically everyone will
2 be transferred over from the MUA to the Township.
3 We've also heard, but there will be a million
4 dollars of savings. That doesn't make sense.
5 They are inconsistent statements.

6 We encourage the Board to
7 compare schedule one from the accountants' report,
8 which is part of your application, which computes
9 the million dollar savings, with Exhibit D, which
10 is the Township's own report indicating which
11 employees will be transferred over.

12 Using those numbers that are in
13 the accountants' report here's what we find.
14 \$444,000, roughly, relates to reduced employee and
15 benefit costs for administration. But if you look
16 at Exhibit D, you'll see that it related
17 predominantly to the elimination of three senior
18 level positions. But all of these positions have
19 since become vacant through resignation or
20 retirements, with the duties permanently
21 reassigned to other positions.

22 The other element is the
23 elimination of the MUA's Board members, which is
24 total of \$100 per meeting. So it is \$6,000 total.

25 For your information, the

1 Executive Director's duties have been assumed by
2 the water/sewer superintendent. Which we've heard
3 before just now, is a position that the Township
4 intends to retain.

5 And the duties of the office
6 supervisor and technical assistant MIS, have been
7 reassigned to the account check, also a position
8 that the Township intends to retain, with some
9 outsourcing of MIS.

10 The MUA estimates that the
11 annual cost of future MIS outsourcing required by
12 these respective staff reductions, will be about
13 \$15,000. The MUA also recently authorized the
14 hiring of two part-time clerks to assist the
15 account clerk, whose responsibilities have greatly
16 increased because of the other eliminated
17 positions. The MUA estimates that the annual cost
18 of the part-time clerk positions that would be
19 needed, to be \$40,000.

20 So assuming for the sake of
21 argument that the MIS outsourcing and the
22 part-time clerk positions would not be required on
23 dissolution because Township resources would be
24 adequate to cover it, then that would yield just
25 \$55,000 in annual savings, not the four-hundred

1 odd thousand. Together with the \$6,000 annual
2 Board members salaries, we believe that the total
3 cost of administration savings would be just
4 \$61,000, again, not \$440,000.

5 All the other savings have
6 already been implemented by the MUA, and,
7 therefore, cannot be considered a benefit
8 resulting from dissolution. Note also, that all
9 but the MUA Board members salaries, all but the
10 \$6,000 of that \$61,000, can also be saved by the
11 MUA if it is not dissolved, through entering into
12 shared services arrangements with the Township. A
13 less drastic alternative to dissolution, yet one
14 that will be really effective.

15 The second category that was in
16 that million dollars, was \$333,000, roughly,
17 relating to reduced employee and benefit costs for
18 operations. Again, if you look at Exhibit D, it
19 reveals that only two positions will be
20 eliminated. Their incumbents have already retired.
21 Again, the MUA has no plans to refill such
22 positions.

23 There really isn't any savings
24 from operations to be achieved as a result of the
25 proposed dissolution.

1 You already heard that all of
2 the line employees are going to be brought in with
3 no increase or decrease in salary. Again, that's
4 \$333,000 that we don't see.

5 Third, \$182,000, roughly,
6 relates to eliminated expenses for billing and
7 collections and for bookkeeping, purchasing and
8 human resources. So the billing and collections
9 we have discussed already. That's \$71,000,
10 \$72,000 for the ten outsourced part-time meter
11 readers, who we believe the Township would need to
12 use, just as the MUA has used, for actual meter
13 readings, since we have 93,00 water and 23,000
14 sewer accounts to read.

15 The \$110,000 for bookkeeping,
16 purchasing and human resources, is actually for
17 financial and accounting services. And we think
18 is over stated by thirty percent, because the
19 actual amount that has ever been incurred for
20 these services has never exceeded \$77,000.

21 The MUA concedes that such
22 services might be absorbed by the Township's
23 finance department. So a more accurate savings
24 amount for this category category would be
25 \$77,000, not the \$181,000 that was stated.

1 Again, in lieu of a dissolution
2 a part of that \$77,000 expense could also be saved
3 by the MUA if it stayed in existence, if there
4 were a shared services agreement with the
5 Township.

6 Finally, \$32,000 of the million
7 dollars savings relates to reduced legal and audit
8 costs. The audit savings are based on the
9 conversion from Gap to what's considered the less
10 expensive State of New Jersey Regulatory Basis
11 Presentation.

12 However, under the continuing
13 disclosure undertakings of the MUA and upon
14 assumption the Township would be bound by, the
15 financial disclosure on an ongoing basis would
16 either have to be continued to be prepared under
17 Gap, or there would have to be a detailed
18 explanation of the impact in change in
19 presentation, perhaps accompanied by a
20 reconciliation to Gap.

21 Basically we think then that the
22 savings associated with the change of financial
23 accounting is not going to be as great as
24 indicated, the elimination of the per meeting
25 attorney charge of \$17,000 is fine. But we

1 believe that the combined valid number for this
2 category to be \$25,000 rather than \$32,000.

3 When you add up what we've gone
4 through, of the asserted savings of over a million
5 dollars, the MUA believes that in the absence of a
6 shared services agreement, that no more than
7 \$163,000 in annual cost savings could be achieved
8 as a result of the dissolution, with the vast bulk
9 of the Township's projected savings having already
10 been implemented by the MUA through permanent
11 down-sizing of five full-time positions.

12 So against these modest annual
13 savings must be count the cost to the MUA's
14 customers of losing the benefit of a focused Board
15 responsive to their concerns, as well as several
16 other direct financial costs of dissolution,
17 which are alluded to in the application.

18 First, although that section of
19 the application was not completed, the auditor
20 estimated that the cost of professionals in
21 connection with application to be \$60,000.

22 The MUA feels this number is
23 probably understated, as there will likely be a
24 host of contracting, labor, accounting, regulatory
25 and conveyance convey at work at both the Township

1 and MUA levels, involved in the actual transition
2 process between now and December 1st.

3 The MUA believes a \$100,000 to
4 be a more accurate and probably conservative
5 estimate of these expenses. We believe this Board
6 should request a detailed report of these expenses
7 before you reach a decision next month.

8 Second, the Township
9 acknowledges in Exhibit D that it will incur a
10 cost of \$9,600 to consolidate its billing software
11 for both the tax office and the water/sewer
12 operations.

13 Then finally, as we noted
14 before, the Township should be required to honor
15 the MUA's severance obligations to its current
16 employees for unused vacation time, which the
17 Township and its auditor have each estimated at
18 \$200,000.

19 So it appears that in order to
20 achieve overtime savings of \$163,000 annually, the
21 Township is prepared to pay at least \$310,00 in up
22 front expenses. This does make a compelling
23 financial case for dissolution.

24 Had a refunding bond
25 applications been presented to this Board that

1 showed annual savings of \$163,000 and cost of
2 issuance of \$310,000, one might wonder whether
3 this Board would approve it.

4 Now, as this Board knows, the
5 MUA has the power, upon the Township's request, to
6 transfer up to five percent of its operating
7 expenses to the Township subject to bondholder
8 covenants.

9 With operating expenses of just
10 over \$9 million, the MUA could pay over \$450,000
11 annually to the Township from its unrestricted
12 surplus, if it were asked. That's over two and a
13 half times the plausible savings from dissolving
14 the MUA.

15 So what then could be
16 motivating the Township to abolish an efficient
17 service provider? Of course, local politics might
18 play a part, as might local reaction to the
19 lawsuit by several MUA employees alleging a
20 hostile work environment, caused by one of the
21 MUA's former executive directors, as briefly
22 mentioned.

23 But the MUA suspects that the
24 Township's real motivation is to take control of
25 the MUA's unrestricted surplus.

1 It should be noted that the MUA
2 has not had a rate increase since 2010. This is
3 largely because of the professional management of
4 its staff, but it is also a function of the MUA's
5 ability to dedicate surplus cash both to new
6 capital projects, reducing the need to bond for
7 them and to rate stabilization, which is paying
8 operating expenses.

9 In its current budget, the MUA
10 has dedicated almost \$1.6 million to rate
11 stabilization. In effect staving off user fee
12 increases of roughly \$45 per customer on the water
13 side, and roughly \$50 per customer on the sewer
14 side.

15 It should be noted that the MUA
16 currently serves only a portion of the Township,
17 as we discussed a moment ago. The water system
18 serves approximately forty percent of the
19 Township's households, while the sewer system
20 serves approximately eight percent of the
21 Township's households.

22 A substantial part of the
23 population is, therefore, not served by either one
24 or both of these systems. There are also a
25 handful of customers in adjoining municipalities.

1 Finally, it should be noted that
2 the MUA's net position against surplus, and in
3 particular its unrestricted surplus, has been
4 growing in recent years. The MUA's current
5 unrestricted surplus is approximately \$6.1
6 million. This amount has been accumulated from
7 user fees paid over the decades and, as noted, the
8 MUA has used these amounts to make capital
9 improvements and to hold the line on rate
10 increases.

11 The MUA suspects that the
12 Township's real motivation in seeking to dissolve
13 the MUA may be to gain access to the MUA's
14 unrestricted surplus and to use it to help balance
15 the Township's operating budget.

16 While we recognize that this
17 Board has jurisdiction over both the Township and
18 the MUA, we have requested that the Board remain
19 aware that its role here is to determine whether
20 adequate provision has been made for the provision
21 of service to the users of the water and sewer
22 systems, and not whether this dissolution will be
23 in the overall financial interest of the Township.

24 Now, I'll mention that we heard
25 that one of Ordinances provided that ongoing

1 revenues will be dedicated to the water and sewer
2 system. But no mentions is made as to the existing
3 surplus.

4 So presumably the existing
5 surplus would not be so limited under the
6 Township's plans. So this needs to be
7 highlighted, because there is a significant
8 variance between the rate base and the tax base,
9 as we mentioned before.

10 Over the decades ratepayers had
11 paid into the water and sewer systems and in
12 recent years have begun to realize benefits
13 through fewer bond issues and stable rates.

14 If as a result of dissolution
15 the Town were able to seize the MUA's accumulated
16 surplus, the result would be to unfairly
17 subsidize the taxes of residents who have not paid
18 into the system.

19 In future years the absence of
20 that surplus would result in higher user rates and
21 more frequent use of bonds, instead of a pay as
22 you go for capital projects, as they have been
23 doing.

24 Should the Board approve this
25 dissolution, the MUA requests that its ratepayers

1 be protected from the result--from this result, by
2 conditioning the approval upon the township using
3 all acquired assets, specifically the accumulated
4 position solely for the benefit the rate base.
5 Except to the extent of the permitted, under
6 separate statute, five percent annual out flow of
7 Authority to municipality transfers. We think that
8 is state public policy and is appropriate.

9 As to the Township's other two
10 claims, the dissolution would bring about
11 operational efficiencies and relief to local
12 residents, we reiterate that the Township's actual
13 plan as contained in the application, is mindful
14 that all proposed staff reductions have already
15 taken place. It fails to demonstrate any
16 meaningful efficiencies, other than the potential
17 \$163,000 in annual cost savings. Much of which
18 can be achieved without dissolution, through
19 shared services, for instance.

20 The application does also
21 contain certain speculated savings dealing with
22 combined delinquent bill mailings, combining the
23 online billing features and such. But there were
24 no dollar amounts listed and it was really
25 speculative.

1 To be clear, if we are right
2 about \$163,000 being the amount, that amounts to
3 five dollars per user account per year, that's the
4 savings.

5 Lastly, we'd like to just
6 reiterate that the Township's objectives, being
7 they creating efficiencies or receiving a
8 reasonable cash infusion, can be achieved
9 respectfully, through enhanced use of shared
10 services agreements and by requesting a five
11 percent cash transfer as permitted by statute.

12 The Governor has urged that
13 municipalities cope with their budgeted tax caps
14 in part by entering into shared services
15 arrangements wherever possible. Would it be
16 appropriate for this Board to bypass that cost
17 savings option by going to the much more
18 disruptive dissolution route?

19 Those were my remarks. I don't
20 know if my colleagues have anything else to say,
21 but, obviously, we'll be happy to answers any
22 questions you may have.

23 MR. LIGHT: I have a question.
24 First of all, have you submitted this to the--

25 MR. FEARON: I have copies I can

1 present.

2 MR. NEFF: The answer is no.

3 MR. FEARON: I was typing it this
4 morning.

5 MR. LIGHT: I'm not young as I
6 used to be, when I can digest this relatively
7 fast. I'm sure these younger people can digest it
8 somewhat faster.

9 I think it was very unfair for
10 the number of pages that you had read, I assume
11 you will give copies to the Director so we'll be
12 able to take a look at them?

13 MR. FEARON: Yes.

14 MR. LIGHT: One of the things
15 that stood out was that you was talked about
16 almost \$18 million, \$17.9 million in bonded debt.
17 You said that ordinance was introduced by three
18 over two. In other words, five council or
19 committee people, whatever they call it,
20 apparently on introduction, had voted for it.

21 MR. FEARON: Yes.

22 MR. LIGHT: Whereas, it requires
23 two thirds for final.

24 MR. FEARON: Yes.

25 MR. LIGHT: So it would require

1 four out of the five.

2 MR. FEARON: Correct.

3 MR. LIGHT: All of what we are
4 listening to is really moot, depending on when is
5 that scheduled for the final adoption?

6 MR. FEARON: Well, I believe it
7 was published for a public hearing next week. I
8 don't know whether there are plans to continue
9 that.

10 MR. WINITSKY: Obviously, we
11 won't do anything until the Board has approved the
12 final document.

13 MR. LIGHT: I don't know why the
14 Board should approve it if it is going to be
15 killed by not being able to have the debt service
16 transferred over.

17 MR. NEFF: When we're done with
18 these folks who are testifying, I'm going to ask
19 the applicant if they could come back up and
20 address a couple of those issues. These folks
21 can't really speak to that.

22 MR. LIGHT: Let me ask just one
23 other question if I may. With all the information
24 that you presented, you have not come to the
25 conclusion that it is going to be costly to make

1 the change. That there will still be savings, but
2 the savings will not be as great as what you think
3 the Township is claiming they will be?

4 MR. FEARON: That's correct.

5 MR. LIGHT: In other words you
6 are talking maybe \$160,000 and they are talking
7 about a million dollars. Is that correct, did I
8 understand that correctly?

9 MR. FEARON: Yes, it is correct.
10 I don't think it would be fair to say that we
11 believe that there are savings by retaining the
12 MUA.

13 MR. LIGHT: If you can give
14 copies to the Director, so we can get copies?

15 MR. FEARON: Absolutely.

16 MR. LIGHT: That's all at this
17 time.

18 MR. FEARON: I think to
19 follow-up, I do have copies that we can give to
20 the Board members now through the secretary.

21 The point that we were trying to
22 make is that adequate provision, which is your
23 statutory guide star, which we do not dispute,
24 needs to be judged on the basis of the provision
25 for the bonds, which is in question, and the

1 provision for the employee contractual
2 entitlements, which is also, I believe, in
3 question.

4 That provision of future service
5 should be viewed with the guide star of, is as a
6 result of this dissolution, the dissipation of the
7 accumulated surplus of the MUA to the Township's
8 tax base, going to result in higher rates for
9 users? Is that an equitable result that you want
10 to occur?

11 I think those were the points we
12 were trying to make.

13 MR. LIGHT: I understand that.

14 MR. FEARON: But I believe to the
15 extent that the applicant has twice recited today
16 that there will be a million dollars in savings, I
17 think we had the opportunity and, really, the
18 obligation to rebut it, with the math that we
19 think is more accurate.

20 MR. LIGHT: I don't have any
21 further questions.

22 MR. NEFF: Ms. Rodriguez?

23 MS. RODRIGUEZ: No. I think my
24 question were answered.

25 MR. NEFF: As I think I stated,

1 we are not likely to vote on this today. We'll
2 hear-- we'll digest what we've heard. Hopefully
3 we would get something in writing.

4 MR. FEARON: I'll give this to
5 you.

6 MR. NEFF: It is a little
7 disingenuous for an application to be sitting out
8 this long, this issue floating out for as long as
9 it has and we have received absolutely nothing in
10 writing people who opposed it.

11 With that said, that's fine. It
12 came in at the last minute and raised issues.
13 We'll look at them over the next--the course of
14 the next thirty days and we'll come back and
15 consider this in August.

16 MR. FEARON: Mr. Chairman--

17 MR. LIGHT: I do also want to
18 say--I listened for fifteen minutes and now I'd
19 like to say something. I did hear some
20 suggestions about motivation, what's the real
21 motivation for doing this?

22 I suppose they can sit up at the
23 table and say maybe the real motivation for being
24 here is to protect contracts, patronage, jobs or
25 whatever might come out of their mouth. I don't

1 know that this is necessarily helpful.

2 This Board has really two
3 functions, to make sure that the liabilities are
4 going to be covered if the dissolution moves
5 forward. We're going to focus on that and not
6 some of these side issues.

7 We're here to make sure that the
8 services continue to be provided just as they are
9 by many, many municipalities that don't have
10 authorities to provide these types of services
11 throughout the state.

12 So those are the things that
13 we'll look at.

14 MR. FEARON: Thank you.

15 MR. LIGHT: This whole issue,
16 whether it saves money or not, my gut tells me
17 that it will probably save money. I wouldn't be
18 surprised that it saves more than what's been
19 suggested, but maybe it doesn't, I don't know. But
20 that's not one of our roles to determine whether
21 it saves money or not.

22 There certainly has been a good
23 faith effort by the applicant to determine that it
24 would save money. Their numbers have been shared
25 openly. And they seem to make sense to our

1 auditor who reviewed them and didn't necessarily
2 question them.

3 With that said we've seen
4 nothing in writing, except for some last minute
5 discussion of math. Again, that's not our
6 function to make that determination. But, you
7 know, with that said we'll review what you submit
8 in writing with respect to the numbers that you
9 just provided. We'll go back and review the
10 testimony more closely and discuss some of these
11 issues before we vote on it next month, if we're
12 ready to vote for it next month.

13 I really think--you know, we
14 heard a lot. We've got a couple of other
15 applications that are on this agenda. What I'm
16 going to suggest is that if you have additional
17 comments that you would like to provide, provide
18 them in writing over the course of the next three
19 weeks. We'll make it a part of the record and
20 review it. We'll back next month.

21 I did want to give-- for a
22 second, I'd like to allow the applicant to come up
23 to address some of the issues that were raised
24 here.

25 MR. WINITSKY: If I may--Mike,

1 if you want to come up. If I may, briefly, I'd
2 like to point out we have not seen this statement,
3 this report, other than this morning. We did not
4 know that it existed.

5 We don't know the numbers are.
6 There was a lot thrown at us. You can do the math
7 any way you want to. But we disagree with whatever
8 numbers they have come up with. This was a well
9 thought out process with an independent auditor.

10 As you mentioned, your auditor
11 himself reviewed it and didn't see anything that
12 was glaringly odd. Obviously, none of us can
13 predict the exact dollar amounts, but we believe
14 there are savings to be had.

15 I think, Director, you made a
16 very good statement that the purpose of the Board
17 here is to follow the statute. The statute is very
18 clear, as long as we are able to pay obligees,
19 obligations, creditors and the like, that we are
20 able to provide services, then the Board is
21 obligated to vote yes.

22 At the end of the day we believe
23 we've shown through our application and our
24 testimony that we satisfied both of those.
25 Whether the number is \$1,700,000, \$2 million, at

1 the end of the day, while important it is not the
2 leading factor for the purposes of the Board's
3 consideration. We hope that you remember that
4 going forward.

5 Obviously, with some of the
6 complaints that were made, we very much disagree.
7 There was a lot of attention paid to the fact that
8 we're attempting to raid the surplus of the MUA.

9 As we stated earlier in our
10 application, we're not going to do that. Any
11 money that's in there now, it's either locked up
12 in bond covenants. And to the extent that it's
13 released, we're going keep it in the water and
14 sewer utility for the purposes of maintaining
15 rates. So any statements to the contrary that
16 we're going to increase rates is false.

17 We have no intention of doing
18 that. The more money that is released the better
19 it is ratepayers.

20 A lot of attention was paid to
21 the Township's not able to assume these services.
22 And Director, you said it very clearly, most
23 municipalities do this on their own. Obviously,
24 there will be some bumps in the road, of course.
25 But we're hiring fourteen of the existing MUA

1 employees to solve that problem, to make that
2 transition seamless. Yes, we need some software
3 and we need some learning curve to get up to
4 speed, of course.

5 We have a very well run
6 Township. The Township manager is at the helm.
7 We're bringing over the acting ED to make that
8 transition even better. He knows how to run an
9 MUA and run a water and sewer utility.

10 That's why we're doing it.
11 We're doing it specifically to avoid all of those
12 pitfalls. There was some attention paid to
13 retirees and uncompensated absences.

14 Our savings include paying the
15 full Board uncompensated absences. We're hopeful
16 that we can negotiate those amounts. But if we
17 don't, there is still savings to be had.

18 Some attention was paid with
19 respect to savings from employees that have either
20 been fired or left. We have to assume that the
21 MUA would have replaced the employees, but they
22 didn't, for a variety of reasons.

23 We don't intend to replace them,
24 because we already have duplicative services and
25 we don't have to replace them. So there are

1 savings there. They likely would have replaced
2 them somewhere down the line.

3 Again, there were a lot of
4 points made. I don't want to beleaguer this any
5 more than already has. But I felt it necessary the
6 need to get out and say that some of these claims
7 are just false.

8 You know, the numbers are what
9 they are. Anybody can argue that this number is
10 not this and the like. We, obviously, vehemently
11 disagree.

12 We'd like if we could, between
13 now and the next meeting, we fully intend to
14 respond in writing to every claim that has been
15 made, if it is not already in our application,
16 which we believe that it is ultimately at the end
17 of the day. We'll be happy to reply to anything
18 that was presented today. Which there was quite a
19 bit that we simply weren't prepared to have to
20 respond to today.

21 Most of which was sort of mental
22 math that none of us are able to do on the spot.

23 MR. VOLL: Mr. Chairman, I know
24 you have a busy schedule. But one of the
25 commissioners had a question about the vote.

1 MR. GELZUNAS: I'd like to
2 address that. I'd also like to ask this Board not
3 to get, as the Chairman pointed out, tied up in
4 sort of these side issues. I believe one of those
5 issues is the internal politics of the Township.

6 I will point out to this Board,
7 the two council persons who voted against the
8 introduction of those ordinances-- and you are
9 only required to have a vote of three for
10 introduction, voted for this process for the
11 manager to investigate and the report that was
12 promulgated by Mr. Swartz.

13 Politicians change positions, we
14 all know that. It could be when this Board
15 renders its decision, that the winds change. I
16 know we find that shocking that the MUA finds
17 that--

18 MR. VOLL: At least they're
19 looking at the outcome of this Board for
20 direction. One of two descending votes was
21 concerned if we are bringing all of the employees
22 over. As I have testified today, I met with all
23 the employees and assured them. We shook hands on
24 the way out. So there is no question that one of
25 the councilmen will probably come over.

1 MR. WINITSKY: We ask that the
2 Board sort of not sort of legislate ahead of what
3 may happen at the local level.

4 MR. NEFF: The municipality is
5 not taking the position the position that somehow
6 the dissolution can move forward absent a bond
7 ordinance?

8 MR. WINITSKY: Absolutely not.
9 That's why we're here today.

10 MR. GELZUNAS: It's an election
11 year as well. The two council persons who voted
12 against it, their seats are up for election. So
13 there is a lot of political posturing going on. We
14 understand that and we are moving forward. And the
15 Board understands that, obviously.

16 MR. WINITSKY: On the merits we
17 believe that we satisfy the requirements. We'll
18 wait for your consideration.

19 MS. RODRIGUEZ: Aside from the
20 politics and the internal politics of the utility
21 and the Township, my concern is always drinking
22 water and waster water, you know, management and
23 getting it done properly. Ultimately your
24 constituents will suffer if it is not. He just
25 answered your question, you will be bringing in

1 the staff from the--

2 MR. VOLL: We have all the
3 license requirements, commissioner. The
4 superintendent of the sewer and water, it will be
5 seamless. We are providing good and adequate water
6 today and we're able to flush the toilets.

7 MS. RODRIGUEZ: The service to
8 me, believe it or not, is just as equally
9 important as the savings. Whether it is a million
10 or \$160,000, it is a lot of money.

11 MR. VOLL: It will be seamless,
12 commissioner.

13 MR. RODRIGUEZ: That was just my
14 concern.

15 MR. VOLL: Nothing will change
16 his paycheck.

17 MR. GALZUNAS: I can give you
18 further reassurance, the Township some time ago
19 created an in-house position for an engineer.
20 We're currently going to retain the engineer. I'm
21 sure the manager will assure you that that
22 engineer will be well qualified in these areas.

23 MR. VOLL: They already have the
24 qualifications to handle the sewer and water.

25 MR. NEFF: Just a question on the

1 ability to provide the services. You say you are
2 going to holdover essentially the rank and file of
3 the employees?

4 MR. VOLL: All the blue collars
5 that provide the every day service now, they'll be
6 there.

7 MR. NEFF: You said you have how
8 many employees in the municipality?

9 MR. VOLL: About 160 right now.

10 MR. NEFF: How many of those are
11 in the public works area?

12 MR. VOLL: Gary, how many are--

13 MR. DOUGLAS: About forty,
14 forty-five.

15 MR. NEFF: Would it be
16 unreasonable to think that perhaps that of those
17 forty employees, hopefully there are probably some
18 parts of the day every now and then when they have
19 a little bit of down time, there are employees
20 that every now and then could otherwise with their
21 down time spend that time helping--

22 MR. VOLL: Mr. Chairman,
23 absolutely, that's the plan. The utility workers
24 will be charged to the utility account.

25 MR. NEFF: Not only the

1 employees who are already there, but you will have
2 employees to be able to use their down time to
3 augment the services that will be that are being
4 provided now and will continue to be provided by
5 those people.

6 MR. VOLL: Absolutely, that's the
7 whole process. We'll be able to provide more
8 public service.

9 MR. NEFF: Anybody else have any
10 other questions?

11 (No response).

12 No. What I would ask is if there
13 are any additional information that the people
14 want to share in writing, whether it is in
15 response to one group or the other had to say, or
16 any other additional information, feel free to
17 share it in writing within the next three weeks.
18 We'll consider that at our next meeting.
19 Hopefully we will have enough information to take
20 a vote. If we don't, we'll ask for further
21 elaboration.

22 MR. GALZUNAS: Mr. Chairman,
23 would it be fair to ask the opposition in any way
24 to provide us a copy of their written submission,
25 so that we can respond to that?

1 MR. FEARON: Certainly.

2 MR. WINITSKY: We will respond
3 to that, obviously, in due course.

4 MR. VOLL: On behalf of the
5 municipality, we thank you for your time.

6 MR. NEFF: Could we ask for
7 Pomton Lakes.

8 (Andrew Brewer, Kevin Boyle,
9 Katie Cole, Robert S. Goldsmith, being first duly
10 sworn according to law by the Notary.)

11 MR. BREWER: Andrew Brewer,
12 B-r-e-w-e-r.

13 MR. BOYLE: Kevin Boyle.

14 MS. COLE: Katie Cole.

15 MR. GOLDSMITH: Robert S.
16 Goldsmith, G-o-l-d-s-m-i-t-h.

17 Thank you. We're here with an
18 application to create a redevelopment agency for
19 the Borough of Pomton Lakes.

20 Pompton Lakes is unique in the
21 sense that--and the Mayor said this very
22 eloquently at a meeting that we had with the staff
23 back in May, at the south end they had
24 extraordinary flooding issues, which have burdened
25 the municipality.

1 At the north end there was a
2 major ammunition manufacturing facility that has
3 been decommissioned and is in the process of being
4 remediated. But that has burdened governing body,
5 the mayor and staff for many years.

6 At the same time Pompton Lakes
7 has for a long time looked at the possibility of
8 redevelopment. Parenthetically, the economy has
9 resulted in a diminution in the tax base of the
10 municipality of significant impact.

11 And also, there have been a
12 purchase of some sixty or seventy homes in the
13 south end to alleviate the flooding problem. That
14 has further reduced the tax base.

15 So Pompton Lakes for more than a
16 decade, has been looking at the need and
17 desirability of redevelopment. It's governing
18 body has made a judgment that the best way to
19 effectuate that redevelopment is through an agency
20 that can focus on redevelopment, as opposed to
21 vesting that power in the governing body. Which
22 not only has the typical responsibilities of a
23 governing body such as taxes, sewer, water,
24 police, fire, neighborhood maintenance, et cetera,
25 but has the added burden of the flooding issues,

1 which has been ongoing for decades, Mayor?

2 MS. COLE: Especially since 2007.
3 We've had seven floods since 2008.

4 MR. GOLDMAN: And the ongoing
5 remediation of hundreds of acres in the north.

6 We think that the redevelopment
7 agency will also be reflective of stakeholders in
8 the municipality. I am here on behalf of the
9 Business Improvement District, which is bearing my
10 cost.

11 And the Business Improvement
12 District has contributed both in terms of time,
13 effort and money substantially to redevelopment
14 efforts they have undertaken. They have supported
15 redevelopment studies, market studies. So they
16 have born through the business community, a
17 special assessment, significant costs to support
18 redevelopment efforts.

19 If there is a redevelopment
20 agency, it will be more reflective of the
21 community than merely a governing body. It will
22 include business representations, Planning Board
23 representatives and members of the governing body.

24 We think that will keep the
25 investment by the business community engaged in

1 redevelopment efforts.

2 And the Mayor is here, the
3 Business Administrator. Andy Brewer, I guess will
4 be serving as redevelopment counsel an also
5 counsel to the Planning Board. There are other
6 representative of the counsel--no quorum, other
7 representatives of the governing body. The
8 Planning Board Chair is here.

9 So there is a great deal of
10 interest and commitment behind this effort.

11 MR. NEFF: I would just state for
12 the record that the Division had met with the
13 town several weeks ago?

14 MR. GOLDSMITH: May 27th.

15 MR. NEFF: I think at the staff
16 level we were fairly impressed with the
17 thoughtfulness that was going into this process.

18 It is not your intent to hire
19 fourteen people like the MUA that just came before
20 us; right?

21 MR. GOLDSMITH: Correct.

22 MR. NEFF: This is more of-- I
23 think it is more of an effort to ensure that the
24 leadership or the people who are otherwise making
25 the decisions about redevelopment, are vested

1 within a group of people who aren't otherwise
2 burdened with all of the other issues of the town;
3 correct?

4 MS. COLE: Correct.

5 MR. GOLDSMITH: Precisely.

6 MR. NEFF: This isn't the
7 creation of an Authority that is intended to be
8 some runaway monster with a huge staff and budget.
9 It is an effort to focus decision making.

10 I know we were comfortable with
11 it, I think at the staff level. Could you just
12 state for the record what the intent is with
13 respect to the staffing for the renewal authority
14 once it is up and running?

15 MR. GOLDSMITH: Obviously, a
16 redevelopment effort could require counsel,
17 whether it was the governing better or the agency.
18 So that's really a wash.

19 Mr. Fabrizio is the Executive
20 Director of the Business Improvement District.
21 He's being paid by the Business Improvement
22 District. I think there was some discussion of
23 maybe an additional stipend of \$300 a month for
24 him to give some additional time toward efforts at
25 redevelopment. But he's been doing that largely in

1 his function with the Business Improvement
2 District.

3 Probably an audit, because it
4 will be a separate entity. But we expect that will
5 be a limited, very limited audit.

6 MS. COLE: And a part-time
7 secretary.

8 MR. NEFF: There is into intent
9 to pay the Redevelopment Authority members?

10 MR. GOLDSMITH: That's correct.

11 MS. COLE: No. Those would be
12 volunteers.

13 MR. NEFF: Anybody else have any
14 questions, comments?

15 MR. FOX: I think it is a great
16 idea. I think it has worked in other towns very
17 effectively.

18 MR. NEFF:: I would make a
19 motion that we approve it, but condition it on an
20 ordinance containing a provision that provides
21 that authority members are not compensated, other
22 than reimbursement for costs.

23 MS. RODRIGUEZ: I'll second it.

24 MR. NEFF: Take a roll call. I'm
25 sorry, I didn't mean to cuts people off, either.

1

2

MR. GOLDSMITH: You've had a

3

long morning.

4

MR. NEFF: It is going to get

5

longer. We have a motion and a second.

6

MS. MC NAMARA: Mr. Neff?

7

MR. NEFF: Yes.

8

MS. MC NAMARA: Ms. Rodriguez?

9

MS. RODRIGUEZ: Yes.

10

MS. MC NAMARA: Mr. Blee?

11

MR. BLEE: Yes.

12

MS. MC NAMARA: Mr. Fox?

13

MR. FOX: Yes.

14

MS. MC NAMARA: Mr. Light?

15

MR. LIGHT: Yes.

16

MR. GOLDSMITH: Thank you very

17

much.

18

MR. COLE: Thank you. We

19

appreciate your time.

20

MR. NEFF: I do apologize to

21

people from Tabernacle. We're going to get to you.

22

I'm going to ask that Bridgeton Municipal Port

23

Authority come up.

24

First I think their matter is

25

going to be a little bit quicker than yours.

1 We'll try to get them out.

2 (Jack Surrency, Dale Goodreau,
3 Albert Kelly, Rebecca Bertram, being first duly
4 sworn according to law by the Notary.)

5 MR. GOODREAU: Dale Goodreau,
6 G-o-o-d-r-e-a-u.

7 MS. BERTRAM: Rebecca Bertram,
8 Solicitor for the City of Brideton.

9 MR. KELLY: Albert Kelly,
10 K-e-l-l-y.

11 MR. MC MANIMON: He's the Mayor
12 of the City of Bridgeton. Ed Mc Manimon, Mc
13 Manimon, Scotland & Baumann. We're serving in this
14 transaction as the special counsel in connection
15 with activities between the City and the Port
16 Authority involving this application.

17 We also serve as the City's bond
18 counsel.

19 MR. MARMERO: Al Marmero,
20 M-a-r-m-e-r-o, Long, Marmero & Associates. We
21 serve as special counsel for the Port Authority.

22 MR. SURRENCY: Jack Surrency,
23 S-u-r-r-e-n-c-y, Executive Director.

24 MR. MARMERO: Just by way of a
25 quick introduction, again, as I stated, I'm Al

1 Marmero, special counsel for the Port Authority.

2 We appeared before this Board
3 approximately a year ago seeking your approval for
4 the sale of a parcel of land that is subject to a
5 redevelopment agreement.

6 It's currently owned by the Port
7 Authority at that time there was some questions
8 from the Board, specifically concerning the lack
9 of audits and financial reports for a period of
10 years.

11 The Port Authority has since
12 rectified that we have submitted the required
13 audits and financial reports to you. Since that
14 time there has been some discussion, and I
15 understand there is still hesitance on the part of
16 the Board specifically regarding the debt
17 obligation of the Port Authority.

18 One of the suggestions was
19 perhaps Port Authority and the City coming
20 together on a report or some type of tangible
21 written report that you can view that talks about
22 the obligations the Port Authority had.

23 We can handle those and the
24 City's role as well. Since that time Ed Mc
25 Manimon has submitted a report which I think you

1 have, so I'll keep it quick. I'll turn it over to
2 Ed to address his report and we'll address any
3 questions you guys have.

4 MR. MC MANIMON: Thank you.
5 Following the call to us to be involved in this
6 transaction in behalf of the City, I did have
7 discussions internally with the staff.

8 We were asked to provide a
9 report that addresses the nature of the
10 obligations of the Port Authority. This
11 application is in its form a simple application,
12 asking under the statute for the approval of a
13 sale of a piece of property that has been the
14 subject of multiple years of litigation.

15 That litigation has resulted in
16 the Court determining that this property and
17 whatever liens may or may not have existed against
18 it, may be sold to the redeveloper, which was
19 designated by the City and for which there was a
20 redevelopment agreement and the authorization to
21 sell this property.

22 So under the Port Authority
23 statute they were not permitted to do that without
24 the approval of this Board. So we're asking for
25 the approval of this Board. It has gone through

1 appraisal. It has gone through a Court analysis,
2 a Court determination. And because the statute
3 doesn't permitted the Court to authorize that
4 without the approval of the Local Finance Board
5 they deferred to the Local Finance Board.

6 When this was presented, in
7 addition to the comments that Al made with regard
8 to the failure of this Port to maintain the
9 financial reports that that they are obligated by
10 statute to do, the concerns seem to be whether
11 this Port should continue to exist and operating
12 simply to be dissolved.

13 The person who holds this note
14 and mortgage and it has been sold four times--
15 four times from the original holder of the note
16 and mortgage. The note itself is the product of
17 the loan agreement. The loan agreement
18 specifically provides that the security for that
19 loan is by the Port Authority.

20 Without getting into too many
21 details, because I know the staff officer from
22 this Board who has been an auditor, is fully
23 versed in all of the background in connection with
24 this, which is reflected in this report.

25 The obligation was never an

1 obligation of the City. There was never any basis
2 for the holder of the note or the mortgage to
3 assume that this obligation would be paid by the
4 City.

5 There are a number of reasons
6 why. The City of Bridgeton is not Princeton.
7 They have their own problems. They don't have a
8 half a million dollars extra on top of the sale of
9 this money to give to a private party who had no
10 basis to conclude that the City's obligation would
11 involve in any fashion the payment of this note
12 and mortgage.

13 The loan agreement pledges no
14 revenues. It is not an artful document, what was
15 done back in 1988. As you all know, when the
16 authorities issue bonds, the general credit is
17 done by a pledge of revenues.

18 Then there may be other
19 security. They also incur recourse obligations
20 against those revenues and non-recourse
21 obligations which specifically identified
22 security, which is what you have here.

23 So I guess because the issue of
24 dissolution became a significant part of whether
25 they should be considering that before this Board

1 approves the sale, I spent a fair amount since I
2 got engaged with the City and the Port, with the
3 assistance of the Port to prepare this report.
4 Which identifies where they are and where they
5 will wind up.

6 It's very clear that the City
7 does not believe that this Port Authority needs to
8 continue to exist to undertake redevelopment
9 activities. They are also prepared, because I was
10 asked to get them to determine what it was that
11 they would do. To take the properties that the
12 Port Authority owns, even though they are not part
13 of the security that this holder is entitled to
14 legally in our view, and make them available,
15 either by selling them or selling them to that
16 property owner, along with the proceeds from the
17 sale of the property that's before you, to resolve
18 whatever those obligations are.

19 Those will not be worth the
20 amount that is the note that is outstanding, that
21 is either secured or not secured by the mortgage.

22 The Court, basically, split in
23 Solomon like decisions, the baby saying saying you
24 can't foreclose on the property. But whatever
25 proceeds that you get from the sale of the

1 property are to be put into escrow, to be used to
2 pay the note that is outstanding with regard to
3 this property.

4 While the holder can't
5 foreclose, he will get the benefit of the
6 equivalent of that, by virtue of the way the Court
7 has decided. Which is to put the proceeds into
8 escrow to be used for that.

9 So, I'll leave it to the Mayor.
10 And I know the Director has some questions about,
11 you know, this authority hanging around and
12 having, you know, this debt staying there, having
13 the ten percent interest rate as noted in the
14 report.

15 The ten percent interest rate
16 was attached as part of a consent decree to
17 resolve a lot of these legal issues. With the
18 expectation that Port had a buyer of the property.
19 That they would sell within a few months and pay
20 down that obligation.

21 That didn't happen for a variety
22 of reasons. So whether it is ten percent or twenty
23 percent, the Port only has what it has. In the
24 context of what is the plan, it is to wind down
25 this authority.

1 We would simply ask this Board
2 to let them do that and not impose an obligation
3 to dissolve this Authority, if, in fact, the
4 result of that is that it becomes a general
5 obligation of the City.

6 Now, I can submit that's not
7 what would occur here under the statute. I know
8 the attorney for the holder of the note and
9 mortgage believes this Board is prepared to
10 dissolve and is sitting back and waiting for you
11 to impose a legal obligation on the City to pay
12 his obligation.

13 Regardless of whether he paid a
14 discounted rate is immaterial. He paid \$250,000
15 for this obligation. Whether he paid \$800,000 or
16 \$250,000, it doesn't matter. But he knows what he
17 bought.

18 The prior holders of this note
19 would never have sold it to the three or four
20 different people who bought it, if the expectation
21 and the understanding was that the City would be
22 an ultimate obligor.

23 You recently dissolved the
24 Bayonne Redevelopment, Housing and Redevelopment
25 Authority, Local Redevelopment and Housing

1 Authority. That had recourse debt and
2 non-recourse debt. And the provisions that I
3 pointed out in this report that deal with assuming
4 an obligation in the form that it exists, as
5 opposed to a general obligation of the City, in my
6 view what's in the statute.

7 I know the attorney for the
8 party who is opposing this, has cited the
9 dissolution provisions of the Port Authority Law.
10 Those, of course, no longer apply.

11 Because the Local Authority's
12 Fiscal Control Law in the dissolution provisions
13 that you spent much of your morning dealing with,
14 control how agencies are dissolved.

15 In my view, even if you were to
16 conclude that this agency should dissolve, the
17 City should dissolve them, either forcefully or
18 otherwise, or view whatever debt that exists here
19 is a non-recourse obligation that would be assumed
20 in the same manner, under the same terms, subject
21 to the same security interests that have been
22 resolved by the Court. And what would be the
23 source of payments would be those sums of money.

24 They would not be a general
25 creditor of the City. And it is our certainly

1 absolute view that this is not a default on an
2 obligation by the City. It doesn't create one.
3 It wouldn't affect their credit. It doesn't
4 become an obligation that somehow they failed to
5 meet.

6 I know, because I've had many
7 conversations with this Board and its members,
8 that this is--is there some moral obligation on
9 the part of a governmental entity to oversee the
10 entities they create?

11 If they fail should they step
12 in, in some fashion. I believe they are stepping
13 in by providing a basis to this Board.

14 And I don't want to claim that
15 the attorney for Mr. Martin is aware of this. But
16 I attempted to engage him in a conversation to
17 determine there was a basis for how to resolve
18 this, even beyond what the legal recourse is that
19 the City has or should have or that the Court has
20 or should have.

21 I believe he's just not
22 interested because he believes they are going to
23 be dissolved and it is going to become a general
24 obligation of the City. Therefore, he might just
25 setback and get his money. That's tremendous

1 windfall that he's not entitled to people and that
2 the people of the City of Bridgeton ought not to
3 pay.

4 They resolved many of their
5 urban issues. They are not on transition aid.
6 They ought not to be looking for a way to pay a
7 private party who bought an asset at a value that
8 he completely understood. And simply, probably
9 bought it because he wanted the property, which
10 he's not going to be able to get, because it is
11 subject to contract with someone else.

12 So I'll leave it at that and
13 we'll answer any questions. I did specifically
14 ask the Mayor, because I think the Director's
15 concern is, you know, what is the mind set of the
16 City with regard to this? I felt the best person
17 to answer that is the Mayor. Also there is a
18 commissioner on the Port Authority, who is also a
19 councilman here as well. So we can open it up to
20 whatever questions you'd like us to answer.

21 MR. NEFF: Does anybody else
22 want to start with questions? I have questions.

23 (No response).

24 So this has kicked around for a
25 long time. Just to reiterate for the record, the

1 Authority for years, though it existed and though
2 it was statutorily required to pass a budget every
3 year and have an audit done every year, it didn't
4 do it. It's been in violation of the law for
5 years. It only came to light that they've been in
6 violation of the law for many years, when the
7 application was received by the Board and we
8 started reviewing it.

9 So that's sort of one issue that
10 the Division and Board has with the Authority in
11 general. We have an Authority that has a track
12 record of just ignoring the law, not complying
13 with it. That's of concern to the Board.

14 The second issue that's of
15 concern to the Board is one I think that probably
16 should be shared by Bridgeton at some level, is,
17 if you have a liability of an authority that is
18 accruing a ten percent interest rate to the extent
19 it remains unpaid, to the extent other properties
20 of that Authority ultimately are able to cover
21 that requirement to pay, it is incurring a ten
22 percent interest rate. What would otherwise
23 accrue to the benefit of the people of Bridgeton,
24 is not, because it will wind up going to the
25 holder of this note.

1 So I'm not dead set on this, but
2 it would seem to me to make some sense to convert
3 a note that's incurring a ten percent interest
4 rate, albeit from the Authority, which at the end
5 of the day are resources all related to Bridgeton.
6 But at the end of the day maybe it makes sense to
7 make-- maybe it make it a general obligation. Pay
8 it through the issuance of some sort of debt that
9 has an interest rate of three percent instead of
10 ten percent.

11 So that in the future when other
12 properties, should the redevelopment be successful
13 in the area, become worth more, that they could
14 otherwise pay what's owed to the person who has
15 the note. It inures to the benefit of the
16 municipality instead of the guy who holds the
17 note.

18 There are complicated issues.
19 There are complicated legal issues. I don't think
20 we're going to vote on it today. But we
21 appreciate that Mr. Mc Manimon has provided the
22 report. He's very well versed in the issues of
23 this sort. Up until now we've been dealing with
24 people from the City, with very good intent in
25 trying to deal with a very difficult situation. I

1 think probably not with the level of expertise or
2 experience on the sort of issues that would give
3 comfort to this Board that things are being
4 handled in an appropriate manner and in the best
5 interests of the municipality.

6 I think the Mayor knows, and I
7 have nothing but respect Mayor Kelly. He did a
8 great job, was a transitional aid recipient and
9 was one of the success stories. He did everything
10 that he needed to do. They made a tough decision,
11 a difficult decision to get out of transitional
12 aid.

13 I think we all stood up and sang
14 praises at a League of Municipalities event, and
15 gave the award for doing what we wish other
16 municipalities would do to be successful and have
17 a good relationship.

18 So I think we all want the same
19 thing. But there is issue of an Authority, that I
20 think if it sticks around it will be bad for
21 Bridgetown. Because you will have an authority on
22 the books that isn't going to be able to do
23 anything. Because if the time comes when you need
24 that authority to issue debt for some sort of
25 redevelopment project, who's going to buy the debt

1 of an authority that has not been complying with
2 basic laws for five years and has a note sitting
3 over its head that is accruing an interest rate of
4 ten percent?

5 I think it is in the City's
6 interest and the residents, to get rid of this
7 authority in some way that makes sense. Maybe
8 there is a way to do it such that the assets that
9 are backing the note are no more than what they
10 are today, should the City dissolve the Authority.
11 Maybe there is a way to do that.

12 I'm not sure there has been a
13 dissolution done like this, where the assets
14 didn't just a general--where the liabilities
15 didn't just become a general obligation of the
16 municipality. I don't know.

17 But he is worth a little bit of
18 exploring. So I just wanted to share that,
19 because I don't want people to think that we're
20 just mindlessly going to go out and dissolve this
21 authority for no reason.

22 It is not punitive because they
23 didn't comply with the law for four years. But
24 there are other reasons why it makes sense to do
25 that and it should be considered.

1 Unfortunately, one of the
2 members is not here, Mr. Avery, that expressed
3 very strong feelings previously about an authority
4 being permitted to be part of creating a liability
5 that they can't pay and just kind of walking away
6 from that liability.

7 Unfortunately he's not here
8 today, but he'll have the benefit of what was
9 received and be able to review the record to go
10 forward. I know that was a concern to him.

11 There is this law that allows
12 the Board to actually dissolve an authority if
13 they become insolvent. I think the term is
14 financial distress.

15 When you order a dissolution and
16 I don't think it's ever been done before. I look
17 at at the Authority and I see it has liabilities
18 it can't pay. It hasn't complied with the law for
19 four years. By all rights maybe we should be
20 dissolving this thing forcibly at this stage,
21 opposing just have it stick around.

22 Then it would let the City start
23 with a new clean slate. That maybe a redevelopment
24 authority or something more narrowly focused, as
25 opposed to this sort of old, outdated port

1 authority that exists without a port. That's what
2 we're thinking. I just wanted to get that out on
3 the record. Anything else?

4 MR. MC MANIMON: Just a comment.
5 The City is not going to require this Board to
6 forcibly dissolve them. If the decision is somehow
7 that they should be dissolved, they will all
8 request a dissolution. They were not going to try
9 to enact Section 21 of the Local Authority's
10 Fiscal Control Law.

11 In the context of Mr. Avery,
12 there are many local and state agencies who incur
13 obligations that wind up being unable to pay.
14 That's what they are called, non-recourse
15 obligations.

16 The EDA, the Healthcare
17 Authority, the Housing Mortgage and Finance
18 Agency. There are many debts that are incurred
19 that are specifically secured by specific things.

20 When it isn't paid, the party
21 who made the loan, who understood what the credit
22 risk he or she took or it took, understood. They
23 have to realize against that security, not the
24 general credit.

25 I'm just just making the

1 distinction. Because the idea that-- which this
2 Board is prepared. They are not going to continue
3 this Port Authority. They indicate in this report
4 that the full representations from the Mayor and
5 people here, that they'll report back to you in
6 six months.

7 And the goal here is to unwind
8 this Authority, not dissolve them. If-- the Mayor
9 has been a councilman for four years and mayor for
10 four years. That whole time this has been in
11 litigation.

12 So the idea that they should do
13 something until this litigation is resolved is
14 problematic. If the idea is that you cut off the
15 ten percent interest by assuming--I'll say it, an
16 \$800,000 obligation, for which the security is
17 three-hundred some thousand dollars, that's a big
18 price to pay.

19 If the effect of the dissolution
20 is that this Board views that as a general
21 obligation, I believe that the provisions that
22 were added in 2001, enable the adequate provision
23 for the payment of debt. Based on assuming the
24 obligation on the same terms and conditions that
25 existed, which is secured by this property.

1 This City is prepared to not
2 only provide the security of this property, but
3 the other properties that it owns, which have been
4 appraised at \$215,000 which they think is way
5 higher than the amount that it is actually worth,
6 because it is wetlands and other things.

7 But they would make those
8 properties and the value of those properties
9 available to pay this obligation off as well. I
10 mean, there is a plan that's set forth in here. I
11 just ask that the-- I guess consideration of
12 whatever the dissolution is, that you let the
13 Authority and the City run its course on how they
14 resolve the sale of their properties and put the
15 money into escrow and the Court and let the Court
16 determine what that is.

17 In the meantime let them sell
18 this property, which the Court has already
19 concluded that they have the authority to do,
20 subject to your approval. And not condition it on
21 the dissolution, but, rather, on the good faith
22 efforts which are represented in this
23 report --which the Mayor is here to confirm, for
24 the benefit of this Board, that they will enact.

25 They do not believe that the

1 Port needs to exist, other than to own these
2 properties that are in the redevelopment area that
3 may or may not be valuable to the new purchaser of
4 this property. Who is now going to put in a
5 project that has significant benefits to the City
6 in terms of an active activity and a number of new
7 jobs with a manufacturing facility that already
8 has customers that are significant.

9 That developer and his lawyer
10 are here. I don't believe there is a need for
11 them to testify. But they are ready to proceed
12 with this project, but they can't do it unless you
13 allow what the Court has permitted, which is to
14 sell this property to that redeveloper. Then
15 these other matters will take their courses or
16 not.

17 So that's the request for next
18 month when you consider this. I will be here. If
19 you desire any of the other people from the City
20 to be here, then we'll be here, too, you let us
21 know.

22 MR. NEFF: To be clear, I think
23 we all want to help the Mayor move forward with
24 his vision for economic development. We're not
25 going to substitute ours for his. We're not

1 going to force this property to be turned over to
2 somebody that they don't want to turn it over to,
3 because it's not consistent with their vision of
4 what the municipality should be.

5 At end of the day, I'm sure
6 that we'll be able to get to the point where the
7 economic development project can move forward and
8 the underlying issues of this Port Authority can
9 be dealt with. We're not there today.

10 MR. KELLY: As you said, Mr.
11 Neff, I appreciate your complements of the
12 progress of the City of Bridgeton and working with
13 your office has made in the four years I've been
14 mayor, to become more financially viable to work
15 toward a stable budget.

16 At the end of the day for us
17 it's about jobs. It is about economic
18 development, as you just shared and I appreciate
19 that. It's about creating a hundred jobs and
20 eventually 200 jobs in our city that we sorely
21 need.

22 So I appreciate your affirmation
23 that you are going to work with us in your shared
24 vision and that the City of Bridgeton has become
25 financially viable.

1 We are going to do whatever the
2 Finance Board says we should do. But to have this
3 on the backs of the City would be really not
4 something that we can handle at the moment and at
5 any foreseeable time.

6 So we'll Court with the Court
7 and with the Finance Board to wind down the Port
8 Authority. Because you are right, it has not
9 provided any jobs or has not performed in four
10 years. As I shared, the whole time I've been in
11 government it has been in litigation.

12 So I'm chomping at the bit so we
13 can end this litigation. So we can go ahead and
14 enforce a plan so that we can satisfy the
15 lienholder and move forward for the residents of
16 the City of Bridgeton.

17 That's-- you know, I'm not a
18 lawyer. A lot of things are above my grade. But
19 at the end of the day my job is to create an
20 economic viable city that has a future.

21 I have a developer who is
22 willing, waiting to do something in the City of
23 Bridgeton that has not been done in the last
24 twenty years, provide significant jobs,
25 significant employment for the lay person and for

1 professionals.

2 So we need your help in making
3 that happen. Really in my lay terms, the sooner
4 the better. But we'll do what we have to do so
5 that we can satisfy our lienholders. We're not
6 going to walk away. But we have a plan in place
7 so that we can satisfy the Port's obligations.

8 MR. NEFF: Thank you. Why don't
9 we have the people who want to speak who are
10 opposed to the application.

11 (Thomas Martin and Will Martin,
12 being first duly sworn according to law by the
13 Notary.)

14 MR. THOMAS MARTIN: Thomas
15 Martin.

16 MR. WILL MARTIN: Will Martin.

17 MR. BONCHI: Keith Bonchi,
18 B-o-n-c-h-i.

19 Chairman Neff, members of the
20 Local Finance Board, I looked at the report that
21 was emailed to me Friday. I heard the
22 presentation. In a very eloquent way, basically,
23 the City says they are not going to pay the
24 judgment, they are not going to pay the amount of
25 money.

1 There is no issue on recourse or
2 non-recourse. The original note was never
3 nonrecourse. I looked it up Saturday morning.
4 But it is a moot issue.

5 There was a settlement
6 agreement. The settlement agreement said that the
7 city would pay. It was turned into a judgment. The
8 judgment said it's not limited to any assets. It
9 is against the entire Bridgeton Municipal Port
10 Authority.

11 Then Judge Curio issued a--

12 MR. NEFF: It is against the
13 Port Authority or the municipality, which has no
14 taxing authority?

15 MR. BONCHI: Against the Port
16 Authority.

17 MR. NEFF: Which has no taxing
18 authority?

19 MR. BONCHI: Right. Then, of
20 course, Judge Curio issued an order mandamus
21 compelling the Port Authority to pay.

22 We go back to the consent
23 judgment of 2006. How much longer do we have to
24 wait? They say they come up with a plan. They
25 offer to give us some wetlands that's probably

1 worth \$400 or \$500 an acre.

2 Mr. Mc Manimon admits that it is
3 greatly over valued, maybe another piece of
4 property which is a former gas station.

5 In our initial submission we
6 indicated, look, we are willing to buy this
7 property, overpay for it. If you don't want to do
8 it, you indicate you are not going to substitute
9 your judgment from them, just pay us the monies.

10 Judge Curio --you said you
11 wanted an audit. They went back to Judge Curio.
12 They tried to sue us for objecting a the Board.
13 Judge Curio said no. I had to go in and make a
14 motion in aid of litigant's rights.

15 Finally ten months after you
16 requested it, they did the audit. Only because
17 the Judge was about ready to hold them in
18 contempt. You don't have to believe me. I've
19 submitted to all of you the transcripts of what's
20 gone on.

21 The legislature indicates-- and
22 I asked you, Director Neff, to dissolve the Port
23 Authority because there is no reason for it to
24 exist. The legislature has said that when it is
25 dissolved they've got to pay their debts.

1 You don't have to believe me,
2 it's the legislature. They prescribe the law in
3 this area.

4 I cited in my submissions to you
5 the statutes. I'm sure the Deputy Attorney
6 General--but even the Authority Law which
7 supplants it, says that the debts have to be paid.

8 It's amazing to have one of the
9 most preeminent bond counsel in New Jersey argue
10 than an authority should walk away from its debts.
11 We need fiscal integrity.

12 As you've indicated, they could
13 have addressed this years ago. They chose not to.
14 They let it move on and on.

15 At this point in time what they
16 should do is exactly what you suggested. They
17 should go out, bond and pay the debt.

18 And so you understand, the note
19 was actually a higher interest rate. It was
20 reduced as part of the settlement. But if they
21 are not going to address the debt--and what went
22 on, they allowed these properties, by not
23 addressing them, to deteriorate over the years. To
24 go from a better real estate market, to probably
25 the worst real estate market in career of

1 thirty-one years, that I can remember.

2 Of course, in Southern New
3 Jersey with the casinos, three closing, the impact
4 goes beyond Atlantic County. It goes to
5 Cumberland County also. They say they'll hand us
6 these properties we don't want. My client is in
7 the textile business. What are we going to do
8 with wetlands, other than sell them to the state
9 that has no money?

10 They don't offer any real
11 solution. They say give us six months, give us
12 more time. It was a year from when we were here
13 last, to get back here.

14 Again, I have requested, I think
15 in a very reasonable manner that-- actually my
16 client is the one who has paid to disclose the
17 truth to this Board that this Authority hasn't
18 operated for many years. There is no port. There
19 is nothing going on and it deserves to be
20 dissolved.

21 As I indicated previously, the
22 New Jersey State Legislature when they passed the
23 statutes dealing with dissolution, never
24 envisioned that an entity or subdivision of the
25 State of New Jersey would just walk away from its

1 debt.

2 And is there no non-recourse, it
3 just doesn't exist. It is debt of the Authority.
4 And the City of Bridgeton has been running this
5 Authority, in essence, for years. There are no
6 real members. I think it's met maybe three times
7 in the last seven or eight years, only because of
8 this litigation.

9 We've actually concluded the
10 litigation really at the state level. In the
11 sense that Judge Curio--and I provided, again, the
12 Order that your Deputy Attorney General can show
13 you, that says pay this debt.

14 What the judge has indicated,
15 because of the issue of the dissolution of the
16 Authority, she felt was really--and I couldn't
17 disagree, really within the jurisdiction of this
18 Board.

19 She has deferred her
20 jurisdiction to this Board. And I think we make a
21 compelling case for its dissolution. But the
22 dissolution requires it to address its debt, not
23 to just walk away from its debt.

24 It may be a burden, but it got
25 all the dollars. It's not something they didn't

1 get. They got every dime of this debt, they just
2 didn't pay it back.

3 Again, I understand that you are
4 probably not making any final decision today or
5 anything. My client actually over the weekend, my
6 client's son Thomas Martin, spent a great deal of
7 time preparing a response to what we got on
8 Friday. I do thank Mr. Mc Manimon for having
9 copied on it. I usually don't get copied on
10 anything. He submitted it to me. There was no
11 time and I didn't want to incur the wrath of
12 reading this report and ask you to absorb
13 anything.

14 MR. LIGHT: I'm getting a bad
15 name here.

16 MR. BONCHI: I can understand it
17 is a reasonable thing, trying to absorb this in a
18 matter of ten or fifteen minutes is not fair.

19 Again, and I certainly can
20 highlight the law again. But I do believe that
21 this Board stands for fiscal integrity. And the
22 Port has never exhibited fiscal integrity. No one
23 can understand that there will be fiscal integrity
24 when you walk away from your debt. The role of the
25 Local Finance Board is to prevent irresponsible,

1 ill considered expenditures, prevent undisclosed
2 expenditures, prevent deficit financing by
3 municipalities.

4 What really is happening here is
5 that by hiding the debt within the Authority that
6 didn't file budgets, didn't file audits with you,
7 this Local Finance Board was not aware of the debt
8 until my client disclosed it. You know, under the
9 threat of a lawsuit, on a motion to sue us, what
10 we call a slap lawsuit, we went through.

11 There was mention of --Mr. Mc
12 Manimon and I know know each other from other
13 things. He called me Friday. He made no offers.
14 I said make me an offer. He didn't. But I also
15 refused to acknowledge and agree to a premise
16 that's not true, that this is nonrecourse debt
17 limited to this property. It's simply not true.

18 MR. NEFF: You would agree it's
19 not recourse to the taxpayers of the City?

20 MR. BONCHI: There is if you
21 dissolve it.

22 MR. NEFF: So currently, legally,
23 there is no recourse to the taxpayers for this
24 debt; right?

25 MR. BONCHI: Currently, correct,

1 Director.

2 MR. NEFF: But you would prefer
3 that it become recourse to the taxpayers?

4 MR. BONCHI: Not me. The
5 legislature said that when the Authority is
6 dissolved, and there is no reason to keep this
7 Authority, the legislature has indicated that
8 that debts goes-- there is no money to pay it
9 within the Authority, that debt goes to the City.
10 The legislature has indicated that.

11 All I'm asking you to do is
12 follow the law in that area. That the Legislature
13 did not envision sticking the creditor without
14 recourse in this matter. They indicated that,
15 yes, you dissolve an authority --

16 MR. NEFF: I just want to make
17 the record very, very crystal clear. There is no
18 recourse to taxpayers to this debt as it currently
19 exists. Nor was there recourse to the taxpayers to
20 this debt when it was created; right?

21 MR. BONCHI: It was a debt from
22 the Bridgeton Municipal Port Authority. We stated
23 in our papers.

24 As I've indicated before, the
25 audit that you forced them to do shows that the

1 Port Authority does not have the assets to pay
2 this debt. I indicated in my submissions that
3 when an authority no longer functions--and this
4 hasn't functioned for years, there has never been
5 a port authority at all. It wasn't like it
6 operated for ten years and then-- I understand at
7 least one member actually was on a port authority
8 and knows what it is.

9 This thing never operated. It
10 was a failed port authority. They took the money.
11 They went to Court and said you can't foreclose
12 the mortgage they won.

13 The actuality is, it is kind of
14 ironic that when the original creditor tried to
15 foreclose it, they said no, you can't. It's not
16 recourse only to this asset and you can't do it.
17 It became a general obligation of the Port
18 Authority.

19 Again, as I indicated several
20 times, I won't kill it, the Legislature in the
21 State of New Jersey says that when an authority
22 is dissolved and doesn't have enough monies, it
23 becomes a general obligation of the City. The City
24 has to pay it off. That's what we asked to go on.

25 I believe Judge Curio, who has

1 ordered them to pay it, has indicated that she
2 would defer to how we go about it.

3 The obvious solution is simply
4 to go out, dissolve this thing within a reasonable
5 amount of time and do what you suggested, which is
6 payoff the debt. The prospect of sanctioning a
7 situation where an authority of the State of New
8 Jersey borrows money-- and actually it was with
9 the approval of the Local finance Board, and then
10 walks away from its obligation, I think sends a
11 terrible message across the State of New Jersey.

12 When the City of Camden filed
13 bankruptcy, the State immediately stepped in and
14 stopped that. We don't want to send messages like
15 that. My client has waited patiently. My client
16 offered a solution that's been rejected. We said
17 fine, just pay us the money that is due and owing.

18 So, again, we're not trying to
19 be obstructionists here. My client who is no
20 stranger to Bridgeton. He's been in Bridgeton for
21 three generations, running a textile business. He
22 actually happens to own land adjacent to this
23 property and was simply trying to further his
24 business. But he has done nothing wrong.

25 As conceded at one point by Mr.

1 Mc Manimon, we're simply an assignee. We get all
2 the rights of the assignor. The Deputy Attorney
3 General can advise you on that issue. We're
4 saying look, we offered them a solution. If they
5 don't want to do it, just pay us the
6 money --dissolve the Authority and pay us the
7 money.

8 I understand that may be a
9 burden, but it's not as if they didn't get the
10 money, that they didn't have all of these years to
11 come up with another solution. To turnaround and
12 offer us property that we don't want, that's
13 really valueless, doesn't solve it.

14 Judge Curio has already in her
15 judgment, which I already provided, indicated that
16 the sale of this property, there are some
17 environmental problems and that money is escrowed.
18 The remainder already goes to my client.

19 It is not as if that hasn't been
20 adjudicated. The issue is the rest of the money.
21 If the Judge said we weren't entitled to the rest
22 of the money, she wouldn't have said that. The
23 Order says we are entitled to be paid the rest of
24 the money.

25 So we come to the entity in the

1 State of New Jersey that deals with fiscal
2 integrity, monitors authorities and
3 municipalities. We ask you to follow the statute
4 that says when it's dissolved they are required to
5 pay the obligation. That's all we're asking for,
6 is to follow the law. I don't know if you want to
7 add anything?

8 MR. WILL MARTIN: No. I'm not
9 really qualified probably. I appreciate being
10 here. Do you want to add something, Thomas?

11 MR. THOMAS MARTIN: In terms of
12 the Board where this original mortgage was
13 obtained with Local Finance Board approval and
14 later found to be an illegal mortgage, what would
15 be the Board's normal approach if they found out,
16 you know, an entity in New Jersey had obtained
17 this funding? Would you typically try to get the
18 entity to refund that without a proper avenue?

19 MR. NEFF: I don't think there
20 is a typically--this is a pretty unique situation.

21 MR. BONCHI: I understand this
22 may be the first time that you, as director--or
23 prior directors are going to order the dissolution
24 of an authority. If there ever was a fact
25 pattern that fit the statute, this is it.

1 I can't think of anything else
2 that the legislature would have envisioned. I
3 think, again, you know, when the legislature does
4 pass statutes, I actually believe they are well
5 thought out, they are well vetted and a lot of
6 thought is put into it. I don't say that because
7 we have a former assemblyman here. But I've been
8 involved in the legislative process. I've seen
9 how things get vetted. I see how you are the
10 Director and your Division of Local Government
11 will comment on those that are pending. There is
12 a lot of thought put into it.

13 I think when the Legislature
14 said that when you dissolve something there is not
15 any money, that the debts have to be paid, there
16 was good reason for it. I don't think there is a
17 basis to ignore it.

18 I wasn't really kidding. I do
19 believe that a lot of thought was put into the
20 legislative process and going through it, through
21 Legislative Services, that this isn't something
22 that should be ignored.

23 But this is a unique situation.
24 It is nothing that my client did wrong.
25 Respectfully, the City chose to ignore this

1 problem for many years. We brought it to your
2 attention. We gave a choice. We said look, we'd
3 overpay for the property. But if we're not going
4 to get the property, then pay us the money. I
5 don't think that's an unreasonable position.

6 MR. NEFF: Is it your concern
7 that if the Port Authority is allowed to exist in
8 perpetuity, that you'd never be paid?

9 MR. BONCHI: Sure. That's what
10 they want to do. That's what they've been doing
11 for years.

12 MR. NEFF: So if--

13 MR. BONCHI: We wouldn't be paid
14 all of our money, some of it.

15 MR. NEFF: I think it's a legal
16 fact, that there is no recourse now to the
17 taxpayers of Bridgeton on the not. If there was a
18 dissolution of the Authority, it s would allow for
19 a payment that otherwise would never be made. So
20 if there was a dissolution of the Authority, would
21 --this is not something I'm asking you to answer,
22 but something to consider. Is there merit or
23 reason in discussing some sort of reduction in
24 what would otherwise have to be paid in theory by
25 the Authority, which would otherwise never be

1 paid? Is there some middle ground here where the
2 three parties can agree, the municipality, the
3 Authority and you that, okay, if there is a
4 dissolution and the note is discharged, perhaps it
5 is not at full value. Because you'd be getting
6 something that otherwise you're never going to
7 get, if the thing is allowed to--

8 MR. WILL MARTIN: I would like
9 to offer something. A couple of years ago we
10 talked about a settlement. One of the things I
11 said was that since we paid the City about
12 \$200,000 a year for taxes and water and sewer and
13 so forth, maybe we can offset that going forward.
14 They said no, no, we can't do that.

15 I'm open to something,
16 obviously, you know. I acted, I guess, based on
17 information that I had that was wrong. I mean, the
18 stock market was at 9,000. You know, I took out
19 \$250,000, which today would be over \$400,000.

20 I don't think I'm going to end
21 up making a lot of money. If I had my money back
22 I can do something else. I'm not in it for the
23 money. I just need a building, that's all I need,
24 basically. I can't have the building, the Judge
25 ordered that, you know. I need to move on.

1 MR. THOMAS MARTIN: Another
2 interesting aspect, when the City originally
3 started working with redevelopers in 2006, the
4 City began leasing the property from the Port
5 Authority. The City occupied the structure.

6 I believe the original amount of
7 the redevelopment agreement was \$1.3 million. Now
8 this property is down to--is it \$315,000, because
9 the build has decayed. It was in the City's care
10 of custody. They were leaseholders.

11 The other interesting aspect
12 is, the current redeveloper actually shares the
13 assignments of the contract rights from the
14 original redeveloper in 2006. So the party they
15 are dealing with today is connected to the
16 original rights. They have had the benefit of
17 watching the building decline in value.

18 MR. WILL MARTIN: The original
19 value--the redeveloper is going to pay \$1.3
20 million. I mean, you know, if they have an
21 assignment of rights, presumably they should be on
22 the hook for that. Of course, they probably
23 don't want to do that.

24 MR. BONCHI: In response, every
25 case in my office can always be settled or

1 resolved. We didn't get anywhere, because I don't
2 start with the premise that we did anything wrong.
3 I don't start with the premise that the City
4 should be rewarded.

5 Certainly, some reduction could
6 be made if it's reasonable. But I don't think we
7 start with pennies to the dollar on the approach.

8 And the problem of-- I
9 understand that you wield a great deal of
10 authority with us. Because you say if I don't
11 dissolve the Authority, you don't get paid. But I
12 don't think that's the role. I think the question
13 is whether or not this Authority should exist and
14 whether we should have another layer of
15 bureaucracy in the State of New Jersey for an
16 authority that doesn't do anything or function.

17 What the City has done and there
18 is no real question about this, they have kept
19 this authority alive, even though it doesn't have
20 meetings, even though it doesn't have budgets,
21 even though it doesn't file reports, for the sole
22 of not paying us. I would ask that you not
23 perpetuate that.

24 MR. NEFF: This is all
25 rhetorical, but to some extent there is a purpose

1 to the Authority. It is maintain protection for
2 taxpayers that they not be held liable for a debt
3 they didn't create or they were never responsible
4 to pay.

5 In that narrow respect, there is
6 a purpose for this authority to continue existing.
7 I'm torn on this. It's an interesting issue,
8 because I do want them to pay. I think Mr. Avery
9 wants them to pay. I think the other Board
10 members here want the liabilities to be
11 discharged.

12 To all of a sudden suggest that
13 it has to be the taxpayers that pick it up, is not
14 fair. That wasn't the bargain that was reached
15 when the note was purchased. It is something to
16 be considered.

17 We are not going to resolve this
18 today. If you have some sort of summary remarks
19 you want to make and then we'll be back at another
20 point.

21 MR. BONCHI: To summarize, first
22 my client did respond. If we have your permission
23 we'd like to hand it out. We'll hand it out to at
24 one or two of the attorneys that represent the
25 other entity.

1 In conclusion, I understand your
2 point. But I don't believe it is a fair reason to
3 keep an entity in existence for the sole purpose
4 of avoiding debt. Remember, everyone on the Port
5 Authority was appointed by the Mayor.

6 The City of Bridgeton was in
7 control for many years and they were members of
8 council. I think, again, to turn around and say
9 that there is somebody acting without the approval
10 of the City is just not true. The City controlled
11 what they did, they created them. And to turn
12 around and reward them-- because you set a
13 precedent saying okay, what we'll do is, we'll
14 have authorities across the state incur debt and
15 we'll just keep them in existence not to pay the
16 debt.

17 So we'll have all of these
18 entities and I just don't believe that is, in
19 fact, a valid purpose. I understand your point of
20 trying to protect it. But I think the taxpayers
21 made a decision when they elected their officials,
22 who appointed officials to the Port Authority and
23 they should be responsible for what they've done.

24 It's not as if they didn't get
25 the money. They did get the money. Unfortunately,

1 it didn't work. I'm not saying they did anything
2 criminal or wrong in borrowing the money. It just
3 that they had an idea. It failed and they don't
4 want to be responsible for the debt.

5 So, again, I would urge you not
6 to keep it in existence. I will, with your
7 permission, I didn't have a chance-- my client put
8 this together, to respond briefly on some legal
9 issues before your next meeting.

10 If you want anything from me,
11 I've done two submissions. Again, in conclusion,
12 I think that it sends a poor message across the
13 state to allow authorities to exist that don't
14 function, that don't do anything, for the sole
15 purpose of helping abate debt, when the
16 Legislature says that when you dissolve them, then
17 you pay your debt.

18 MR. WILL MARTIN: What about the
19 fact that they don't even maintain their asset? I
20 mean, they have a mortgage on the property--it's
21 before my time, but they just abandoned the
22 property. They walked away from it in 2005,
23 basically. That's even more egregious, I think.

24 MR. BONCHI: In their submission
25 of their report is, we're going to do what we've

1 been doing for years. We're not going to pay
2 anything. We'll try to sell assets that will
3 probably not sell or probably not for very much.
4 We'll come back in six months, in which nothing
5 else will be done.

6 Again, I don't think that
7 really--it is well written by a very good
8 attorney. When you look at it very closely it
9 doesn't really offer anything.

10 For all of those reasons, I
11 respectfully request that the Local Finance Board
12 take the approach of dissolving this entity and
13 following what the Legislature said that the law
14 should be. Which is to pay the debt. And not
15 allow-- not put its approval on the process of
16 keeping an authority alive for the sole purpose of
17 evading debt.

18 Thank you very much for your
19 time and consideration.

20 (Pause in proceedings).

21 MR. PLACKTER: Would we have an
22 opportunity to be heard?

23 MS. MC NAMARA: Are you here on
24 Bridgeton?

25 MR. PLACKTER: We are.

1 (Ron Rukenstein, being first
2 duly sworn according to law by the Notary).

3 MR. RUKENSTEIN: Ron Rukenstein,
4 R-u-k-e-n-s-t-e-i-n

5 MR. PLACKTER: May it please the
6 Board, Jack Plackter, Fox, Rothchild,
7 P-l-a-c-k-t-e-r. We'll try to be very brief.

8 We appreciate the opportunity.
9 We heard all of the other testimony. We don't want
10 to be repetitive. Mr. Rukenstein is the principal
11 of the redeveloper.

12 The only point we wanted to make
13 briefly, is that there is something that doesn't
14 make sense to us in this whole proceeding. You
15 know, the Local Finance Board has to do what's in
16 the best interest of the public, the Local Finance
17 Board and Bridgeton.

18 But almost two years ago in
19 November, the Court made a decision which found a
20 value to the property, indicated was the value
21 should be, what the value was. It was all going to
22 be be put into escrow so that the judgment holder
23 would have the ability to get at those proceeds.

24 It was the amount of \$460,000,
25 which included \$310,000 for the property, \$150,000

1 for the environmental cleanup. That amount of
2 money is more than what the judgment creditor paid
3 for the judgment for his \$250,000.

4 I guess what we are trying to
5 figure out, because this does provide such a great
6 public benefit to Bridgeton. You heard the Mayor
7 talk about the jobs. I won't go back through all
8 of that.

9 Why wouldn't this body approve
10 the sale and the money all goes in escrow? That
11 would clearly partially satisfy Mr. Martin's
12 judgment. They can argue forever. It's at least
13 \$310,000 and it could be more. Because whatever
14 we don't use for remediation, it's put back in for
15 the Court's supervision.

16 That will do a couple of things.
17 One, its interest would accrue and that principal
18 will be paid down. Mr. Rukenstein is ready to go
19 forward. He's been talking to all the other
20 public agencies in New Jersey and they are ready
21 to go forward.

22 We would just ask-- we
23 understand you are not going to take any action
24 today. We would ask that you take that
25 respectfully into consideration. We are ready,

1 willing and able to close on this property as
2 ordered by the Court.

3 We do recognize that in order
4 for the sale to be approved to go forward,
5 however, the Local Finance Board must approve this
6 sale.

7 I don't know if you have
8 anything real briefly, Ron?

9 MR. RUKENSTEIN: Being involved
10 as the redeveloper for the project, that's been a
11 difficult process. We spent a lot of money. We
12 love Jack, but we spent a lot of money just
13 defending our position.

14 MR. PLACKTER: You don't love me
15 that much.

16 MR. RUKENSTEIN: It's all part of
17 the business and I understand that. So we've had
18 other opportunities to develop. We're looking to
19 do modular manufacturing. We develop affordable
20 housing through the New Jersey Housing and
21 Mortgage Finance Agency. We've had several awards
22 where we could have used this plant to provide
23 product.

24 There isn't any other
25 alternative within the State of New Jersey to do

1 green modular construction. This is critical to
2 our business and we think it is going to provide
3 an important benefit to the state.

4 The reason that I wanted to
5 speak to you was not to say that or put a face on
6 the redeveloper, but right now we're being
7 presented with a tremendous opportunity if we can
8 move forward and close by the end of the year.

9 The New Jersey--the State of New
10 Jersey, through their agencies, have tried
11 unsuccessfully for a number of years to secure new
12 market tax credits. New market tax credits are a
13 financing source, that provide for say
14 approximately thirty percent of the equity of a
15 project that can be paid through the sale of
16 credits.

17 It is complicated, but it
18 provides a tremendous incentive for economic
19 develop. We've been working with the
20 Redevelopment Authority, which New Jersey just
21 received its first allocation maybe ever, but
22 certainly in several years, through the New Jersey
23 Redevelopment Authority. That Board is intimately
24 familiar with our project, having given us a
25 commitment for \$10 million in bonding capacity to

1 move forward with this project.

2 At this time, if we're able to
3 demonstrate our ability to close before the end of
4 the year, we have an excellent opportunity to be
5 one of the allocatees in their new market program.

6 For that reason we attended a
7 two day training session last week. We submitted
8 our pre-application to them on Monday, which is
9 the soonest opportunity that we could apply.

10 I know that this Board has a
11 decision to make. It's a financial decision about
12 controls and the role of authorities and legal
13 responsibilities for debt. I appreciate and
14 respect fully the role of this Board.

15 I would just ask if you are
16 coming to the decision that the Court did, that we
17 can move forward with the sale, that there are
18 still issues that have to be resolved between the
19 Port, the City and the lienholder, I just ask that
20 you not hold this project up, when it has such a
21 great opportunity to be able to move forward with
22 the benefit of that financial assistance that's
23 available now you.

24 It is possible the state will
25 get a second allocation. But right now we have a

1 window of time. I would just hate to lose that,
2 because it really would be a big benefit in our
3 ability to move forward.

4 That was really my only comment,
5 was for you to understand that there is an urgency
6 to the timing now in terms of opportunity that's
7 available to us. That was really all I wanted to
8 add.

9 I appreciate very much the time
10 to make those comments.

11 MR. NEFF: We fully appreciate
12 it, all the important comments. Believe me, it is
13 something we will think about.

14 MR. MC MANIMON: Thank you.

15 MR. NEFF: I apologize to all the
16 folks from Tabernacle. It was harder than we
17 thought, more complicated.

18 Can we have the applicant for
19 Tabernacle come up?

20 I do want to say at the outset
21 we're not going to be voting on this today.
22 Obviously, there are people in favor, people
23 opposed. We received a lot of written comments
24 about this particular process. So we'll develop a
25 record here today get to hear what people want to

1 say. It will be on the transcript. All the Board
2 members will be able to review it. If there is
3 follow-up, which I think there is going to be on
4 this one, we'll have our DAG look at it as
5 appropriate, as we need to.

6 MR. LANG: Thank you. My name is
7 Peter Lang. I'm the Township solicitor, for the
8 Township of Tabernacle.

9 I have with me Chief David
10 Smith, who is the Chief of the Volunteer Fire
11 Company in the Township. We have our auditor, Mr.
12 Kevin Frenia. We have Committee Woman Kim Brown
13 and our Township Administrator, Doug Cramer.

14 We appreciate the time this
15 afternoon. I won't belabor the standard, but I
16 think it bears repeating. We are here on the
17 Tabernacle Township application for dissolution of
18 Tabernacle Fire District Number 1, pursuant to
19 NJSA 40A:5A-20.

20 This process was commenced
21 through the filing of a petition pursuant to
22 40A:14-91. That petition was submitted to the
23 Township Committee on November 13th, 2013 and
24 certified by the Township Clerk on December 3rd,
25 2013. That led to a special meeting, which is

1 required pursuant to the statute, to take public
2 comment on the proposed dissolution which is
3 represented by the petition. And that meeting was
4 conducted on public notice on December 16th, 2013.

5 I will quickly hit the
6 highlights of our Executive Summary. The Township
7 believes that the dissolution which is presented
8 by the petition, is reflective of a desire and
9 need in town to centralize the delivery management
10 of all emergency services, in order to promote the
11 professional, efficient, cooperative and effective
12 delivery of emergency services in the Township.

13 It is also estimated that the
14 dissolution will save the community approximately
15 \$50,000 to \$70,000 per year through this
16 consolidation. The Township intends to provide
17 fire fighting services through the provision
18 through volunteers and the establishment of a
19 contract or assumption of an existing contract.

20 Certainly the Board understands
21 and its been said several times today, but
22 certainly the Board understands that there are two
23 standards which we must meet in order to ask the
24 Board to advance our application for dissolution.

25 That is, number one, that there

1 will be adequate provision for the payment of all
2 creditors or obligees of the authority.

3 With respect to that prong of
4 the test, I would point out that there is no debt,
5 that the fire commission has no debt. Exhibit D
6 to our application demonstrates that there is no
7 debt.

8 So the financial impact with
9 respect to the assumption of debt and liabilities
10 is minimal or none, one could argue. And we will
11 be able to demonstrate that through, I think, our
12 application and testimony today.

13 We have Mr. Frenia to amplify
14 that issue, the impact on the municipality's
15 finances as well as the projected savings.

16 The second prong of the test is
17 there will be adequate provision for the
18 assumption of the services which are provided,
19 which obviously are very necessary to health,
20 safety and the the welfare of the residents, is to
21 ensure this Board that continued fire fighting
22 service will be provided should the Board grant
23 our application for dissolution. We're prepared
24 to offer testimony on that issue as well.

25 Certainly, the Township

1 recognizes that the volunteers are our greatest
2 asset. They enable the town to provide
3 firefighting services at a very economic level.
4 To have paid services would be a tremendous
5 hardship for the Township and that is recognized.

6 There is a proud tradition
7 within the community, of providing those
8 firefighting services. And we are confident that
9 our volunteers, irrespective of the the
10 administration of those services, will step
11 forward and continue to provide those services.
12 We'll offer testimony to that effect today.

13 And we also would argue that the
14 dissolution will, in fact, in addition to
15 providing some cost savings to the community, but
16 would also improve the delivery of service. There
17 has been a history of some dysfunction between the
18 fire commission and the fire companies, that have
19 led to certain issues, including failed budgets,
20 failed attempts to obtain the authority to
21 purchase trucks. And also, more importantly,
22 dysfunction between the emergency services
23 provided by the emergency medical service provider
24 in town, the rescue service provider in the
25 community and the firefighting service. It's

1 hoped that this will not only serve the interests
2 the taxpayer economically, but will also lend
3 itself to a more--a less difficult environment
4 with respect to the delivery of those services.

5 There has been a perennial
6 conflict between the firefighting entities in
7 town, which is funded by the Fire District and the
8 other emergency services in town. Part of the
9 application-- part of the intent of the Committee
10 is to eliminate that conflict and to provide an
11 environment where the efficient services can be
12 provided in a harmonious way, led by the Township
13 Committee.

14 That is essentially all that I
15 have to offer as a way of outline. I'd like to be
16 able to elicit some testimony allow our auditor,
17 Mr. Frenia to speak to the first prong. That is
18 our ability satisfy the financial obligations of
19 the Authority.

20 (David Mark Smith, Kevin Frenia,
21 Kimberly Brown, Douglas Cramer, being first duly
22 sworn according to law by the Notary.)

23 MR. SMITH: David Mark Smith.

24 MR. FRENIA: Kevin Frenia,
25 F-r-e-n-i-a.

1 MS. BROWN: Kimberly Brown.

2 MR. CRAMER: Douglas Cramer,
3 C-r-a-m-e-r.

4 MR. FRENIA: From a financial
5 standpoint, we had a chance to review the 2014
6 budget. We did receive the 2013 audit. As Mr.
7 Lang stated, there is to outstanding debt. The
8 liabilities that exist for the District at this
9 point are simple operating liabilities that will
10 be taken care of in the 2014 budget.

11 The total budget for 2014 was
12 \$479,000. \$108,000 of which was a down payment
13 for a fire truck, a proposed fire truck. There
14 will also be approximately \$235,000 of that budget
15 would be brought into the town's operating budget.
16 Then, obviously, the capital will be handled
17 through the Capital Improvement Fund. The
18 Township has been very stable. Tax rates have
19 been very stable. We had approximately a two cent
20 increase this year. Our collection percentages
21 have been about 99.5 percent. We are \$100,000
22 under the levy cap and we are about \$200,000 under
23 the spending cap.

24 I think the Township Committee
25 has demonstrated a very good handling of their

1 budget situation. This really should not be any
2 problem for them to take in and handle. Again, we
3 do have plenty of room for additional debt. There
4 is possibly a need for a fire truck, a fire
5 vehicle. Obviously, I'll let the experts speak on
6 that. But we have the ability to finance that
7 without much trouble.

8 The District also has about
9 \$141,000 in capital reserve. Which we would
10 anticipate is used for a down payment of a truck.

11 MR. LANG: Mr. Frenia, have you
12 had an opportunity to review whether or not any
13 savings could be projected through a consolidation
14 of the efforts as is proposed by the application?

15 MR. FRENIA: As we stated, we
16 anticipate the savings to be in the \$50,000 to
17 \$70,000 range. Issues, like, obviously the
18 accountant, they have an outside auditor prepare
19 its financial statements. That would now be
20 handled by the CFO. The legal feels, they are
21 spending roughly \$18,000 on legal fees. We would
22 anticipate that would be taken in by the Township.

23 Obviously, the elections, the
24 advertising for the elections. There is about
25 \$10,000 savings in insurance, about \$15,000 in

1 the office expenses. So all the office expenses
2 can be moved over to the Township building. So we
3 are in the \$50,000 to \$70,000 range. \$70,000 is
4 about a penny on the tax rate.

5 MR. LANG: Is it contemplated
6 that if, in fact, the Board was to look favorably
7 on the application and dissolve the Fire District,
8 that there would be a subsequent application to
9 increase the cap?

10 MR. FRENIA: Yeah. We would
11 anticipate that the tax rate from the Fire
12 District would be used to increase the levy cap
13 for the Township. I assume you just move that
14 levy cap right over. We would certainly not have
15 an issue with that.

16 Again, we're under the levy cap
17 and we're also under the spending cap.

18 MR. LANG: In your review of the
19 fire commissioner budget, are you confident that
20 the Township will be able to, through an increase
21 in the cap, be able to absorb those expenses that
22 would be directly paid by the Township. And then
23 the those other expenses which may be currently
24 reflected in their budget, would be able to be the
25 subject of a direct contribution to the volunteer

1 fire company, within the statutory frame work that
2 applies to such contributions?

3 MR. FRENIA: Yes.

4 MR. LANG: All right. Thank you
5 very much. With that I'd like to begin to address
6 prong number two. That is the continued delivery
7 of service.

8 We have Chief Smith with us
9 today. Chief, can you tell the Board how long
10 have you been the Chief in Tabernacle Township?

11 MR. SMITH: This is my third
12 year. I have twenty-seven years of services in
13 Tabernacle. This is my third year as the Chief.

14 MR. LANG: One of the standards,
15 one of the issues that the Board has to carefully
16 consider is whether or not the residents will
17 continue to enjoy the provision of firefighting
18 services. Isn't it true that Tabernacle enjoys a
19 long history of volunteer service?

20 MR. SMITH: Yes.

21 MR. LANG: Medford Farms
22 Volunteer Fire Company has been around for
23 generations and is quite a well supported
24 Volunteer Fire Company. Is that correct?

25 MR. SMITH: Correct.

1 MR. LANG: Can you comment to the
2 Board and tell them your opinion concerning
3 whether or not their decision will affect the
4 delivery of services and the volunteerism in town,
5 and ultimately whether or not the Board can have
6 confidence that fire will continue to be fought in
7 Tabernacle Township?

8 MR. SMITH: Yes. I believe
9 that-- this is what we do, we volunteer. We have
10 a calling and I believe the guys and gals will
11 keep doing their job.

12 MR. LANG: Quite frankly, to be
13 frank, I think that you really have not played any
14 significant role or taken sides, so to speak, in
15 whether or not the commission should be dissolved
16 or whether or not the Township should take over.

17 I think you have really removed
18 yourself from that conflict, but are willing to
19 come forward today and assure the Board,
20 irrespective of their decision, you believe as
21 Chief that the volunteers will be there for the
22 residents?

23 MR. SMITH: Yes, I do believe
24 that.

25 MR. LANG: I'll move on to our

1 administrator, Mr. Cramer. Mr. Cramer, I'd like
2 you to see if you could amplify for the Board some
3 of the comments presented by Mr. Frenia with
4 respect to the finances. Have you had an
5 opportunity to review the commission budget?

6 MR. CRAMER: Yes, I have.

7 MR. LANG: Do you believe that
8 the savings that have been presented by our
9 application and have been characterized by Mr.
10 Frenia, will be realized, based upon your review
11 of the budget and your understanding of the
12 Township budget?

13 MR. CRAMER: Yes, I have.

14 MR. LANG: You currently are
15 responsible for the current Township. Is that
16 correct?

17 MR. CRAMER: Myself and working
18 with the Chief Financial Officer, yes.

19 MR. LANG: How long have you been
20 working for the Township in this capacity as
21 Township Administrator?

22 MR. CRAMER: Since 2001. I have
23 been with the Township since 1987.

24 MR. LANG: You are also-- you
25 wear a couple of hats there in the Township. You

1 are also the Director of Public Works. Is that
2 correct?

3 MR. CRAMER: That is correct.

4 MR. LANG: All right. And in the
5 course of your service in the municipality, you
6 have been involved for all of those years, in
7 administrating, overseeing, coordinating, working
8 with the volunteers, for the provision of
9 emergency medical services and rescue services.
10 Isn't that correct?

11 MR. CRAMER: We have worked with
12 the Tabernacle Rescue Squad, along with the Office
13 of Emergency Management, as part of the overall
14 emergency response team for the Township, as
15 Public Works. In addition to in the past
16 providing the fire company with heavy equipment
17 during some of the major fires.

18 MR. LANG: Are you familiar
19 with-- so is it fair to say that for a long period
20 of time you've been working closely with the
21 volunteers in the Emergency Medical Services
22 Department and the rescue squad, to provide those
23 services?

24 MR. SMITH: Yes.

25 MR. LANG: You worked with them,

1 and funding them, making sure that their needs are
2 met. Is that correct?

3 MR. SMITH: Yes.

4 MR. LANG: You worked with them
5 incoordinating the delivery of services and
6 coordinating the use of their equipment and that
7 of Township and the Township assets. Is that
8 also correct?

9 MR. SMITH: That is correct.

10 MR. LANG: Do you foresee any
11 need for any additional personnel, should you
12 attempt to imprint that overlay, that frame work
13 on the delivery of firefighting services in the
14 Township?

15 MR. SMITH: No. I expect my role
16 to be very similar with the fire company as
17 facilitator of their ability to provide the
18 service to the community and within a budget
19 that's acceptable.

20 MR. LANG: What kind of
21 additional work do you think that this type of
22 frame work would cause you to have to perform? Do
23 you think that it is going to be a significant
24 burden to you?

25 MR. SMITH: I think it will be a

1 part of our regular budget process, as I work with
2 all the department heads. We would continue to
3 work with the independent agencies in providing
4 both fire and rescue service, and EMS service to
5 the community. It would be just part of that
6 process.

7 MR. LANG: All right. Now, with
8 respect to --those are the finance and the
9 delivery-- with respect to delivery of services,
10 can you explain to the Board why you think that if
11 the Board was to grant dissolution, that we may
12 able be actually improve the delivery, improve the
13 safety and delivery of emergency services to the
14 residents?

15 MR. SMITH: I also serve on the
16 Executive Committee of the Burlco GIF, The
17 Burlington County Municipal GIF. There are
18 savings in insurance that is available to the fire
19 company that aren't now as a District. We also
20 have the ability through the Burlington County
21 Cooperative Purchasing System, and State contracts
22 to look at what they're spending on their
23 utilities. We have our-- are part of the
24 cooperative to purchase electric, which they are
25 not part of right now. It's a combination of

1 those services that we could combine and provide
2 additional savings for the fire company.

3 MR. LANG: Very good, thank you.
4 We also have with us Committee Woman Brown, who
5 has sat on the Committee how many years?

6 MS. BROWN: This is my fifteenth
7 year.

8 MR. LANG: Fifteen years. You've
9 been mayor for many of those years. Is that
10 correct?

11 MS. BROWN: That's correct.

12 MR. LANG: I would ask that if
13 you could provide some testimony for the Board
14 based on the two prongs, as I explained to you,
15 which is our duty to meet and their duty to
16 enforce.

17 That is first with respect to
18 the effect on the finances. Have you looked at
19 the budget of the fire Commission?

20 MS. BROWN: Yes, I have.

21 MR. LANG: Based on your review
22 of the budget, do you believe that Mr. Frenia is
23 accurate when he indicates that we would be able
24 to provide either through direct expenditure or
25 contribution to the voluntary fire company,

1 everything that's provided for the in the current
2 budget associated with the Fire Commission?

3 MS. BROWN: Yes, I do.

4 MR. LANG: Beyond that, it's also
5 incumbent upon us to establish to the Board that
6 we will continue to provide firefighting services.
7 I'm wondering if you could explain to the Board
8 why you think there would be no interruption in
9 services? Why you don't think that would provide
10 any challenges?

11 MS. BROWN: I want to take a step
12 back. Tabernacle is a small community. Everybody
13 within Tabernacle knows everybody, being we are
14 such a small community. Being here today isn't a
15 very easy thing for any of us, because the
16 Commission is made up of volunteers from our
17 community.

18 So when we were entrusted with
19 this decision, we had to look at it very closely
20 and make the right decision that we thought would
21 enhance the quality of everything. That's what we
22 did. We looked at the finances and we saw that
23 there would be a savings to the residents. And we
24 saw that there was a chance to improve on a lot of
25 things, by doing the cooperative training with the

1 emergency squad, the fire company and our
2 emergency management.

3 We have two prongs working
4 together right now, emergency management and the
5 rescue and EMS. But fire has kind of lapsed to
6 the side. We want to bring them all together,
7 centralize it, so the residents of the town get
8 the best quality.

9 Not that the volunteers-- don't
10 get me wrong, that they are not providing good
11 quality service now, they are. But we want to be
12 a cooperative effort, everybody working together,
13 everybody on the same page. That everyone knows
14 that it will work, it will get better.

15 And we've already seen, since we
16 started this process, a lot of that coming
17 together. Moving forward, we're really excited
18 about that. Because it is nice to see that
19 everyone can get behind something and start moving
20 forward to make the best for the residents of the
21 town.

22 We've looked to our neighboring
23 towns, Southamton, Shamong, who have almost an
24 equal population in how they run their emergency
25 services, and found it's very close to what we

1 envision for our own town. It's working very well
2 there.

3 That's what we're trying to move
4 forward, to the municipality overseeing what's
5 going on and providing coverage for everything
6 that's needed for the residents of the Township
7 and ensuring their safety.

8 MR. LANG: So is a small rural
9 municipality. Is that correct?

10 MS. BROWN: Yes, it is.

11 MR. LANG: Approximately 7,000
12 residents?

13 MS. BROWN: Approximately.

14 MR. LANG: And the Fire
15 Commission has been in existence, I think, since
16 sometime in the early 1980s?

17 MS. BROWN: I think it was 1985.

18 MR. LANG: 1985. So the
19 application, if it was granted and the Ordinance
20 that's been proposed if it was adopted, would it
21 result in providing the services, the firefighting
22 services, much in the same way as many of the
23 surrounding rural, smaller municipalities do now
24 very effectively and efficiently. Is that correct?

25 MS. BROWN: That's correct.

1 MR. LANG: Is there anything that
2 you'd like to add for the Board today?

3 MS. BROWN: Only that I believe
4 it should come back under the Township because I
5 think the time of having a separate taxing entity
6 has past. It is time to bring it in, lower the
7 taxes, because everyone has their belts tighter
8 for less ratables that you can bring in revenue
9 for the municipality. We need to find ways that
10 we can save it and also provide the same service
11 that they are getting, if not better.

12 MR. LANG: Those opinions are
13 developed based upon your and the rest of the
14 Committee's ability to examine these issues and to
15 talk to the different people involved since
16 December when the petition was certified. Is that
17 correct?

18 MS. BROWN: That's correct.

19 MR. LANG: Mr. Cramer, is there
20 anything that you'd like to add for the Board
21 today?

22 MR. CRAMER: Just that I believe
23 that we can--the municipal staff can handle the
24 added workload, including LOSAP. And we will
25 work with our auditor and hopefully with the

1 Commission officers that have handled it, to make
2 that a smooth transition also.

3 MR. LANG: With that we're
4 prepared to answer any question that Board members
5 may have at this time.

6 MR. NEFF: I have none. It was
7 pretty thorough. What's the effective date of the
8 dissolution?

9 MR. LANG: The effective date of
10 dissolution--

11 MR. FRENCIA: January 1st, I
12 believe.

13 MR. LANG: January 1st.

14 MR. NEFF: That's all the
15 questions I have.

16 MR. LANG: I have to admit I
17 wasn't ready for that question. In the statutory
18 frame work it doesn't really detail. We thought
19 that, in fact, the Board would have some input in
20 that.

21 MR. FRENCIA: In speaking with
22 the Division representatives, they suggested we
23 leave the budget in place for '14. I just saw a
24 lot of issues with the budget if we cut it off
25 halfway through the year. So at this point in the

1 year, January 1st seemed like the answer.

2 MR. NEFF: That's what we would
3 have recommended. I think that was what someone
4 from your office had recommended.

5 MR. NEFF: All right.

6 MR. FRENIA: Thank you for your
7 time and consideration.

8 MR. NEFF: Thank you for your
9 thoroughness. We have other folks, I think, who
10 want to testify on this. Why don't you all come
11 up, that's fine.

12 (Frances J. Brooks, John Steven
13 Berger, III, Nancy E. Freeman, being first duly
14 sworn according to law by the Notary).

15 MS. BROOKS: Frances J. Brooks,
16 B-r-o-o-k-s.

17 MR. BERGER: John Steven
18 Berger, III.

19 MS. FREEMAN: Nancy E. Freeman.

20 MR. BRESLOW: What I'd like to
21 do, actually with your permission, is work this
22 way. I'd like to save my comments for last. I
23 think you need some of the factual underpinnings
24 which you are going to hear. I thought it would
25 be appropriate that Ms. Brooks could speak first,

1 Ms. Freeman, then I will like to make a few
2 comments.

3 MR. NEFF: Ms. Brooks, before you
4 start, I just wanted to let you know we did
5 receive your material in a rather large binder. We
6 are reviewing it. We haven't finished our review.

7 I skimmed it myself personally.
8 We have a fire expert on our staff who is also
9 reviewing it, as well as the Board staff. I hope
10 you don't intend to read that entire thing?

11 MS. BROOKS: I don't intend to.

12 MR. NEFF: But we welcome your
13 remarks.

14 MS. BROOKS: I would like to
15 give everybody a copy of my statement, so you have
16 it for the record, to make it easier.

17 Thank you for giving me the
18 opportunity to comment on Tabernacle Township's
19 application to the LFB.

20 My name is Fran Brooks. I am a
21 resident of Tabernacle Township. Since you
22 already have the document that I submitted on June
23 30th, I'm not going to comment on it. But I'd
24 like to give you a context for my comments.

25 In my professional career I am a

1 PhD. I have been a policy analyst at Rutgers
2 University and for New Jersey nonprofit
3 organizations. I have played a significant role in
4 the development of state legislation within the
5 agricultural community. I understand how policy
6 and legislation are developed.

7 Also have been a Tabernacle
8 Township Committee Woman. I understand how
9 municipal policy and legislation is developed and
10 implemented. My interest has always been in the
11 establishment of good governmental policies.

12 I understand the importance of a
13 fire district and provision of fire services. I
14 am a strong advocate against their dissolution.

15 However I don't have blind
16 allegiance to the Fire District. Nor do I have an
17 enmity against the Township. I'm an equal
18 opportunity advocate. If the public policy is
19 good and the equal opportunity critic, the policy
20 is bad. I distinguish between issues on their own
21 merits.

22 I'll give you three quick
23 examples. First I have attended Fire District
24 meetings since 2010. In 2010, through OPRA
25 requests--

1 MR. NEFF: I'm sorry, Ms. Brooks.
2 Could I ask you, just get to the points of what
3 the concerns are with the application.

4 MS. BROOKS: I will do that. Let
5 me start with the fact of these proposed cost
6 savings, since you all have my document and you'll
7 be able to read it.

8 It is certain that the Township
9 didn't interview the Fire District treasurer, the
10 person who actually has expertise about
11 firefighting costs, et cetera. And the promise of
12 cost savings is obviously a major component of the
13 Township plan and a legitimate concern of this
14 Board.

15 The Executive Summary states
16 that the taxpayers will save \$50,000, now they say
17 \$50,000 to \$70,000. But at the April 28th, 2014
18 hearing when they unanimously voted to dissolve
19 the District, Committee Woman Brown who is
20 present today, said that the savings to the
21 taxpayers would be \$70,000 to \$100,000. When she
22 was asked for the factual support for that, she
23 had none. They have not been able to enumerate
24 for residents exactly what those savings are going
25 to be and how they come about.

1 The new estimate in the
2 Executive Summary also has no factual support. So
3 there is no proof that the dissolution will save
4 any money. Thus there is no financial
5 justification for consolidation.

6 Consolidation is clearly a
7 laudable goal, there is no question about it. The
8 devil is in the details. In this particular case
9 I would argue you that dissolving the District is
10 not going to serve Tabernacle.

11 The other aspect that they raise
12 is also about insurance savings, which I review.
13 They have never been able to enumerate, identify
14 specifically what those insurance savings are.
15 Residents asked about those specific savings at
16 the May 12th --this was subsequent to their
17 adoption of the original resolution to dissolve,
18 what these insurance savings would be.

19 We could not find out what they
20 are. Neither the Committee could articulate what
21 they are. The administrator couldn't articulate
22 what they are.

23 So we got simply absolutely no
24 answer about where the insurance savings are.
25 Regarding the fire truck, the Township's

1 application doesn't even touch on the fire truck.
2 And Chief Smith, along with the commissioners,
3 have for years been advocating the purchase of
4 new truck, which was approved by Township
5 residents with a very rational plan in February of
6 2014. But the truck hasn't been bought because
7 there have been issues regarding the financing of
8 it.

9 At just this past Monday's
10 workshop meeting, the mayor, Mayor Joseph Barton,
11 was asked about whether the Township was going to
12 buy the truck? And he literally stated to the
13 public, it has not been discussed. This is a very
14 troubling admission. A responsible plan to provide
15 fire services has to address the safety issues,
16 the tax consequences and election results, which
17 are erased by the purchase of a fire truck.

18 The Township's unwillingness to
19 address this issue shows that their plan for
20 Tabernacle's fire protection is not well conceived
21 and incomplete.

22 The other issue that I raise in
23 this statement has to do with LOSAP, which is of
24 extreme concern to the volunteer firefighters. The
25 subcommittee never interviewed volunteer

1 firefighters to understand their concerns. This
2 came out very clearly at the April 28th, 2014
3 meeting when they voted dissolve the District.

4 They have never addressed LOSAP.
5 Thus their application never addressed LOSAP. They
6 never discussed it in a public meeting. There is
7 to way to determine what the possible-- and that
8 is one area of possible savings, clearly, for the
9 Township now and in the future. But there has
10 never been a discussion of LOSAP.

11 So on that issue, their
12 application also fails. Now, the one issue that I
13 as a resident have been extremely concerned with,
14 has to do with management and the Township's
15 inability to manage.

16 That chart that they submitted
17 in that the resolution which doesn't have a
18 number, it's just a proposed resolution, is that
19 they are making the volunteers self managers. It
20 doesn't establish a chain of responsibility which
21 ensures accountability. It has no component for
22 for self evaluation or improvement.

23 As a policy analyst I would ask
24 for that. It has no component for public
25 involvement or oversight.

1 The three parts of their
2 proposal I've broken down-- I analyze the three
3 parts of their proposal. The Chief doesn't report
4 to anyone who has expertise in firefighting. He
5 merely advises the Township. There is no
6 structure as to what the Chief has to rely on.
7 His comments are merely advisory. The Committee
8 doesn't have any expertise or general knowledge
9 about fire services. They rarely attend Fire
10 District meetings.

11 I know this because I've been
12 attending religiously since 2010. Pole records
13 show that most committee members rarely vote as
14 public citizens at the elections. They never
15 assigned a liaison from the Committee.

16 The Chief's comments will fall
17 on totally uninformed ears. The Township
18 administrator will merely be a contract
19 administrator. There is no provision for exacting
20 participation, regardless of what they might
21 claim, in fire services.

22 Indeed, the administrator
23 administrates most of the Township programs. Fire
24 protection will be another duty added to his
25 already very full plate. History shows, as I

1 discuss in this statement to the Board, that the
2 administrator doesn't have time to complete his
3 present assignments.

4 There are two main
5 circumstances. And the first one has to do with
6 what seems to be an unrelated issue, which is
7 about the Township recreation committee. Which
8 they have an obligation to supervise and have
9 never supervised, since they established the
10 Ordinance in 2001, they never managed something
11 that is such low hanging fruit.

12 All of this was brought out
13 clearly by OPRA requests that I submitted. But
14 even with low hanging fruit, they can't manage
15 their own appointed Township recreation committee.

16 A much more important management
17 issue is the Emergency Services Building wash bay.
18 They opened a \$4 million Emergency Services
19 Building. Which by the way you see in my
20 statement, I endorse this building. We went out
21 and campaigned for it and I was able --I helped
22 the Township get it passed. Because I firmly
23 believed that it was good public policy to build a
24 new building. But there is this issue of the wash
25 bay. And without going through all of the

1 details, which I hope you will review, I want to
2 get to a very important point about the wash bay.

3 The firefighters were never
4 given access to the EMS building or the wash bay.
5 It was only after a lot of public comment by
6 residents, that firefighters were allowed access.

7 In a letter written by one of
8 the commissioners in 2013, they formally asked
9 access to the wash bay and the lavatories. Think
10 about that, volunteer firefighters could not go to
11 the bathroom in the public's Emergency Services
12 Building, unless they were escorted. Unless the
13 Township Committee was complicit in the --

14 MR. NEFF: I'm sorry, I really
15 would ask that you stick to the dissolution.
16 Whether or not somebody was given permission to
17 use the bathroom two years ago, really, honestly,
18 come on.

19 MS. BROOKS: I'm sorry, Directr.
20 It just has to do-- I understand-- I expected that
21 this might be a comment. But wrote it up and I
22 hope you will review that. Because there is a
23 linkage with the dissolution.

24 MR. NEFF: We'll review
25 everything that was submitted in writing,

1 including the statement. You are reading a
2 statement that-- we're not voting on this today.
3 We have this, we'll be able to read it. I ask you
4 to stick to the points.

5 MS. BROOKS: I am trying to do
6 that. In the last part--I'm sorry, I'm not
7 experienced at coming before your Board. So I
8 wanted to write this up, because I knew that--

9 MR. NEFF: We try and give people
10 broad latitude here in discussing the issues. But
11 I would ask that you make the points directly on
12 the things that we're statutorily required to
13 review. Which is whether or not the services can
14 continue to be provided and whether the debts and
15 liabilities will be assumed by the applicant.

16 MS. BROOKS: Clearly, I'm not--
17 I don't have certification to speak to the
18 financial aspects. I read the budget--because I
19 observed the Fire District budget, that it has
20 been in excellent shape. It has been in
21 excellent shape. It has been a very tight budget.
22 And the treasurer has done an extremely good job
23 working on the budget and producing a very tight
24 budget.

25 Short of that, I can't speak to

1 that issue in any great depth. I can speak to
2 management issues. Even though they may be
3 somewhat outside your purview, the Township
4 already has a full plate. Given the circumstances
5 that I've observed over the years, they can't
6 manage what they have. And fire protection is so
7 serious. It is not like managing a recreation
8 committee, okay. It is not like managing the
9 lavatories in the Emergency Services Building.

10 It's a really serious issue. If
11 they can't manage those other things, I simply
12 don't understand, Director, how they are going to
13 manage-- successfully manage the fire protection.

14 And the Commission, in spite of
15 many of its foibles--and I can speak to them
16 pretty explicitly, they have done a great job. The
17 reason why the company was in the past so well
18 respected, was because it had a Chief that was a
19 terrific Chief and really knew about fire
20 protection.

21 That company has deteriorated,
22 in spite of what you might have heard this
23 morning. I believe that Commissioner Freeman will
24 be speaking to that issue.

25 So I will leave you with my

1 statement.

2 MR. NEFF: The deterioration
3 occurred during the time that there was a Fire
4 District?

5 MS. BROOKS: The deterioration
6 occurred from the time of the petition to dissolve
7 through the decision by the Township this spring
8 to dissolve the District.

9 There has been serious
10 deterioration in the fire company. That's what--as
11 a resident, I'm concerned about the proper
12 provision, efficient provision of fire services.
13 So that's where I stand. Thank you, I appreciate
14 the time.

15 MR. BERGEN: John Bergen,
16 Chairman of the Fire Commission. I'm going to let
17 Commissioner Freeman make our statement. It's a
18 very short statement, by the way. We do have a
19 copy, but it is very short.

20 MR. NEFF: Take as long as you
21 want, as long as it is on point.

22 MR. BERGER: It is absolutely on
23 this point.

24 MS. FREEMAN: John is going to
25 bring you all a copy. In that way, for any of the

1 other members who aren't here, you can go on and
2 make it for them.

3 Chairman Neff and Board members.
4 Thank you for giving me the opportunity to speak
5 to you, the Board, I would like to share just a
6 few facts about our Tabernacle Fire District and
7 its working relationship with the Medford Farms
8 Volunteer Fire Company.

9 When I became a member
10 Tabernacle Fire District Number 1 in 1992, I
11 realized quickly how much I needed to learn. I
12 have served continuous terms from 1992 through to
13 2014, approximately twenty-two years. For most of
14 these years I served as deputy chair. Since 2010
15 I have been treasurer. I have not needed a
16 corrective action plan for the audit in the four
17 years that I have served as treasurer.

18 And I presently am working with
19 district records, files, research and treasurer's
20 work, between twenty-five and thirty hours per
21 week.

22 I, as a non firefighting member,
23 always asked questions and learned more with each
24 year of volunteer service. I was proud to be part
25 of the team of firefighters and commissioners

1 doing our part for the residents of Tabernacle
2 Township.

3 In 2003 I worked to bring a
4 LOSAP program into our district, to encourage a
5 younger group of firefighters and our existing
6 members, to respond to calls. This program was a,
7 success, along with the recruiting program that
8 former Chief Welling and his team of firefighters
9 used in our local high school. As does Chief
10 Smith continue that program.

11 One of the things that I felt
12 was very important was the Township Committee
13 provided us with a liaison to the Fire District
14 and its firefighters. I felt that since one was
15 provided for the Tabernacle Rescue Squad, if the
16 liaison attended our meetings and learned about
17 what the firefighting jobs, equipment and training
18 were, they would be able to go back to the
19 Township Committee with the report and then come
20 back with suggestions as we needed them.

21 This request was denied.
22 Unfortunately for the District, we had very bad
23 legal advise. Our attorney of many years was no
24 longer giving us wise counsel. In 2012 I knew a
25 new new attorney was a necessity. I called

1 several surrounding districts to see who they were
2 using, how satisfied they were and who they would
3 recommend.

4 This process brought us to Mr.
5 Richard Breslow, Esquire, who agreed to provide
6 legal assistance to us in November of 2013.

7 I firmly believe the District
8 was beginning to overcome issues with the help of
9 Mr. Breslow's knowledge and experience.

10 I was confident that we would
11 address and resolve the issues very quickly.
12 Unfortunately, the petition to dissolve that was
13 created has created uncertainty for the Fire
14 District.

15 It has also affected the members
16 of the Medford Farms Volunteer Fire Company. The
17 firefighters have reached response numbers and
18 have gone from an average of nineteen firefighters
19 per call to nine per call over the last few
20 months. We have have been taken off grids by our
21 chief, due to a shortage of manpower. This is
22 because of the petition and the young interior
23 firefighters who have resigned--excuse me, I'm
24 sorry, I skipped a line.

25 In the last two weeks alone, two

1 young interior firefighters have resigned because
2 of the Township's decision to dissolve the
3 District. I know it's a fact because they told me
4 that.

5 In the past the fire company and
6 district have had differences. But we were always
7 able to resolve these differences. It was kind of
8 like a family.

9 As you know, a new fire company,
10 Tabernacle Volunteer Fire Company Number 1 was
11 created. This fire company has only one interior
12 firefighter as a member. There are four or five
13 women who are members of the new fire company.
14 They are support personnel only, not firefighters.
15 I do not believe that the fire company has
16 sufficient certified firefighters to protect the
17 residents of Tabernacle.

18 Also, I would like the Board to
19 know that I offered my financial knowledge and
20 expertise to the subcommittee that was
21 established to study the dissolution. They never
22 contacted me or interviewed me.

23 In conclusion, I hope that you
24 will take my comments to heart. I believe that
25 our decision--I believe that a decision to

1 dissolve the District has caused many more issues
2 between our firefighters than solutions. The
3 District should be preserved as I don't believe
4 that the Committee can handle all the firefighting
5 needs in protecting the Township residents. Thank
6 you for your time. Nancy Freeman, Commissioner.

7 MR. NEFF: Could I just ask one
8 very quick question?

9 MS. FREEMAN: Certainly.

10 MR. NEFF: You reference that
11 there are two firemen who said they resigned from
12 the fire company because if there is not a
13 district they don't want to be a part of it. Did
14 they elaborate?

15 MS. FREEMAN: They did not feel
16 that they could work under our present Township
17 Committee.

18 MR. NEFF: So they actually
19 resigned. They were members of the fire
20 company --

21 MS. FREEMAN: That's correct.

22 MR. NEFF: --and they said I
23 don't want to be a part of the fire company any
24 more?

25 MS. FREEMAN: There is too much

1 strife. There is too much stress. It was their
2 words, strife and stress. We'd like you to help
3 us get a refund of our LOSAP funds, because we're
4 just not going to work under this kind of a
5 condition any longer.

6 MR. BRESLOW: I know we've been
7 here a long time, so I will try to be concise.
8 There are just some key points that I wish to make
9 on behalf of Fire District.

10 Number one, I want to kind of
11 tie into what Commissioner Freeman said and also
12 what Ms. Brooks testified to. Since the
13 dissolution discussion first ensued, there has
14 been significant damage to the providing of fire
15 protection.

16 I have to say, while I realize
17 that we need to talk to the two statutory
18 criteria, I would also like to note, I know when
19 we come in here with financing applications, I
20 commend your staff and I commend the Board, that
21 you have done the ultimate of scrutiny, which I
22 welcome. You have certainly talked to issues of an
23 issuance cost and terms. And you looked at the
24 process engaged in and the needs of a fire truck.
25 I know you've done it with buildings also. I

1 commend that. I am certainly assured that the same
2 scrutiny will occur here.

3 Let's talk to the second
4 criteria of the statute. There are extremely
5 serious issues at this moment, as to whether fire
6 protection services can be provided. The fire
7 company that presently exists, there was
8 discussion with the Fire District as to whether to
9 continue that relationship. There was a petition
10 in accordance with the statute that was presented
11 to the Fire District Board, to create a second
12 fire company. The second fire company was asked to
13 submit documentation so the Board could review it
14 and determine what the appropriate decision was.

15 After asking for the
16 documentation and reviewing it, the Fire District
17 determined that because of significant issues of
18 the appropriate interior firefighters and the
19 appropriate manpower, that it was not appropriate
20 to recognize that second fire company.

21 I know there has been some
22 commentary offered you by the Chief and by the
23 Township that services will be continued. But
24 based upon the fact that people are walking away
25 because they don't want to serve under the

1 Township, based upon the fact that there has been
2 no recognition, I don't know which company they
3 plan on contracting with.

4 If they plan on recognizing and
5 contracting with the new company, we have
6 significant issues that have been pointed out and
7 which I point out and which I think your staff
8 needs to do more examining.

9 Don Huber does a great job, but
10 I don't know that this issue was necessarily
11 there. Well, it's there. I think there is a
12 significant issue as to whether that prong of the
13 statute is able to be satisfied.

14 The commentary that says, you
15 know, everything is good and rosie is great, but
16 the facts don't support that. That's my first
17 comment.

18 My second comment would be the
19 issue of the cost savings. The application is
20 more telling in what it doesn't say as opposed to
21 does say. There was initial discussion and this
22 was discussion that was had with the District. We
23 sat down with this committee that had been
24 established by the Town and had dialogue as to,
25 you know, the ins and outs and the good and bad of

1 a district versus a non-district. Certainly at
2 that point there was discussion of creating a
3 position of fire safety or a public safety
4 director.

5 Nowhere in the application does
6 it reference that. It's my understanding that, not
7 that it's been ruled out, but that for a period of
8 months there is going to be an effort to do
9 without that position, even though I understand
10 it's been advertised for. I could be wrong in my
11 comments, but I understand that there is a person
12 person in mind for the position. Well, that costs
13 more money.

14 Commissioners currently get no
15 compensation. I'm also assuming those that will
16 take on the responsibility of the commissioners,
17 will have to be compensated on a certain level.

18 You heard the difficulty of
19 having a full plate and possibly the Township not
20 being able to address that. I think it is not
21 understood as to the amount of time that
22 Commissioner Freeman and the other commissioners
23 spend in terms of conducting Fire District or
24 firematic business.

25 So I think, again, it is nice to

1 talk about cost savings which are not specifically
2 documented. But I think it is the question of the
3 public safety director, will it come about or are
4 there others that will be employed?

5 Are we to believe that legal
6 services will still not be provided and billed
7 for? So there might be some administrative
8 savings. Are they substantial? Are the numbers
9 what they appear to be? I would suggest that they
10 are not.

11 There was another comment which
12 I also found very interesting. Which was, there is
13 some kind of disharmony between the Fire District
14 and the firefighters. Not true. I have
15 been--granted, I haven't been there for the
16 entire length, I'm a new retained attorney. I've
17 only been there since the end of last year, going
18 through. There are disagreements, but I've never
19 seen the disharmony that would justify the
20 dissolution of a fire district. The real
21 disharmony is between the first aid squad and the
22 firefighters. I, in fact, interestingly enough,
23 was at a meeting with the Township. I referenced
24 this committee meeting. Where we sat down and I
25 said listen, I understand there are significant

1 issues longstanding between the first aid squad
2 and the firefighters. I will quote what I said. I
3 said I'd be happy to offer my services for free,
4 try to mediate the differences, because that's
5 inappropriate and unfortunate, everybody is in
6 emergency services.

7 But to somehow imply that
8 that's the issue between the district and the
9 firefighters, absolutely not true. The other
10 problem I have with the application-- I will add,
11 though, if you look at Ms. Brooks' statement, I
12 think she talks to a lot of the issues. I know
13 you'll read the statement that Commissioner
14 Freeman has provided. But I think the difficulty
15 is not as much the substance which I've spoken to,
16 but the procedure.

17 And just for the record, because
18 I think it's important to put forth, the hearing
19 that was scheduled to address the dissolution of
20 the fire district and this is in the documentation
21 that's been provided to you, was scheduled the
22 night of a Fire District meeting. The Town knew
23 they had a meeting, the Town knew they were
24 against the time frame, because they had to get
25 the budget introduced and so forth, but the

1 hearing was still proceeding. It was not fair to
2 the District. It wasn't fair for those who wanted
3 to be at the District meeting, the commissioners
4 who had to be there and couldn't. So that's the
5 first step in I feel is a very inappropriate
6 process.

7 Then we have-- if you looked at
8 all of Ms. Brooks' material, I admit I'm not at
9 the meetings, but certainly there are issues of
10 whether anything was discussed publicly. You
11 know, the Town said we're going to create a
12 committee to evaluate and discuss the issues. Yet
13 none of these findings are public.

14 Good government, we all know,
15 certainly implies that the public should know
16 what's being discussed at a meeting, have a right
17 to attend that meeting, have the right for further
18 input. None of that was provided. I have to say,
19 I know you are aware that there was a complaint
20 that was filed with the Prosecutor's office, to
21 examine whether the Open Public Meeting Act was
22 was violated on numerous occasions. I know we all
23 have to wait for the results of that meeting. But
24 I'm telling you in my experience I have never seen
25 a process engaged in such as this, where the

1 public is essentially denied the opportunity for
2 input or further discussion and so forth.

3 I also will tell you in the
4 submissions that you have, yes, there was a
5 petition from I think there were 200 and some
6 people. People then said we didn't want our
7 signatures contained on that. I didn't capture
8 everything that you said earlier, so I think you
9 kind of talked to that issue.

10 Then there was a petition
11 submitted to support the Fire District, having 400
12 and some signatures. All of this was discounted
13 by the Town. I realize a governing body has an
14 ability to make a legislative determination,
15 including dissolution, but I would suggest to you
16 that the process-- if you look at all the material
17 that was submitted, I know we will wait to see what
18 the Prosecutor has to say.

19 I think the process engaged in
20 was very inappropriate and not within the intent
21 of the statute. I also think, for the reasons we
22 stated, I think prong two seriously needs to be
23 looked at. Because I have no satisfaction, based
24 on what I've been told and the facts that we put
25 before you, as to whether fire protection will be

1 provided, to the extent that it needs to.

2 MR. NEFF: So you're a lawyer
3 and you're very familiar with what the legal
4 requirements are with these sorts of proceedings.
5 What is your interpretation as to what the legal
6 impediments were, or the ways in which The Town
7 Council violated their legal requirements under
8 this process?

9 MR. BRESLOW: Well, I will tell
10 you that when you tell-- let's talk to the first,
11 which I understand will be investigated by a third
12 party--by a separate entity.

13 MR. NEFF: We're not talking
14 about a crime here.

15 MR. BRESLOW: We're talking about
16 essentially--

17 MR. NEFF: No one is alleging a
18 crime; right, a Title 2C crime?

19 MR. BRESLOW: I don't think so.

20 MR. NEFF: What we're talking
21 about is a--

22 MR. BRELOW: An Open Public
23 Meeting Act violation, which you can call a
24 quasi-criminal on certain levels, but I don't
25 think it is applied--

1 MR. NEFF: It is not a crime
2 punishable as a, you know--

3 MR. BRESLOW: Correct. I think
4 essentially-- I would have no difficulty,
5 Director, seriously and I said this to the Board.
6 I said, look, if the process has been open and
7 fair and everyone had and opportunity to engage.
8 Then starts with, not only had the opportunity to
9 be at a hearing, but when you are telling the
10 public we are going to have a Committee
11 report--and I look at the report. It is not
12 really a report.

13 MR. NEFF: I understand that. If
14 you can answer the question, which is where did
15 they run afoul of the law?

16 MR. BRESLOW: I think they
17 violated the Open Public Meeting Act. I am firmly
18 convinced, based on the documentation that I
19 reviewed, which soils the process, and makes their
20 actions throughout the process inappropriate and
21 improper.

22 And I think the issue here is,
23 again, when we talk to the statute, I don't know
24 that this is an illegality, but I don't think they
25 satisfied the statutory criteria. I think there

1 are significant issues in relation to the issue of
2 continuing to provide fire protection. Which is
3 certainly the major element in dissolving one
4 entity and to take on whatever role you wish to
5 continue the service.

6 MR. NEFF: Obviously, a concern
7 of the Board is to make sure that whatever process
8 was followed by the municipality, was done so
9 legally and lawfully. If there were impediments or
10 they somehow how clearly violated the law, you
11 know, they didn't produce an ordinance, the right
12 number of votes and didn't have the required
13 notice for a meeting of some sort, that would be
14 of concern.

15 And you're representing this
16 group. It would be nice to hear from a lawyer of
17 what their opinion is as to where those
18 impediments were. As I said, I skimmed Ms.
19 Brooks' document. There are allegations in that
20 there were, I think, some advertising issues, Open
21 Public Meeting Act issues. I'd like to hear from a
22 lawyer who has a license and whose job it is to
23 understand the law, to tell me where you think the
24 problems were.

25 You don't have to continue on

1 here, but maybe something in writing before the
2 the next meeting, setting forth clearly. Because
3 if that's an issue, we'll look at it. I don't
4 want, well, I filed complaints with the Prosecutor
5 as if it is some sort of crime that somebody
6 should go to jail, which it isn't that level of
7 issue. That's not enough. I want to hear from a
8 lawyer whose job it is to make sure that things
9 are done appropriately and identify for us where
10 the problems are.

11 MR. BRESLOW: Let me say this, I
12 would like the opportunity and I will. I have one
13 more thing to say verbally. I will provide a
14 written documentation to the Board.

15 Getting away from the Open
16 Public Meeting Act issues, which I think are very
17 significant, our other position is that the
18 signatures don't--there were not sufficient
19 signatures on the petition. I think that is well
20 documented also. Now, you say to me is that an
21 illegality? Certainly in a criminal sense, of
22 course not. But I think it is in noncompliance
23 with the statute.

24 MR. NEFF: That's the kind of
25 thing that I would like a lawyer to opine on for

1 this.

2 MR. BRESLOW: I will be happy to
3 do that. I will provide a written submission.

4 I have one more question, if I
5 may? Because I heard something today which I'm a
6 little perplexed by. You had asked a question
7 about dissolution. I have talk to the fire truck
8 issue. Because if what I what heard was correct,
9 it sounded like the answer I heard was, the
10 proposed dissolution, if it were to go forward,
11 would be effective January 1st. Is that what I
12 thought I hear or am I--

13 MR. NEFF: That was suggested.

14 MR. BRESLOW: Because I have a
15 question on that, the fire truck. I just want it
16 explained, because now I'm curious. You know, I
17 came to the Finance Board, we had financing in
18 place. There was a a company that turned around
19 and then said, for some reason we've gotten wind
20 of the dissolution. We're going to give you the
21 financing any more.

22 You know, I came in a second
23 time. I had a better quote. And I came in and
24 had that approved. Then with the dissolution
25 again, this company seeing it rise to another

1 level, said look, here are certain conditions, I
2 couldn't agree with the conditions and do my job.

3 That truck is needed. We have
4 voter approval. If I have the time frame, I'd
5 like to come back into the Board and say look, we
6 have a vendor now that's quite familiar with the
7 dissolution and said okay, we're willing to give
8 you the financing with what I hope are the same
9 terms. Do I come back to the Finance Board? I've
10 not been in that situation before. It is a very
11 difficult scenario. I never had someone yank, for
12 lack of a better word, financing. That truck is
13 needed.

14 MR. NEFF: When was voter
15 approval given to purchase that truck?

16 MS. FREEMAN: October 16th,
17 2013.

18 MR. BRESLOW: The only impediment
19 has been financing.

20 MR. BERGER: Dissolution.

21 MS. FREEMAN: Financing and
22 dissolution

23 MR. BRESLOW: Dissolution in
24 relation to the financing. Because the financing
25 was in place twice.

1 MR. BERGER: Both financing
2 companies have backed out because of the
3 dissolution.

4 MR. BRESLOW: I didn't think it
5 was appropriate because of where we were at, to
6 all of a sudden get the wheels rolling, because I
7 know I have to come back. But we're in a
8 difficult situation. We have a vendor. We've gone
9 through all the appropriate procedures.

10 MS. FREEMAN: We also have the
11 financing offered from that vendor. And they will
12 act will act on it within a three month window,
13 including getting approval from the Local Finance
14 Board.

15 MR. BRESLOW: I've never been
16 presented with it and I apologize. I heard
17 something that I hadn't heard before.

18 MS. FREEMAN: I mean the Township
19 residents, not the firefighters, the Township
20 residents need this truck. It's just that
21 important. The one truck that we have been relying
22 on, unfortunately was in an accident. It is out
23 for repair. It's a major repair. It is going to
24 take a while. So we're down a truck. We've got
25 what we call the red truck in our garage at the

1 moment. Ours are all yellow. It is there as a
2 loaner, because we don't have anything. Thank you
3 for your time.

4 MR. NEFF: Thank you.

5 MR. LANG: Mr. Chairman, we have
6 much to say to refute. Would you prefer that we
7 submit that in writing in advance of next month?

8 MR. NEFF: In writing is fine. I
9 would ask on both sides, if anybody has anything
10 in addition that they want to have included,
11 please get it to us in the next three weeks, so we
12 can have it in time for the next meeting. Thank
13 you.

14 MR. LANG: Thank you.

15 MR. BRESLOW: Thank you.

16 MR. NEFF: Is there anyone else
17 who wanted to speak on this?

18 (No response)

19 MR. FOX: Motion to adjourn.

20 MR. BLEE: Second.

21 MS. MC NAMARA: All in favor?

22 (Upon a unanimous affirmative
23 response, the matter concludes at 2:30 p.m.)

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C E R T I F I C A T E

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

I DO FURTHER CERTIFY 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, to the best of my ability.

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

C:\TINYTRAN\Charles Senders.bmp

CHARLES R. SENDERS, CSR NO. 596

DATED: August 28, 2014

STATE SHORTHAND REPORTING SERVICE, INC.

