

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

3 * ----- *
4 MONTHLY MEETING AGENDA *
5 *
6 * ----- *

7 Conference Room No. 129
8 101 South Broad Street
9 Trenton, New Jersey
10 Wednesday, August 13, 2014

11 TIME: 9:00 a.m.

12 B E F O R E: THOMAS NEFF-CHAIRMAN
13 IDIDA RODRIGUEZ-MEMBER
14 JAMIE FOX-MEMBER (Via Phone)
15 TED LIGHT-MEMBER
16 FRANCIS BLEE-MEMBER

17 ALSO PRESENT:
18 PATRICIA MC NAMARA-EXECUTIVE
19 SECRETARY
20 EMMA SALAY-DEPUTY EXECUTIVE SECRETARY

21 A P P E A R A N C E S:
22
23 JOHN J. HOFFMAN, ACTING ATTORNEY
24 GENERAL
25 BY: DONALD M. PALOMBI, ESQ.
Deputy Attorney General
For the Board

26 STATE SHORTHAND REPORTING SERVICE, INC.
27 P.O. Box 227
28 Allenhurst, New Jersey 07711
29 732-531-9500 FAX 732-531-7968
30 SSRS@STATESHORTHAND.COM

31 STATE SHORTHAND REPORTING SERVICE, INC.

1 (Transcript of proceedings,
2 Wednesday, August 13, 2014, commencing at 9:43
3 a.m.)

4 MS. SALAY: We are in compliance
5 with the Open Public Meetings Act. Notice was
6 given to the Secretary of State, the Star-Ledger
7 and the Trenton Times.

8 Roll call. Mr. Neff?

9 MR. NEFF: Yes, here.

10 MS. SALAY: Mr. Blee?

11 MR. BLEE: Here.

12 MS. SALAY: Mr. Fox?

13 MR. FOX: Here

14 MS. SALAY: Mr. Light?

15 MR. LIGHT: Here.

16 MS. SALAY: Ms. Rodriguez?

17 MR. LIGHT: She's here, I can vouch
18 for it. She'll be here in three seconds.

19 MR. PALOMBI: Just make a notation
20 when she comes in.

21 MR. NEFF: Go straight to the
22 applications. First up is an item for Atlantic
23 City, proposed adoption of their municipal budget.
24 They are under supervision pursuant to NJSA
25 52:27BB-87.

1 We'll also be hearing an
2 application for them to issue \$140 million of
3 proposed refunding bonds or tax appeals for prior
4 years and for the current year for one casino. It
5 will be a nonconforming maturity schedule. It
6 would be for a proposed participation in the
7 Qualified Bond Act program

8 We'll start with the budget and
9 we'll handle that first. I'd ask if the Mayor
10 could come on up and the Monitor from the city and
11 the Mayor's team.

12 MR. BLEE: Mr. Chairman, for the
13 record, I'll be recusing on Atlantic City.

14 (Donald A. Guardian, Edward
15 Sasdelli, Kevin Moore, Arthur M. Liston, Michael
16 Stinson, being first duly sworn according to law
17 by the Notary)

18 MR. MOORE: Kevin Moore.

19 MR. LISTON: Arthur M. Liston.

20 MR. GUARDIAN: Donald A. Guardian.

21 MR. STINSON: Michael Stinson.

22 MR. HOLT: Jason Holt, I'm an
23 attorney.

24 MR. NEFF: Just give us one more
25 minute. We're waiting for the final member to

1 come in. So wait for the moment.

2 (Pause in proceedings)

3 (Whereupon, Ms. Rodriguez enters
4 the room)

5 Jamie, are you still there? Jamie,
6 can you hear us?

7 MR. FOX: Yes, I'm here.

8 MR. NEFF: We're going to get this
9 started.

10 MR. GUARDIAN: Good morning. Thank
11 you for allowing us to come before you today.

12 I to thank the Chairman and our
13 monitor for the last seven months, for the support
14 that they have given us as we go through a
15 difficult time. A difficult time in that we've
16 lost half of our assessments in the last five
17 years and lost three billion dollars just in the
18 last twelve months.

19 The difficult times that we're
20 having with our major industry and the
21 proliferation of gaming throughout the northeast,
22 causing at least of three, maybe four of our
23 properties to close this year. And the fact we
24 haven't managed our budget well in the past years
25 and haven't reduced the cost of governments to the

1 residents of Atlantic City.

2 So now we're trying to turn the
3 page. We know it is a new day. And we know that
4 this is a transitional period for Atlantic City.
5 We're doing everything we can. There are cranes
6 in the sky. There are new buildings going up.
7 There are new business coming to town. There is
8 500 homes

9 But no way do these tens of
10 millions of dollars of investments and a thousand
11 or more jobs makeup for what we're losing with the
12 casino industry.

13 I do want to tell you that I'm very
14 committed and so is my administration, to continue
15 to reduce the cost of government in Atlantic City
16 and the number of employees that we have that work
17 for the City.

18 We have reduced our budget this
19 year twelve and half million dollars from last
20 year. We are very grateful for the thirteen
21 million dollars in transitional aid and \$6.7
22 million in Essential Services Grant. Without
23 that. Our tax increase to the property tax
24 holders would be a lot higher than the twenty-nine
25 percent that they face now on top of the

1 twenty-two percent last year.

2 So we come before you looking for
3 best practices from other cities and letting you
4 know that we're committed and that everything is
5 on the table. How we can either reduce costs of
6 doing government, reduce our labor force and find
7 new means of income beyond just property tax

8 As we go forward, we really do need
9 this transitional period over the next few years
10 to get Atlantic City back in a financially healthy
11 position.

12 MR. NEFF: Anybody else from the
13 City, any remarks?

14 (No Response)

15 No. I would ask if Ed Sasdelli
16 can just make a few remarks, the monitor for
17 Atlantic City, employee of the Department of
18 Community Affairs

19 MR. SASDELLI: Yes. Mr. Chairman and
20 Board members, I was before you last year talking
21 about the budget. At that time when I spoke to
22 you we had twelve casinos and we had \$15 billion
23 in ratables. I said that the single biggest
24 challenge to any city was the declining ratable
25 base

1 So I sit here before you today and
2 about a month from now we're going to have eight
3 casinos and about \$10 billion in ratables. That
4 continues to be the single biggest problem.

5 We have a four casinos that have
6 either closed or announced that they are going to
7 close, the Atlantic Club, Showboat, Trump Plaza
8 and yesterday the Revel.

9 So last year I said it was
10 devastating. We went from \$20 billion to \$15
11 billion. This year I'm sitting here telling you we
12 went from \$15 billion to \$10 billion. I don't
13 have to tell this Board how devastating that is to
14 a municipal budget.

15 But I do have positive news to
16 report to the Board. What's the positive news? The
17 positive news was, there was an election, there
18 was a new administration put in. The Mayor is
19 here, you just heard him speak. That is very
20 positive. Because the whole tone of the City
21 administration and the City changed.

22 And I'm just saying that because
23 the Mayor is here. I would report that to the
24 Board anyway. I don't think forty-eight hours
25 transpired from the Mayor's election, not swearing

1 in, his election, that he called me as the State
2 monitor. He didn't know me. He said I want to
3 meet with you immediately. I want to talk about
4 the transition period. I want to talk about the
5 government. I want to have good government. I
6 want to be the impetus for good government. I want
7 to do things right. I want to get the City
8 straightened out.

9 That was a seed change. You
10 heard the previous Mayors talk to this Board
11 before. Rather than give you a bunch of
12 adjectives, I'll tell you two anecdotes, which is
13 the microcasm of how he runs the administration.
14 He asked me what I think we should do first? I
15 said we need a business administrator to handle
16 the day to day operations of the Town and you need
17 a good solicitor because there is a lot of
18 litigation, things going on in Atlantic City.

19 So the Mayor put together
20 interview committee. He invited me to be on the
21 interview committee. The Mayor came into the
22 interview committee and he said to--and this was
23 all professionals, I won't bore you with the
24 details, all professionals. And he said, no
25 patronage, no friends of mine. I want it based on

1 merit.

2 I want you to give me candidates
3 that are the most qualified for the job. We gave
4 him Arch Liston, who unanimously was best choice
5 of the folks we interviewed. The Mayor didn't know
6 him from Adam. He doesn't live in Atlantic City.
7 The Mayor hired him and the Council confirmed him.

8 The same thing with the solicitor,
9 Jason. He applied for the job. The interview
10 committee was unanimous that he was the best
11 candidate. The Mayor didn't know him. He's not
12 from Atlantic City. The Mayor hired him, and so on
13 and so on for the rest of the cabinet. That's
14 unusual for Atlantic City, that's progress

15 So that was very encouraging. The
16 Mayor makes those kinds of decisions based on
17 merits. He consult me. We meet every two weeks,
18 if not more than that. I meet weekly with the BA
19 and every two weeks with the Mayor. He is
20 committed to making sound business decisions and
21 to use facts and data.

22 The other thing, he alluded to it
23 in his comments, but the Mayor has also
24 commissioned his financial staff to put together a
25 recovery plan.

1 When you have this magnitude loss
2 in ratables, you are not just going to cut a few
3 line items from the budget and pay for it. We've
4 been spending a lot of time with Henry Amorosa,
5 the financial consultant, the RF folks, to put
6 together a recovery plan for what we can do with
7 fifteen, sixteen and seventeen, to try to get the
8 City right sized government, down-sized government
9 and look at revenue, fees the whole picture.

10 That recovery plan I think is
11 important and that's a good thing the City has
12 undertaken. Since he's been elected on January
13 1st, there have been seventy-one positions of
14 people who have left and have not been filled. I
15 don't think the Mayor has any intentions of
16 filling those positions.

17 So the there has been down-sizing
18 going on. So I won't beat the horse, but I'm
19 very encouraged by that. That's a positive step
20 for the City.

21 With all of these positive things
22 you say, Ed, why is there a twenty-nine percent
23 tax increase if we have all of these positive
24 things going on?

25 Well, I already told you about the

1 ratable base. Also there are some other things
2 that drive that spike. The first thing the Mayor
3 inherited, and he sat-down to do the budget, is a
4 \$10 million operating deficit from previous
5 administrations.

6 The second thing he inherited was,
7 the previous who, testified before this Board, I'm
8 not speaking on his behalf, he did not want state
9 supervision, so he didn't apply for transitional
10 aid

11 I'm not presupposing what the Board
12 would have decided. I think that for the last two
13 or three years the City would have qualified for
14 and received transitional aid. But the previous
15 administration didn't apply for it, because they
16 didn't want the state monitor and they didn't want
17 the state supervision. So that would have
18 mitigated the spike that we're having.

19 Also, this Board directed the City
20 to do a property revaluation, at least for the
21 last three to four years. The previous
22 administrations dragged their feet and did not
23 perform it. As soon as I explained this to this
24 Mayor and his staff, they approved what they
25 needed to approve. The Council approved the RFP.

1 Jason's office prepared the RFP. Taxation already
2 approved it. We're just waiting for the engineer
3 to do the tax maps and we're going out to bid for
4 the property reval.

5 If you remember when I explained
6 the last time, everything was assessed in 2008,
7 which was the height of the market. The casinos
8 all appealed. But many homeowners who didn't
9 appeal, are still up here paying 2008 values. So
10 an equalization would have helped the tax rate
11 also.

12 So all of those things combined
13 with the ratable base decline, are driving that
14 spike in taxes.

15 As far as moving forward, I don't
16 like being the State monitor that is recommending
17 a twenty-nine percent tax increase. But when we
18 started this process and the Council introduced
19 the budget, it was a forty-seven percent tax
20 increase. So by working with the State, applying
21 for transitional aid, working with the BA, the
22 finance director, making some other cuts in the
23 budget, we have got it down to a twenty-nine
24 percent tax increase. We're eight months into the
25 year. We have casinos closing, they are not

1 paying their taxes. It is the best we can do
2 right now. What we really-- we need to approve
3 this budget. We need to require that the City
4 continue with that reval. We need to require they
5 continue with the recovery plan, to have a
6 workable recovery plan and make them stick to it.

7 Look, while the Mayor and I don't
8 agree on everything, we do agree on this. I know
9 the Council does as well. The status quo is not
10 acceptable. Everything understands that the
11 status quo in Atlantic City is the not acceptable.
12 We have to change the way we do business. We have
13 to change the way we think

14 The City has half as many ratables
15 as it had four years ago, five years ago. That's
16 devastating. So we understand that. We have good
17 dialogue. Again, the Mayor includes me in those
18 things. I think that's a positive thing. So I'm
19 going to take any questions that the Board may
20 have.

21 MR. LIGHT: How long will the reval
22 take, roughly? What is the target for completion?

23 MR. SASDELLI: Our original target
24 was 2016, but that's going to be challenging.
25 It's a big City, it's a lot to reval. The casinos

1 are complicated. That's a good question.

2 MR. LIGHT: It's going to take a
3 year just to do the maps?

4 MR. SASDELLI: I agree--well, I
5 don't think it will take that long to do the map,
6 because we already awarded that to an engineering
7 firm to update. But we've got to go out to bid.
8 We've got to get a firm qualified to do casinos.
9 We have one of the casino attorneys in the
10 audience, so I'm not going to say too much about
11 the reval.

12 MR. LIGHT: Thank you.

13 MR. NEFF: I'm just going to walk
14 through some of the actual budget figures and data
15 for the record what's being approved. The budget
16 was introduced by the City. There are amendments
17 made by the City, adopted or supported by the City
18 Council. And the key amendment was the insertion
19 of \$20 million, approximately \$20 million in
20 revenue between an essential service grant and
21 transitional aid to help mitigate the tax rate
22 increase.

23 The levy is actually only
24 increasing by 1.4 percent, which is under the two
25 percent state cap that everybody lives under. It

1 is increasing from \$199.35 million in 2013, to
2 \$202.15 million in 2014.

3 I would ask if Mike Stinson or
4 somebody can correct me if I get any of these
5 facts wrong while I'm speaking.

6 The spending in this budget is
7 going up as well. It is going up 1.4 percent,
8 from \$257.65 million in 2013, to \$261.36 million
9 in 2014. And despite that increase, it is
10 actually a quite impressive effort by the City.
11 Because they had to accommodate increases in debt
12 services for past borrowings for tax appeals.
13 They had accommodate contractual salary increases
14 pursuant to collective bargaining agreements that
15 healthcare increases, like everybody else has.

16 So that doesn't just reflect that
17 they are spending more. In the aggregate they are,
18 but in many areas of their budget they are not.
19 Their salaries and wages I believe are down 2.4
20 percent. Other expenses aren't down by three
21 percent. The recreation and cultural affairs is
22 down by \$350,000. Statutory expenses are down by
23 \$715,000. They have eliminated a public safety
24 director for a \$90,000 savings. Police salary and
25 wages are down \$500,000 due to attrition, from 330

1 uniforms to to 300 uniforms. Uniform fire safety
2 is down \$290,000. Police civilian salary and wages
3 are down \$286,000.

4 I don't think it is yet reflected
5 in this particular budget, but I know the City
6 recently moved to obtain a cheaper healthcare
7 plan. They are taking steps toward that. So
8 hopefully that will bear additional savings in the
9 future.

10 All of those savings from
11 attrition and other efforts that the Mayor and his
12 administration has made, are only for part of the
13 year. It takes a while to implement these things.
14 There will be full year value of these savings
15 next year. The State will continue to be a
16 partner next year. And so presumably this budget
17 will be improved next year. It will be more
18 stable, even though there are challenges from
19 Revel as we all know, moving forward.

20 But this budget is-- it is just
21 not an increase, it didn't go on auto pilot. I
22 want to express my thanks also to this mayor as
23 well. My hair is not falling out at the rate that
24 it used to when Mayor Langford was in the City.

25 As Ed noted we asked him many, many

1 times to conduct a revaluation and he just refused
2 to do it. A lot of the difficulties that are
3 being faced by Atlantic City today are because of
4 his failure to do that. Had he done a reval two
5 years ago or reassessments as appropriate two
6 years ago, not over collected from casinos what he
7 should have been collecting, then these problems
8 wouldn't be here today and the tax rate rate
9 increase of twenty-nine percent, not levy increase
10 of twenty-nine percent, would be a lot less than
11 what it is here.

12 I think it is unfortunate that
13 Mayor Langford dragged this feet for so long. But
14 I think we turned a corner. It will be better
15 relatively soon, even though we got this added
16 challenge of Revel. I think he is to be commended
17 for that. The working relationship has been really
18 positive.

19 I do want to also mention for the
20 record, that we did get a fax communication this
21 morning from somebody who is opposed to the
22 adoption of the budget today. We received this
23 email or fax from a group called Taxpayers,
24 Homeowners of Atlantic City regarding proposed
25 adoption of the Atlantic City Municipal Budget for

1 today's meetin.

2 Attached is a list of 618
3 signatures of Atlantic City taxpayers opposing
4 approval of the 2014 budget.

5 I'll just read for you for the
6 record the frustration of the residents there. It
7 says: "Democrats and Republicans in State
8 government came together to institute a two
9 percent property tax cap to protect homeowners in
10 New Jersey. The Local Finance Board of the DCA
11 approval of a budget that requires a property tax
12 increase of twenty-nine percent due to a loss of
13 ratables, would be both irresponsible,
14 hypocritical and not in the best interests of the
15 people.

16 "As a concerned citizen, I urge you
17 to represent by best interests and vote no on the
18 proposed Atlantic City budget before you, force
19 local government to re-work this budget and
20 prevent us from being taxed out of our homes".

21 That's the extent of what we
22 received. Then there are many pages of
23 signatures here. I think-- you know, I understand
24 this person's frustration, I know we all do.
25 Unfortunately, I think her anger is misplaced. It

1 should be placed where it belongs, to somebody who
2 left this administration with a \$10 million
3 deficit, that refused to do a revaluation for many
4 years. Her pleading for this Mayor to do things
5 to get the budget under control, I think the Mayor
6 has heard it loud and clear. That's evidenced by
7 some of the things that we discussed today, the
8 significant attrition, ten percent fewer police
9 than were there just a year ago.

10 So, you know, unfortunately there
11 are no constructive suggestions here on how to
12 make the budget better. If this particular person
13 has constructive ideas on how make to make the
14 budget better, maybe she'd like layoffs. I'm not
15 quite sure what she'd like to see. But hopefully
16 in the future she can share with this Board what
17 her constructive ideas are for changes to this
18 budget that would make it better and we'd be happy
19 to entertain them.

20 With that, I think perhaps, unless
21 there is further comment, we can move forward with
22 the adoption of the budget, unless there are
23 further concerns, comments or questions from
24 anybody.

25 What we would be adopting is the

1 budget as amended by the City Council earlier, I
2 guess it was last week, and the amendments that
3 were worked out and approved by Tina Zapicchi and
4 her shop, Assistant Director for financial
5 regulation at the Division, with the levy and the
6 appropriation levels that were discussed on the
7 record here today? Anything else?

8 MR. LIGHT: I'll make a motion.

9 MS. RODRIGUEZ: I'll second it.

10 MR. NEFF: Okay. Idida makes the
11 motion and Ted seconds it. So we have motion and
12 a second. So we'll take a roll call vote.

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. Fox?

18 MR. FOX: Yes.

19 MS. MC NAMARA: Mr. Light?

20 MR. LIGHT: Yes.

21 MR. NEFF: Okay. That concludes
22 the budget discussion. It is approved.

23 Now we'll move on to the tax appeal
24 for Atlantic City. We had request for an
25 application for a \$140,00040 million tax appeal.

1 It is for casino appeals. It is for appeals that
2 are yet, I think are settled yet, at about \$18
3 million, if I recall correctly, for homeowners and
4 some other smaller than casino properties.

5 And the Board has placed on the
6 agenda that this would be approved as a Qualified
7 Bond Act issuance. I would note for the record
8 that I as the director have statutory authority in
9 the budget every year to transfer a portion
10 transitional aid and essentially classify it as
11 regular general aid for a municipality,
12 essentially COMTRA aid. I have every intention of
13 using the authority in the budget to do that, so
14 that there will be adequate coverage from general
15 State aid to the City to cover the debt service
16 that would be on this debt, which I don't believe
17 was projected to exceed more than \$13 million

18 So it would be my intention and my
19 commitment to use the authority that I would have
20 in the State Budget Act, to designate at least \$8
21 million in transitional aid that's appropriated
22 this year in the future as additional COMTRA aid.
23 Which together with the \$6 million that the City
24 receives I believe in energy tax receipts, aid
25 would be \$14 million, which is more than adequate

1 coverage to pay the maximum debt service that
2 would come due under this debt.

3 So it could be issued with that
4 Qualified Bond Act status. That's important to
5 note for the record. It is important for people
6 who buy these bonds, because they should know
7 there is adequate coverage that will be withheld
8 by the State, the State aid for the City, to
9 ensure that they are paid.

10 Before that money is given to the
11 City, it gets paid to the bondholders, so they
12 have assurances that they'll be paid on their
13 debt. We're not Detroit, we're not any of these
14 places that you read about in Rhode Island or
15 California. The Qualified Bond Act Program makes
16 sure that a municipality can't walk away from its
17 debts. Atlantic City has no intention of doing
18 it. But they won't be able to do that if the
19 Qualified bond provisions are utilized.

20 We would be proposing that it
21 would be issued as Qualified Bond Act debt. The
22 bond ordinance would have to be amended to reflect
23 that.

24 This Board would be providing its
25 consent and endorsement of that Bond Ordinance as

1 amended to reflect Qualified Bond Act status.

2 If there is somebody from the City
3 who can just walk us through the particulars of
4 the debt issuance, the maturity schedule.

5 MR. INVERSO: I won't go on too
6 long, because Mr. Neff did a good job of giving us
7 a were quick overview of the transaction.
8 Essentially it's \$140,000 million, not to exceed,
9 that would be issued over a twenty-five year
10 period, as the City is requesting.

11 The structure of this debt service
12 has been crafted to take into account the City's
13 existing debt. So the way the debt payments are
14 scheduled, which was Exhibit 1 of the application,
15 is to wrap around the existing debt.

16 So that other than the next two
17 years where the City's debt burden is high and the
18 city will have to make a repayment of interest on
19 this proposed issuance, other than 2015,2016, you
20 can see there is a declining overall pattern of
21 debt service. There will be an impact on the
22 budget in the next two years, but then on an
23 overall basis, which is used in conjunction with
24 existing payments, will have a declining
25 structure. That will allow the City to fund

1 capital projects and other needs going forward
2 without another jump up in its budget for debt
3 service.

4 I think Tom touched on most of the
5 other issues. That's the key, is that twenty-five
6 year structure allows them to structure the debt
7 in this way, to take into account the existing
8 payments. Market conditions in general have been
9 favorable to bond issuers. So the City wants to
10 get into the marketplace as quickly as possible to
11 take advantage of that and lock in favorable
12 interest rates.

13 MR. LIGHT: We're looking at the
14 rate, the 4.75 rate?

15 MR. ENRIGHT: That was sort of put
16 in before the recent Moody's downgrade. We expect
17 some upper pressure on that interest rate.

18 MR. LIGHT: You had to say that.

19 MR. RODRIGUEZ: We were just
20 commending you.

21 MR. ENRIGHT: In full disclosure.
22 Although, in general market rates have come down
23 since that time. But, you know, we submitted the
24 application as well.

25 MR. STINSON: This being Qualified

1 as well.

2 MR. ENRIGHT: Exactly. The structure
3 of the Qualified bonds will certainly allow the
4 City to lock-in a lower interest rate on the
5 borrowing.

6 MR. LIGHT: How does this cover tax
7 appeals? Does this cover the outstanding appeals
8 at this time? There are still some that are out
9 there?

10 MR. STINSON: I'll answer that.
11 This will bring the City current on all of the
12 casino tax appeals, except for the nine and ten,
13 the Borgota case that is appellate court.

14 MR. LIGHTT: That's the only one
15 then?

16 MR. STINSON: Yes.

17 MR. LIGHT: Just for the record,
18 too, I think the principal payments, instead of
19 having a factor of increasing by a hundred
20 percent, they increase by maybe three-hundred
21 percent. It's the principal. It's not like a
22 wild swing in principal. Like every now and then
23 we get some municipality that comes in here and
24 they want to issue nonconforming debt where the
25 principal payment I think goes from \$100,000 to a

1 million dollars. It goes up ten fold or something
2 like that. We don't have that here, so it is
3 nonconforming maturity in that sense, but I not by
4 a lot. And the debt service, as Anthony said, is
5 still declining over time, which is responsible.
6 Especially for a municipality that's distressed.
7 I think we have a waiver of down payment
8 associated with this as well? Is that right or
9 no?

10 MS. MC NAMARA: No.

11 MR. NEFF: No, I'm sorry. It is a
12 refunding. So it is a pretty responsible debt
13 service schedule. I think we've seen from time to
14 time that others come here with a much more back
15 loaded debt service schedule, which we wind up
16 slapping down. This is not that.

17 Anyway, anybody else, any other
18 questions, comments?

19 MS. RODRIGUEZ: I have a comment.
20 I just want to commend the Mayor. I met you maybe
21 two weeks after you won the election and I
22 followed you since. I just want to commend you on
23 the great job that you are doing. I hope the
24 residents of the City Atlantic City realize that
25 they have a dedicated and a committed leader

1 there. So I just want to commend you.

2 MR. GUARDIAN: Thank you for your
3 kind words.

4 MR. LIGHT: I thought at least you
5 were going to move the approval of the tax
6 appeals.

7 MS. RODRIGUEZ: I will move it. I
8 just wanted to commend everybody.

9 MR. LIGHT: It is you or me.

10 MS. RODRIGUEZ: I'll move it.

11 MR. LIGHT: I'll second it.

12 MR. NEFF: We have a motion and a
13 second. Anybody else, any final comments?

14 (No response)

15 Take a roll call.

16 MS. MC NAMARA: Mr. Neff?

17 MR. NEFF: Yes.

18 MS. MC NAMARA: Ms. Rodriguez?

19 MS. RODRIGUEZ: Yes.

20 MS. MC NAMARA: Mr. Fox?

21 MR. FOX: Yes

22 MS. MC NAMARA: Mr. Light?

23 MR. LIGHT: Yes.

24 MR. NEFF: Thanks.

25 MR. GUARDIAN: Thank you very much.

1 (Short recess takes place)

2 Why don't we-- we'll start with
3 Lopatcong. The first are things on the agenda are
4 all things that we discussed at the last closed
5 session and we had circulated draft letters. What
6 we'd be approving are the letters to go out to the
7 accused, in substantially the same form as what's
8 been circulated to the members, memorializing
9 discussions that we had at the last meeting.

10 So in Lopatcong, there was a
11 complaint against the Clerk, several complaints
12 against the Clerk. One was for campaigning on
13 government time in her capacity as Clerk, which
14 was sending out emails and some phone calls.

15 We were going to make a motion to
16 authorize further investigation into that matter.
17 It is not a finding of violation yet. It is just
18 an authorization to investigate.

19 So that's C-12-100. We'll take--
20 I'll make a motion that we authorize an
21 investigation on C-12-100.

22 MR. BLEE: Second.

23 MR. NEFF: I've got a motion and a
24 second. Take a roll call.

25 MS. MC NAMARA: Mr. Neff?

1 MR. NEFF: Yes.

2 MS. MC NAMARA: Ms. Rodriguez?

3 MS. RODRIGUEZ: Yes.

4 MS. MC NAMARA: Mr. Blee?

5 MR. BLEE: Yes.

6 MR. FOX: Recused.

7 MS. MC NAMARA: Mr. Light?

8 MR. LIGHT: Yes.

9 MR. NEFF: The next items is
10 C-14-029. That was a complaint that pertained to
11 someone claiming that the Clerk had not accurately
12 reflected discussions in minutes. We, I think had
13 determined that's not really an ethics matter. So
14 there was-- the suggestion was that we should have
15 a motion to dismiss that. So I would make a
16 motion that we dismiss C-14-029. The Board is not
17 going to get into a he said, she said as to
18 whether or not minutes were accurately reflected
19 by the Clerk.

20 MR. BLEE: Second.

21 MR. NEFF: Take a roll call.

22 MS. MC NAMARA: Mr. Neff?

23 MR. NEFF: Yes.

24 MS. MC NAMARA: Ms. Rodriguez?

25 MS. RODRIGUEZ: Yes.

1 MS. MC NAMARA: Mr. Blee?

2 MR. BLEE: Yes.

3 MR. FOX: Recused.

4 MS. MC NAMARA: Mr. Light?

5 MR. LIGHT: Yes.

6 MR. NEFF: The next item was an
7 accusation, I think again, correct me if I'm
8 wrong, against the same person, Beth Dilts, as
9 having participated in local actions that provided
10 for an access road on a development. And the
11 Board found that there was no--that there were
12 legitimate reasons for wanting to have an access
13 road to this building for public safety purposes.
14 There really wasn't a cause expressed for finding
15 a violation with respect to the Clerk's--any
16 participation in that matter.

17 So the motion or recommendation
18 was a motion to dismiss that matter.

19 MR. PALOMBI: I think there are
20 actually four letters under that same docket
21 number

22 MS. BRENNAN: There are four
23 accused, one being the Clerk. The others being the
24 Mayor, a Council Woman and the Planning Board
25 Chairman. But it was all based on the same facts.

1 MR. NEFF: And C-14-030, which is
2 what we're dealing with right now, is just with
3 respect to the Clerk?

4 MS. BRENNAN: No, it's all four.

5 MR. NEFF: That's with respect to
6 all four, okay.

7 So the motion then is to dismiss
8 with respect to the actions of all four of those
9 folks

10 MR. LIGHT: Make a motion to we
11 approve and accept that recommendation.

12 MR. BLEE: Second.

13 MR. NEFF: So the motion is to
14 dismiss the matter. Take a roll call.

15 MS. MC NAMARA: Mr. Neff?

16 MR. NEFF: Yes.

17 MS. MC NAMARA: Ms. Rodriguez?

18 MS. RODRIGUEZ: Yes.

19 MS. MC NAMARA: Mr. Blee?

20 MR. BLEE: Yes.

21 MS. MC NAMARA: Mr. Fox?

22 MR. FOX: Recused.

23 MS. MC NAMARA: Mr. Light?

24 MR. LIGHT: Yes

25 MR. NEFF: Someone is going to have

1 to help me out with C-14-040. Which one was that?

2 MS. BRENNAN: This was a complaint
3 against the same Clerk, alleging that she failed
4 to give proper notice to the public that she was
5 to be reappointed as the Planning Board Secretary
6 at the Planning Board reorganization meeting on
7 January 22nd, 2014, because she did not list the
8 names of appointees on the agenda.

9 We discussed last time that, again,
10 that fell within the purview of the Open Public
11 Meetings Act and that we would decline to assert
12 jurisdiction over those alleged violations of the
13 Act.

14 MR. NEFF: So I'll make a motion to
15 dismiss that complaint, C-14-040.

16 MR. BLEE: Second

17 MR. FOX: Excuse me, in what town is
18 this?

19 MR. NEFF: Lopatcong, same town.

20 MR. FOX: Thanks.

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: Recused.

4 MS. MC NAMARA: Mr. Light?

5 MR. LIGHT: Yes.

6 The next complaint is C-12-097. It
7 is a complaint concerning somebody in the City of
8 Northfield, where they were accused of
9 participating in a zoning matter related to a
10 developer who their campaign treasurer had an
11 interest in it.

12 I believe the recommendation at
13 the last meeting was that the relationship of
14 campaign treasurer to official is not one of
15 familial status or that otherwise would trigger a
16 violation under the Local Government Ethics Law.
17 So the recommendation was to dismiss for failure
18 to--

19 MS. JONES: We don't have
20 jurisdiction over that one. That was for Mr.
21 Carrou, one of the accused. Then there was another
22 accused that we're going to authorize an
23 investigation.

24 MR. NEFF: So the dismissal was with
25 respect to

1 MS. JONES: Thomas Carrou, who was
2 campaign manager for a CPA in town who does work
3 with the town. It was just his campaign manager.
4 And he's also on the committee. And he voted for
5 a, Ordinance that amended a land use property. So
6 we want to dismiss that one

7 MR. NEFF: He didn't have any--the
8 accused didn't have any financial interest in it.
9 He doesn't have a relationship other than just
10 this person being his campaign--

11 MS. JONES: That's right

12 MR. NEFF: Okay.

13 MR. LIGHT: Do we make a motion that
14 we accept the recommendations for the notice of
15 violations?

16 MS. JONES: The second part, the
17 second accused who works for the individual who
18 owns property where the land use amendment would
19 have affected his property, we wanted to authorize
20 an investigation for that.

21 MR. LIGHT: This one is for--

22 MS. MC NAMARA: We don't have that.

23 STAFF: They are together.

24 MR. LIGHT: Timothy Carrou?

25 MS. JONES: Paul Stanton. They are

1 stapled together.

2 MS. MC NAMARA: It is after the FDS.
3 Did you read that?

4 MS. JONES: The Board discussed it
5 last time. The reason why we didn't vote on it
6 last month was because of lack of a quorum.

7 MR. LIGHT: You want to take them
8 separately?

9 MR. NEFF: Let's just actually
10 leave that one for next month. I haven't read it.
11 I didn't read it. I missed it in the packet. My
12 bad, my apologies. We won't--if I haven't read it
13 and I'm not prepared to vote on it. So we're not
14 going to be able to vote on it because Frank has
15 to recuse himself on this issue. We'll just deal
16 with it next month.

17 MR. LIGHT: There are two of them,
18 you are postponing both. There is a Timothy
19 Carrou.

20 MS. JONES: It doesn't matter.
21 They are going to be identified together. The
22 determination letter can go out, if you want to
23 dismiss it. It is up to you. You might as well
24 just vote on them both together next month.

25 MR. NEFF: Wait. Didn't we just

1 already vote on one. We voted to dismiss one.

2 We'll dismiss that.

3 MS. MC NAMARA: We have a motion.

4 We didn't get a second.

5 MS. RODRIGUEZ: I'll second it.

6 MR. NEFF: Let's vote to dismiss
7 that aspect of the complaint and we'll deal with
8 the balance of the complaint at the next meeting.

9 MS. SALAY: Mr. Neff?

10 MR. NEFF: Yes.

11 MS. SALAY: Ms. Rodriguez?

12 MS. RODRIGUEZ: Yes.

13 MS. SALAY: Mr. Blee?

14 MR. BLEE: Recused.

15 MS. SALAY: Mr. Fox?

16 MR. FOX: Yeah.

17 MS. SALAY: Mr. Light?

18 MR. LIGHT: Yes, okay.

19 MR. PALOMBI: On the next one, Mr.
20 Chair, 14-036, 14-032, we're still finalizing the
21 language. So you don't have the final language in
22 front of you. So if we could put that off until
23 the next month.

24 MS. MC NAMARA: Which one, 14-036?

25 MR. PALOMBI: 14-036 and 14-032.

1 MR. LIGHT: That would be Point
2 Pleasant and North Haledon.

3 MR. NEFF: Okay. Township of
4 Lakewood, Fire District Number 1. Can somebody
5 summarize that one?

6 MR. HUBER: It is an FDS complaint,
7 anonymous, that a fire commissioner did not list
8 property that he owned. The commissioner was
9 contacted. He told the Board that when he filled
10 out the form he didn't realize that it was
11 property that--he should have disclosed property
12 they owned in the current year. It was-- I'm
13 sorry, the prior year. He had sold the land about
14 three weeks prior to filling out his form. It was
15 an oversight.

16 The other part of the complaint was
17 that he didn't properly disclose that both he and
18 his wife owned their home and he only disclosed
19 that he owned it

20 And at the last meeting Board
21 discussed it and accepted the fire commissioner's
22 explanations. So it is a dismissal letter.

23 MR. NEFF: Right. And the property
24 that he didn't disclose in one year because he
25 thought they only had to disclose he owned it if

1 he owned it in the current year. But he had
2 previously disclosed it. It is not like he was
3 trying to hide something. It was really a hyper
4 technical violation of the law and a
5 misunderstanding on his part. I think the Board's
6 feeling is that we should dismiss the matter.

7 MR. LIGHT: I'll move that we
8 dismiss the complaint, 14-027

9 MR. BLEE: Second.

10 MS. SALAY: Mr. Neff?

11 Yes.

12 MS. SALAY: Ms. Rodriguez?

13 MS. RODRIGUEZ: Yes.

14 MS. SALAY: Mr. Blee?

15 MR. BLEE: Yes.

16 MS. SALAY: Mr. Fox?

17 MR. FOX: Yes

18 MS. SALAY: Mr. Light?

19 MR. LIGHT: Yes

20 MS. RODRIGUEZ: For the rest we have
21 to go into closed. It is 10:35. There are two
22 advisory opinions that maybe you want to handle.
23 We have to make a motion.

24 MR. NEFF: We're going to handle two
25 advisory opinions which require us to handle them

1 in executive session. So I'll make a motion that
2 we go into executive session.

3 MS. SALAY: I have to read that.

4 MR. NEFF: Okay.

5 MS. SALAY: Motion to go into closed
6 session for the purpose of discussing complaints
7 and requests for advisory opinion under the Local
8 Government Ethics Law, to receive related legal
9 advice

10 Tom, you moved it?

11 MR. NEFF: I move it.

12 MS. SALAY: Second?

13 MR. LIGHT: I'll second it.

14 MS. SALAY: All in favor?

15 (Whereupon, there is a unanimous
16 affirmative response)

17 (Whereupon, the Board goes into
18 Executive Session, off the record).

19 MS. SALAY: I need a motion to go
20 back into the public?

21 MR. LIGHT: So moved

22 MR. BLEE: Second.

23 MS. SALAY: All in favor?

24 (Whereupon, there is a unanimous
25 affirmative response)

1 MS. MC NAMARA: Now you are going to
2 vote on the minutes?

3 MR. LIGHT: I'll make a motion that
4 we approve the minutes of July 16th, 2014

5 MR. BLEE: Second.

6 MS. SALAY: Mr. Neff?

7 MR. NEFF: Yes.

8 MS. SALAY: Ms. Rodriguez?

9 MS. RODRIGUEZ: Yes.

10 MS. SALAY: Mr. Blee?

11 MR. BLEE: Yes.

12 MS. SALAY: Mr. Fox?

13 MR. FOX: Yes.

14 MS. SALAY: Mr. Light?

15 MR. LIGHT: Yes.

16 MS. RODRIGUEZ: I'm sorry, I have to
17 abstain.

18 MS. MC. NAMARA: Idida just
19 changed to an abstention.

20 (Short recess takes place and the
21 matter proceeds outside the presence of Mr. Fox
22 via phone)

23 All right. We're going to get
24 started with the open portion of the meeting
25 again. First up we have four consent items for

1 Environmental Trust Loan Programs. The first is
2 Bergen County Utilities Authority, \$9 million
3 Proposed EIT Program and Project Financing. The
4 second is Wildwood City, \$2,575,000, Proposed
5 Environmental Infrastructure Trust Loan Program
6 and Nonconforming Maturity Schedule. The third is
7 Ocean Township, \$2.5 million Proposed EIT Loan
8 Program, Nonconforming Maturity Schedule and
9 Waiver of Down Payment. The fourth is Ocean
10 Township. It is a \$4.1 EIT Loan Program,
11 Nonconforming Maturity Schedule and Waiver of Down
12 Payment.

13 We'll take a motion on the four EIT
14 applications.

15 MR. LIGHT: Move the application.

16 MR. BLEE: Second.

17 MR. NEFF: We've got a motion and a
18 second. Take a roll call.

19 MS. MC NAMARA: Mr. Neff?

20 MR. NEFF: Yes.

21 MS. MC NAMAMARA: Ms. Rodriguez?

22 MS. RODRIGUEZ: Yes.

23 MS. MC NAMARA: Mr. Blee?

24 MR. BLEE: Yes.

25 MS. MC NAMARA: MR. LIGHT?

1 MR. LIGHT: Yes.

2 MR. NEFF: We have three other
3 consent items; Weehawken Township, Proposed
4 Amending Qualified Bond Ordinance, which would be
5 here other than it is a Qualified Bond Act
6 Ordinance. They are simply changing purposes for
7 previously authorized debt debt for routine
8 capital needs for Weehawken. It is \$182,413.

9 Then there is a Pine Hill Fire
10 District Number 1, a \$475,000 Proposed Project
11 Financing. In Delran Township, Fire District
12 Number 1, a \$736,061 Proposed Project Financing

13 Both are for projects that were
14 reviewed by Don Huber, our fire expert in the
15 office, who had found that the proposal and the
16 purchases were either done competitively or
17 through a national co-op. And the financing terms
18 are reasonable and were based on competitive
19 proposals received by numerous bidders. There were
20 no issues with those.

21 We take a roll call on--I'm sorry,
22 a motion on those three.

23 MR. BLEE: Motion.

24 MS. RODRIGUEZ: Second.

25 MR. NEFF: Take a roll call.

1 MS. MC NAMARA: Mr. Neff?

2 MR. NEFF: Yes.

3 MS. MC NAMARA: Ms. Rodriguez?

4 MS. RODRIGUEZ: Yes.

5 MS. MC NAMARA: Mr. Blee?

6 MR. BLEE: Yes.

7 MS. MC NAMARA: Mr. Light?

8 MR. LIGHT: Yes

9 MR. NEFF: Next up is Trenton City.

10 (Neil Grossman, Janet Schoenhaar,
11 being first duly sworn according to law by the
12 Notary)

13 MR. GROSSMAN: Neil Grossman.

14 MS. SCHOENHAAR: Janet Schoenhaar,
15 S-c-h-o-e-n-h-a-a-r, S-c-h-o-e-n-h-a-a-r.

16 MR. MC MANIMON: Chief financial
17 officer. Thank you. Ed Mc Manimon, Mc Manimon,
18 Scotland & Baumann, bond counsel for the City of
19 Trenton. I think as you recall these five
20 ordinances were previously before this Board and
21 approved in June. They were conditioned on the
22 then Acting Mayor signing the MOU. Before the
23 date of adoption the Mayor had not signed the MOU,
24 so the time lapsed for the ability to adopt on
25 second reading before the new administration took

1 over on July 1st.

2 So we had to reintroduce the same
3 five ordinances, because under the Qualified Bond
4 Act we have to present them as introduced.

5 They are here again. We would
6 ask-- we had many questions in the first go-round.
7 I assume we don't need to address them again,
8 that's obviously up to you.

9 We probably would have put this on
10 consent, I think, but we hadn't gotten copies of
11 the ordinance--an introduced ordinance until, I
12 think, yesterday or the day before.

13 But we--it's a simple thing. I
14 have no comment on the need to adopt them. I've
15 done this twice and discussed what happened.

16 MR. BLEE: Motion to approve.

17 MS. RODRIGUEZ: Second

18 MR. NEFF: Roll call.

19 MS. MC NAMARA: Mr. Neff?

20 MR. NEFF: Yes.

21 MS. MC NAMARA: Ms. Rodriguez?

22 MS. RODRIGUEZ: Yes.

23 MS. MC NAMARA: Mr. Blee?

24 MR. BLEE: Yes.

25 MS. MC NAMARA: Mr. Light?

1 MR. LIGHT: Yes.

2 MR. MC MANIMON: Next on the agenda
3 really could have been under consent, which is
4 Bayshore Regional Sewer Authority. It is just an
5 EIT program for traditional EIT purposes and
6 Proposed Project Financing.

7 The only reason it wasn't on
8 consent, is because at the time the agenda had
9 gone out, I hadn't had a chance to review the
10 questionnaire to make sure there weren't any sort
11 of outlier issues with the Authority and there
12 aren't. I let them know they really didn't need
13 to be here today, because it was an item that
14 should have been on consent but wasn't because of
15 my inability to review things for the meeting. So
16 I'd move that one, just an EIT.

17 MR. BLEE: Second.

18 MR. NEFF: Take a roll call.

19 MS. MC NAMARA: Mr. Neff?

20 MR. NEFF: Yes.

21 MS. MC NAMARA: Ms. Rodriguez?

22 MS. RODRIGUEZ: Yes.

23 MS. MC NAMARA: Mr. Blee?

24 MR. BLEE: Yes.

25 MS. MC NAMARA: Mr. Light?

1 MR. LIGHT: Yes

2 MR. NEFF: Next up is East Orange
3 City.

4 (Victoria Walker, Chris Coke, Steve
5 Wielkotz, being first duly sworn according to law
6 by the Notary.)

7 MS. WALKER: Victoria Walker, CFO.

8 MR. COKE: Chris Coke.

9 MR. WILEKOTZ:, Steve Wielkotz,
10 Auditor for the City.

11 MR. JOHNSON: Everett Johnson, bond
12 counsel for the City.

13 Good morning, Mr. Chair and Board.
14 This is East Orange. We're here requesting
15 approval of the Board so the City can adopt a
16 Qualified Bond Ordinance in the amount of
17 \$1,521m625m for the purposes of a project which
18 will connect pipes under decks of the Garden State
19 Parkway in the City. The pipes are connected to
20 the main water system to the City. It is a
21 project to be undertaken by the East Orange Water
22 Commission. The Water Commission is not authorized
23 to issue its own debt, so the City authorizes and
24 issues debt on its behalf
25 The bonds issued under this

1 ordinance will be paid for in the first instance
2 from water utility rates. However, because the
3 Water Commission is part of the City, that for
4 some reason the commission is not able to fulfill
5 its obligations, the City will be required to do
6 so. In that event we would like that any debt
7 service paid by the City will be qualified debt.

8 With that being said, we're here
9 requesting permission for the approval for this
10 Bond Ordinance and Qualified Bond Ordinance.

11 MR. NEFF: So unfortunately I didn't
12 get a chance to review this until last night. So
13 I apologize because I always like to give you a
14 heads up on some issues. But we do have a few.
15 One is just, why is this not being done through
16 the EIT, which gets better rates and has principal
17 forgiveness?

18 This is a pretty cash strapped
19 city. And not going through EIT is not generally
20 a good practice. So why would this not be through
21 EIT, does anybody know

22 MR. COKE: Good morning, Director.
23 As I understand, a portion of the project was
24 funded through EIT. At that point when we
25 received isn't from EIT, they requested that of

1 the portion they gave us, which was approximately
2 \$8 million, \$1.5 million which would complete the
3 \$9.5 million to complete the project, should be
4 borne by the City. So a large portion of it is
5 funded through NJ EIT. So the representation is
6 that this would not have been eligible for EIT?

7 MR. COKE: It would have been, but
8 for whatever reason, I'm basing it on historic
9 knowledge, they wanted the City Water Commission
10 to come out with \$1.5 million of their own funds.

11 MR. JOHNSON: Let me add a little
12 bit of light to that. Back in 2009, before Chris
13 was affiliated with the Commission and before most
14 of us were here, the City did an EIT project. At
15 that point in time there was an agreement that the
16 project would cost about nine and half million
17 dollars. Eight million of it was funded through
18 the EIT. But for some reason the Commission at
19 that point in time didn't bother to fund its
20 share. So the project has been for the most part
21 completed, but they need to fund their share to
22 complete the whole project. That's what we're
23 here for today, for that purpose

24 So it is related to an EIT project.
25 But in terms of why the EIT could not fund it back

1 then, the whole entire project was something that
2 was agreed upon at that point in time.

3 MR. WIELKOTZ: The good news, if
4 there is any good news here, they had unfunded,
5 unexpended money in other older ordinances that
6 were cancelled in conjunction with introducing
7 this new Ordinance. So it was determined that
8 instead of trying to re-appropriate unfunded money
9 for this project, they would cancel the older
10 unfunded ordinances and replace it with a new
11 ordinance. So the net impact on the debt of the
12 commission is zero.

13 MR. NEFF: How do you
14 mechanically, legally, how you go about-- can you
15 address how you go about having qualified-- this
16 is for for qualified bond; right?

17 MR. WIELKOTZ: Yes

18 MR. NEFF: So state aid gets
19 withheld from the City. Just their general aid to
20 pay debt service on something that's supposed to
21 be being funded through a self-liquidating
22 utility. So it should be money from the water and
23 sewer fees that are paying for debt service, not
24 state aid or the state Qualified Bond Program.

25 MR. WIELKOTZ: Again, my

1 understanding that the only reason--the reason it
2 needs to be approved as a Qualified Bond Ordinance
3 is, in the event the utility runs a deficit, there
4 is that pledge of advalorem tax and the debt gets
5 raised by the City budget

6 So my understanding is that because
7 there is that little if, it had to come in front
8 of the Board.

9 MR. JOHNSON: It is a backstop,
10 basically. In the first instance, these bonds
11 would not be Qualified Bonds, because they are
12 paid for by water rates. But if for some reason
13 the Water Commission had a deficit and they
14 couldn't pay its obligations, the City would be
15 responsible for it. In the rare event that became
16 a fact, then at that point in time any payments
17 made by the City would be Qualified Bonds.

18 MR. NEFF: Why wouldn't you just
19 issue it as a utility debt with a guaranty of the
20 City or something like that? It just seems not
21 right.

22 MR. JOHNSON: It is not a separate
23 authority. The Water Commission is part of the
24 City's budget. So they couldn't guaranty their
25 own-- you understand what I'm saying? It's not

1 as if it's a separate authority that's issuing
2 debt and the City is guarantying it. The Water
3 Commission, although it is a separate body,
4 theoretically speaking, it is part of the City's
5 budget. It is treated like a utility of the City

6 MR. NEFF: Is there any concern that
7 they are not really truly self-liquidating? Did
8 we get anything now that suggests that they are
9 really self-liquidating?

10 MR. WIELKOTZ: No.

11 MR. NEFF: I would comment that the
12 project does note that we had requested for a
13 break down of the projected impact of the project
14 and the water rates paid by the City residents.
15 That information wasn't received as of this
16 morning, I guess.

17 MR. WIELKOTZ: I think that
18 particular issue was, they cancelled old
19 unborrowed money that heretofore would have been
20 borrowed, used in part of the current rate
21 structure and replacing it with new authorized
22 debt. So that the impact on the debt service is
23 zero.

24 MS. RODRIGUEZ: What is the impact
25 on the rate payers?

1 MR. NEFF: This is paid by rate,
2 not by taxpayers?

3 MS. RODRIGUEZ: Yeah.

4 MR. NEFF: This is a new
5 obligation--

6 MS. RODRIGUEZ: On the rate payers.

7 MR. WIELKOTZ: Yes. But they had
8 older ordinances where there was debt authorized
9 that wasn't borrowed. That was all part of their
10 debt service plan which was used for the rate
11 increase that just went into effect July 1st

12 That unborrowed debt--
13 authorization of that unborrowed debt has been
14 cancelled and replaced by this new--

15 MR. NEFF: Those projects were for
16 water and sewer projects?

17 MR. WIELKOTZ: Yes, they were
18 utility ordinances.

19 MR. NEFF: I'm not comfortable with
20 this one. Like, if it is utility debt, there
21 should be adequate coverage from fees to pay it.
22 I don't see why there is a need to do it as a
23 Qualified Bond Act ordinance. I'm missing
24 something. I'm not entirely comfortable with this
25 one.

1 MR. JOHNSON: Like I said, it is
2 more an less-- it would be on back stop. If for
3 some reason there was a deficit on the East Orange
4 Water Commission, which is not likely to be the
5 case, but they will only be Qualified Bond Act
6 bonds in the event that the Commission couldn't
7 pay. We're not saying that once the approved
8 bonds will a issued--

9 MR. NEFF: At the time you issued
10 the debt you issued them as Qualified Bonds. That
11 triggers the Department of Treasury granting East
12 Orange its aid and holding it in abeyance.

13 MR. JOHNSON: We want to preserve
14 the option

15 MR. NEFF: It interrupts East
16 Orange's cash flow; right?

17 MR. JOHNSON: Yeah, but that--

18 MR. NEFF: Unnecessarily if the
19 utility can actually pay the debt.

20 MR. JOHNSON: Right. My point is
21 that we will issue the bond for this. Our plan
22 was not to issue the bonds initially, because they
23 are being paid for by the water utility. If at
24 some point in year six or seven the East Orange
25 Commission couldn't pay, they would be on the

1 hook. At that point in time we want to preserve
2 the right to include any payments by the City as
3 qualified debt.

4 MR. NEFF: Why not just give an
5 approval to issue debt for these utility purposes,
6 but not as qualified-- not under the Qualified
7 Bond Act program?

8 If you do it--why would we give you
9 authority to issue something under the Qualified
10 Bond Act if you are not going to do it?

11 MR. JOHNSON: Because we may. You
12 are right, it is one of those things where it is a
13 back stop. We're not going to do it initially.
14 You are saying it that's the case you are saying
15 come back with another Bond Ordinance making it
16 qualified bonds at that some point, if that was to
17 happen?

18 MS. WALKER: We're using the
19 qualified bonding as a default in case there is a
20 deficit in the water rates.

21 MR. NEFF: I really think we need
22 to sit down and talk about this one. It is not
23 making sense to me.

24 So if you didn't issue the debt
25 as qualified bonds, at what point would they

1 become qualified bonds and how, under what
2 process?

3 MR. JOHNSON: Only if, for some
4 reason the Water Commission had a deficit in year
5 five, it went belly up and couldn't pay its debt,
6 the City would then be responsible for stepping in
7 and paying the debt.

8 At that point, if the City was on
9 the hook to pay the debt, we would then want those
10 payments to be paid out of qualified revenues

11 So in the terms of process, we
12 would, obviously have to apply to the State and
13 let the State know that, hey, we're now on the
14 hook for paying this debt of the Water Commission.
15 We would like to have-- here is the debt service
16 schedule. From this point going forward we would
17 like to have this debt covered as qualified debt.
18 And here is the award because that was adopted
19 back in 2014, that authorized us to make this
20 request.

21 MR. WIELKOTZ: Just one other
22 ancillary issue, but it is not really ancillary,
23 is the marketability of the City to be able to
24 sell the debt, have somebody actually go out and
25 purchase the notes or purchase the bonds. Under

1 the Municipal Qualified Bond Act, East Orange's
2 debt is much more attractive to the investment
3 community than not under the Bon Act, based on the
4 demographics the demographics and the the bond
5 rating of the City.

6 MR. NEFF: The utility debt gets a
7 worse rating than the QBA debt?

8 MR. WIELKOTZ: The City's rating,
9 which is inclusive of the utility, is lower than
10 if it were municipal qualified bonds.

11 MR. NEFF: I'm just not--

12 MR. LIGHT: Are you under a time
13 element on this that we couldn't hold it until the
14 next meeting?

15 MR. WIELKOTZ: Well, the project is,
16 because this funding needs to be put in place to
17 finish the project. Again, this goes --this point
18 has been made in other meetings with the State.
19 This is just another one of those things that will
20 come to pass.

21 MR. NEFF: The City could go forward
22 with-- if they can pass an emergency tomorrow to
23 authorize the \$1.5 million or whatever this was--

24 MR. WIELKOTZ: \$1.5 Million.

25 MR. NEFF: If they can do an

1 emergency tomorrow for \$1.5 million, have the
2 authority to move forward with whatever they need
3 to do to fix the water system, then come back to
4 the Board to fund the emergency, so, like, no
5 harm, no foul. It is not going to slow the
6 project down.

7 I just want to make sure that we
8 are not doing something that makes Treasury
9 uncomfortable with, you know, there is some
10 Qualified Bond Act debt but we are not really
11 holding back their aid, because they rarely hold
12 back aid for the Qualified Bond Act debt when it
13 is issued. That disrupts East Orange's flow for
14 cash.

15 (Pause in proceedings.)

16 MR. WIELKOTZ: I was just asking
17 Everett, do other commission/utility ordinances
18 that are currently under the Municipal Qualified
19 Bond Act. I just got there. I don't know the
20 answer.

21 MR. NEFF: That's part of the
22 confusion with this is that the Water Commission
23 is, like, this weird. I think we all look at it
24 and go what the hell is that?

25 MR. WIELKOTZ: Pretty much.

1 MR. JOHNSON: Since I've been here
2 we've only issued debt under the water utility for
3 the EIT projects and they were qualified bonds.
4 The water utility hasn't issued any bonds in the
5 last four years. So I don't know what the bonds
6 that were issued back in '05 and '04 were.

7 MS. MC NAMARA: I can run-- I have
8 a list. They never asked, but I don't have it
9 now.

10 MR. NEFF: I would just ask, let's
11 come back and try AND be more clear about how this
12 is working. There may be a better way to do it.
13 I did go to--I usually don't do this. I went to
14 the DEP about two or three weeks ago. I was making
15 a pitch for East Orange and saying, you know, the
16 new administration is trying to do things right.
17 The old Water Commission I was doing crazy things.

18 I was asking them,
19 A, to try and not penalize you and charge the City
20 money that can otherwise be used to fix the
21 systems and make them solvent. B, I was asking
22 them to provide as much help as they could through
23 the EIT.

24 I know they are willing to try to
25 be helpful to the extent they can in East Orange,

1 because none of us want East Orange to ultimately
2 come back into the Transitional Aid program

3 I think we should take the time to
4 make sure that we are doing this right.

5 MR. WIELKOTZ: I think the issue
6 with the City and the EIT for this money, is
7 strictly timing. Quite frankly, I don't think
8 anybody can figure out why in 2009 they only went
9 into the EIT for \$ 8 million, not the whole nine
10 and a half.

11 MR. COKE: They were told by the
12 EIT, too.

13 MR. WIELKOTZ: Allegedly the EIT
14 said they need to kick in their own money. Again,
15 Chris is new there now and trying to peel back the
16 different layers.

17 MR. NEFF: Did anybody go back to
18 EIT and say, look, I'm going to get this other
19 1.5?

20 MR. COKE: We currently have
21 another project on the board that we're
22 requesting, which is the major project will
23 satisfy all the issues after the indictments were
24 handed down. Those were the major--how do we
25 clean the water? We are saving a big chunk of

1 money for that application, for those project.

2 This project is already ongoing.

3 We probably are about eighty percent done with it.

4 This \$1.5 million will complete the connection.

5 Strictly speaking from a technical standpoint,

6 this is what's in the ground now.

7 MR. NEFF: I would just suggest we
8 should revisit this one and see if there is a way
9 to make this--

10 MS. RODRIGUEZ: I have a question.
11 Director, you are telling me you have an
12 application now into NJ EIT. There is no way--
13 was there any way that you could have added this
14 piece to the NJ EIT application for consideration?

15 I mean, the Director has gone
16 over to DEP and he basically has, you know, on
17 behalf of East Orange, asked them to work with you
18 to help, you know, especially with this kind of
19 loan program.

20 My question to the City--

21 MR. WIELKOTZ: I think we're going
22 to ask it.

23 MS. RODRIGUEZ: I think it would
24 be prudent, just because it would be better.

25 MR. COKE: I think the strategy had

1 to deal with more the timing that--again, the
2 question remains that can't be answered today.

3 At the the point that the \$8
4 million--if, indeed, the NJIT said City, you have
5 to kick in your own \$1.5 million, at that moment
6 we should have done it and it would have been in
7 conjunction, as opposed to waiting four years
8 later.

9 MR. RODRIGUEZ: That may have been
10 the policy for East Orange back then, but I would
11 look into that.

12 MR. NEFF: Why don't we defer this
13 for now and see whether there is some other better
14 way to do this. I apologize, I don't like to
15 sandbag Everett, but I didn't get to this until
16 last night. I wasn't aware what was on this one.

17 The next up is West Deptford.
18 There are two applications from West Deptford.
19 Can I ask, is there anybody who is opposing this
20 application here from West Deptford?

21 (No Response)

22 No.

23 (Brandon Umba, Brandon Chintall,
24 William Pine, Doug Bacher, being first duly sworn
25 according to law by the Notary)

1 MR. UMBA: Brandon Umba, U-m-b-a,
2 Township Administrator.

3 MR. CHINTALL: Brandon Chintall,
4 C-h-i-n-t-a-l-l, Mayor.

5 MR. PINE: William Pine, P-i-n-e,
6 CFO.

7 MR. PASKER: Josh Pasker, Bond
8 Counsel.

9 MR. BACHER: Doug Bacher, Financial
10 Advisor, NW Financial.

11 MR. CHINTALL: Good morning. As the
12 Mayor I just want to make a short comment before I
13 turn it over to our financial advisor, to give you
14 a quick update on the finances within the
15 Township.

16 Within the last few months we have
17 basically acquired some significant positive
18 changes. We have some qualified personnel. We
19 have a new CFO who is sitting next to me. We also
20 have a qualified treasurer, who is also an ex-CFO.

21 That being said, in this year alone
22 we made some changes that we have saved over a
23 quarter of a million dollars for the Township by
24 consolidating two departments and also on the
25 reorganization on another one.

1 We basically have saved close to a
2 million dollars in our tax levy. We reduced it by
3 almost a million dollars from the previous year.
4 Also this year we're supplying an additional,
5 almost four times as much money to the principal
6 on our existing debt, those things alone.

7 Overall in the last three years we
8 reduced our expenditures by 9.5 percent, saving
9 the taxpayers \$2.3 million.

10 I think along with what we're
11 always doing, reaching out to shared services, I
12 think we're moving West Deptford Township in a
13 very positive direction. Also, in keeping
14 essential services that our residents are
15 requesting from the government.

16 So at this time, Director, I'm
17 going to turn everything over to our financial
18 advisor, Doug Bacher.

19 MR. BACHER: Good morning. Mr.
20 Neff, would like us to do these one at a time?

21 MS. MC NAMARA: Yes.

22 MR. BACHER: First on the agenda is
23 a refunding for West Deptford Township. We're
24 seeking approval currently refund outstanding
25 bonds of Series 2004, of a little over \$57

1 million. The refunding generates approximately \$4
2 million in that savings, over seven percent. It
3 is a gross savings of \$5.3 million and it is level
4 savings over the course of the remaining bonds.
5 It is about \$322,000 a year.

6 As the Mayor said, you know, one
7 of the reasons why we're here, is the Township is
8 over its statutory debt limit of 3.5 percent. But
9 with this refunding and the supplement application
10 that is immediately following, with that, with
11 this and with some of the aggressive things that
12 the Township is already doing, we expect to be
13 under our statutory debt limit 2018. That said,
14 I'll request approval.

15 MR. NEFF: So this is for savings
16 and you just need to go over-- the approval to go
17 over the credit limit?

18 MR. BACHER: Correct.

19 MR. NEFF: With the added
20 principal you are still getting the annual savings
21 that's over a period of time and it's not back
22 loaded debt savings or anything like that?

23 MR. BACHER: Level savings.

24 MR. NEFF: Otherwise you wouldn't
25 have even needed approval?

1 MR. BACHER: Yes.

2 MR. NEFF: So it makes sense.

3 Just a question, did anyone at the local level
4 even oppose this coming before this Board?

5 MR. UMBA: I believe it went four
6 to one for.

7 MS. MC NAMARA: This isn't marked.

8 MR. UMBA: Actually, no, I saw her.
9 She opposed the capital.

10 MR. NEFF: She didn't oppose this?

11 MR. UMBA: She did not.

12 MS. MC NAMARA: She didn't vote on
13 the resolution to submit the application.

14 MR. UMBA: Yeah. She didn't vote on
15 that one. She did not vote for or she did--they
16 passed that four to one, and they passed the
17 capital at the first meeting. She requested that
18 the refinancing be postponed to another meeting,
19 so that she could actually get more backup
20 information to understand the potential savings.

21 The financial advisor and bond
22 counsel went through that. At the next special
23 meeting of the Township Committee, all five did
24 vote for the refinancing.

25 MR. NEFF: I was just curious

1 whether anybody was opposing the refunding that
2 would save money.

3 With that, I'll take a motion on
4 this one, unless somebody has a question.

5 MS. RODRIGUEZ: So moved.

6 MR. LIGHT: Idida moved it and I'll
7 second it then.

8 MR. NEFF: Roll call.

9 MS. MC NAMARA: Mr. Neff?

10 MR. NEFF: Yes.

11 MS. MC NAMARA: Ms. Rodriguez?

12 MS. RODRIGUEZ: Yes.

13 MS. MC NAMARA: Mr. Blee?

14 MR. BLEE: Yes.

15 MS. MC NAMARA: Mr. Light?

16 MR. LIGHT: Yes

17 MR. NEFF: And the capital program?

18 MR. BACHER: Yes.

19 West Deptford Township is
20 requesting permission to adopt a Capital Bond
21 Ordinance totaling just under \$2 million, to fund
22 the current capital needs of the town. They have
23 not had a Capital Ordinance in 2011 or since 2011.

24 They've done some modest capital
25 improvements through reproposing from prior

1 appropriations, both under \$500,000 in years 2011
2 and 2012. There are a list of items that require
3 some attention, which is the reason for this
4 request. And, again, taking this into
5 consideration, along with what they have done in
6 the past and along with the refunding, they are
7 hoping to be-- they will be under their statutory
8 debt limit in 2018.

9 MR. NEFF: Just by way of
10 background, the Division staff met with the town
11 several weeks ago, a month ago, something like
12 that.

13 MR. UMBA: July 5.

14 MR. NEFF: Ordinarily we wouldn't
15 have even done something like that for this. And
16 the only reason we did is because of the high
17 level of debt, at least the debt services, the
18 payment of operation. So we did our due diligence
19 to make sure that the amount being borrowed is
20 something that was necessary or reasonable, spent
21 a little time with them. It seemed reasonable to
22 us. We didn't have any issues. Nobody submitted
23 anything to us for our consideration suggesting
24 these are anything but other than reasonable
25 capital items.

1 MR. BLEE: Motion to approve.

2 MR. LIGHT: Second.

3 MR. NEFF: Take a roll call.

4 MS. MC NAMARA: Mr. Neff?

5 MR. NEFF: Yes.

6 MS. MC NAMARA: Ms. Rodriguez?

7 MS. RODRIGUEZ: Yes.

8 MS. MC NAMARA: Mr. Blee?

9 MR. BLEE: Yes.

10 MS. MC NAMARA: Mr. Light?

11 MR. LIGHT: Yes.

12 MR. CHINTALL: Thank you very much.

13 MR. NEFF: Next up is Essex County

14 Utilities Authority. The Essex County matter is

15 deferred.

16 (Mark Acker, Josh Nyikita, being

17 first duly sworn according to law by the Notary)

18 MR. JEMAS: Paul Jemas, J-e-m-a-s.

19 MR. ACKER: Mark Acker, A-c-k-e-r.

20 MR. DRAIKIWICZ: John Draikiwicz

21 from Gibbons, Bond Counsel to the Authority.

22 MR. NYIKITA: Josh Nyikita, from

23 Acacia Financial Group, financial Advisor.

24 MR. DRAIKIWICZ: The Essex County

25 Utilities Authority proposes to issue its notes in

1 an amount not to exceed \$5,625,000. The proceeds
2 of which will be utilized, together with funds
3 from the County of Essex in the amount of
4 \$625,000, to pay off the Utilities Authority's
5 outstanding \$6,250,000 note.

6 The 2014 notes will be issued for a
7 two year duration. The notes will be secured by
8 by a County deficiency agreement with the County
9 of Essex. The Authority intends to pay off the
10 2014 note either through the proceeds received
11 through the settlement of litigation involving the
12 land of the utility system and the sale of a
13 portion of the lands of the utility system. Or to
14 the issuance of renewal notes and from funds
15 expected to be received from the County of Essex

16 The County of Essex has currently
17 contributed in 2013 to '14, five percent of the
18 outstanding notes and intends to increase that
19 contribution to ten percent in 2015 and 2016, to
20 assist in the pay down of the note.

21 If you have any questions we'll
22 be more than happy to answer them at this time?

23 MR. NEFF: So you are renewing for
24 how many years?

25 MR. DRAIKIWICZ: Two years.

1 MR. NEFF: Two years. The
2 representation is that it will be ten percent pay
3 downs, \$562,500 in each of the years 2015 and '16?

4 MR. DRAIKIWICZ: Yeah. The finance
5 director can--

6 MR. ACKER: That's correct

7 MR. LIGHT: I'll move the
8 application.

9 MR. NEFF: I'll second it. Roll
10 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. Light?

18 MR. LIGHT: Yes.

19 MR. ACKER: Thank you very much.

20 MR. NEFF: Old Bridge MUA. Is
21 anybody here from them?

22 (No response)

23 No. This is another one of those
24 that has revenue refunding bonds as level savings.
25 And they otherwise wouldn't need to come in,

1 except they are an Authority. We should have put
2 them on consent, but we didn't, because I hadn't
3 gotten to view it before we got the agenda.

4 So that is an easy one and I'll
5 move that one, revenue refunding for savings,
6 level savings.

7 MS. RODRIGUEZ: Second.

8 MR. NEFF: Roll call.

9 MS. MC NAMARA: Mr. Neff?

10 MR. NEFF: Yes.

11 MS. MC NAMARA: Ms. Rodriguez?

12 MS. RODRIGUEZ: Yes.

13 MS. MC NAMARA: Mr. Blee?

14 MR. BLEE: Yes.

15 MS. MC NAMARA: Mr. Light?

16 MR. LIGHT: Yes.

17 MR. NEFF: Monmouth County

18 Improvement Authority. These are refunding bonds
19 as well, with three percent present value savings,
20 although they are asking for as low as 2.5 percent
21 present value savings, if that's what they have to
22 do

23 MR. BACHER: I think we are fine at
24 the moment

25 MR. NEFF: We had approved this

1 once before, but the timing wasn't right, so you
2 are asking for approval.

3 MR. BACHER: No. This one, you
4 have not approved this particular financing
5 before.

6 MR. NEFF: Okay. Anything else you
7 want to add on this one? Go ahead and swear him
8 in.

9 (Douglas Bacher, being first duly
10 sworn according to law by the Notary)

11 MR. BACHER: Doug Bacher, Financial
12 Advisor.

13 MR. DRAIKIWICZ: John Draikiwicz,
14 bond counsel to the Authority, from Gibbons.

15 MR. NEFF: The only issue with this
16 one, I'm sorry, was that the County Improvement
17 Authority's Website isn't compliant with NJSA
18 40A:5A-6

19 MR. BACHER: It is now. I think we
20 were looking at an older report that was done for
21 a previous Improvement Authority transaction The
22 website is up and running. That's what they told
23 me yesterday. I followed up, but I'll follow-up
24 again. But they claim it is up and running
25 everything is posted through July.

1 MR. NEFF: The bottom line is, this
2 is a standard refunding level savings?

3 MR. BACHER: Yes.

4 MR. NEFF: So I guess the
5 recommendation will be just to approve it, but
6 conditioned on verification that the website is
7 compliant.

8 MR. BACHER: Okay. We'll triple
9 check. I was told yesterday that it was up and
10 running.

11 MR. LIGHT: Motion to approve.

12 MS. RODRIGUEZ: Second.

13 MR. NEFF: Roll call.

14 MS. MC NAMARA: Mr. Neff?

15 MR. NEFF: Yes.

16 MS. MC NAMARA: Ms. Rodriquez?

17 MS. RODRIGUEZ: Yes.

18 MS. MC NAMARA: Mr. Blee?

19 MR. BLEE: Yes.

20 MS. MC NAMARA: Mr. Light?

21 MR. LIGHT: Yes.

22 MR. DRAIKIWICZ: Next up is the
23 Bergen County Utilities Authority. I think this
24 one also we didn't need anyone to come from Bergen
25 County on this. It is just a refunding of level

1 savings. Anybody here on this issue?

2 MR. NYIKITA: We're here on behalf
3 of the BCUA. It was my understanding this was
4 going to be placed on the consent agenda.

5 MR. NEFF: We didn't need anybody
6 here for it. It is just a refunding level of
7 savings.

8 MR. BLEE: Motion to approve

9 MS. RODRIGUEZ: Second.

10 MR. NEFF: Roll call.

11 MS. MC NAMARA: Mr. Neff?

12 MR. NEFF: Yes.

13 MS. MC NAMARA: Ms. Rodriquez?

14 MS. RODRIGUEZ: Yes.

15 MS. MC NAMARA: Mr. Blee?

16 MR. BLEE: Yes

17 MS. MC NAMARA: Mr. Light?

18 MR. LIGHT: Yes.

19 MR. NEFF: Passaic County
20 Improvement Authority. I think this also is just
21 refunding bonds with level savings. So I'd make a
22 motion that we approve this one.

23 MR. BLEE: Second.

24 MR. NEFF: Roll call.

25 MS. MC NAMARA: Mr. Neff?

1 MR. NEFF: Yes.

2 MS. MC NAMARA: Ms. Rodriguez?

3 MS. RODRIGUEZ: Yes.

4 MS. MC NAMARA: Mr. Blee?

5 MR. BLEE: Yes.

6 MS. MC NAMARA: Mr. Light?

7 MR. LIGHT: Yes.

8 MR. NEFF: All right. Cumberland
9 County Improvement Authority.

10 (Gerry Seneski, Anthony Inverso,
11 Jerry Velasquez, being first duly sworn according
12 to law by the Notary.)

13 MR. MC MANIMON: Ed Mc Manimon, Mc
14 Manimon, Scotland & Baumann. We're bond counsel to
15 the County of Cumberland, not the Improvement
16 Authority.

17 MR. INVERSO: Anthony Inverso,
18 Financial Advisor to the Improvement Authority.

19 MR. SENESKI: Gery Seneski, Chief
20 Financial Officer for the County.

21 MR. VELASQUEZ: Jerry Velasquez,
22 Executive Director of the Cumberland County
23 Improvement Authority.

24 MR. WINITSKY: Jeffrey Winitsky,
25 from Parker, Mc Cay, bond counsel to the

1 Improvement Authority.

2 MR. INVERSO: Ready for us? Good
3 morning. Anthony Inverso from Pheonix Advisors.
4 We're the financial advisor to the Cumberland
5 County Improvement Authority. Everyone has
6 introduced themselves, so I won't do that again.

7 We are here before you today
8 looking for approval to issue not to exceed \$70
9 million of revenue bonds and a nonconforming
10 maturity schedule, for a new project that the
11 Authority is undertaking, along with the County,
12 for the construction of an approximately 200,000
13 square foot educational facility, to be used as
14 the technical high school for the Cumberland
15 County Board of Vocational Education. These bonds
16 will be issued for a term of twenty-five years and
17 will have a schedule that, other than a delay for
18 one year of principal payment, will be conforming
19 schedules.

20 And as I mentioned, it is sort of
21 a combination project with the County and the
22 Improvement Authority working together on this.

23 The bonds will be eligible to
24 receive about sixty-nine and a half percent state
25 aid, according to a financial eligible cost letter

1 that was received.

2 And while I won't get into a detail
3 structure of the bonds, I'll be happy to answer
4 any questions on that. But we look forward to
5 answering any questions you may have and seek your
6 approval for this application.

7 MR. MC MANIMON: I would just make a
8 comment. Because the Improvement Authority is
9 issuing bonds that they are using to buy the bonds
10 of the County. It's not a lease transaction. The
11 County adopted a bond ordinance. So the County is
12 issuing the bonds to the Improvement Authority.

13 So the security for the bond
14 holders is the general obligation of credit of
15 Cumberland County. Because this is a County
16 Vocational School project, all the procedures are
17 through Title 18A, but because it is a County
18 Vocational School, the bonds are issued under the
19 Local Bond Law

20 Under Title 18A, most school bonds
21 are issued with a two year deferral of principal,
22 so that you pay in the second year, not the first
23 year. But under the Bond Law, because these are
24 issued under Title 40, in order to do that we need
25 to get the approval of this Board to a deferral of

1 one year. Otherwise the principal maturities meet
2 the one-hundred percent step up.

3 As a vocational school they receive
4 tuition payments. It is a revenue, so that's the
5 way it would work.

6 MR. NEFF: It all makes sense to
7 me. As it was explained, it was a good
8 application, I thought. Any questions on this
9 one?

10 MR. BLEE: Motion to approve.

11 MS. RODRIGUEZ: Second.

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. Light?

20 MR. LIGHT: Yes.

21 MR. NEFF: Thank you. The Carteret
22 Redevelopment Agency.

23 MR. MC MANIMON: Mr. Neff, I beg
24 your pardon. I've been in communication with the
25 Executive Director of the Redevelopment Agency. He

1 is delayed by traffic. He could be here within
2 the next five or ten minutes, perhaps. But if you
3 prefer to take another application

4 MR. NEFF: We'll skip to the
5 Camden County Improvement Authority.

6 (Steve Winitz, James Blanda, Phil
7 Rowan, being first duly sworn according to law by
8 the Notary)

9 MR. WINITZ: Steve Winitz, County
10 Comptroller, Camden County

11 MR. BLANDA: James Blanda, Executive
12 director, Camden County Improvement Authority.

13 MR. ROWAN: Phil Rowan, executive
14 Director, Battleship New Jersey.

15 MS. STIEFEL: Thank you. Good
16 morning. Jean Stiefel, Parker, Mc Cay. We're Bond
17 Counsel to the Camden County Improvement
18 Authority.

19 The application before the Board
20 this morning is seeking approval for the Camden
21 County Improvement Authority to issue its County
22 guaranteed revenue bonds for the Battleship New
23 Jersey Project, Series 2014, in an aggregate
24 principal amount not to exceed \$1.6 million, for
25 the purposes stated in NJSA 40:37A-54(L), as well

1 as positive findings regarding the issuance of a
2 County guarantee to secure payment of principal
3 and interest on the bonds when due, pursuant to
4 NJSA 40:37A-80.

5 The Authority is serving as the
6 conduit financing entity to facilitate issuance of
7 these tax exempt qualified 501(C)(3) bonds, to
8 finance, among other things, the costs of a multi
9 purpose capital improvement program for the
10 Homeport Alliance for the USS New Jersey, Inc., a
11 New Jersey nonprofit corporation. Which will
12 include a very important energy conservation
13 project to convert the expensive and inefficient
14 heating system, which is currently electric for
15 the battleship, to an on-shore of gas fired
16 boilers

17 This energy conservation measure
18 project project was the result of an energy audit
19 paid for by the New Jersey Board of Public
20 Utilities as part of a program to reduce the
21 battleship's annual energy cost, which is
22 currently running at approximately \$600,000 per
23 year.

24 The bonds will be issued pursuant
25 to a bond resolution and bond agreement among the

1 Authority as issuer, the Homeport Alliance as the
2 borrower and a local bank as bond purchaser.

3 An additional sources of funds for
4 the project includes several grants that the
5 Homeport Alliance expects to receive of
6 approximately \$600,000. These grants will be used
7 to reduce the principal amount of outstanding
8 bonds that are subject to the Section 80
9 guarantee.

10 We're here and happy to answer
11 any questions the Board may have regarding this
12 proposed financing.

13 MR. NEFF: I notice that the
14 monies are ultimately coming from a local bank.
15 What's the rate of interest on it?

16 MS. STIEFEL: We have not
17 secured--we haven't even gone out with an RFP yet
18 with qualified financial institutions. So we are
19 still at the pre-proposal stages

20 MR. NEFF: Okay. I thought
21 somebody was selected already.

22 MS. STEIFEL: Not yet, no.

23 MR. NEFF: Ultimately this debt is
24 paid for through revenues presumably from people
25 who go visit the battleship?

1 MS. STIEFEL: It is secured by
2 the-- yes, the operating revenues of the
3 501(C) (3).

4 MR. NEFF: That's the intent and
5 the hope. If the they don't get the revenues they
6 need to get to be able to pay the debt, ultimately
7 it winds up being guaranteed by the County.

8 MS. STIEFEL: I think Mr. Rowan
9 can speak more specifically to the revenue streams
10 here, among other things. Yes, there are gate
11 revenues from visitors. There are State
12 appropriation dollars. But Phil, maybe you'd like
13 to elaborate?

14 MR. ROWAN: Correct. We have a
15 budget of a little over \$3 million. The debt
16 service on this is a little over \$100,000.

17 The study that was be done by the
18 BPU said that we would save \$106,000 in utility
19 costs. So really we'd be paying it from the bill
20 savings

21 Yes, our source of revenue comes
22 from foundation income, grants, state
23 appropriations and the, gate, people that attend
24 the facility.

25 MR. NEFF: One doesn't usually think

1 of a battleship as being energy efficient?

2 MS. STIEFEL: Currently it is not.

3 As I said, the expectation here is that the
4 project will be--the system, the heating system
5 and cooling system, will be placed on-shore.
6 Pipes will then run the heated water into the
7 battleship and run through-- I guess it's a new
8 air conditioning system?

9 MR. ROWAN: Right. We have an
10 existing chilling system. This will bring in hot
11 water. Like the old summer-winter hookup, you
12 switch from hot to cold water. We can't have any
13 flame on the ship. The Navy doesn't want us to
14 have an flame. So actually the gas boilers will be
15 on the ground and will pump water onto the ship.
16 That's what Concord Engineering came up with as a
17 solution.

18 MR. LIGHT: I'll move the
19 application be approved.

20 MR. BLEE: Second.

21 MR. NEFF: Roll call.

22 MS. MC NAMARA: Mr. Neff?

23 MR. NEFF: Yes.

24 MS. MC NAMARA: Ms. Rodriguez?

25 MS. RODRIGUEZ: Yes.

1 MS. MC NAMARA: Mr. Blee?

2 MR. BLEE: Yes.

3 MS. MC NAMARA: Mr. Light?

4 MR. LIGHT: Yes.

5 MR. ROWAN: Thank you.

6 MR. NEFF: We're going to go back
7 to Carteret.

8 (Eric Chubenko, Josua Nyikita,
9 being first duly sworn according to law by the
10 Notary)

11 MR. CHUBENKO: Eric Chubenko

12 MR. MC MANIMON: Good morning. I'm
13 Kevin Mc Manimon, Mc Manimon, Scotland & Baumann,
14 bond counsel to the Carteret Redevelopment Agency

15 To my left is Josh Nyikita from
16 Acacia Financial Group, the Agency's financial
17 advisor. To my right is Eric Chubenko, the
18 Agency's Executive Director

19 In this application the agency is
20 seeking positive findings pursuant to 40:5A-6 in
21 connection with the issuance of revenue bonds in
22 an amount not to exceed \$2.1 million, and
23 approval of the Board pursuant to 40A:12A-29(a),
24 to sell those bonds on a negotiated basis

25 The bonds will be issued to

1 permanently finance the Redevelopment s project
2 notes outstanding in the amount of \$2.1 million,
3 which would mature in late September.

4 In 2009 this Board approved the
5 financing in an amount not to exceed \$2.5 million.
6 The agency issued notes in 2009 in that amount and
7 thereafter rolled the notes over.

8 In 2012 the Agency started
9 principal pay down. As a result, the current
10 outstanding amount is \$2.1 million

11 The agency used the proceeds of
12 those notes to purchase abandoned and
13 underutilized properties for the purposes of
14 repositioning them for redevelopment, either
15 through sale or lease to a developer or tenant.

16 The Agency has entered into a lease
17 for two of those properties purchased and it has
18 also sold and/or leased other unrelated
19 properties. And the Agency believes it is now in
20 a position to plan for permanent financing of
21 these notes

22 The Agency proposes to issue the
23 bonds on a twenty year, although it is still
24 analyzing it's revenue position and may do so on a
25 fifteen year basis if that's manageable

1 The Agency has a variety of long
2 and short term leases that are executed and for
3 which the tenants are currently and have been
4 paying rent, in some cases for years already

5 The tenants include Investors
6 Savings Bank and the State Police, which the site
7 there houses the State Police's Marine Operations
8 Unit for Central New Jersey.

9 As you can see from the proposed
10 maturity schedule attached as Exhibit E to the
11 application, Carteret Redevelopment Agency intends
12 to front load much of the debt service to take
13 advantage of what will be \$500,000 and change in
14 sale proceeds over the next five years, in
15 addition to the periodic lease payments. All of
16 these revenues will secure those bonds, along with
17 a subsidy agreement between the Agency and the
18 Borough. Of course, in the event that any of the
19 tenants or purchaser default in their payment
20 obligations, the actually agency has a title to
21 the assets or in the sale case, a mortgage
22 interest in the land.

23 This is a relatively small taxable
24 deal. As a result, the Agency intends to sell the
25 bonds on a negotiated basis, although it may do a

1 private placement. They'd like to make that
2 decision as we get closer to market.

3 We believe this is a responsible
4 plan to permanently finance these outstanding
5 project notes. We ask you to issue the positive
6 findings and grant the approval as requested.

7 We are happy to answer any
8 questions that you may have

9 MR. NEFF: I just have one. Are all
10 of the sale proceeds of the the property being
11 used to reduce the debt or are there other sale
12 proceeds other than the \$500,000?

13 MR. MC MANIMON: There are other
14 sale proceeds other than the \$500,000. The Agency
15 has sold other properties, too, that are revenues
16 to the Agency. They will be aggregated, along
17 with other lease revenues, to help in this case
18 pay the interest that's due on the note in
19 September, the cost of issuance and costs like
20 that. It is for that reason why we are only
21 asking for \$2.1 million in the bonds and not more
22 than that

23 In short. There are other revenues
24 for the Agency available to it that we are using
25 as part of the financing.

1 MR. NEFF: But no sale proceeds of
2 the properties are going to be used for operating
3 expenses, things unrelated to this project.

4 MR. MC MANIMON: Well, for other
5 --the sale property-- the sale that I mentioned,
6 the \$500,000, is one particular property that the
7 installment payments will come in at about
8 \$100,000 a year for the next five years. We are
9 factoring those proceeds in, for our plan of
10 finance

11 The Agency does have other
12 properties unrelated to this, that it has sold and
13 entered into agreements over the years.

14 MR. NEFF: They are not one of
15 these six properties for which monies were
16 borrowed?

17 MR. MC MANIMON: No, they are not.

18 MR. NEFF: That's my main-- I just
19 want to make sure somebody wasn't borrowing money
20 to buy property and then selling the property and
21 using the money that they got from the sale for
22 operating?

23 MR. MC MANIMON: No.

24 MR. NEFF: Which wouldn't be, like,
25 out of the realm of possibility in certain places

1 in New Jersey. I'm not saying Carteret.

2 MS. RODRIGUEZ: Just saying.

3 MR. NEFF: Just saying, okay. Just
4 for the record, too, two minutes on my soap box.
5 The guarantee of Carteret is-- it is not called a
6 guarantee, it is called a subsidy agreement. I
7 think it is being issued not as a bond ordinance,
8 but as a resolution under the Redevelopment Law?

9 MR. MC MANIMON: That's correc.

10 MR. NEFF: That is something that
11 got Collingswood in trouble, because ultimately
12 they had to make good on the guarantee or subsidy
13 agreement and they weren't prepared to make good
14 on the subsidy agreement when they had to. So it
15 ultimately wound up getting a junk bond status.

16 My pet peeve with it is, the bonds
17 of the municipality, whoever issues the guarantee
18 that way outside of the bond ordinance process,
19 which just requires a resolution, it doesn't
20 require a public hearing. It doesn't need two
21 third's vote of the municipality

22 Personally I hate to see that
23 stuff. I think it is inappropriate. But as you
24 pointed out, discussing this yesterday, the
25 overall guarantee is so small in size, that even

1 if it had to be called, it is equivalent to
2 something like four dollars on the average tax
3 bill or twelve dollars on an average tax bill, so
4 it couldn't be another Collingswood.

5 I just say for the record and for
6 anybody that is listening, please discourage your
7 clients from doing guarantees this way and ask
8 them to do it through the bond ordinance process.
9 It is cleaner, it is faster, it is easier and it
10 provides them better protection if the guarantee
11 is ever called. But I'm done with my soap box

12 I'll move this one, unless
13 somebody else has other questions on it.

14 MR. BLEE: Second.

15 MR. NEFF: Roll call.

16 MS. MC NAMARA: Mr. Neff?

17 MR. NEFF: Yes

18 MS. MC NAMARA: Ms. Rodriguez?

19 MS. RODRIGUEZ: Yes.

20 MS. MC NAMARA: Mr. Blee?

21 MR. BLEE: Yes.

22 MS. MC NAMARA: Mr. Light?

23 MR. LIGHT: Yes

24 MR. MC MANAIMON: Thank you very
25 much.

1 MR. NEFF: Camden County Improvement
2 Authority we did. Middlesex County Improvement
3 Authority.

4 (Leonard Roseman, Anthony Inverso,
5 being first duly sworn according to law by the
6 Notary.)

7 MR. ROSEMAN: Leonard Roseman,
8 Chairman of the MCIA.

9 MR. PINELLA: Anthony Pinella,
10 Wilentz, Goldman & Spitzer. We are bond counsel to
11 the Middlesex County Improvement Authority.

12 We are seeking Local Finance Board
13 approval under 40A:5A-6, of the Authority's annual
14 capital equipment and financing program, to be
15 guaranteed by the County, as has been done since
16 the program's inception

17 This year we have seven municipal
18 participants, the County government itself and
19 also the Improvement Authority. We'd be happy to
20 answer any questions.

21 MR. NEFF: I just have two--one
22 quick comment for the record. In past the
23 Middlesex County Improvement Authority would issue
24 debt. And ultimately Middlesex County's counsel
25 would bill for their work related to that project

1 in the capacity as a private attorney. The work
2 that he would have done for that issuance was done
3 apparently on County time, with County equipment.

4 It struck the Division as
5 extraordinarily inappropriate. Since that time it
6 is our understanding with respect to this issuance
7 that County counsel will not be compensated in any
8 form or fashion by the County for work related to
9 this issuance?

10 MR. PINELLA: Yes. That's our
11 understanding as well.

12 MR. NEFF: We have a letter to
13 that effect.

14 MR. PINELLA: Yes.

15 MR. NEFF: Ultimately the
16 recommendation would be that if this issuance goes
17 forward, that he not be compensated in any
18 capacity. That he's acting in his capacity as the
19 County counsel for which he gets a salary. He
20 doesn't need to also go and bill separately for
21 his time as a private attorney, double dipping
22 and it is a problem. So I just want to go on the
23 record that that's been resolved?

24 MR. PINELLA: Yes.

25 MR. NEFF: The County Improvement

1 Authority Issuance looks fine. I did a fair
2 amount of digging into this and don't have any
3 issues. You get a better rate for South Amboy
4 than South Amboy can get on their own. They had
5 the same rating from S&P as Atlantic City had
6 recently. So they benefitted from a process like
7 this.

8 I still have the same objection
9 of the County Improvement Authority charging fees
10 that they take in as revenue at a time when
11 certain people on the Authority are compensated at
12 levels they are compensated at, in excess of
13 \$200,000, a \$400 car allowance and separately
14 receiving pay as Mayor of another municipality,
15 receiving payment in lieu of receiving payment in
16 lieu of excepting health benefits from the
17 municipality with accepting health benefits from
18 the Authority.

19 It all seems pretty excessive to
20 me. At the end of the day, it amounts to a quarter
21 of a million dollars of pay for a public employee,
22 which just seems completely inappropriate

23 I'll get off my soap box. But my
24 recommendation would be that we approve this. But
25 that we do not provide a positive finding with

1 respect to the fees that are charged by the
2 Authority itself. Because the Authority doesn't
3 need to charge the fee that it charges to provide
4 for this issuance. It has got other recourses to
5 be able to pay its bills, other than telling the
6 people in South Amboy that they need to pony up.

7 So that would just be my
8 recommendation. That was the same recommendation
9 we had at the end of the day for the Middlesex
10 County Improvement Authority issuance, after much
11 drama last year

12 So if there are other comments we
13 are welcome to hear them.

14 MR. LIGHT: The question I have,
15 so I understand. How does that affect the
16 application?

17 MR. NEFF: They can go forward and
18 issue it. They can still charge the fees. Because
19 at the end of the day we just make a review and a
20 recommendation on Authority issues. We don't
21 provide an approval or denial

22 If they want to take the Board's
23 suggestion and lower the fees, they can. If they
24 want to ignore the Board and continue to charge
25 property taxpayers in South Amboy so they can fund

1 what amounts to be more than a quarter of a
2 million dollars of public monies, going to pay one
3 of the highest paid local employees in the state,
4 that I can find, that's their decision.

5 But at the end of the day, it's a
6 better deal than South Amboy can get on their own.

7 MR. BLEE: Motion to approve.

8 MS. RODRIGUEZ: Second.

9 MR. NEFF: Roll call.

10 MS. MC NAMARA: Mr. Neff?

11 MR. NEFF: Yes.

12 MS. MC NAMARA: Ms. Rodriguez?

13 MS. RODRIGUEZ: Yes.

14 MS. MC NAMARA: Mr. Blee?

15 MR. BLEE: Yes.

16 MS. MC NAMARA: Mr. Light?

17 MR. LIGHT: Yes

18 MR. NEFF: Before we start this,
19 just give me one minute.

20 (Pause in Proceedings)

21 Why don't we start with Hackensack.
22 If this gets going too long, I'm going to have to
23 pull the plug on it and go out of order, but we'll
24 start

25 I would ask that people--I know

1 we've had an internal meeting at the Division with
2 Hackensack. And I think we've got some written
3 material as well. But I would ask that people
4 make your points free of excessive drama and we'll
5 try and deal with this in a timely manner.

6 I only want people at the table in
7 favor of the application right now. It is a
8 little bit more orderly. We'll hear them. Then
9 we'll hear from people who want to oppose it.

10 MS. GREENMAN: We'ree all in favor.
11 We just have to tell you about the application.

12 MR. NEFF: Everyone at this table
13 is in favor of the application?

14 MS. GREENMAN: Just to be truthful,
15 I don't know if I'm in favor of it or not. I want
16 to bring facts out.

17 MR. NEFF: I only want people right
18 now who are in favor of this application. If you
19 have nothing to say in favor of it, then we'll
20 bring you up a little later. If you have something
21 to say in favor of it, that's fine. If you don't
22 know. Then you can sit in the audience. If you
23 still want to testify, you can testify and we'll
24 hear it.

25 MS. GREENMAN: All right, no

1 problem.

2 (Arthur Carlson, Jr., Kathy
3 Canestrino, James Mangin, Frank Di Maria, being
4 first duly sworn according to law by the Notary)

5 MR. CARLSON: Arthur Carlson, Jr.,
6 tax assessor, City of Hackensack.

7 MS. GORAB: Lisa Gorab, G-o-r-a-b,
8 bond counsel, Wilentz, Goldman & Spitzer.

9 MS. CANESTRINO: Kathy Canestrino,
10 C-a-n-e-s-t-r-i-n-o, Deputy Mayor, Hackensack.

11 MR. MANGIN: James Mangin,
12 M-a-n-g-i-n, Chief Financial Officer

13 MR. DI MARIA: Frank Di Maria, City
14 auditor

15 Good morning, Director. On behalf
16 of the City of Hackensack, I want to thank you for
17 hearing this application today

18 This application is is part one of
19 a four part plan that was established and
20 developed by the CFO and tax assessor to deal with
21 a significant tax appeal problem that has
22 accumulated in the City.

23 The parts are--the first three
24 parts are --is basically how they have broken down
25 the estimated refunds that are due. This

1 application represents part one of that

2 Part four is significant. The key
3 to all of this coming together is a one hundred
4 percent rolling assessment beginning in 2016.

5 You may not be aware, but the City
6 of Hackensack is a predominantly commercially
7 developed city. The ratio has affected the average
8 of our--the outcome of our tax very significantly.
9 And the consensus is the only way to stop kicking
10 this can down the road and to be proactive as
11 possible, is to build some money into the budget
12 and establish an ongoing one hundred percent
13 rolling reassessment every year to keep the ratio
14 at or as close to a hundred percent as possible.

15 Again, this is part one of the
16 estimated refunding amount that we need to refund
17 back

18 I will, at this point, just turn
19 it over to the Chief Financial Officer for a
20 presentation.

21 MR. MANGIN: Good morning. The City
22 of Hackensack is here. We're asking your approval
23 for-- as the auditor indicated, the first phase of
24 what really is a three part plan to confront and
25 address the problem with the City's tax appeals

1 We're asking for financing of seven
2 years for a refunding bond ordinance of
3 \$8,650,000, which will impact the average
4 homeowner an additional \$64.92.

5 The reason we're asking for seven
6 years, is because, as you will see, this isn't the
7 he had end for the Hackensack taxpayer. Back in
8 2007 is when the City had its last full
9 revaluation. In 2011 the City underwent a
10 reassessment. And quite frankly, that
11 reassessment was not a good one, cases were
12 mismanaged.

13 But more importantly, it didn't
14 stop the flow of tax appeals coming. Instead, as
15 the auditor indicated, the proverbial can
16 continued to get kicked down the road. The last
17 time I'll use that expression

18 Appeals were filed. They were
19 negotiated. In many cases they were settled. But
20 the refunds themselves were never finalized. Now
21 this is not to say the City ignored the issue of
22 tax appeals all together. In fact, between 2010
23 and 2013, the City refunded over \$12.2 million in
24 tax appeals.

25 What had happened was, the new City

1 administration took office in July of 2013. As a
2 result replaced many of its professionals. In
3 September of 2013 tax appeal attorneys started
4 working on pending tax appeals. We started getting
5 contacted by other attorneys asking what the
6 status of their settlement refunds were, you know.
7 This kind of mushroomed when we came to learn that
8 we had no inventory of exactly tax appeal that
9 were settled and refunds that were due. When we
10 finally got our arms around the scope of the
11 problem, we found that we had tax appeals
12 totalling close to \$30 million.

13 With that, the new City
14 administration directed me to come up with an
15 aggressive, long term approach on how we plan to
16 finance these tax appeals.

17 So the first thing to do is to stop
18 the ongoing filing of new appeals. As the auditor
19 indicated, we started the process of revaluation
20 or reassessment. It was originally our intent to
21 do a full revaluation as soon as possible. We
22 since learned that our tax maps needed to be
23 updated.

24 So what we're going to do is a
25 reassessment as soon as we can, while our tax maps

1 are being updated at the same time. We'll do a
2 revaluation shortly thereafter. And then the plan
3 is to continue to do annual reassessments each
4 year for a number of years, probably four years
5 afterwards. The idea being to try and get our
6 percentages close to a hundred percent as possible
7 and stop the new tax appeals from coming in.

8 Now, to finance the appeals that
9 have been settled and are pending, okay, that what
10 I did was, the plan was to break it down into
11 three manageable pieces. The first piece is the
12 application that's before you.

13 Roughly, it consists of about
14 ninety settlements totalling \$8.6 million. Again,
15 we're asking for seven years financing on it.

16 My plan for the other two
17 components of this plan. Would be approximately
18 \$10 million each as those settlements are
19 negotiated. We have a handout that will actually
20 show the tax impact, once this plan is fully
21 implemented. You can see from the impact that the
22 tax impact to the average Hackensack taxpayer is
23 substantial. But it is what's required in order
24 to get this problem behind us.

25 The numbers on that handout

1 indicate, though, the absolute worse case
2 scenario. We have every intention of using every
3 tool that we have to get those numbers down to
4 their lowest point possible.

5 We intend to continue to
6 aggressively negotiate our tax appeals at the same
7 time continue with a number of budget
8 modifications that began with this year, to try
9 and minimize the budgetary impact of these tax
10 appeals as much as we can.

11 Before we go on to the questions, I
12 just wanted to turn it over to the Deputy Mayor,
13 if I could?

14 MS. CANESTRINO: Good morning. Our
15 Mayor send his apologies. He's on vacation out of
16 the country. I'm here representing both him and
17 the rest of the Council majority.

18 First I would like to thank all
19 of you for reviewing and analyzing our bond
20 application. The Mayor and Council majority fully
21 support our CFO's three point plan to address
22 these tax appeals.

23 This bond will enable us to
24 accomplish the first point of this plan, while
25 providing the residents with a fiscally sound

1 solution.

2 This Council has been in office for
3 about a year now. We ran on a platform to promote
4 long term financial stability.

5 The cornerstones of that financial
6 stability will be increased budgetary planning, a
7 safe community and a strong increasing ratable
8 base.

9 Upon taking office, we faced many,
10 many tough decisions. None of which were easy and
11 many of which were unpopular. Negotiating
12 involved lots of give and take

13 We came to realize that all cannot
14 can fixed in a year, but establishing priorities
15 would be the key to our success.

16 Shared services and redevelopment
17 quickly became two of our top priorities. The City
18 had already undertaken a number of shared
19 services, like, garbage, recycling, dispatching.
20 After a careful review of our other services we
21 were able to eliminate our Human Services
22 Department and replace it at zero cost by
23 transferring it to our County owned service
24 department, for a savings of approximately
25 \$400,000 a year.

1 We are now also entering into
2 another agreement with an additional town, to
3 share our health officer. Development and the
4 investment in our City, had become stagnant over
5 the past ten years. Our once thriving downtown
6 was the most neglected.

7 The city crafted a rehabilitation
8 plan for our downtown. I am happy to say that we
9 won the New Jersey Futures Smart Growth award this
10 year.

11 We currently have one project under
12 construction and two more major projects in the
13 planning stages for our downtown. But before any
14 crucial revitalization, we had to deal with two
15 very important and basic issues critical to all
16 urban community redevelopment, tax stability and
17 public safety. In order entice development we
18 needed to address these two issues.

19 With respect to tax stability,
20 our new CFO has developed a plan and he's taken
21 the first steps toward accomplishing many of the
22 goals.

23 This multi year plan includes
24 eliminating revenue at risk, tracking various City
25 revenues by including them in our budget,

1 realigning our City departments for maximum
2 efficiency and managing expenditures for our
3 professional services by overhauling our
4 conference system and our bill review process.

5 Some examples of what we've done in
6 this past year in that regard are, established for
7 a monthly threshold for our City attorney fees.
8 We've conducted a thorough review of all of our
9 departments. Our 2014 budget increase for salary
10 and wages is only .27 percent of an increase.

11 We recouped many of our unpaid
12 revenues and we are negotiating and continue to
13 negotiate on others. Initiated a review of all of
14 our tax exempt properties. We renegotiated our
15 health insurance fixed costs for a savings of
16 approximately \$500,000.

17 We tacked sick time payouts for
18 new non-contractual employees and for our police
19 department. We lengthened the step for our new
20 police officers by fifty percent, from six to nine
21 years, with the goal of looking ahead.

22 The second biggest concern was
23 safety. Our police department has gone through a
24 tumultuous few years, starting with more than
25 twenty lawsuits by police officers filed against

1 the City and the criminal conviction of our police
2 chief. We needed to stop the bleeding with the
3 police lawsuits.

4 Our new City attorney worked
5 diligently and the last police lawsuit was settled
6 months ago.

7 Frankly, our police department had
8 lost focus and needed to be turned around. What a
9 difference a year can make. We made headlines
10 when our police department headed up a drug raid
11 in town this past February targeting 160 alleged
12 drug dealers and netting 135 arrests.

13 As the County Seat we are home to
14 the homeless shelter for Bergen County. In the
15 past few years the homeless problems had become a
16 huge deterrent for our City businesses and
17 certainly a deterrent to future development.

18 Once again, we worked with our
19 police department for improved relationships with
20 the Shelter, increased foot patrols and we've
21 shown miraculous results.

22 Do concessions need to be made to
23 stay focused? Absolutely. But the progress we had
24 made in one year speaks for itself. Our plan to
25 support some elongated infrastructure

1 improvements, required three major downtown
2 projects we have them.

3 The redevelopment team meets almost
4 weekly with new developers interested in our town.

5 Our streamlined pre-application
6 process was a big hit with these developers and
7 enabled us to get moving very quickly. Our two
8 top priorities to encourage redevelopment, tax
9 stability and safety, are well on their way.

10 Our application before you today
11 is part of our plan. We clearly understand our
12 obligation to keep budgetary spending to the
13 absolute minimum. So that to the extent possible,
14 we can plan for tax appeals without utilizing the
15 relief we seek today.

16 In the past four years, as our CFO
17 has stated, the City has paid out over \$12
18 million in tax appeals with \$7 million of that
19 coming from surplus over the last two years

20 We need to plan better for such
21 expenses. We know that you require that of us as
22 we require it of ourselves. I ask you to believe
23 in us as we believe in you, to help us address
24 these tax appeals while not losing focus on our
25 long term goals for the City.

1 Thank you for allowing me to
2 speak here today.

3 MR. NEFF: Anything else to add at
4 the table?

5 MS. CANESTRINO: We'll answer
6 questions.

7 MR. NEFF: Thank you. I just have a
8 couple and I'll put it in context. I can't
9 remember one, maybe somebody can help me, I can't
10 remember somebody who came here to ask for relief
11 from tax appeals that were substantial, where the
12 Board didn't ultimately provide some level of
13 relief

14 If there needs to be refunding,
15 then there needs to be a refunding. Otherwise
16 everybody gets a dramatic spike and it is not
17 helpful, it is harmful. We'll be helpful I'm sure

18 As I heard, there are a number of
19 areas where the municipality is trying to make
20 efficiencies and that's all good.

21 But one issue that does sort of
22 stick out, too --two that stick out, the police
23 contract there. You know, I understand there is a
24 need to get better morale in the police
25 department. I understand there is a need to try

1 and keep the peace, so to speak, with public
2 employees. At some point when you have financial
3 difficulties, I think everybody, including the
4 police, need to step up to the plate and take a
5 hit, or at least come up for air and not take
6 dramatic increases.

7 My understanding of the police
8 contract, is that while people have not reached
9 the top step, they are getting five, six or seven
10 percent increases when they go from one step to
11 the next, in addition to whatever the percentage
12 increase would be for the top step once they hit
13 that, whether it is 1.5 percent or two percent, I
14 can't remember. But the steps are a big increase.

15 It seems to me, as somebody that
16 I haven't had a pay increase in five years. The
17 folks in my office haven't had a pay increase,
18 some of them, for as many as eight years

19 Well, the state has had
20 significant problems. You know, I just-- to me
21 those kind of continued contracts are inadvisable.
22 It is --you know, I understand there are other
23 moving pieces, you know, it is a big puzzle.

24 I'm not trying to sit up here, you
25 know, in my ivory tower, and substitute my

1 judgment for the City's. But it does-- I think it
2 is worth mentioning that the city is going to be
3 coming to us again next year, perhaps a year
4 after, for tax appeal refunding requests. These
5 sort of costs need to be kept under control.
6 Noncontractual employees also were receiving small
7 increase, I think as well, in Hackensack, one or
8 two percent, something relatively minor.

9 It nice. Everybody wants to give
10 out small increases to keep the peace, but
11 sometimes you've got to just lay down the
12 mathematical reality that you can't keep giving
13 people six percent annual increases in their
14 salary. They are doing the same job they did the
15 year before, when the City is having financial
16 problems.

17 It is not fair to taxpayers. But
18 I say that sort of focusing on that, as the one
19 issue that keeps coming to us. I know that in the
20 bigger picture, the City should be commended for
21 dealing with the reval the way you are doing it.
22 The City should be commended for some of the other
23 efficiencies that you addressed. I know that the
24 City should be commended otherwise-- not
25 commended, but maybe should get condolences for

1 having to deal with the tax appeal issue that was
2 dropped in their lap by a prior administration.

3 I think you are doing a relatively
4 decent job. I don't have a problem with granting
5 the appeal. To say it is a seven year maturity, I
6 think it is, to bring the average impact to
7 taxpayers down to, I think the ballpark \$65, \$70,
8 so that is something reasonable.

9 I think, just my point of view, all
10 public employees need to come up for air at some
11 point, not just the ones who aren't wearing a gun.

12 I'll probably get pulled over and
13 beaten on my way home today, but that needs to be
14 said.

15 MR. LIGHT: That happens to me
16 every day.

17 MS. GREENMAN: It happened to me.

18 MR. LIGHT: I was joking.

19 MR. NEFF: One other issue. It
20 wasn't clear to me in the questionnaire that the
21 municipality supplied, the council members are
22 entitled to healthcare, so it is a touchy issue to
23 discuss in a setting like this. Is the Council
24 taking steps to eliminate receiving healthcare,
25 what's the status?

1 MR. MANGIN: At the present time
2 there is nothing in the salary ordinance, that
3 either grants health benefits or prohibits health
4 benefits. At the present time there is one
5 member of the governing body who gets health
6 benefits. We are doing a salary ordinance change
7 on Monday. We'll be introducing an ordinance that
8 will eliminate health benefits for all part-time
9 employees. As of July 1 there are no part-time
10 employees receiving health benefits, as well as
11 any future council members. That salary ordinance
12 will be introduced.

13 MR. NEFF: So the current council
14 member will continue to receive healthcare
15 benefits?

16 MR. MANGIN: Yes.

17 MR. NEFF: I'm not going to make it
18 a requirement, but you may want to reconsider that
19 grandfather provision. That's up to you.

20 Any other comments, questions from
21 this?

22 MS. GREENMAN: Two people, two
23 taxpayers.

24 MS. NEFF: Anybody else from this
25 Board have any questions from people who are at

1 this table?

2 MR. LIGHT: I have just one.

3 Normally-- I understand this is a particularly
4 difficult situation because of your tax appeals.

5 Normally I don't like to see seven year
6 refundings. I'd like it, that it should be a
7 short base of time. It's about a \$20 difference
8 if the figures that I have here are correct. If it
9 is done in five years it would be an \$89 impact to
10 the individual taxpayer. If it's seven years it's
11 \$68. Is there a chance you can do it in five
12 years?

13 I'm not saying I'm going to vote
14 against it, but I'm saying-- I'm asking you?

15 MR. MANGIN: The application that's
16 before you--

17 MR. LIGHT: The application is seven
18 years, \$68?

19 MR. MANGIN: Yes. Five years, you
20 are correct, it is \$89. As we said, we do intend
21 to come back again with the next piece next year,
22 which is why were we were seeking the seven years.
23 Because there will be a time when all three
24 components will overlap to the taxpayer.

25 MR. LIGHT: Do you have a feel for

1 the magnitude that you would be coming back for
2 next year for the next piece?

3 MR. MANGIN: We are figuring \$10
4 million at this point. Again, that's like a worse
5 case scenario. We're still aggressively
6 negotiating, but that's what we're thinking at
7 this point next year will be.

8 MR. LIGHT: I would prefer the five
9 years. But if the rest of the Board goes with
10 seven, I won't hold it up, I'll go with seven.

11 MS. RODRIGUEZ: I have a comment.
12 Just based on what the Director said in terms of
13 the contracts with the police and the fire, I
14 follow Hackensack, what has transpired there

15 I think I agree with him. I mean
16 up and down the state, a lot of municipalities,
17 police and firemen have sacrificed.

18 I also-- you know, I know how
19 important they are to our community, they are
20 public safety. If you are going to come again in
21 front of this Board, I think that's something
22 going to be looked at very closely. I just feel
23 compelled to make that comment.

24 MR. NEFF: Split the difference, do
25 six years?

1 MR. LIGHT: How does the rest of the
2 Board feel?

3 MS. RODRIGUEZ: They will be--
4 they are going to be coming up in front of us.
5 I'm fine with many seven because, it is going to
6 be compounded. I'll go along with the seven

7 MR. NEFF: I don't think we are
8 going to end the discussion.

9 MR. LIGHT: Frank, are you okay with
10 seven?

11 MR. BLEE: Yeah.

12 MR. NEFF: I think it's likely
13 that the Board at this point is going for seven.
14 I know there are other people who have come here.
15 I don't want to deny anybody the opportunity.

16 With that I would ask the people
17 who are at the table to just step back and let
18 whoever else wants to come to the table, to come
19 on up.

20 (Rose Greenman, Deborah
21 Keeling-Geddis, Toni Williams Haverty, being first
22 duly sworn according to law by the Notary

23 MS. GREENMAN: Councilwoman Rose
24 Greenman, G-r-e-e-n-m-a-n.

25 MS. KEELING-GEDDIS: Deborah

1 Keeling-Geddis, K-e-e-l-i-n-g-G-e-d-d-i-s.

2 MS. HAVERTY: Toni Williams Haverty,
3 H-a-v-e-r-t-y.

4 I'll go first, I don't mind. I
5 just want to say thank you for having us. We
6 are-- I felt compelled to come here today because
7 I have to represent the taxpayers of Hackensack.

8 I'm a taxpayer, as well as everyone
9 else, we're all taxpayers. But the problem is, in
10 the last City Council meeting that I went to, I
11 asked what was the increase for police and for
12 policemen? I was told 1.5 percent

13 I found out later on and I had a
14 conversation with Ms. Canestrino, I had a
15 conversation with her afterwards. She said to me,
16 that she has a place in her heart for the
17 policemen. Her husband is a police officer. She
18 feels very strongly that we could not afford to
19 not let those people go through the steps.

20 Okay. Later on I did some more-- I
21 did some additional checking. And I found out
22 that it was actually a twenty-two percent
23 increase.

24 Councilwoman Greenman asked during
25 the meeting if the CFO would please could speak

1 about the increase. Because in fact it wasn't
2 really a 1.5 percent, it was a twenty-two percent
3 increase. So basically what they did, they misled
4 the public about the magnitude of the increase for
5 the police officers.

6 So that's our number one problem.
7 Somebody has to speak out for the taxpayers. I
8 worked very hard to get this Council elected.
9 Nobody worked harder than we did. And I have to
10 tell you, the fact that I have to come here and
11 fight now --our group ran on fiscal soundness, she
12 just said it. This is not fiscal soundness.

13 Police officers throughout the
14 country have give-backs. My husband is a police
15 officer. I have no problem with them having a
16 raise, but as long as it is affordable.

17 Then I found out that the City is
18 in real dire straits. It just doesn't seem right
19 to me that you are taking out a loan to give
20 people back money and you are going the turn right
21 around and raise it? It makes no sense/

22 Listen, I have--my husband works
23 hard. We work very hard. We need a new car.
24 Guess what, my husband has been driving a fourteen
25 year old car because we can't afford it. The City

1 has to stop this--whatever they're in, of
2 borrowing money. This is something we ran against.
3 We were told --we were told that this wasn't going
4 to happen and boom, here we are today. And if it
5 wasn't for the fact that they misrepresented
6 during the meeting, this whole room right here, it
7 would be filled with Hackensack residents.

8 I persevered, I did my home work.
9 I had to really, really push to find out that this
10 was a twenty-two percent raise.

11 Deceitfulness and lies.. when is
12 this going to stop in Hackensack? When is the
13 blood letting going to stop for the citizens of
14 Hackensack?

15 I would like to know-- I am aware
16 of the fact that our former City manager wanted to
17 keep it at the two percent cap. I believe he was
18 bullied by police. They came to our meeting, there
19 was some bullying going on. And Councilwoman
20 Greenman has also been bullied. This kind of
21 thing has to stop.

22 And I would like to know, is there
23 any oversight? You all are with the state. Is
24 there any oversight on that these kinds of things?
25 They are going to come back-- \$8 million is a lot

1 of money. They are going to come back and they
2 are going to ask for \$10 million more. Then after
3 that, what, \$10 million more? So that police
4 officers-- everybody is cutting back now.

5 My husband is a police officer and
6 they had to cutback. We have to give --I think we
7 pay something like two or three percent toward our
8 health care. Every-- this is a time where
9 everybody is cutting back. It is misleading. It
10 speaks to dishonesty.

11 And my question is, are those
12 numbers real numbers, are they real numbers?
13 Where are their priorities? She spoke about long
14 term fiscal stability. Is this long term fiscal
15 stability? Where are the priorities?

16 The things that she talked about in
17 the contract for-- that's for new employees. The
18 steps have increased for new employees. But this
19 is where the twenty-two percent comes in, because
20 it doesn't affect these people, these forty-five
21 police officers that are in the steps now. It
22 does not affect them.

23 Those things they put in place,
24 maybe the City might not see any relief from that
25 for-- it is only few new people that come in. It

1 might be another twenty years before we see
2 anything from that.

3 So all I'm asking, I think there
4 should be-- I think they should fix it. Before
5 you lend them money I think they should fix it.
6 Do what they have to do. If they can't get rid of
7 the-- change the contract, what about layoffs?
8 What about demotions? This is totally
9 unacceptable to the taxpayers of Hackensack.

10 That's all I have to say for now.
11 Thank you.

12 MR. KEELING-GEDDIS: I understand
13 that these tax appeals were dropped in the lapse
14 of this current administration. Knowing that, I
15 don't understand how the contract or the PBA
16 contract, could be given a twenty-two percent
17 increase with the dire fiscal situation that we're
18 in right now. I don't get it.

19 I don't know-- you know, I'm in
20 the teacher's union. Two percent? With our last
21 contract last year or the year before, I don't
22 know what it was. It wasn't two percent.

23 Like Toni said, everybody is giving
24 back at this point. Listen, the cops do a great
25 job in Hackensack as far as I know. I called them

1 a couple of times myself but who is protecting the
2 residents, the City, the taxpayers? Who is
3 standing up for them other than us? Our City
4 Council is supposed to do that. But this increase
5 is reckless to me, it is just reckless to me.

6 As I said, this Council
7 campaigned on fiscal responsibility. It went to
8 great levels with the other administration, you
9 know, in telling them they need to be fiscal. But
10 here we are, you know, giving a huge amount of
11 money to the PBA

12 Listen, if it doesn't affect my
13 taxes, I'm good with it. But it is going to
14 affect our taxes. Every year with this tax
15 appeal, with this-- with the increase, with this
16 PBA contract, we are going to get hit hard.

17 My mother, senior citizen, they
18 struggle. I know senior citizens who are
19 struggling to stay in their homes, okay

20 I'm just asking that whatever you
21 guys can do, to please make this as painless as
22 possible for the taxpayers of Hackensack.

23 You know, like Toni said, there was
24 a lot of dishonesty. There was a deliberate
25 shielding from the public as to how much this

1 raise was going to be, all right. It is on video
2 when she asked. And the answer was given 1.5
3 percent. Untrue. We know that, we know that.

4 I want to know, are the sick days
5 kept? I know as a teacher, what do we get? We
6 get \$15,000. We end up with only \$15,000. I don't
7 know if that's true with the cops. What makes them
8 any more different? We both have very important
9 positions in our town. What makes them any more
10 different than, you know, I don't can carry a gun,
11 you know, but we are raising the youth of today.

12 So I just ask that-- you know, I
13 don't want my comments to jeopardize in any way
14 the bonding process. But we need help in
15 Hackensack with making good decisions, that's
16 responsible decisions for our taxpayers. Thank
17 you.

18 MS. GREENMAN: I am on the minority
19 on the Council. I have to just let you know--

20 MR. NEFF: Let me just ask, when you
21 say the minority on the Council--

22 MS. GREENMAN: Because the Deputy
23 Mayor kept saying the majority of the Council.

24 MR. NEFF: I'm asking for my own
25 edification.

1 MS. GREENMAN: Absolutely.

2 MR. NEFF: Are you the minority on
3 the Council in the sense that you are a democrat
4 or republican or they are a republican or
5 democrat?

6 MS. GREENMAN: Not at all. It is
7 non-partisan.

8 MR. NEFF: I just wanted to
9 understand.

10 MS. GREENMAN: It is non-partisan.

11 The way the PBA negotiations took
12 place and the way it was presented, it was a
13 miscarriage of justice. No one-- I did not get a
14 contract. The Council voted on the contract
15 without having seen one.

16 Have you ever voted on anything and
17 not have seen it? We have not. The CFO did not
18 have a contract, did not see it. The auditor did
19 not have a contract. There was no labor attorney
20 present.

21 I consistently sent emails. I
22 called, I begged, I cajoled, I did one of each,
23 never have received one. Because I had brought all
24 of these concerns-- all of these people have
25 licenses to lose. They were the ones. We are not

1 the professionals.

2 I happen to be an attorney. The
3 rest of the Council are retired people, not
4 professionals, have no license. So we have to
5 rely on other professionals to let us know what is
6 in the contract.

7 I was told, oh, you are an
8 attorney, that's why you like to look at it. The
9 rest of the Council would not be interested in it.
10 How can you vote for something without ever having
11 to eyeball it? Never happened. There was no
12 labor attorney

13 My job as a council person is to
14 represent the taxpayers and the residents, not to
15 represent anyone else. If the PBA has to be
16 represented, they were very well represented.
17 They had everyone on their side.

18 They had the labor attorney there.
19 They had managers. They had representatives. Had
20 everyone. We were harassed. People who said
21 let's do the right thing. Twenty-two percent is
22 on the table, we can't do it. We are faced with a
23 tremendous, tremendous amount of paybacks that we
24 are obligated to do.

25 So I'm bringing it to your

1 attention not-- because I'm seeing we must do it,
2 but there must be an oversight. I cannot alone by
3 myself control it if the people are not telling
4 the truth.

5 I kept asking-- and you are
6 welcome to see the tape, please redirect that
7 question to the CFO. Allow the CFO to respond.
8 The residents had asked an eminently important
9 question. Please allow somebody to respond to it.
10 They voted no, there is no way, they would not
11 allow it.

12 Okay. So meeting, calls, emails,
13 have done nothing to assuage my concern. I
14 believe that our problem here is extremely severe.
15 I am terrified of what will happen. It is just a
16 runaway situation.

17 I know that there were a number of
18 people who came and spoke to you in the beginning
19 of June. I understand that there was an offer
20 made by the people who spoke to the
21 representatives at Hackensack, who knew that we
22 were undergoing PBA negotiations. To let us look,
23 let us see your contract. Maybe we can help you
24 and point you in the right direction and give you
25 some tools to negotiate the contract.

1 The City never took them up on it.
2 They just completely disregarded this advice.
3 They never sent it. They never allowed me-- I
4 can't speak for the rest of the Council, maybe
5 somebody did see the contract. I did not. I know
6 the CFO did not. I know the auditor did not. I
7 know there was no labor attorney present.

8 How can you possibly allow such a
9 miscarriage to occur? You know what--

10 MR. NEFF: I'm going to have to-- I
11 have a practical issue. I'm about to lose a
12 member and I'm not not going to be able to vote on
13 other issues that are coming before us.

14 MS. GREENMAN: Absolutely.

15 MR. NEFF: I've heard clearly what
16 you all said. I know we've all been listening to
17 it. We have similar concerns about the police
18 contract. I understand it is in litigation at
19 some level.

20 I think my preference would be to
21 defer this matter until next month. I'd like to
22 have a little bit further discussion with the City
23 to better understand why they did do what they did
24 with their contract. I don't want to mislead you
25 and have you think we are going to put Hackensack

1 under some sort of special controls. We may or we
2 may not, I don't know.

3 I think I'd like to, at the staff
4 level, sit-down with them and talk to them a
5 little bit more about what happened and why. If
6 they are coming again next year and the year
7 after, we may need to talk to them about our
8 conditions.

9 MS. HAVERTY: How are you going to
10 find out if they are telling you the truth or not,
11 that's a problem --

12 MR. NEFF: So I think that's how
13 we'll handle that for today. We'll defer and
14 we'll be back again next month. We heard you loud
15 and clear. We respect what you had to say. I wish
16 more people came here and cared about things.

17 MS. HAVERTY: It was late notice.

18 MR. NEFF: I think you probably--I
19 wasn't quite as eloquent as you. I think you
20 probably heard me express some frustrations. I am
21 a public employee, too. A six percent step every
22 year, I wish did. Sometimes I wonder why I'm got
23 my law degree.

24 MS. HAVERTY: You ought to be a
25 police officer and come to Hackensack.

1 MR. NEFF: You know, at the end of
2 the day the Board is really considering very
3 narrow issues. There is a bill due. It is paying
4 these old tax appeals. What the way they are going
5 to pay for it? The City want to spread that
6 payment out over a time that sounds reasonable to
7 me. Especially in light of the fact that they are
8 correcting an underlying problem with their tax
9 bills.

10 I know we are all focusing on the
11 police contract, but there are other things going
12 on in Hackensack, too. I know people don't lose
13 sight of the fact that there are other things
14 happening. It's not all bad.

15 MS. HAVERTY: Right, exactly. We
16 agree.

17 MR. NEFF: There is some balance in
18 prospective on this. We'll be back again next
19 month to deal with this. It is possible that we
20 could deal with it sooner through a phone
21 conference to follow-up and resolve this sooner
22 rather than later. It's not good to let this sit
23 for an entire month. If we can do it sooner we
24 will.

25 With that I think we're going to

1 defer this matter for now were. We'll move on to
2 the next item, unless there is something else
3 somebody wants to say? I am about to lose a member
4 who has another obligation. We have some other
5 matters to be resolved.

6 MS. HAVERTY: We just need help.
7 Thank you.

8 MR. NEFF: So I need to move to--I
9 ask for the Bridgeton Port Authority to come up.

10 (Jack Sorenci, Dale Goodroe, Albert
11 Kelly, being first duly sworn according to law by
12 the Notary)

13 MR. SORENCI: Jack Sorenci.

14 MR. GOODROE: Dale Goodroe.

15 MR. KELLY: Albert Kelly, Mayor,
16 City of Bridgeton.

17 MR. MARMERO: Al Marmero, on behalf
18 of the Bridgeton Municipal Port Authority.

19 I know you are under some time
20 constraints here, so we won't go through the whole
21 intro. We were here last month.

22 MR. NEFF: I'm going to actually
23 frame a separate tone for this.

24 The request from the Port
25 Authority, for the record, we have gotten written

1 responses back from the last meeting. Folks have
2 had a chance to review it

3 What seems clear to me is that
4 there is no easy answer to this one. On the one
5 hand you've got an authority which was created by
6 a municipality many, many years ago, prior to this
7 administration. It was not the best of run
8 authorities I have ever seen. It was pretty poor.

9 It was conducting basic functions,
10 like, passing budgets, conducting audits. They
11 clearly racked up more in bill than they could
12 pay. That's why this is listed twice. Once as a
13 proposed sale of real property, which is the
14 application of the Authority. It is listed the
15 second time on our agenda as an authority that is
16 under distress, experiencing financial difficulty.

17 This is in consideration for the
18 Board to take unilateral action, the Board thinks
19 it's appropriate under the Local Authorities
20 Fiscal Control Act and to discuss what maybe
21 should be done.

22 I read Mr. Bachi's filings with the
23 Board. They are very articulate and well said in
24 many respects. Perhaps a a little bit overstated.
25 But it is well stated that we don't like to see

1 authorities run amuck and not comply with basic
2 laws.

3 We also believe that
4 municipalities that create those authorities have
5 some sort of obligation to continue in a sense, to
6 make sure that the creatures that are of their
7 making, are running

8 So on the one hand we've got a
9 really distressing situation with the MUA. It is
10 what it is. On the other, we've got a
11 sophisticated investor who has a liability debt
12 that is owed to him. But he doesn't have the right
13 to have the taxpayers of Bridgeton to make good on
14 that debt. A sophisticated investor should know
15 that, did know that when the note was purchased.

16 So there is no obligation-- no
17 obligation, legal obligation at this point for the
18 property taxpayers of Bridgeton to pay that note
19 legally. That's how I view it.

20 But again, it's very
21 disconcerting. It makes me wonder, you know, what
22 should we do? Should we forcibly dissolve the
23 Authority? There is a piece of me that says yes.
24 Because they have been so negligent in basic
25 responsibilities under the Local Budget Law,

1 fiscal Control Laws, the Authorities Law. They
2 have the right to continue to exist? I don't know

3 Then we've got this issue of
4 wanting to encourage economic development in the
5 municipality. I think the Mayor set forth a plan,
6 the responsibility of getting the municipality off
7 Transitional Aid, wants to have economic
8 development. He is working with a potential
9 developer who would bring jobs to that area, in a
10 direction that he as an elected official who
11 represents the people there, feels is most
12 appropriate for his clients, the people who he
13 works for.

14 So all of that said, I'm going to
15 give you my take and what the staff's
16 recommendation is. That we allow the sale of the
17 property to move forward with the proceeds going
18 toward paying off the portion of the liability
19 that is the amounts that are owed to the property
20 owner who holds a note.

21 At the end of the day. We are
22 going to defer--our recommendation would be to
23 defer the Bridgeton Municipal Port Authority,
24 Local Authorities Law, Fiscal Control Act,
25 financial difficulty portion portion of this

1 meeting until January.

2 We'll give you all four months,
3 the balance of this year, to sit-down with the
4 developer or the businessman who holds this note
5 and figure out a way to pay it. Come up with a
6 credible plan between now and then.

7 I would suggest the holder of the
8 note should be will to provide some concessions. I
9 know he has in the past. He should provide some
10 concessions. A ten percent interest rate on a note
11 seems a little high. But maybe there is some room
12 for some give and take where at the end of the day
13 maybe the municipality can dissolve on its own for
14 this authority and take on some portion of the
15 note that's owed, to just make this issue go away.

16 Because continuing to allow the
17 note outstanding as a ten percent interest rate
18 attached to it, isn't in anybody's interest. It
19 is going to make it harder and harder to unwind
20 this problem if it is allowed to go forward.

21 If at the end the day by January if
22 the parties can't figure out how to resolve their
23 differences and otherwise fix an Authority that's
24 clearly in financial difficulty, then the Board
25 will revisit this in January.

1 I can't even tell where I'll be in
2 January on this. My predisposition earlier on was
3 we should just forcibly dissolve the Authority.
4 In which case they own the whole building, if you
5 take on that responsibility.

6 Then there is a piece of me that
7 just wants to say no, just let this Authority
8 continue on in perpetuity, and sorry, the investor
9 shouldn't have bought note that he didn't have a
10 recourse to the taxpayers, too bad.

11 I don't think continuing to go on
12 in this, you know, letting the Authority just last
13 forever that can't pay its bills is good. I don't
14 think it's good for Bridgeton at the end of the
15 day. Because you are going to have to get rid of
16 that Authority, either create a redevelopment
17 authority or a port authority that actually has a
18 port associated with it. But I think that's our
19 recommendation.

20 I think what I would ask is
21 rather than regurgitate the record that we heard
22 last month, or the pleadings that were submitted
23 in writing to the Board, I would ask that we get a
24 little bit of feedback on the recommendation
25 whether or not you think it is reasonable or not.

1 And then I would ask that we vote on this, as
2 we've had two meetings on this now already.

3 Why don't we start with the folks
4 who are at the table, for their reaction.

5 MR. MC MANIMON: Ed Mc Manimon.

6 MR. NEFF: For the record, I
7 didn't share that with everybody for either of the
8 parties before today's meeting.

9 MR. MC MANIMON: It is pretty
10 clear that issues have been fully vetted last
11 month. We did submit a subsequent filing, because
12 the Board asked us to clarify what the plan was to
13 liquidate the assets of the Authority without
14 dissolving the Authority.

15 So we submitted a letter that
16 said that the proceeds from the sale of this
17 property, if approved by the Board, would be
18 allocated as the Court has already concluded,
19 likely to Mr. Martin. It also indicates they have
20 no rights against any of the other properties.

21 But we offered the properties
22 that are remaining from the port, which were
23 described as worthless. So since that meeting the
24 City agreed they would buy those properties for
25 the assessed value from 2006, provide those monies

1 to Mr. Martin.

2 There is also money in connection
3 with environmental remediation of the site, to the
4 extent that it is not needed, which would go back
5 to the City, would also go to him.

6 The only other point I want to make
7 is, there is a fundamental difference between
8 revenue bonds and general obligation bonds.
9 Revenue bonds that are not guaranteed with a
10 taxpaying entity, bear a higher interest rate,
11 because they have a risk. Because they are
12 governed and they are entitled only to revenues.

13 Certainly in this instance, even
14 by their own papers, the way they characterize
15 this agency the Port Authority as, you know, a do
16 nothing, got nothing left. He bought the note
17 with those circumstances.

18 The note is secured, although the
19 Court took away the mortgage and the ability to
20 foreclose, but basically gave them the same rights
21 to the money. That when you have a revenue bond,
22 both the documents and the statute, do not link
23 the City to this obligation in any way. The fact
24 that the Port Authority cannot pay it, doesn't
25 create an obligation on the part of the City.

1 And the parties who have revenue
2 bonds when they buy them, know that they better
3 get security, because they don't have the
4 taxpayers behind it.

5 It is the only point I want to
6 make. It seems to be fundamentally lost in the
7 analysis here, that because there is something
8 that doesn't get paid, that the City should
9 somehow step in. There are hundreds of revenue
10 bonds around the state that are not secured with a
11 guarantee, with a service contract or a subsidy
12 agreement. That the parties who provide the money
13 know what they have to get back, because they
14 don't have taxpayers.

15 I just want to make sure that
16 doesn't get lost in the shuffle.

17 MR. NEFF: That's not lost on me.
18 I know that most people who issue revenue bonds in
19 New Jersey, also comply with various laws that
20 require filings of budgets and audits, and
21 otherwise maintain the reserves that are needed to
22 be maintained and otherwise pay their bills.

23 Here we have an authority that
24 doesn't do any of those things. With all due
25 respect it is a port authority and there isn't a

1 single boat anywhere-- or a slip for that matter.

2 They don't have staff and they don't do anything.

3 So let's be clear about that. This
4 isn't like every other authority that issues
5 revenue bonds. I get it. I understand it. I
6 personally for the record believe that we're the
7 owner of the note. The attorney made the point--
8 made a point that authorities aren't allowed to be
9 permitted to exist for the sole purpose of
10 shielding property taxpayers from paying debt,
11 actually, they are. That's why sometimes an
12 authority gets created, because there is a desire
13 to protect taxpayers at the end of the day, from
14 the liabilities that authority may otherwise
15 accumulate.

16 I think we have an outlier in
17 this case that is beyond a the pale. But that is
18 part of the reason why authorities get created, to
19 protect taxpayers from ultimate liabilities from
20 investments that might otherwise go bad.

21 But if there is nothing else from
22 the folks at the table? If there is here,
23 otherwise we'll hear from the other folks.

24 MR. MC MANIMON: Just with respect,
25 because I know there is a time issue here. And

1 there is a record that gets made that may wind up
2 in Court. That this was a viable entity when this
3 debt was incurred. \$800,000 was paid down to
4 \$365,000. It isn't like they incurred this debt
5 where they were doing nothing. This was a very
6 viable Port Authority at the time. They paid down
7 their debt. It incurred back up to a level where
8 it is because of this high interest rate. Which,
9 again, the parties who negotiated that rate
10 assumed the property was going to be sold. And
11 incurred that high rate because there is a risk
12 that goes with getting paid. That's the point.

13 So they got a high interest rate.
14 They bought a risk. If the risk didn't exist,
15 there wouldn't have been that rate, because there
16 would have been a backup by the City. I don't want
17 that to get lost as this gets analyzed. Thank you.

18 (Thomas Martin, Will Martin, being
19 first duly sworn according to law by the Notary.)

20 MR. THOMAS MARTIN: Thomas Martin.

21 MR. WILL MARTIN: Will Martin.

22 MR. BACHI: Good afternoon, Mr.
23 Chairman, members of of the Local Finance Board.
24 As you know, my name is Keith Bachi. I'm not
25 going to reiterate what I put in my submission.

1 Other than to indicate to you, that despite Mr. Mc
2 Manimon's attempt to rewrite history, there is a
3 long history. When the parties settled, they made
4 a settlement. It hasn't been honored. It's been
5 broken twice.

6 If you read my memo that I wrote
7 to you in my letter, I indicated to you at the
8 end, that my clients were willing to go into
9 mediation. I didn't think it was appropriate to
10 try to negotiate with letters back and forth
11 before the Local Finance Board. It is a strange
12 way to negotiate.

13 I set forth my position only to
14 respond to Mr. Mc Manimon's submission, trying to
15 make my client look unfair or unreasonable.

16 There are always two sides to every
17 issue. Obviously, in these four months, if the
18 City is willing to -- because it's more global.
19 My client is not some outsider who picked up debt
20 to try to make a quick profit. As you know, my
21 client was--he's got land that he owns next to
22 this. It has been in the family before anybody
23 got involved here. My client wanted to use his own
24 private money to actually buy this and put
25 hundreds of thousands of dollars into this and an

1 adjoining property that they were in litigation
2 with Renewable New Jersey on that's currently in
3 the Appellate Division.

4 Apparently, that's just not going
5 to be allowed to happen. He would fix it up, pay
6 more taxes in addition to the taxes he paid in
7 Bridgeton. It is apparently not going to happen.

8 At the same time point in time
9 there are more issues than are just before you in
10 this. That's why if it's just the mediation with
11 the retired judge, where we can bring in Renewable
12 New Jersey and their lawyer, the Port Authority,
13 the City and try to come to a global settlement.
14 Certainly we will take your suggestion up in the
15 next four months. And if the other parties are
16 willing to, come to some reasonable way of trying
17 to address the issues.

18 Notwithstanding the above, I
19 would like to reply to a couple of comments. This
20 is not a revenue bond. Unfortunately, as you
21 know, this was mortgage that was put on a piece of
22 proper, not this Local Finance Board, but a
23 predecessor Board of fifteen, sixteen years ago
24 somehow approved it. It is not a situation of
25 going in there. As I've always indicated that,

1 the legislature when they passed the laws that
2 were existence and predate this mortgage and this
3 loan, said that when the Authority is dissolved
4 due to financial mismanagement, financial
5 difficulties, the debts are paid. And the debts
6 are always paid by the municipality.

7 So it is always in there. This
8 is not some strange outside organization. The
9 Council or the Mayor would appoint the people.
10 The Mayor is an ex-officio member. It may not
11 have been this mayor. It may have been much
12 prior mayors that got it into the mess

13 Again, as you indicated, the way to
14 address the problem isn't to ignore it. The way to
15 address a problem is to pay it. Certainly there
16 is some flexibility here, to try to resolve it.
17 We did hear you and we will try.

18 At the same point in time I just
19 thank that this, as you a unique situation. But
20 the general principal of paying public debt, I
21 just can't imagine anyone that I can think of
22 where public debts just aren't paid. That this
23 Board stands for fiscal integrity, an opposite of
24 what occurred in this transaction, or through the
25 series of years of the Municipal Port Authority

1 not providing budgets, the City not telling you
2 about this debt. They should have told you every
3 year. You should have been involved so you could
4 have known. It only because my client came up
5 here and paid me to write letters and come up here
6 and tell you about this situation. If not, you
7 would have never known about this.

8 The reward he got for that was a
9 motion in the case before Judge Curio to sue him
10 for telling you, which Judge Curio said no. The
11 first Amendment rights clearly give us the right
12 to come up and object to you what happened and we
13 told you the truth.

14 So we will follow-up on that.
15 Although I still believe it is just a terrible
16 precedent that on August 13th, 2014 or some future
17 day, that this Board would stand for the
18 proposition that given the history of this
19 particular case, that they would turn-around and
20 say well, you don't have to pay the public debt.

21 I think the Judge has ordered it
22 to be paid. She's deferred to you to how to pay
23 it. The Judge has already indicated that on the
24 sale of the property, which I suspect you are
25 about to approve, that the proceeds are going to

1 go back to Court for her eventually on a motion to
2 tell us to pay us. They are not offering anything
3 that hasn't already been already ordered and
4 fought for.

5 The interest rate on the
6 settlement was actually lower than the one on the
7 note that I sent you, if you notice that. But at
8 the same point in time, we do hear you. We have
9 attempted to try to resolve this. At the same
10 point in time we think if we're going to solve
11 something, we might as well resolve the whole
12 thing. Therefore, at least outside this context
13 and the context of the disputed civil litigation,
14 retired judges and mediators have been very
15 successful. We would offer that suggestion, as I
16 wrote in my letter and proceed. Anything else?

17 MR. WILL MARTIN: Well, my only
18 comment, my gray hair does not mean that I'm a
19 sophisticated investor. It just means I'm old

20 You know, if we don't pay our taxes
21 or sewer bills, we are paying eighteen percent to
22 the City. I would agree that ten percent seems
23 pretty high. But it's not-- if it is backwards,
24 I'd be paying eighteen. That's all.

25 MR. NEFF: I'm not trying to

1 suggest what I think the appropriate final outcome
2 is, to the extent that everybody can agree. I hope
3 that everybody can try and work this thing out.
4 At the end of the day, look, this Board does
5 protect-- one of our jobs is to protect taxpayers.
6 Taxpayers shouldn't necessarily just willy-nilly
7 end up pick up a debt that somebody else legally
8 incurred. This Authority, as you you know, is a
9 separate legal entity. They have incurred the deb,
10 the municipality didn't. So it is certainly not
11 required by law that the property taxpayers pickup
12 this debt. I'd like to put on a black robe and be
13 a judge, too and decree that the sun shall rise in
14 the west and set in the east, that black is white
15 and night is day. But if the Authority doesn't
16 have money, we can't issue--we can, but it
17 wouldn't mean much. We can't issue a requirement
18 that the Authority pay somebody that they don't
19 have the money to pay it. Obviously, they can
20 only pay with what resources they have

21 Right now legally they don't have
22 the resources of the taxpayers of Bridgeton or
23 have they ever had the resources of the taxpayers
24 behind this particular debt.

25 I think for this Board to just

1 willy-nilly, you know, dissolve the Authority and
2 then tell the taxpayers they have to pickup
3 another legal entity's debt would be
4 inappropriate. I want to see it get resolved too
5 at some point. I'm not comfortable at this point
6 of forcing that. It doesn't seem appropriate.
7 And this Board and Division, our primary
8 responsibility is to uphold the law. And yes, to
9 make sure that places aren't doing things that
10 would otherwise impact everybody else in the
11 state.

12 What's happening with respect to
13 this particular individual note is not going to
14 somehow jeopardize the bond market for every other
15 municipality or authority in the state.

16 This is a pretty discrete
17 individualized issue. So I don't know that it
18 rises to a level of state concern in that respect.

19 We're not talking about bonds
20 that an authority is just walking away from,
21 defaulting on, that's not what this is.

22 So we can have academic arguments
23 about what the responsibilities of the state and
24 the Board are all day long. But at the end of the
25 day we share your concern. We think this ought to

1 be resolved. We think there is a way it could be
2 resolved. We need everybody to get together and
3 figure it out in the next few months.

4 I they don't, it's not the most
5 ideal setting for this Board to try and figure it
6 out and have another meeting under the Local
7 Authorities Fiscal Control Act. But if that's what
8 we have to do, that's what we'll do when we get to
9 January.

10 I really hope people understand,
11 I'm not so sure that this Board is going to
12 necessarily just dissolve the Authority and make
13 it pay. So I hope everybody has an incentive to
14 work together to try to find something that's
15 reasonable in the middle somewhere. Any other
16 comments?

17 MR. MARTIN: Well, one of the
18 things--all I wanted was a building. I can't have
19 that. Still, we'd be willing not get any money.
20 We stated that too. I just wanted to reiterate
21 that.

22 MR. BACHI: The point he was
23 making--if I may have permission to say one more
24 thing?

25 MR. NEFF: Yes.

1 MR. BACHI: We had offered as part
2 of the last memo, to take all the properties, the
3 one we wanted and the other ones, assuming that
4 they weren't environmentally contaminated, and
5 trade off for the debt. Therefore, the taxpayers
6 of Bridgeton wouldn't have to pay anything. The
7 goal has always been to get the property so he
8 could utilize it in his business, which predates
9 the birth of any of us. It's been there for a
10 long time.

11 But at the same time in point, we
12 respectfully disagree with the law, which I guess
13 is the Deputy Attorney General's point. I don't
14 believe that --I believe that the legislature when
15 they wrote the Fiscal Control Laws and put the
16 provision in if an authority was in economic
17 trouble, which it clearly is and it was
18 financially mismanaged, which it clearly was, that
19 it should be dissolved, it says specifically that
20 the debts were to be paid. Therefore, it is always
21 when you create an authority, taxpayers always
22 know that if you don't run it properly, you are
23 going to do it. And this City didn't provide any
24 money to it or anything over these years. They
25 called a few dollars in loans, but didn't address

1 it.

2 But we'll bring that back.
3 Hopefully we can resolve it. We're going to try
4 to do our best on our end. But I just want the
5 record to be clear. I have a great deal of
6 respect for the Director here who I've dealt with
7 before in other areas. I just disagree that's
8 what that law says. Thank you very much.

9 MR. NEFF: Thanks. I will entertain
10 a motion to allow them to sell the property. I
11 guess it doesn't really need formal action, but to
12 acknowledge that they will be back in January if
13 there is no resolution.

14 MS. RODRIGUEZ: I make a motion.

15 MR. BLEE: Second.

16 MR. NEFF: Take a roll call.

17 MS. MC NAMARA: Mr. Neff?

18 MR. NEFF: Yes.

19 MS. MC NAMARA: Ms. Rodriguez?

20 MS. RODRIGUEZ: Yes

21 MS. MC NAMARA: MR. BLEE?

22 MR. BLEE: Yes.

23 MS. MC NAMARA: Mr. Light?

24 MR. LIGHT: Yes.

25 MR. MC MANIMON: Thank you.

1 MR. NEFF: Let me just ask. Are
2 there people in opposition to Lower? Is it the
3 same folks who were here last time?

4 MR. WINITSKY: The same people.

5 MR. NEFF: Let me suggest this on
6 Lower. I apologize having to wait for all of this
7 time. We got the record last time. We got some
8 written follow-up. I think the recommendation of
9 the Board is to allow for the dissolution, but to
10 condition the dissolution on any surplus that
11 remains in the Authority's account, to be set
12 aside in a trust by the municipality, for the
13 betterment of the rate payers who paid into that
14 trust.

15 I think at the end of the day
16 that takes care of the substantive arguments we
17 heard from the people who have been paying into
18 that authority for years. It is a different subset
19 of payers than the property taxpayers.

20 So I guess I would entertain
21 comments back from the two sides on this. I think
22 it is a relatively quick and simple issue.

23 MR. WINITSKY: I think that's what
24 we expect. It is in the Ordinance and the code
25 section, to do exactly that.

1 MR. NEFF: We are formally making
2 it a condition here today, which we would enforce.
3 You just can't go and change an Ordinance one day
4 and decide --

5 MR. WINITSKY: We certainly
6 understand.

7 MR. FEARON: Speaking for the MUA, I
8 applaud that as a condition. I don't believe it
9 addresses the issue of the inability to muster a
10 fourth vote on the Bond Ordinance.

11 MR. NEFF: If they can, they can.
12 And if they can't, they can't.

13 MR. FEARON: One of concerns I
14 think that this Board should consider, is that in
15 the latest correspondence there was a suggestion
16 that even absent the fourth vote on the Bond
17 Ordinance, that dissolution can go into effect
18 under language in the 2001 statute.

19 We disagree with that contention.
20 We think it is clear in the statute that the Bond
21 Ordinance is a necessary condition to dissolution.
22 We are concerned about what conclusion --

23 MR. NEFF: They can't unless they
24 pay their liabilities. It is law; right?

25 MR. WINITSKY: The two go hand in

1 hand. Obviously, you can't dissolve an authority
2 that can't pay its obligations.

3 MS. RODRIGUEZ: I think that's been
4 established.

5 MR. FEARON: Our request had been
6 that Your approval be also conditioned upon the
7 adoption of the Bond Ordinance. Because otherwise
8 we--

9 MR. NEFF: Is there an objection to
10 that?

11 MR. WINITSKY: Clearly, we are not
12 going to assume an Authority when we can't pay its
13 debts.

14 MR. NEFF: We will make that as a
15 condition as part of our approval as well.

16 MR. FEARON: As long as it's clear
17 that we can't have--

18 MR. WINITSKY: I'd ask you to
19 legislate in front of our own Council. I would ask
20 you not to entertain the discussion, whether they
21 can get to that point, we'll see. But the
22 purview of the Board is made very narrow here.
23 And I think that they are just trying to confuse
24 the issue a little bit.

25 MS. RODRIGUEZ: Tom, this has been

1 established. I mean, they can pay off the
2 liability, the debt, however you want to call it.

3 MR. FEARON: Upon a two thirds
4 vote. I think the concern that we have, is that if
5 next week the Council were to adopt the Ordinance
6 on that three-two vote and the Bond Ordinance were
7 to fail on a three-two vote, what happens then?

8 MR. WINITSKY: Nothing.

9 MR. LIGHT: Then this kicks in;
10 right?

11 MR. FEARON: That's not what you
12 suggested. What you suggested was that--

13 MR. NEFF: I'm going to cut this
14 one short. We heard this last month and we're
15 hearing it again today. We have writings on this.
16 I'll make the motion to allow the dissolution,
17 conditioned upon any surplus funds in the
18 Authority being set aside for the benefit of the
19 rate payers, which the Division will enforce.

20 That's what we're approving. And,
21 of course, an entity can't dissolve unless
22 liabilities are paid that are owed so you don't
23 need to speak to that.

24 MS. RODRIGUEZ: You make the
25 motion. I'm going to second it.

1 MR. FEARON: I'd like to--

2 MR. NEFF: As a matter of law,

3 that's--

4 MR. LIGHT: Call for a vote.

5 MR. NEFF: We have a motion and a

6 second.

7 MS. MC NAMARA: Who seconded it?

8 MS. RODRIGUEZ: I second it.

9 MR. NEFF: Take a roll call.

10 MS. MC NAMARA: Mr. Neff?

11 MR. NEFF: Yes.

12 MS. MC NAMARA: Ms. Rodriguez?

13 MS. RODRIGUEZ: Yes.

14 MS. MC NAMARA: Mr. Blee?

15 MR. BLEE: Yes.

16 MS. MC NAMARA: Mr. Light?

17 MR. LIGHT: Yes.

18 MR. FEARON: Thank you.

19 A VOICE: On behalf of Lower

20 Township, thank you very much.

21 (Whereupon, Ms. Rodriguez leaves

22 the room)

23 MR. NEFF: Paterson MUA is--

24 Paterson, I'm sorry.

25 (Jose Torres, Fred Tomkins, being

1 first duly sworn according to law by the Notary.)

2 MR. JORDAN: Matt Jordan, Assistant
3 Corporation Counsel, City of Paterson.

4 MR. TORRES: Jose "Joey" Torres,
5 Mayor of the City of Paterson.

6 MR. TOMKINS: Fred Tomkins, the City
7 auditor

8 MR. MC MANIMON: Thank you. Ed Mc
9 Manimon, Mc Manimon, Scotland & Baumann. We serve
10 as the to the City of Paterson in connection with
11 this application to dissolve the Paterson
12 Municipal Utilities Authority.

13 As you know, this was, for lack
14 of a better term, encouraged in the memorandum of
15 understanding that the City signed with the state,
16 with this division, regarding the City's aid, to
17 dissolve this authority and to do it by May of
18 2014.

19 They have taken the steps
20 consistent with that encouragement to pursue this
21 dissolution. And I'll complement Mr. Ackerman in
22 his opposition to this, in that he points out many
23 things that the City was unable to obtain in order
24 to file the application.

25 This is a pretty single purpose

1 entity, although they deal with properties,
2 recreation and other items, they have no staff.
3 They have a bunch of contracts. It suggested that
4 the City, if it were to take-over this operation,
5 would be unable to do it in a way that would save
6 money. That's, as you know not one of the tests,
7 whether they can or they can't. Whether they can
8 establish that at the time of the filing of this
9 application or whether that becomes part of the
10 transition from the MUA to the City.

11 The two tests, in our view, are
12 met. However, when we went through this process,
13 there is a license, a FERC license, that was
14 granted initially to the City of Paterson in 1981.
15 It was then transferred through FERC approval to
16 the City MUA. Then it was jointly transferred to
17 the MUA and the entity that has taken over the
18 operation of this Great Falls Hydro Electric
19 Company. It has gone through a number of
20 iterations since then.

21 But the long and short of it is
22 there is a lease that provides the use of this
23 facility from the MUA to the Great Falls Hydro
24 Electric Company. That lease has terms in it that
25 it applies to the MUA and its assigns. I think

1 legally there is no issue that the City could
2 become the party that operates that lease
3 agreement with the Hydro Electric Company, that
4 from time to time winds up owning it.

5 It is also an administrative
6 proceeding at FERC, to transfer the license back
7 to the City. Our view is, in providing advice to
8 the City, that process has to be undertaken.

9 It's certainly --I think the Mayor
10 expected Mr. Ackerman to assist in the transition
11 as opposed to oppose it. He certainly has a right
12 on behalf of the Authority, to oppose this
13 application. He provided a significant amount of
14 the information that is necessary to meet the
15 standards of the statute.

16 So to the extent that it is
17 determined by this Board that the City has met its
18 obligations, I believe it would be conditioned on
19 an administrative filing with FERC, to provide
20 that the city was the licensee as they were
21 originally.

22 I mean, it points out that the
23 properties-- in Mr. Ackerman's letter, that
24 properties were acquired by the MUA. They were
25 acquired by the MUA from the City. This all

1 started at the City.

2 I think --I don't want to speak
3 for the Mayor, but as you know, these dissolutions
4 are generally tied to accountability and
5 interaction. The ability to operator whatever it
6 is that this authority operates, both the hydro
7 electric facility that it oversees, and the other
8 facilities that it oversees and also takes
9 affirmative action, certainly there is no question
10 they can be run at least as well by the City, even
11 if the City were initially simply to assume the
12 obligations with the existing contracts that the
13 Authority has with all of these other entities.

14 The City is prepared to represent
15 that and to also identify that in the Ordinance.
16 And I'm just going to ask the Mayor to make
17 whatever comments he wants. Because the desire of
18 the City is to meet what its obligations are to
19 the state as part of the transition aid that it
20 receives. And to proceed in a way that has the
21 accountability and interface which it doesn't have
22 now. And whether or not that's the City's fault
23 over the years or the MUA's fault over the years,
24 is irrelevant in terms of the step that the City
25 is planning to take now to take back the

1 responsibility and the control of the activities
2 that the MUA was pursuing.

3 You know, Fred Tomkins, who is the
4 auditor, certainly this is an accounting matter.
5 It is a utility that would be set up by Ordinance.
6 It would be accounted for in pretty simple terms,
7 in the way any other utility is accounted for.

8 We think legally that a review of
9 the documents makes it very clear to us, subject
10 to the entity that needs to approve it, you and
11 the FERC, that the take-over of this is pretty
12 straight forward by the City.

13 MR. NEFF: Mayor?

14 MR. TORRES: Yes, thank you
15 Director, members of this Board. Right after I
16 took office-- right before taking office, on my
17 transition team, recognizing that this was one of
18 the requirements of the MOU that was entered into
19 by my predecessors in the governing body of the
20 City of Paterson, I attempted to get some
21 documentation to see where this authorities stood.

22 To be quite candid, one of the
23 things that we weren't able to produce, except one
24 year, was the requirement under the Single Audit
25 Act as to the finances and the administration

1 of--the fiscal administration of the Authority

2 That one was put online last
3 October. And then as we were attempting to do our
4 due diligence and move forward with the
5 recommendation of this Board, a lot of the
6 documentations we had to actually OPRA to go ahead
7 and get. We don't have all th-- what I think are
8 all the supporting documentation needed. However,
9 we are committed-- we at the governing body
10 supported it through a Resolution--an Ordinance.
11 We are committed to adhere and administer all of
12 the ongoing contracts that currently exist in the
13 operation and maintenance of the MUA an entity and
14 the grounds.

15 It is also important to note that
16 the City of Paterson also has a similar
17 maintenance oral agreement with the State of New
18 Jersey as part of the designation of those same
19 grounds being part of the State Park. In
20 addition, those grounds are also part of a bigger
21 scope, which is the National Park Service. Similar
22 maintenance and operation agreements with the
23 grounds of the Park are being struck
24 simultaneously with both entities.

25 We are confident that we'll be

1 able to address concerns of whether it is the
2 State Department of Forestry as relates to the
3 Park, or the federal government or the BPU, as it
4 relates to the contractual agreement with the
5 hydro electric plant and the processing and the
6 co-generating of energy, which we still do. And
7 also with also maintaining the maintenance of the
8 Park, keeping it an element, an entity that is
9 open to all of the residents, not only within the
10 City of Paterson, but the State of New Jersey. So
11 we are committed.

12 I'm just looking forward to, you
13 know, finalizing part of the terms of the
14 agreement of the MOU and moving forward with this
15 dissolution

16 MR. MC MANIMON: One more point. I
17 know it is typical in these dissolutions that the
18 entity that is being sought to be dissolved,
19 nobody is suggesting that they have been miss-run
20 or they have been insufficient. The issue is
21 simply an accountability going forward in how
22 these activities that go on in the City ought to
23 be dealt with.

24 It is clear there will be no
25 interaction between the MUA and the City. There

1 hasn't been for a long time. Again, regardless of
2 whose fault it is, it has not happened. It is like
3 an independent body sitting over there, even in
4 the context of this dissolution. So I think the
5 issue really is whether the people of Paterson are
6 better served from an accountability point of view
7 by having whatever is going on here being done by
8 the City.

9 MR. NEFF: Is the opponent to this
10 here?

11 MR. MC MANIMON: Yes, they are.

12 MR. NEFF: Is that your guys' side
13 for now?

14 MR. TORRES: Yes. Obviously, you
15 know, the site is very historical and besides the
16 recreational needs. And from the historical
17 prospective still, true to Alexander Hamilton's
18 vision, harnessing the power of the Great Falls
19 to create energy, still exists today. I think
20 that is what makes it so unique as it relates to
21 the State Park and the National Park. And having,
22 for lack of better words, a one stop shop overseer
23 of these multiple entities that are involved that
24 we believe is a redundancy with the existence of
25 the MUA. Therefore, both entities could be best

1 served if they deal directly with the City.

2 MR. NEFF: Just also to put it in
3 prospective, before the opponent comes up. The
4 Division never ordered that the Authority be
5 dissolved. We ordered that either the City
6 propose dissolution, because on the surface it
7 made sense to us, or give us explanations as to
8 why not. Under the prior administration we never
9 got an adequate explanation as to why not. The
10 fact that it didn't even look like there was a
11 real serious attempt to make that determination,
12 whether it made sense to get rid of the Authority
13 or not.

14 When you've got--it needs to be
15 said. You know, when you've gotten a small
16 authority that really doesn't have staff and it's
17 paying for a prior mayor to go to India on a
18 trip--you know, I hate to bring things like that
19 up here. But it makes us look at it at the
20 Division level overseeing Paterson, why is the
21 Paterson MUA paying for a trip for a former mayor,
22 not this mayor, to go to India? What does that
23 have to do with hydro electric power? It was a
24 little nutty to us.

25 Frankly, to be honest, it looked

1 lake an authority that was not necessarily
2 necessary and perhaps abusive. So that was the
3 genesis for the-- what was inserted in the MOU.

4 I continue to believe, even after
5 reviewing all the filings with us, that this is
6 something that could be achieved and that would
7 provide efficiencies at certain levels for the
8 City and would be a good thing. If at some point
9 Mayor Torres told us that he thought it didn't
10 make sense, we'd probably stop pursuing it.

11 But right now it looks to me like
12 this make sense. We'll try and keep an open mind
13 and listen to opponents of this. For the life of
14 me I don't understand why an entirely legally
15 separate authority needs its own Board. I'm not
16 sure whether they are paid or not. I'm not sure
17 why you need to have that for something that is a
18 relatively small function in a larger city. You
19 would think it would be taken care of by the City
20 itself. We would have confidence in the Mayor to
21 handle that. It is not a major task.

22 So we'll keep an open mind and
23 we'll hair from others.

24 (Eric Lowe, Bruce Ackerman, being
25 first duly sworn according to law by the Notary)

1 MR. LOWE: Eric Lowe, L-o-w-e.

2 MR. ACKERMAN: Bruce Ackerman,
3 A-c-k-e-r-m-a-n.

4 Mr. Chairman, you certainly took
5 many wind out of my sails by saying you would keep
6 an open mind. But you've read the papers and
7 before I had a chance to speak you pretty much
8 stated your mind.

9 But let me try to address some of
10 the comments, both that were in the papers and tie
11 them-- I'm going to change from what I had planned
12 to say to some things that I observed over the
13 course of this morning with this Board. What I
14 feel are the significant items, considerations
15 that this Board should take into consideration in
16 this application.

17 This MUA was provided with the
18 Great Falls, the jewel of Paterson, two parks, a
19 hydro electric plant and various properties some
20 thirty plus years ago, in order to shepherd those
21 properties, keep them maintained and develop a
22 hydro plant, predominantly.

23 The MUA did so without ten cents of
24 public money. It did with it with private money,
25 a bid process. That's why we have a developer

1 that pays a rent and an overage rent at the hydro
2 plant. You have an MUA that has an expertise in
3 note only supervising that site, the hydro
4 electric elements of it and the real estate. But
5 it has done so frugally. In light of the comments
6 that I heard from other municipalities before
7 coming to speak to you today, that you should take
8 notice by looking at financial information that we
9 have provided, in just a sketch form, versus what
10 the City application says in detail. Because you,
11 this Finance Board-- what I suggest is, instead of
12 of rushing to judgment, make the appropriate
13 judgment.

14 The appropriate judgment is to at
15 least at a minimum, step back and have some
16 analysis done on what it costs for this little
17 authority, versus what it will cost for the City
18 to undertake these responsibilities. In the
19 paperwork that you have before you, which I've
20 laid out in my paperwork that I submitted, in the
21 City's application, every single element, task,
22 maintenance item, supervisory item and
23 professional item to undertaken by the City, is
24 stated that we will complete these with a zero
25 cost to the City. That's mind-boggling, that's

1 impossible.

2 They don't even have to put
3 gasoline in their lawnmowers. They don't have to
4 put gasoline in the snowplow. They don't have to
5 fix the fence when it breaks at the Great Falls.
6 One of these things are going to cost the City
7 anything.

8 So on its face what you have been
9 given is, we, the MUA, have no desire to stand in
10 the way of the City getting its transitional.
11 Naturally, every mayor that I've worked with and
12 I've been at the MUA for twenty-nine years. Every
13 mayor consistently, including Mayor Torres in his
14 last term, who has come to the MUA with any
15 consideration, has been listened to and followed
16 up on.

17 Now, I will say, probably and you
18 mentioned an India trip. The India trip was as a
19 result of an energy related proposal that came to
20 the MUA to develop a solar facility along that
21 river bank, to use open lands.

22 Some of the manufacturers and the
23 ties to them, were in India. That's why the MUA
24 agreed to pay airfare only, to send two people to
25 go investigate whether this was viable. That

1 airfare cost the MUA approximately, I think it was
2 a not to exceed \$3,800 or \$4,000, no hotel, no
3 meals, no nothing.

4 The MUA Commissioners thought that
5 was a modest expenditure to investigate whether
6 these folks who made a proposal here to develop
7 solar facilities, were for real and was this going
8 to benefit the City of Paterson in the long term?

9 I wouldn't call that running
10 amuck. Mr. Chairman, you know very well that this
11 MUA has filed budgets, currently has an approved
12 budget, has filed audits. I have personally sent
13 when approved, to the City web master, to post
14 them on the City web site.

15 There is an insinuation of some
16 lack of cooperation and the fact that we got an
17 OPRA request. To be honest with you, I'm
18 astounded. The very first contact I had from the
19 City regarding the dissolution of the MUA, was an
20 OPRA request. I never got a request, could you
21 send us some paper work, could you come over and
22 talk to us how we could transition this, could you
23 let us know if you think it is a good idea, could
24 your folks and ours get together and talk about
25 it?

1 Part of that is the pressure from
2 the Division of Local Government Services, that in
3 order to get this MOU done and get transitional
4 aid, action had to be taken on this one paragraph.

5 I would suggest and ask the Local
6 Finance Board, to consider some further
7 investigation as to whether this makes sense, this
8 one paragraph of the City MOU. Because the
9 Chairman quite appropriately stated and I think
10 the City had a misunderstanding. The city thought
11 it was mandated.

12 We have spoken to City Council
13 members who said, well, the state said we have to
14 dissolve, that's the understanding. Not what you
15 said, which was what you actually wrote in the
16 MOU, which was, either dissolve or explain to us
17 why there is a purpose there to keep it going.

18 I would submit, besides the
19 historical knowledge of thirty years, of a number
20 of people involved in the MUA at this point, that
21 you shouldn't rush to judgment. Pause the City
22 can't do it as cost effectively as the MUA is
23 doing what it does.

24 I've demonstrated it in simply
25 one small element. I've demonstrated by giving

1 you-- let me go back a bit. We had at one point
2 in time considered at the urging of the City about
3 a year ago, having the City do our maintenance
4 function. We met with the Director of the DPW and
5 he gave us what's in Exhibit O to my paperwork to
6 this Board. And in Exhibit O, just one example,
7 it says: "The rates shown are based on costs
8 incurred by the City of Paterson for providing the
9 service". That's the first note at the bottom of
10 Exhibit O, from the Director of Public Works.

11 Those rates are more than twice
12 what we pay for the things on that line, more than
13 twice. So why would it make sense to transition
14 this to internal personnel, if they do exist? By
15 the City's own facts and figures, they are going
16 to cost more than twice what the MUA is charged
17 for the same functions.

18 We presently have maintenance,
19 landscaping done at a flat rate by a private,
20 contractor bid process, \$1,200 a month. Based upon
21 the City numbers it is \$4,.400 a month to get the
22 same function done, pickup the refuse, cut the
23 grass, clip the trees. That's without
24 snowplowing.

25 You made it a very strong point and

1 I'm a taxpayer in New Jersey. And I commend you
2 with the words and the attitude that you had about
3 municipal employee increases and fiscal
4 management. Every time your office, or the
5 Division of Local Government Services in any way,
6 has contacted us with regard to a budget or an
7 audit issue, I jump right up and respond. Because
8 it is the right thing to do and we have to be
9 fiscally responsible.

10 It is not fiscally responsible to
11 turn all of these things over to the City of
12 Paterson. I think we've demonstrated it.

13 I think you need more time to
14 look at this. If you haven't been convinced based
15 upon what I submitted that this is fiscally
16 irresponsible, then like I said, I don't want to
17 stand in the way of the City. The MUA who has
18 directed me to come here, obviously, it is not my
19 decision, does not want to stand in the way of any
20 transitional aid. But that would require the
21 Local Finance Board to at least give on the
22 dissolution paragraph of the MOU.

23 I think if that wasn't there the
24 City would never be here asking for this. The
25 City just needs its transitional aid. That's

1 really what it's all about. But it would be
2 fiscally irresponsible to turn all of this over to
3 the City and say just do it, a city with fiscal
4 constraints and in crisis, and say take on more.
5 That's what I ask you.

6 MR. NEFF: Yeah. I don't know how
7 we could have been any more clear. It was in
8 writing, I said it many times to different
9 administrations in Paterson. All we want is
10 either action to dissolve the MUA or tell us why
11 it doesn't make sense. We wanted them to review
12 it, but it didn't happen.

13 As far as rush to judgment, at
14 least since I been here for four years, you know,
15 we haven't rushed to judgment about getting rid of
16 the MUA. I have people coming to me and suggest
17 getting rid of the MUA fifteen times over the last
18 four years. It's four years later and I've had
19 many discussions with the prior administration
20 about whether it would make sense or not. I never
21 got an adequate answer from them as to even taking
22 the request seriously and review it. Which is why
23 we've now gotten to this point.

24 I think the MOU was executed may
25 five months ago, I don't remember any more. But

1 this is the first time that I've ever seen a
2 defense or anything in writing as to why it makes
3 sense to continue to have the Authority operate as
4 opposed to the in MUA. So this is all helpful.

5 MS. ACKERMAN: I appreciate that.
6 We were never asked.

7 MR. NEFF: We are not voting on
8 this today. We traditionally never vote on a
9 dissolution of an MOU. We have a hearing and try
10 to get some of the issues out. If it makes sense
11 we're going to proceed and if it doesn't make
12 sense, we won't.

13 My gut is and this is a question
14 that I don't know who can answer it. So there is
15 privatized maintenance at this particular
16 facility. Mayor Torres has been administrator of
17 a fairly sizeable sizable municipality in Ocean,
18 as well as a Mayor of Paterson at one point. I've
19 got to believe that we can leave this contract in
20 place upon dissolution. I believe the City can
21 probably continue the contract for these services,
22 it makes sense.

23 Just a couple of questions. One
24 is, why couldn't these same efficiencies that the
25 Authority claims to have over the municipality,

1 why couldn't these same contractual arrangements
2 remain in place if the City were to take-over the
3 Authority.

4 If you could just address that.
5 Maybe there is a reason why they can't.

6 MS. ACKERMAN: Just off the top of
7 my head, that's not their proposal. What they
8 propose to you is we're taking on these things.
9 They haven't proposed to maintain efficiencies.

10 So I react to the application as
11 presented. But there are certain elements, which
12 if the City undertook the administrative--the
13 added administrative process, could undertake more
14 contract management, put out to bid, which the
15 City doesn't do. They don't bid private
16 maintenance because they have a DPW department.
17 They want to keep them working. If they need an
18 extra person, they hire a City employee.

19 To my knowledge, the City doesn't
20 contract out cutting grass on City parks. They do
21 it. What I'm suggesting is, on their own numbers,
22 it is far less efficient than currently done.

23 I'm not suggesting what you are
24 saying can't be done in a vacuum, but it's not
25 reality on the ground.

1 MR. NEFF: For all I know-- for all
2 I know, the Mayor may be aware of some
3 inefficiencies within the Public Works Department.
4 Maybe there is some downtime they have where they
5 can be used to do this maintenance. Whereas,
6 perhaps otherwise they are doing something else
7 that isn't a high priority of the City or maybe
8 he thinks he can get more out of his employees.

9 MR. ACKERMAN: That become a good
10 argument

11 MR. NEFF: These are things that
12 need to be explored, at very least. There was one
13 other issue. There were some discussion that all
14 of this history of people who have been involved
15 with the Authority will be lost forever. I don't
16 know if that's true or not. Perhaps the Mayor
17 would see value in retaining people who had been
18 with the Authority in the past, in the future at
19 some level, working on behalf of the City running
20 the hydro electric plant and maintaining the
21 facilities.

22 MR. ACKERMAN: Of course if you do
23 that, you then have the same costs or more.

24 MR. NEFF: Or maybe less.

25 MR. LOWE: Mr. Chairman, I am

1 currently the vice chairman--my name is Eric Lowe.
2 When our project manager retired a number of years
3 ago, I was actually in school and unemployed at
4 the time. I decided to step in at zero cost to
5 oversee the day to day operations of the MUA, at
6 zero cost. To this day I've not accepted any
7 salary from the City or the MUA other than my--
8 I'm currently a commissioner.

9 You asked the question earlier, is
10 it a paid Board? It is \$500 a year. I actually
11 took on, without the title of Executive Director,
12 again, that position at zero cost to the MUA
13 Board, other than the my commission fee.

14 MR. NEFF: Of \$500 a year?

15 MR. LOWE: Yeah.

16 MR. ACKERMAN: No increases, six
17 percent or twenty-two percent.

18 MR. LOWE: None. I did it because
19 I love my city and I wanted to do all I can,
20 number one for the Authority and for the City
21 itself.

22 We've done some remarkable things.
23 We created a--we work closely with the National
24 Park Service to create a National Park in the
25 City, as well as working closely with the lessee

1 of the hydro electric plant, Eagle Creek, meeting
2 with them.

3 I've not had any dealings with FERC
4 as of yet. Also on the property that has a
5 restaurant, Nathan's World Famous Hot Dogs. All
6 this has been done at zero cost to the MUA.

7 We were asked to hire a project
8 manager at some point. That would have incurred
9 costs of \$60,000 to \$70,000. But, again, for the
10 past couple of years I've been doing that at zero
11 cost.

12 MR. NEFF: Anything else you want to
13 add?

14 MS. ACKERMAN: No. I think that's
15 sufficient for now. Thank you very much. Thank
16 you all for listening.

17 MR. NEFF: Anything else you want
18 to follow-up on Mayor?

19 MR. TORRES: Yes, sir, Director. I
20 think that the record will reflect that Chairman
21 or Vice Chairman Lowe indicated that he's worked
22 at zero cost as the project manager. However, our
23 law department has identified that they just hired
24 a project manager at \$2,500 a month.

25 I don't know if that was

1 advertised, if it was vetted properly as project
2 manager, or what projects they have that they need
3 to have a project manager.

4 Additionally, I think that Fred
5 could go on that many years ago, part of the
6 creation, there was a loan given to the MUA in the
7 amount of \$3 million that has not been repaid back
8 to the City. And even escaping that the last
9 three quarters of their sewerage tax has not been
10 paid on behalf of the MUA to the City of Paterson.
11 So those are the things.

12 We do have privatized the
13 maintenance of our Larry Dobbie Field. Fields
14 that are specialized we actually privatized so
15 that we could actually give it special attention.

16 I stated for the record that I
17 would go ahead, and other than legal counsel,
18 which will roll into the law department, we will
19 honor every contractual agreement, even the one
20 that--and I don't know how-- what role an MUA
21 plays in a jazz festival, but event the jazz
22 festival that was cancelled, I said that I would
23 honor it on Labor Day Weekend, those contractual
24 agreements that were entered into by the MUA.

25 We are here to say that we will

1 just continue to operate as the overseer, put it
2 under all one umbrella and it makes sense under
3 the Department of Public Works. Why? Because the
4 garbage that gets picked up, routinely gets
5 disposed at our tipping costs at our facility.
6 But more importantly, from an administrative
7 function, from the Administrative Code, that will
8 fall under--Fred can talk about the utilities,
9 creating another utility for accounting purposes
10 on the financial end. But when it talks about the
11 DPW, because it's because under the Administrative
12 Code that the DPW, under the Department--DPW rolls
13 in the MUA

14 So what does the DPW do? We have
15 facilities, the administration of the hydro plant
16 and everything else in a small MUA building, which
17 the original MUA was housed in, in their little
18 building there. The Visitor's Center which was
19 part and now the Visitor's Center has now gone to
20 the National Park. So Parks and Recreation falls
21 under DPW. I never made a representation that we
22 were going to take it on.

23 I said it and I stated for the
24 record, we will honor, as is indicated by the
25 Ordinance, every single obligation, contractual

1 obligation, that is ongoing with the MUA, with the
2 exception of legal. Because it rolls under our law
3 department, Department of Law, Law Department.

4 I think Fred could talk a little
5 bit about the \$3 million, because I think that has
6 never been repaid back to the City. That I think
7 if it would have, probably they wouldn't have that
8 hefty asset accumulation over the years, if they
9 would have been making timely payments of that
10 loan.

11 MR. TOMKINS: There was a loan that
12 was made out of CDBG funds back in the early '80s,
13 that the City still has as a receivable, although
14 it is fully reserved. The Authority I believe has
15 recorded it as additional paid in capital,
16 assuming that it's investment on the part of the
17 City. But the City actually had to reduce their
18 draw down from CDBG funds. That money, if we were
19 able to get it, would go back into the CDBG
20 projects.

21 MR. TORRES: To finalize, Director
22 and members of the Board. If you look at the lease
23 agreement, the lease agreement that I had an
24 opportunity to read, very lengthy, you would see
25 that snow removal, cleaning, maintenance, is all

1 part of the lease agreement between the MUA and
2 the Great Falls Hydro Plant. So, therefore, it's
3 not the bottom line that I'm going to pickup the
4 snow removal and the maintenance component in the
5 facility. Because there is a contractual agreement
6 that the MUA has entered into with the Great Falls
7 Hydro Plant as part of the condition of their
8 lease. If it's part of the condition of the lease
9 and I'm going to honor the lease, then I don't see
10 where Mr. Ackerman is saying, you know, we cut
11 grass and maintenance, do the repairs of the
12 sidewalk and remove snow. Because I read it very
13 clearly, it's one of the terms and conditions of
14 the lease that the Great Falls Hydro Plant folks
15 have to provide themselves.

16 MS. ACKERMAN: Can I respond,
17 since there were so many misstatements in that
18 little barrage?

19 MR. NEFF: Sure. We're going to
20 be voting today. So if either Ted or Frank need
21 to leave. They can leave and we'll have the
22 record. They will review it before we come back
23 or when we come back.

24 (Whereupon, Mr. Light leaves the
25 room)

1 At the direction of the Division of
2 Local Government Services, we were asked to engage
3 someone to administer the grants that we had on
4 the record. Mostly a New Jersey Historic Trust
5 Grant, which was at the end of Phase One and we
6 are at the start of Phase Two.

7 In order to do so, we passed a
8 resolution. We went to public bid. Yes, we did.
9 And got no bids, except a former project director
10 who has worked part-time not to exceed \$2,000 per
11 month, on an hourly basis. He has closed out the
12 first New Jersey Historic Trust Grant filing. The
13 MUA should receive approximately \$89,0000 as a
14 result of that filing that he just completed last
15 week. He is about to undertake, again, for the
16 sum of not to exceed \$2,000 per month, no
17 employment taxes, no benefits. He is about to
18 undertake, assuming we're not dissolved, the
19 administration of the second phase of the Historic
20 Trust Grant, which is another \$360,000. Of which
21 the MUA will pay zero.

22 We got the grant and we have
23 negotiated with the developer of the hydro plant
24 to fund the public portion, the fifty percent
25 portion that you have to match. The MUA will pay

1 nothing.

2 The agreement of the site lease
3 that the Mayor has misread, as to what maintenance
4 the site developer has to perform, is not on our
5 parks, it's on the hydro electric plant. They
6 have to plow the road that goes from the Park to
7 their plant, if they want to get there. They
8 don't plow our parking lot. They don't cut our
9 grass. They have to maintain the specific-- if
10 you know real estate law at all, you get leased a
11 certain surveyed piece of property. That's what
12 they have to maintain.

13 That represents approximately five
14 percent of the MUA's property. They don't have any
15 obligation or do they maintain any of our parks or
16 other properties.

17 We pay for that at a cost of
18 approximately twenty-five percent of what the City
19 will pay, based upon the materials that they
20 provided to you.

21 The Visitor Center that the Mayor
22 alluded to, was never part of the MUA properties,
23 never at all. It has nothing to do with any
24 discussion of the MUA.

25 The National Park Service that the

1 Mayor earlier alluded to, the fact that they were
2 going to take over all of these expenses, we've
3 been negotiating with the National Park Service,
4 who we have given space to in our own building, as
5 an accommodation to help them develop it, because
6 there will be a transition to a National Park over
7 the course of the next five to ten years.

8 They have, accordingly to the
9 statute, an obligation to develop a management
10 plan in the first five years. They are only about
11 a year and a half into that process. We have not
12 heard a word about them completing their
13 management plan.

14 Once they do that, the management
15 plan has to go to the Secretary of the Interior
16 and has to be approved. There has to be a budget.

17 Right now the National Park
18 Service has no budget for maintenance on our
19 property. That's what they have told us.

20 Lastly and most importantly, the
21 reason why I'm here, is the commissioners of this
22 MUA are taxpayers in Paterson. And as taxpayers,
23 they are committed to the notion that they are
24 doing this cheaper by far and better, than if you
25 dissolved the MUA and turned all of these

1 functions over to a large bureaucratic machine.

2 That's why I'm here. So thank you.

3 MR. MC MANIMON: I'll just make one
4 final comment. None of these things are relevant,
5 so I don't want to comment that they are. But in
6 the context of the standard that has to be met,
7 the City clearly has the ability to run this in
8 the same fashion that the MUA does. They
9 obviously run it with the revenues that they get.

10 So when the comment is that it's
11 not going to cost the City money, is because the
12 revenues that the MUA uses to run this operation
13 and to pay for the things that we're just talking
14 about, will also be provided to the city if they
15 are running it. Because there is a lease and
16 there are revenues that come in. Obviously,
17 they're using them to run this operation

18 So maybe within the next thirty
19 days these that Matt Jordan, who, on behalf of the
20 City, put this application together, was seeking
21 to get this information. I'm not suggesting that
22 it was denied to them, maybe it's the timing. But
23 the simple fact is that the operation that the MUA
24 runs and says they don't take any money from the
25 City, there is no reason why the City needs to

1 have any other money from the City to run it the
2 same way.

3 So it's just a comment in noting
4 how this plays out.

5 MR. ACKERMAN: That's not what the
6 application says, but okay.

7 MR. NEFF: Well, Mayor, do you have
8 any last remarks, you don't have to?

9 MR. TORRES: No.

10 MR. NEFF: We have a pretty good
11 record on this. We'll take a look at it. We may
12 ask for some additional documentation at some
13 point and we'll take it from there. It may appear
14 on the next agenda. It may take a little longer
15 than that. But we'll take a look at this and
16 digest it.

17 MR. ACKERMAN: You'll let us know?

18 MR. NEFF: Yes.

19 MR. ACKERMAN: Thanks very much.

20 MR. PALOMBI: Please indicate that
21 after Ms. Rodriguez left, that we no longer had a
22 quorum and that we officially can't adjourn the
23 matter.

24 (Whereupon, the matter concludes at
25 2:05 p.m.)

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

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: September 24, 2014

STATE SHORTHAND REPORTING SERVICE, INC.

