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STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS
LOCAL FINANCE BOARD

Department of Community Affairs
Conference Room #129/235A
101 South Broad Street
Trenton, New Jersey 08625
March 11, 2015

B E F O R E: TIM CUNNINGHAM, Chairman
 DAN PALOMBO, Deputy Attorney General
 MELANIE WALTER, Deputy Attorney General
 PATRICIA McNAMARA, Executive Secretary
 EMMA SALAY, Deputy Executive Secretary
 FRANCIS BLEE, Member
 TED LIGHT, Member
 IDADA RODRIGUEZ, Member

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1 MR. CUNNINGHAM: This meeting had
2 previously been opened to the public upstairs. So we
3 don't need to go through any of those matters or roll
4 calls. We can move immediately into the application
5 before the Board today. And the first matter before
6 the Board are six applications being considered on
7 consent agenda all related to participation with the
8 environmental infrastructure trust program and some
9 related nonconforming maturity schedules. So unless
10 any of the Board members want to have any particular
11 discussion on that I think we could move that forward
12 based on the information provided by staff and in the
13 applications. So I would, unless anybody wants to talk
14 about it, I would seek a motion on the consent agenda.

15 MR. BLEE: Move.

16 MR. LIGHT: Second.

17 MS McNAMARA: Mr. Cunningham?

18 MR. CUNNINGHAM: Yes.

19 MS McNAMARA: Ms Rodriguez?

20 MS RODRIGUEZ: Yes.

21 MS McNAMARA: Mr. Blee?

22 MR. BLEE: Yes.

23 MS McNAMARA: Mr. Light?

24 MR. LIGHT: Yes.

25 MR. CUNNINGHAM: We have another matter

1 on the -- it's going to be handled on the consent
2 agenda relative to Milford Borough participating in a
3 USDA program. Through the USDA it's typically it's a
4 semi-annual payment structure and a bit of a longer
5 maturity schedule. So they need a nonconforming
6 maturity schedule, but the program is a good program.
7 And I don't think we have any issues with that. So,
8 unless any Board members have discussion I would also
9 seek a motion on that matter as well.

10 MS. RODRIGUEZ: So moved.

11 MR. BLEE: Second.

12 MR. CUNNINGHAM: Thank you.

13 MS McNAMARA: Mr. Cunningham?

14 MR. CUNNINGHAM: Yes.

15 MS McNAMARA: Ms Rodriguez?

16 MS RODRIGUEZ: Yes.

17 MS McNAMARA: Mr. Blee?

18 MR. BLEE: Yes.

19 MS McNAMARA: Mr. Light?

20 MR. LIGHT: Yes.

21 MR. CUNNINGHAM: We have two other
22 applications being considered on consent agenda today.
23 They're both issuance of refunding bonds. They're
24 refunding bonds that do not extend the maturity of the
25 debt. And they also achieve the requisite cost savings

1 that this Board requires. They're Gloucester County
2 Improvement Authority and Egg Harbor Township Municipal
3 Utilities Authority. So I would seek a motion and
4 second for those matters as well.

5 MR. LIGHT: Make a motion to approve them.

6 MS. RODRIGUEZ: Second.

7 MS McNAMARA: Mr. Cunningham?

8 MR. CUNNINGHAM: Yes.

9 MS McNAMARA: Ms Rodriguez?

10 MS RODRIGUEZ: Yes.

11 MS McNAMARA: Mr. Blee?

12 MR. BLEE: Yes on Gloucester Township
13 and recuse on Egg Harbor Township.

14 MS McNAMARA: Mr. Light?

15 MR. LIGHT: Yes.

16 MR. CUNNINGHAM: Okay. So we'll next
17 take Commercial Township Fire District Number Two.

18 Good morning, gentlemen. Good morning.

19 (All parties sworn.)

20 MR. CUNNINGHAM: Good morning.

21 MR. BRASLOW: Good morning.

22 MR. CUNNINGHAM: You're here before the
23 Board to purchase a 2016 piece of fire apparatus that's
24 replacing an aged vehicle within your fleet. Correct?

25 MR. BRASLOW: Correct.

1 MR. CUNNINGHAM: Want to tell the Board
2 a little bit about the piece of equipment and the
3 amount that's being sought?

4 MR. BRASLOW: Sure. Okay. Richard
5 Braslow representing the fire district. The proposed
6 purchase is KME 2500 gallon pumper tanker. It's going
7 to replace a 1998 pumper. The purchase would be,
8 again, KME through the Houston Galveston Cooperative
9 Program. The proposed financing, the fire district did
10 secure bids. There were three bids. Excuse me. Four
11 bids received. There were nine bid packages sent out
12 to perspective bidders. The proposed financing would
13 be over a ten-year term. It would be with TD Equipment
14 Finance which submitted the lowest bid of 2.54 percent.
15 And again, it would be a ten-year lease purchase. This
16 is a situation where I think it's \$106,000 down payment
17 and the remainder being financed by the fire district.

18 MR. CUNNINGHAM: Thank you. And I just
19 want to reemphasize that point that the district is
20 using available cash, nearly \$110,000, to cover that
21 down payment and financing the rest.

22 MR. BRASLOW: That's correct.

23 MR. CUNNINGHAM: Pleased to see that.
24 Measure was approved by a public vote. I would ask my
25 colleagues on the Board whether they had any particular

1 questions regarding this application.

2 MR. LIGHT: I move the application be a
3 moved.

4 MR. CUNNINGHAM: Thank you.

5 MR. BLEE: Second.

6 MR. CUNNINGHAM: We have a second.

7 MS McNAMARA: Mr. Cunningham?

8 MR. CUNNINGHAM: Yes.

9 MS McNAMARA: Ms Rodriguez?

10 MS RODRIGUEZ: Yes.

11 MS McNAMARA: Mr. Blee?

12 MR. BLEE: Yes.

13 MS McNAMARA: Mr. Light?

14 MR. LIGHT: Yes.

15 MR. BRASLOW: Thank you very much.

16 MR. CUNNINGHAM: We also have before us
17 today an application from the township of Delanco Fire
18 District Number One. Good morning. Would you please
19 identify yourself to the reporter and be sworn in.

20 MR. VANEMBURG: John Vanenburg,
21 Secretary, Delanco Board of Fire Commissioners.

22 MR. STAHL: Gary Stahl, purchasing
23 agent, Delanco Fire Commission.

24 (All Parties are sworn.)

25 MR. CUNNINGHAM: Counsel, would you once

1 again apprise the Board of the matter?

2 MR. BRASLOW: Sure. Again, Richard
3 Braslow representing the fire district. The district
4 proposes to purchase a new Seagrave pumper. They're
5 going to dispose of a 1990 pumper in accordance with
6 statute. They would be purchasing, again, from
7 Seagrave through the Houston Galveston Cooperative
8 Purchasing Program. In terms of the financing, it
9 would be over a 10 year period. Nine bids were
10 provided to perspective bidders. We did receive five
11 bids ranging from 2.47 to 3.4. The proposed finance
12 would be with TD Equipment Finance at a rate of
13 2.47 percent. Again, this is a situation where there's
14 a rather substantial down payment by the district. And
15 those are the particulars.

16 MR. CUNNINGHAM: Okay. Any questions on
17 behalf of the Board? Okay. Hearing none, I would seek
18 a motion and a second, please.

19 MR. BLEE: Motion.

20 MR. LIGHT: Second.

21 MR. CUNNINGHAM: And a second.

22 MS McNAMARA: Mr. Cunningham?

23 MR. CUNNINGHAM: Yes.

24 MS McNAMARA: Ms Rodriguez?

25 MS RODRIGUEZ: Yes.

1 MS McNAMARA: Mr. Blee?

2 MR. BLEE: Yes.

3 MS McNAMARA: Mr. Light?

4 MR. LIGHT: Yes.

5 MR. BRASLOW: Okay. Thank you very much.

6 MR. CUNNINGHAM: Thank you. East Orange
7 City Refunding Bonds.

8 (All parties sworn.)

9 MR. CUNNINGHAM: So gentlemen, City of
10 East Orange doing refunding bonds through the Qualified
11 Bond Act. And Steve or Tim, maybe you just want to
12 walk the Board through the series that are being
13 refunded and what the savings would be. And then I'll
14 just make a quick comment about the QBA piece.

15 MR. WIELKOTZ: Thank you. Good morning.
16 The City of East Orange is looking to refund not to
17 exceed \$24.3 million of outstanding bonds. 5.4 million
18 are general capital improvement bonds and 18.9 million
19 are water utility refunding bonds. As Director
20 mentioned, both of these issues -- both of these issues
21 from 2005 were originally issued under the Municipal
22 Qualified Bond Act. The request is that the refunding
23 also be done with that designation. The net present
24 value savings is a little over ten percent or \$2.4 million.
25 There's no extension of maturities in this refunding.

1 MR. CUNNINGHAM: Thank you. For my
2 colleagues on the Board, I just want to note that
3 Division staff, including myself, we spoke with bond
4 counsel and the financial advisor on and auditor on
5 this matter. We had some questions about how the deal
6 was being pursued being under Qualified Bond Act and
7 how mechanically that would work within the municipal
8 budget. I think those questions were resolved to
9 staff's. And hence, we were able to leave this matter
10 on. So once again, the savings are -- the requisite
11 savings are there. And it doesn't extend any of the
12 maturities. So I think it's a, you know, a prudent
13 financing on behalf of the City of East Orange, but I
14 ask whether any of you have any additional questions.

15 MR. LIGHT: No.

16 MS. RODRIGUEZ: I'm ready to move.

17 MR. CUNNINGHAM: Thank you.

18 MR. BLEE: Move.

19 MR. CUNNINGHAM: Move and second. Thank
20 you. Take a roll call.

21 MS McNAMARA: Mr. Cunningham?

22 MR. CUNNINGHAM: Yes.

23 MS McNAMARA: Ms Rodriguez?

24 MS RODRIGUEZ: Yes.

25 MS McNAMARA: Mr. Blee?

1 MR. BLEE: Yes.

2 MS McNAMARA: Mr. Light?

3 MR. LIGHT: Yes.

4 MR. WIELKOTZ: Thank you very much.

5 MR. CUNNINGHAM: City of Jersey City.

6 Good morning.

7 MR. CORRADO: Good morning.

8 (All parties sworn.)

9 MR. CUNNINGHAM: This matter had come
10 before the Local Finance Board in December prior to my
11 tenure in the position. The Board considered the
12 matter but because there were some lingering
13 discussions with some stakeholders in the city it was
14 the city's request to defer this application. The city
15 has now come back and the project's been scaled down a
16 bit. And what I would ask you to do is just provide a
17 quick synopsis of where the deal stands and what the
18 changes between what the Board had previously heard.

19 MR. CORRADO: Okay. I'm Frank Corrado.
20 I'm the assistant business administrator for City of
21 Jersey City. And I was the lead project manager for
22 this. And that's why I'm appearing. Very quickly,
23 congratulations to the Director. Last time I was here
24 you were not here.

25 MR. CUNNINGHAM: Sitting blissfully in

1 the audience.

2 MR. CORRADO: So congratulations to you.
3 I hope things are going well with you. And it does
4 lead off to allow me to explain what is different and
5 for the Director's benefit, too. So the city asked to
6 be removed from the agenda last time because there were
7 stakeholder issues, but also because the mayor was and
8 the administration was considering moving the Public
9 Safety Department headquarters which was originally to
10 be in this building to another location. And we didn't
11 want to announce that until that decision was
12 completely made. As you can imagine, making
13 announcements like that public before you're really
14 certain that you want to do it is not a good public
15 policy. So the larger building that we came here in
16 October had the Public Safety Department headquarters
17 which is fire and police. They'll be relocated in
18 another building that the Housing Authority is
19 providing us in this west side of the city.

20 So the project is as you recall, you may
21 recall, it's a new municipal building. It had been
22 60,000 square feet. It will now be 45,000 square feet.
23 The cost of the project will go from 25 million down to
24 19.7 million. As you may recall, we were here before
25 we have a nonconforming schedule. And just to fill you

1 in, the building will have our Department of Housing,
2 Economic Development and Commerce and also the Health
3 and Human Services. Those two departments are
4 correctly in rented buildings. Some down in our
5 waterfront which is very expensive rentals. Others are
6 in rented trailers that have come to their end of their
7 useful life. So this will provide brand new clinics
8 for our women, infants and children and also for
9 immunization. So it's located in the heart of the
10 city, Martin Luther King -- it's called Martin Luther
11 King, Junior City Hall Annex because it is located in
12 the Martin Luther King hub, transportation hub, in the
13 heart of the city. There is a shopping center that the
14 city built as a redevelopment project in the 90's. It
15 has struggled for many, many years. And this building
16 will be built on the parking lot of that project. So
17 it will really inject quite an economic advantage to
18 that neighborhood. Today is -- tonight is the city
19 council's final hearing on the adoption of the
20 ordinance and the public hearing. So that I think
21 brings you up.

22 MR. CUNNINGHAM: Sure. Mr. Corrado, one
23 thing I would note is that this Board has received
24 fairly significant public comment on this application.
25 Specifically as it relates to the environmental

1 components and potentially the environmental risk to
2 the city. And I had asked that you be prepared to
3 discuss that component a little bit as well.

4 MR. CORRADO: Yes, thank you so much. I
5 wish I had just brought it up. Thank you for reminding
6 me. So there are environmental concerns. And it's a
7 very good question especially considering building in
8 an old city like Jersey City. And we've had
9 environmental issues in parts of the city that were
10 quite serious. So the answer is threefold. One,
11 because the questions coming from the public is not
12 only are there environmental problems but why hasn't
13 the city already done environmental testing. So to say
14 what we haven't done the environmental testing in the
15 beginning and we won't until the deal is concluded
16 because in any event the city would be in the same
17 position. Which means if we were to -- this is where
18 partnering with a third-party to build it. If we were
19 to bond and build it ourselves we would do
20 environmental testing anyway. So we are going to do
21 that. And we would be -- the city would be responsible
22 for the cleanup. So whether we go with this deal or we
23 go with our own bonding it would be the same thing. We
24 would have to clean it up.

25 The second thing is we own the property

1 already. It's specifically the Jersey City
2 Redevelopment Agency owns the property in partnership
3 with Brandywine who was brought in to help run the
4 shopping center. So in fact, the city is responsible
5 for whatever environmental condition exists on the
6 property.

7 And then thirdly, if the city were to do
8 the testing now we can imagine that scenario. The city
9 does tests. We start doing first, you know, drilling
10 borings. We bring out test samples and we find out
11 that something is bad in that ground. Well, this is in
12 the middle of a neighborhood where people live. So it
13 isn't -- I don't think the city could then just plug up
14 all the holes because this was so bad that we weren't
15 going to build our building. So our view is that --
16 administration's view is no matter what we test there
17 we are going to remediate. And it's always going to be
18 the city's liability even if we were going to bond. So
19 that's our -- now, having said that, across the street
20 there is private development going on. And they have
21 done environmental testing. And that neighborhood is
22 an old neighborhood. So what they found over there is
23 what we would expect to be found and our environmental
24 engineers expect it which is heavy metals from lead
25 paint and underground storage tanks. So not too

1 serious as compared to chromium which we've had on the
2 west side of our city.

3 MR. CUNNINGHAM: Okay. I would ask if
4 any of my colleagues on the Board have any additional
5 questions.

6 MS. RODRIGUEZ: I have a comment. You
7 know, I think it's very prudent, you know, the step,
8 the redevelopment step that the city has taken on this
9 project in particular. And I commend the mayor and the
10 administration and all the folks that put this
11 together. And I'm especially excited about the idea
12 the public safety building, you know, are being housed
13 where it's going to be housed. I think those are great
14 steps in the right direction. I commend the city for
15 that.

16 MR. CORRADO: Thank you very much. I'll
17 pass that on to the mayor. Thank you.

18 MR. CUNNINGHAM: Before I even seek a
19 motion I just want to pole the gallery to make sure are
20 there any members of the public that wanted to be heard
21 on this before? Okay. Seeing none, then if no other
22 members have any questions then I think we would seek a
23 motion.

24 MR. BLEE: Motion to approve.

25 MR. CUNNINGHAM: Okay. Thank you.

1 MS. RODRIGUEZ: Second.

2 MR. CUNNINGHAM: Patty pointed out to me
3 that we should note for the record that the comments
4 that we did receive from the public were distributed to
5 all of the Board members in advance. So I just wanted
6 the record to show that. And I believe I heard we had
7 a motion on the table but I don't know that we had a
8 second.

9 MS. RODRIGUEZ: I seconded it.

10 MR. CUNNINGHAM: Okay. Thank you. Then
11 we seek roll call.

12 MS McNAMARA: Mr. Cunningham?

13 MR. CUNNINGHAM: Yes.

14 MS McNAMARA: Ms Rodriguez?

15 MS RODRIGUEZ: Yes.

16 MS McNAMARA: Mr. Blee?

17 MR. BLEE: Yes.

18 MS McNAMARA: Mr. Light?

19 MR. LIGHT: Yes.

20 MR. CUNNINGHAM: Thank you very much.

21 Next matter before the Board is Hudson County
22 Improvement Authority. Good morning, gentlemen. How
23 you?

24 MR. McMANIMON: Good morning. Ed
25 McManimon from McManimon, Scotland and Baumann, bond

1 counsel to the Hudson Utility Authority. To my right
2 is Kurt Cherry who is the Authority's executive
3 director and chief financial officer. And Tim Eismeier
4 who is from NW who serves as their financial advisor.
5 This is the continuation of several different local
6 government loan note pool programs on behalf of the
7 constituent municipalities who suffer from low credit
8 ratings and, therefore, have difficulty accessing the
9 market at legitimate interest rates. And so the county
10 has implemented a program where it provides its high
11 credit guarantee to these loans. Each of the loans
12 that are included in this package which involve the
13 Township of Weehawken and Union City as well as eight
14 CIA separately on behalf of Weehawken Special
15 Improvement District which issues bonds through the
16 Improvement Authority. They have -- these are
17 essentially bond anticipation notes against bond
18 ordinances with the paydowns that are required by
19 statute for their continuation.

20 As we noted to your staff prior to this
21 meeting, other entities have been in this program like
22 Hoboken, but when they got their credit rating back
23 they were dropped from the program because they have
24 access to the market readily themselves. Really, the
25 same thing would exist for Jersey City. So the program

1 shrinks to the people who need it the most and who
2 benefit from the savings that are provided by the
3 county's guarantee for these notes. So we're happy to
4 answer any questions you have about it.

5 MR. CUNNINGHAM: Counsel, I just want to
6 for the record and for my colleagues on the Board I
7 just want to amplify the one statement you made was
8 that we did have a call with Division staff and I
9 participated in that call to discuss the program and
10 the reason for issuing notes as opposed to more
11 permanent bonding. I do think subsequent to that call
12 some of the participants in the program and the
13 Division may have to have some conversations, but I
14 think in terms of the application that's before the
15 Board today the questions that staff had were resolved,
16 you know, to our satisfaction. Do any of the Board
17 members have any questions regarding this application
18 or the two participants within?

19 MS. RODRIGUEZ: I'm ready to move.

20 MR. CUNNINGHAM: Okay.

21 MR. BLEE: Second.

22 MR. CUNNINGHAM: Take the motion.

23 Second, then.

24 MS McNAMARA: Mr. Cunningham?

25 MR. CUNNINGHAM: Yes.

1 MS McNAMARA: Ms Rodriguez?

2 MS RODRIGUEZ: Yes.

3 MS McNAMARA: Mr. Blee?

4 MR. BLEE: Yes.

5 MS McNAMARA: Mr. Light?

6 MR. LIGHT: Yes.

7 MR. McMANIMON: Thank you very much.

8 MR. CUNNINGHAM: Thank you. Next matter
9 before the Board is Burlington County Bridge
10 Commission, Lease Revenue Refunding Bonds.

11 (All parties sworn.)

12 MR. CUNNINGHAM: Thank you very much.

13 The Bridge Commission comes before the Board today and
14 going to discuss some refunding bonds and some lease
15 revenue bonds. I will note for the record and for my
16 colleagues on the Board that Bridge Commission's
17 financial advisor was nice enough to get on the call on
18 snow last Thursday and we spent some time talking about
19 the underlying projects that make up the second portion
20 of the application. So I don't know whom from the team
21 would just want to discuss the refunding bonds and then
22 perhaps a quick overview of the other components and
23 the project.

24 MS EDWARDS: Sure. I'll take care of
25 that. The Bridge Commission his seeking approval for

1 not to exceed 5.5 million lease revenue refunding bonds
2 which will refund all the callable portion of the 2006
3 resource recovery lease revenue bonds of the Bridge
4 Commission. The savings is in excess of three percent
5 and the maturity is not being extended for that
6 refunding. The second part of the financing is not to
7 exceed 86 million lease revenue bonds or notes. To be
8 initially financed in series of notes to be issued over
9 the next one to three years. The county expects to
10 need approximately 55 million within the next year to
11 fund its capital projects. In addition, we're seeking
12 to roll the note pursuant to 40(a):5(a)-24 by
13 submission of a letter annually to renew the notes
14 given the three year roll.

15 MR. CUNNINGHAM: Thank you. In terms of
16 the 86 million in lease revenue bonds, can you provide
17 the Board just a little background on the largest of
18 the projects that are being contemplated.

19 MS EDWARDS: Mark, do you want to talk
20 about the project?

21 MR. KRASSAN: Yeah, sure. The lion's
22 share of the projects the county does are for the
23 repair and maintenance of roads and our bridges and our
24 culverts throughout the county. Burlington County has
25 over 500 miles of roads, bridges and culverts. And we

1 try to portion out with regard to midlife repair cycle
2 replacements. And we've embarked upon a very
3 aggressive program for us which has been very, very
4 effective in terms of the ongoing maintenance cost. So
5 where you'll see the majority of these funds is for
6 various blacktopping, the overlay projects. And again,
7 the millions of dollars that go into the repairing of
8 our bridges in our county.

9 MR. CUNNINGHAM: I just want the
10 Commission to be aware that I know a supplemental
11 questionnaire was submitted. It didn't get to me in
12 time to review for this meeting. So I may next time
13 you come before the Board have some questions on that
14 particular document, but I did not have a chance to
15 review it prior to today's meeting. But I did review
16 the application as submitted. And as I said, I talked
17 to your financial advisor about the overall application
18 and the projects. Any Board members have any
19 particular questions regarding this application?

20 MR. LIGHT: I just have some concern
21 when I took a look at issuance, the cost issuances,
22 cost for issuance. Have you discussed that?

23 MR. CUNNINGHAM: I did not. So feel
24 free to bring that up.

25 MR. LIGHT: It seems high, almost half a

1 million dollars between the two. Over half a million
2 dollars. Most of them are on the financial advisor
3 bond counsel and county bond counsel. And the
4 underwriter costs are half. Just seems high to me when
5 I took a look at it. I don't know if you have any
6 comment on it.

7 MS EDWARDS: We combine them with the
8 refunding and the note. The underwriter's discount is
9 a not to exceed \$6 a bond and 2.50 a note. The \$6 bond
10 is conservative. We would expect that to come in much
11 lower. And that's probably a bulk of that was
12 underwriter's discount at 167,000 for both projects.
13 And it is based on a \$55 million note. So if we end up
14 issuing less than that all of the costs get scaled back
15 based on the par amount. 5 million on the refunding.
16 And then the 86 million note they're only expecting to
17 issue 55 in the first year.

18 MS. RODRIGUEZ: I see.

19 MR. LIGHT: And the Bridge Commission
20 fee is almost \$55,000.

21 MS EDWARDS: Their formula is eight
22 basis points on the par amount issued.

23 MR. CUNNINGHAM: I have to tell you I
24 appreciate this comment being made up. And I'm just --
25 I do note that eight basis points is significant. And

1 it's also the Commission charging its own county for
2 this fee. That's that a significant chunk of change to
3 the taxpayers. I mean, if you were doing work on, and
4 I know Burlington doesn't have an Improvement
5 Authority, if you were doing work on behalf of a, you
6 know, a non-related entity I could potentially. And
7 again, I don't know whether eight-basis points is the
8 right number but I can understand that a little bit
9 more. But the fact that the Commission did not
10 publically notice at the time, and I thank Board member
11 Light form bringing this up, but I would like to kind
12 of hear the Commission's justification for charging
13 Burlington County that.

14 MS NOCITY: Previously I know that that
15 was done by formula. I can tell you that I have not
16 seen numbers like that. We haven't had financing at
17 that level lately. I can also tell you that we are a
18 participant with the county. So those funds were done
19 by formula not intending of course to gouge any
20 taxpayers. And we certainly give it back in a million
21 ways. But if it was the Board's pleasure to entertain
22 us to commit to reduce that fee we certainly would be
23 willing to do that.

24 MR. CUNNINGHAM: I think that would be
25 very much appreciated by the Board. And again, after

1 I've had a chance to review the supplemental
2 questionnaire next time the Commission comes before the
3 Board I might have some additional comments to make.
4 But for now I think that gesture would be very much
5 appreciated. And hopefully that satisfies Mr. Light.

6 MS NOCITY: Director Cunningham, I'm
7 willing to entertain any suggestions you have for an
8 acceptable fee.

9 MR. CUNNINGHAM: I think we can, if the
10 Board members agree, we could pass the application as
11 it is and then perhaps we can talk offline about that
12 after you've had a chance to go back and just kind of
13 take a look at the cost of issuance and see what the
14 real needs for the Commission.

15 MS NOCITY: Okay. Thank you, sir.

16 MR. LIGHT: Then I move the application.

17 MR. CUNNINGHAM: And I appreciate that.
18 I thank you for bringing that point up. And we have a
19 motion. Looking for a second.

20 MR. BLEE: Second.

21 MR. CUNNINGHAM: Thank you. Please take
22 a roll call.

23 MS McNAMARA: Mr. Cunningham?

24 MR. CUNNINGHAM: Yes.

25 MS McNAMARA: Ms Rodriguez?

1 MS RODRIGUEZ: Yes.

2 MS McNAMARA: Mr. Blee?

3 MR. BLEE: Yes.

4 MS McNAMARA: Mr. Light?

5 MR. LIGHT: Yes.

6 MR. CUNNINGHAM: I thank you. And then
7 I'll just wait to hear back from you on the final
8 resolution of the fee. Good morning. Matter before us
9 is the Somerset County Improvement Authority. County
10 of Somerset guaranteed renewable energy program lease
11 revenue bonds and notes. Would you kindly introduce
12 yourself to the reporter and for those that are not
13 counsel be sworn?

14 (All partis sworn.)

15 MR. CUNNINGHAM: Good morning.

16 MR. PEARLMAN: Good morning.

17 MR. CUNNINGHAM: Would you introduce
18 your colleagues here today?

19 MR. PEARLMAN: My pleasure. Nick
20 Trasenti's the county treasurer in Somerset. And
21 Yvonne Childress is the assistant county treasurer.
22 And do you also hold a title with the Improvement
23 Authority?

24 MS CHILDRESS: No title with the
25 Improvement Authority.

1 MR. PEARLMAN: But you're staff with the
2 Improvement Authority. Okay.

3 MR. CUNNINGHAM: Thank you. Did you
4 want to make an opening statement on the application?

5 MR. PEARLMAN: Go ahead. I'll follow
6 your lead.

7 MR. CUNNINGHAM: I think it's important
8 to note and I have shared with the other members of the
9 Board that I have met with counsel and I have met with
10 the county administrators for this transaction. So I
11 don't think it's secret. This matter has made the
12 papers. It's a matter that this Board takes seriously.
13 But Steve, I don't know if you just want to give a
14 short general statement in terms of what specific
15 action the Improvement Authority is seeking from the
16 Board today.

17 MR. PEARLMAN: Certainly. Thank you.
18 Steve Pearlman, Pearlman Miranda. We're the energy
19 bond counsel for this transaction. This is a follow-up
20 to the 2011 county wide solar program. There has been
21 a lengthy developer/contractor fight. As the Director
22 mentioned, it's been in the newspapers. It went to
23 arbitration. It was a private arbitration. We were
24 not involved. Public was not involved. Last August
25 the arbitrator decided in favor of the contractor.

1 There have been delays and cost overruns. The
2 contractor won that arbitration. A week later the
3 county took the action of defaulting the developer. It
4 was the position of the government to let the private
5 arbitrator decide who was at fault as both sides were
6 doing, blaming each other. Once that happened, I would
7 say since August, since that action, not only this
8 county but there are related transactions because the
9 same developer/contractor team was fighting in two
10 other counties. You'll hear from one other county
11 slightly later, Morris County and Sussex County. The
12 three counties, the developer, the contractor, the bond
13 trustee, all sat down since last August to try and work
14 out a global settlement. That global settlement was
15 achieved within the last few weeks. It was voted on by
16 the respective county freeholder boards and the
17 respective improvement authorities.

18 And we are before you technically for
19 authorization issue bonds or notes in an amount not to
20 exceed 8 million 4 in Somerset County by the
21 Improvement Authority either directly to the county.
22 And if the county purchases it it will be a one percent
23 purchase or to the public. And the purpose for the
24 note is to finance a portion of payment to the
25 contractor for a portion of those cost overruns. Like

1 any settlement, each side gave. Contractor did not get
2 the full amount that it wanted. The developer
3 basically has given up all of its assets because it was
4 found at fault. But because of tax considerations the
5 entity needs to continue as a going concern. And it
6 shall. And the county and the Improvement Authority
7 retain the right to determine who to bring in to finish
8 the balance of the projects. This county is determined
9 to go ahead and finish the balance of the projects.
10 Each county was slightly different as to when the
11 project stopped. This county I because it closed first
12 amongst the three counties got all but two of its
13 projects finished. It's committed to finishing those
14 projects. It does not have to use this
15 developer/contractor team. And frankly, I think it
16 will go out and look to see if they can bring in other
17 either developer/contractor to finish the projects.
18 They had a very successful first solar program. So
19 they have some experience with contractors that have
20 done job on time within budget. So technically, we are
21 before the Board for findings under 5(a) 6, 7 and 8
22 with regard to our supplemental bond resolution and our
23 county guarantee and the various amendments to the
24 original program documents that act as security
25 agreements under the statute.

1 MR. CUNNINGHAM: So under local
2 Authority's control you're coming for positive
3 findings. And we should know note that if this Board
4 did not issue positive findings the deal would likely
5 go forward anyway, but nevertheless, this Board has
6 taken additional analysis. I think that what I would
7 offer is my statement, I know the Board members may
8 feel differently, is with the financing as presented to
9 us I certainly don't see anything illegal or improper.
10 Where I have focused here is that it's my opinion that
11 the elected representatives in Somerset County have
12 made a business decision. And the business decision
13 was either to fish or cut bait. The decision has been
14 made especially with Somerset County being fairly close
15 to the finish line to proceed with the projects. I
16 don't feel, and my colleagues can certainly speak for
17 themselves, I just don't feel that we're in a
18 particularly well suited position to question the
19 wisdom of that business he decision. Once the decision
20 has been made to move forward with the projects this
21 Board now looks at the application before us and looks
22 at the financing to complete those projects. And I
23 don't see anything in that scope that is imprudent.
24 That's my reaction after reading the application, after
25 meeting with the counsel and the county administrators

1 who have certainly great experience with and respect
2 for. So that's my initial thoughts on the matter, but
3 I wanted to see if there was any other competing
4 thoughts from any other members on the Board before we
5 go any further.

6 MS. RODRIGUEZ: No. I concur with the
7 Director. And I just wish you a lot of luck and the
8 completion of the project.

9 MR. PEARLMAN: Thank you.

10 MR. CUNNINGHAM: I just want to pole the
11 gallery. Was there anybody from the public that had
12 wanted to be heard on either this or the next
13 application? Okay. So considering that there's no
14 public comment being put forth today, then I'll make
15 the motion to approve this application. And I'll ask
16 one of my colleagues for a second.

17 MS. RODRIGUEZ: I'll second it.

18 MS McNAMARA: Mr. Cunningham?

19 MR. CUNNINGHAM: Yes.

20 MS McNAMARA: Ms Rodriguez?

21 MS RODRIGUEZ: Yes.

22 MS McNAMARA: Mr. Blee?

23 MR. BLEE: Yes.

24 MS McNAMARA: Mr. Light?

25 MR. LIGHT: Yes.

1 MR. CUNNINGHAM: Thank you very much.
2 And I wish you luck in finishing these projects and
3 moving forward. So the next matter on the agenda is
4 certainly related. And this relates to the County of
5 Sussex proceeding on the same matter through the Morris
6 County Improvement Authority.

7 MR. PEARLMAN: And I'd like to introduce
8 John Eskilson who's the county administrator in Sussex.

9 (All parties sworn.)

10 MR. PEARLMAN: Would be helpful to just
11 highlight the differences.

12 MR. CUNNINGHAM: That's what I was going
13 to ask you.

14 MR. PEARLMAN: As opposed to restating
15 for the record. I incorporate by reference my remarks
16 with respect to the Somerset matter in the Morris
17 County Improvement Authority, slash, Sussex matter.
18 Two differences I think primarily. Number one, Sussex
19 County does not have an Improvement Authority. So when
20 they entered into this transaction in the late stages
21 of 2011 they entered into a surface agreement with the
22 Morris County Improvement Authority to affect a
23 transaction for them. I would say that's number one.

24 Number two, Sussex County is not as far
25 along with their project completion. And simply a

1 function of time when these conflicts started.
2 Somerset transaction started in August of that year.
3 This started in December of that year. So Mr.
4 Eskilson's projects are roughly half finished.
5 Although, I think he can certainly speak for himself,
6 but I think I can say on the record that this county is
7 also equally committed to completing those projects.
8 And they have already begun to undertake discussions
9 with other contracting entities to finish their
10 projects.

11 MR. ESKILSON: Absolutely.

12 MR. CUNNINGHAM: I will likewise
13 incorporate by reference my comments. Not that it's
14 before the Board today, but I just want to note that
15 the although the Morris County Improvement Authority is
16 here today on behalf of Sussex, Morris County is not
17 before the Board today because they have chosen to fund
18 the projects out of their own surplus to my
19 understanding.

20 MR. PEARLMAN: That is correct. They
21 did actually submit an application. At the time that
22 decision had not yet been made as part of their -- they
23 are the Morris County Board of Chosen Freeholders. At
24 a joint meeting with the Morris County Improvement
25 Authority decision to go ahead with the settlement they

1 decided to pull back the application and just fund from
2 available funds.

3 MR. CUNNINGHAM: Okay. So again,
4 considering the previous application I think we
5 addressed a lot of the role of this Board and the way
6 we viewed the application. Likewise with the Morris
7 County Improvement Authority application as it relates
8 to Sussex's projects done, nothing in the financing
9 application appears improper or imprudent given the
10 scope by which we're looking at these. So, you know,
11 again, I see no one from the public that raised their
12 hand that they want to comment on this. I would just
13 first ask if any of the Board members had any questions
14 regarding this application. Then once again, I'll make
15 a motion to approve his application. Seeking second
16 from my colleagues.

17 MR. BLEE: Second.

18 MR. CUNNINGHAM: Second from Mr. Blee.
19 Thank you. Patty, can you do roll call, please?

20 MS McNAMARA: Mr. Cunningham?

21 MR. CUNNINGHAM: Yes.

22 MS McNAMARA: Ms Rodriguez?

23 MS RODRIGUEZ: Yes. Also, I wish you
24 lots of luck for the completion of the project.

25 MR. ESKILSON: Thank you very much. I

1 appreciate that.

2 MS McNAMARA: Mr. Blee?

3 MR. BLEE: Yes.

4 MS McNAMARA: Mr. Light?

5 MR. LIGHT: Yes.

6 MR. CUNNINGHAM: Next two matters before
7 us, Bridgeton Municipal Port Authority. Good morning.

8 (All parties sworn.)

9 MR. CUNNINGHAM: Let me just be clear.

10 We have two matters from the Bridgeton Municipal Port
11 Authority before us today. The first, and I'd like to
12 address these in order. The first is the budget
13 approval and then the second is under Local Authorities
14 Fiscal Control Act, financial difficulty of the
15 Authority. So starting and just limiting our comments
16 for now because, we will take separate votes, on the
17 budget approval itself whomever is going to take the
18 lead could you introduce your colleagues at the table
19 today? Ed, if you want to introduce the people here.
20 And then I don't know if anybody wants to make official
21 statement. Then I had questions that I want to ask on
22 the budget approval piece specifically.

23 MR. MARMERO: I'll get it started then
24 turn it over to Ed. I'm Al Marmero attorney. I'm the
25 attorney for the Bridgeton Municipal Port Authority. I

1 have Ed with us as well. Then we also have Rebecca
2 Bertram who's the attorney for the City of Bridgeton
3 because the city is involved in this as well. Down on
4 the end is Dale Goodreau, the city administrator. And
5 then Jack Surrency who is the chair of our Port
6 Authority. Do you want me to get into questions
7 regarding the budget?

8 MR. CUNNINGHAM: I can go first. I
9 mean, staff has reviewed the document provided. And I
10 don't think there's any glaring issues in there, but
11 the questions I have I certainly want to put on the
12 record is that, you know, the audit for year end 2014
13 was due on the 31st of October and has not yet been
14 received. So I would ask when the Division could
15 expect to see that audit completed.

16 MR. GOODREAU: Essentially, the audit is
17 essentially done. They're waiting for the budget
18 approval to go ahead and finalize it. I did have
19 discussion with the auditor yesterday. And the Port
20 Authority will have a meeting within the next two weeks
21 to go ahead and accept the audit. And it will come
22 forward to you at that point.

23 MR. CUNNINGHAM: Okay. But I think
24 while that's a discrete issue and I appreciate the
25 answer, this Board is concerned that the Authority has

1 not historically made statutory deadlines related to
2 financial matters. And it is of great concern to us.
3 The second thing that was a more specific question that
4 I will need someone to address is that there are
5 statutory requirements relative to the Authority's
6 website. And there's currently no audits, minutes or
7 meeting notices and those type of things on the website
8 for the Authority. And I was hoping someone could
9 address that issue for me.

10 MR. GOODREAU: Again, I'll address it as
11 the business administrator. The Port Authority has a
12 page on the city website. The last two audits have
13 been posted since the letter was up. We will post the
14 notice of the upcoming meeting as soon as we have the
15 meeting there. The minutes, and I'm getting through
16 the secretary of the Port Authority on the minutes to
17 make sure they're up. They should be up hopefully I
18 should get them either today or tomorrow at the latest
19 from that standpoint. The main mailing address, e-mail
20 address issue is a simple thing to resolve. As soon as
21 my secretary gets back from her -- she'll question back
22 on Monday. She's been out with medical for the last
23 two weeks. And then the list of entities in excess of
24 17.5, there are none from that standpoint. The audit
25 and proof of publication, again, I'm getting that

1 information from the secretary as to when it was
2 completed. And again, the adopted corrective action
3 plan for 2013, also, there should be a resolution. I
4 just don't have them in my possession at this point.
5 The budget, again, the Authority will go ahead and do a
6 resolution regarding the budget to come before you when
7 the budget comes forward.

8 MR. CUNNINGHAM: And you're in receipt
9 of a March 6th memorandum that went to the Executive
10 Director from Ann Zawartkay of the Division's team
11 where she outlines some initial budget examination
12 notes seeking some additional documents and those types
13 of issues?

14 MR. GOODREAU: Yes, the two -- the
15 SS9's? Yes, they have been both been forwarded back to
16 her.

17 MR. CUNNINGHAM: All right. So again,
18 the first matter that we want to just dispatch with is
19 the budget approval. So once again, today I'll poll
20 the gallery and just ask if there's anybody that wants
21 to comment on the budget approval specifically.

22 THE PUBLIC: Yes.

23 MR. CUNNINGHAM: Then I would ask the
24 people that came with the Authority to please join the
25 gallery and give the public an opportunity to speak.

1 Good morning, gentlemen. So again,
2 we're limiting our initial conversation to the adoption
3 of the budget and then we'll proceed with the next step
4 on the agenda. But for now would you kindly introduce
5 yourselves and for those who are not counsel please be
6 sworn in? Okay. So this is a meeting that's open to
7 the public. We have a matter before us. So to the
8 extent the public wants to make comments this is Board
9 will certainly hear them.

10 (All parties sworn.)

11 MR. BONCI: I understand these are
12 separate. And I'll try not to go over to the next
13 matter. But as you're aware I represent Henry Grove.
14 And they have a judgment now in excess of \$800,000
15 against the Bridgeton Municipal Port Authority.
16 Nothing in this budget seems to pay that or address the
17 issue even though they're under court order. Secondly,
18 and I know it's the first time we're before the new
19 Chairman, but we've been here I think at least two
20 other times now. And each time we've told you from the
21 very beginning there his no port. There's no reason
22 for a port authority. So it seems to me that the only
23 reason they have a budget here is to continue to fight
24 paying the judgment that they've been ordered by court
25 order Mandamus to pay. So we're not sure why they

1 should have a budget. But if they do have a budget it
2 should be to address their significant debt which is
3 not addressed at all. So for those reasons I don't
4 think you need to spend more public money paying an
5 attorney to fight us but rather they should be coming
6 to you with a method to pay the judgment that they owe.

7 MR. CUNNINGHAM: Okay. Thank you.

8 MR. T. MARTIN: I have some questions
9 about, you know, the budgeting process for the
10 Authority. We diligently attended all their public
11 meetings which I think there was a meeting in October
12 that the budget represented that it was going to be
13 introduced. And at that meeting they decided to take
14 no action on the budget. And since I believe the two
15 public meetings, one was postponed and then the meeting
16 that it was postponed to was actually cancelled. So
17 it's very difficult with the transparency of this
18 Authority when you attend their meetings and it appears
19 that no action occurs. We were told we could not have
20 a copy of the budget at the October 5th meeting until
21 it was approved. And then it did appear on the city's
22 website. Extremely frustrating for the public.

23 MR. W. MARTIN: I have a comment, too.
24 When you do an OPRA request and get old audits one of
25 the comments of the audits is port is not adopted

1 budget. And the oldest one I have in my possession, I
2 think it's from 1996, said this is a habitual issue
3 that this Port Authority has had, disregard for the
4 Local Finance Board requirements.

5 MR. CUNNINGHAM: Okay. Thank you,
6 gentlemen.

7 MR. LIGHT: I missed the amount. How
8 much was the amount of the award.

9 MR. BONCI: The judgment now I actually
10 just came back last night. I was out of the country
11 and I got an order in from Judge Curio dated March 3,
12 2015 indicating that as of October 24, 2014 it's
13 \$823,201.72.

14 MR. LIGHT: Thank you.

15 MR. CUNNINGHAM: Thank you, gentlemen.
16 So in a public forum like this comments of the public
17 is certainly welcome. Those comments will be reflected
18 in the formal record. However, I don't know that this
19 Board is in a position to, you know, entertain a back
20 and forth on those issues. So remembering, again, that
21 we're limiting our attention right now specifically to
22 the budget approval. If there was anything that the
23 Authority wanted to respond you should feel free.

24 MR. McMANIMON: I'm not really sure.
25 First of all, for the record our firm represents the

1 city as its bond counsel. We're not the bond counsel
2 to for the Port Authority. But as we represented at
3 the August meeting of the Local Finance Board, it's
4 very clear that the city with the Authority and under
5 some suggestions from the Local Finance Board tend to
6 wind down the affairs of the Port. They're doing their
7 budgets and they're doing their audits based on money
8 that's provided to the Port by the city because they
9 don't have funds. And the budget is designed to
10 provide in connection the operations as opposed to
11 these other liabilities which are reflected in the
12 audit. So our view is by the end -- and they're
13 attempting while that's going to occur to meet the
14 obligations that are imposed on authorities under
15 statute to provide a budget and an audit which doesn't
16 have a lot in it. And there's no suggestion otherwise
17 in terms of all the representations that are made about
18 the operations of the Authority that they expect to
19 wind down the affairs of this Port Authority. And
20 we'll address in the next application the nature of the
21 obligations, but that's (inaudible).

22 MR. CUNNINGHAM: I think that's right,
23 counselor. So I think Mr. Bonci and his client brought
24 up some points that this Division has noticed as well.
25 Some of the habitually late filings and those type of

1 things. And as we said in the next application we're
2 going to, I guess, talk a little more about the
3 Authority's future as a going concern. But in the
4 interest of time and with the budget that's been put in
5 front of this Division and that has been reviewed by
6 Division staff I think that we're in a position today
7 where we're going to seek a motion to approve this. So
8 I'll set forth that motion and ask for a second from my
9 colleagues.

10 MR. LIGHT: May I ask a question. Just
11 something I don't understand. On the last page of the
12 budget the unrestricted net assets are shown as
13 313,886. What is an unrestricted asset?

14 MR. McMANIMON: I'll let Mr. Goodreau
15 answer that, but I believe it's the property that they
16 have, that they're attempting to sell and expect to
17 close on because it doesn't have a restriction in terms
18 of the property itself.

19 MR. LIGHT: That's an estimated
20 appraisal value of the property?

21 MR. GOODREAU: Yes, from a prior year
22 audit that was the amount that was carried forward.

23 MR. LIGHT: Thank you. Sorry.

24 MR. CUNNINGHAM: I should have polled
25 the Board and I apologize for that. So there's a

1 motion on the table. I would ask for a second.

2 MR. BLEE: Mr. Chairman, please,
3 procedurally are we addressing the debt in the very
4 next action item?

5 MR. CUNNINGHAM: Yes.

6 MR. BLEE: Because I would say on the
7 record I'm not prepared to vote for a budget approval
8 unless -- I want to hear a firm action (sic).

9 MR. CUNNINGHAM: My motion -- we can let
10 that motion fail without a second. And then we can
11 table it. We can move to the next agenda item. Talk
12 that through. And then we can do both votes
13 simultaneously. I was just trying to make sure that we
14 kind of distinguished the conversation about the two
15 elements.

16 MR. BLEE: Thank you.

17 MR. CUNNINGHAM: So with that said,
18 we'll table the adoption of the budget and we'll now
19 move to the second matter that's before the Board today
20 on the agenda. And I know, Rebecca, you had sent a
21 memo. And I don't know if you or someone else on
22 behalf of the Authority wants to just kind of discuss
23 that with the Board members.

24 MR. McMANIMON: Make a brief comment
25 first. Let me just procedurally this Board approved an

1 application by the Port Authority to sell a piece of
2 property which can only be done under the Port
3 Authority statute with the approval of the Local
4 Finance Board. That was approved in August. And at
5 the direction, certainly the strong suggestion, of the
6 Director when that was approved. Because there's
7 litigation over the property and related property.
8 Suggested that the parties go to remediation. They did
9 do that. Unsuccessfully but they went to remediation
10 in December. There was also an ancillary piece of
11 litigation on not this property but the property that
12 is adjacent to it which is part of the redevelopment
13 plan and project for the property that is involve in
14 the sale. And that was resolved last month. It wasn't
15 resolved in August or September. That was an issue
16 that has held up the developer from closing or
17 arranging the closing because he owns that property,
18 but both the property that the Port seeks to sell to
19 them as well as that property is involved in the
20 development that he's dealing with. That matter has
21 now, there's been a motion for SERT filed at the
22 Supreme Court the challenge of three to nothing
23 decision by the Appellate Division and decisions by the
24 trial court that was in favor of the property owner to
25 have tight to that property without the liens that are

1 involved in the dispute.

2 I bring this up primarily because I
3 know the legal issues are in dispute. And I don't
4 contend otherwise. The Port doesn't suggest that this
5 obligation is not an obligation of the Port. It has
6 obviously limited resources. Whether or not it is a
7 non-recourse obligation which means payable from the
8 property of the Port or something else the Port only
9 has the amount of money that it has. The loan
10 agreement, the note that was purchased and held by Mr.
11 Bonci's client, is an obligation that is payable by the
12 Port. And it doesn't dispute that obligation but it
13 doesn't have the money to pay it. So as we
14 represented, when the original approval was granted in
15 August by this Board the money that is derived from
16 that sale and any other funds that the Authority has
17 would be deposited in the court and then litigation
18 that's pending with regard to how to resolve this loan.

19 Now, this loan was originally an
20 \$800,000 back in 1988. And there was a note in the
21 mortgage. And I won't try to disparage the point of
22 view of Mr. Bonci, but I think it's pretty clear to the
23 Port and it's certainly to the city that the obligation
24 is payable from certain security not unlike when the
25 EDA does a financing it's not a loan that the state

1 makes it's a loan that's secured by a mortgage on a
2 piece of property. The mortgage was declared to be
3 invalid under the statute but the Port essentially held
4 the value of that property as money that should be paid
5 to Mr. Bonci's client. We can't sell that property
6 until we have a closing. And the closing has been held
7 up for variety of reasons not because of the delays by
8 the Port but a remediation, resolution of a litigation,
9 litigation still pending.

10 In our view at least from the I'll
11 represent on behalf of the city that they would want to
12 wind down the affairs of this Authority but to suggest
13 they don't have a port, they have property. And the
14 property is sought to be developed. There is a
15 redevelopment plan adopted by the city. The Port
16 Authority is involved in attempting to develop that
17 property for the benefit of the citizens of Bridgeton.
18 And they intend to do that. And with the property that
19 is in dispute here as Rebecca's memo indicated would
20 expect to close in June. At which time that money
21 would be deposited in the court. Now, the city has
22 advanced money to the court. And how that money gets
23 allocated is an issue that the court will resolve. It
24 won't be \$800,000. And in our view that doesn't mean
25 that the Port isn't acknowledging the obligation. It

1 only has a certain amount of revenue just like any of
2 these other nonrecourse obligations that are made
3 either buy economic development authorities,
4 redevelopment agencies, ports, others, that are payable
5 from a specific identified piece of property. I know
6 Mr. Bonci disagrees with that, but if that's the
7 position they have we'll be in court for another three
8 years. And if that's what he wants to do, fine. But
9 that's the issue.

10 MR. CUNNINGHAM: What I would remind all
11 parties today is that this Board is not a fact finder
12 in that regard or several others. What I've heard from
13 you is that a motion for SERT has been made but there
14 has not been a response from the Supreme Court under
15 SERT grant.

16 MS BERTRAM: And just to clarify, that's
17 for -- not for the property that is subject to the
18 order to sell. It's for adjacent property. But the
19 property that is subject to your prior approval to sell
20 is still involved in litigation. And in fact, late
21 yesterday I got another motion from Mr. Bonci regarding
22 that parcel which, again, puts the ability to move
23 forward for the Port to sell the property to the
24 redeveloper further delayed because until that is,
25 again, now resolved and applications are made the court

1 hears it, they're not able to move forward while that's
2 pending. And unfortunately, that came in after I
3 provided the information yesterday. I got it about
4 4:30.

5 MR. CUNNINGHAM: Fine. I don't think it
6 really --

7 MR. McMANIMON: I think the point simply
8 is that there are delays. And the Authority certainly
9 acknowledge in August that they have been less than
10 compliant with prior obligations with regard to their
11 budgets. And they have since that time not just
12 because I got involved but they have attempted to
13 comply so that they can finalize what they're going to
14 do.

15 And just one last point, the city
16 represented at the meeting in August, it does so again
17 in Rebecca's memo, that there are other properties that
18 have limited value, but in 2006 when the market was
19 strong they had appraised value of about \$215,000. The
20 city indicated that it would buy those properties for
21 as an effort to settle in remediation provide those
22 properties to the litigants for them to use as they
23 please or the city will buy them and attempt to include
24 them in the development and take the value that existed
25 in 2006 as opposed to now which is much less and add

1 that to the pot. That's simply a representation made
2 without prejudice in the context of how this all gets
3 resolved, but the effort here is to provide the assets
4 that the corporation of the Authority has, convert them
5 to money and deposit them into court and let the court
6 decide who gets the money. It's not an obligation. It
7 was never guaranteed by the city.

8 MR. CUNNINGHAM: I understand that's
9 your position. I certainly do.

10 MR. McMANIMON: That's fine. Okay.

11 MR. CUNNINGHAM: And this is the first
12 time that I've in my short tenure as Chairman of this
13 Board that I've had the opportunity to, you know, have
14 the Authority come before the Board. But I did make a
15 point and I feel the need on behalf of the Board's
16 account to amplify which is that this Authority has
17 been, we could use several adjectives, dormant,
18 noncompliant, whatever the case may be. And I think
19 that if there's not going to be a service provided to
20 the public, if there's not going to be, you know, a
21 legitimate business purpose to keep it as a going
22 concern then this Board is going to insist on the
23 dissolution of the Authority. What I'm hearing today,
24 and we certainly -- and Patty or Donna, correct me if
25 I'm wrong -- I don't believe we have to take a vote on

1 this matter today. This is just advisory to the Board
2 at this point. And then we'll turn return to the
3 budget. As I read the budget, and I think Mr. Light
4 pointed out a number on the bottom, but I actually
5 think you're operating in the red as I view the
6 document. Could be relying on the sale of property in
7 order to pay any debts of the Authority. And whether
8 or not debts beyond that that may be owed to people
9 that are here today certainly will be something for a
10 separate judicial body to determine the facts on.
11 Nevertheless, I think the point, and please correct me
12 if I'm wrong, is that the Authority cannot be dissolved
13 as long as this litigation is ongoing because the facts
14 have to be settled to that regard. Is that what I'm
15 hearing you say?

16 MR. McMANIMON: I guess I wouldn't say
17 it can't be dissolved. There's two ways as you know
18 that an Authority can be dissolved. One is by
19 application of the city that created it and the other
20 is by application by the Local Finance Board on its
21 own. And the statute provides that among other things
22 adequate provision is made for the payment of the
23 obligations that the Authority has before you can
24 dissolve them. And the question is what does adequate
25 provision for the payment of the obligations mean?

1 Obviously, again, I shouldn't even say. I'm going to
2 speak for Mr. Bonci. He's already said this to this
3 Board that he believe that if you dissolve the
4 Authority either you do it or is the city does, well,
5 then the city has to pay the obligations. And our view
6 is the statute does not say that at all.

7 MR. CUNNINGHAM: I think that's the
8 point I was trying to make. I mean, might while we can
9 technically dissolve the Authority at any time I just
10 don't know how prudent that would be as long as there's
11 a material fact in dispute that really has to get
12 adjudicated before, you know, an ultimate decision can
13 be made. So, you know, I think the Board has expressed
14 its concern with the going concern of the Authority. I
15 think that it's undisputed by this Board that the
16 Authority needs to move toward dissolution, but I
17 nevertheless recognize that there are still valid legal
18 disputes in front of the court. So let me just ask
19 before we the invite members of the public to come up
20 and offer comment is there anything else that you
21 wanted to talk to the Board about? And then I'm going
22 to ask my colleagues on the Board whether they have any
23 additional questions. If I cut you off mid statement
24 and you had other things you wanted to offer to this
25 Board I wanted to allow you an opportunity no finish

1 those thoughts. And then the Board members may have
2 some in additional questions for you.

3 MR. MCMANIMON: As you know, the Board
4 knows if you don't cut me off I probably speak forever.
5 I guess my only point is because of the size of the
6 obligation it creates a sense that this Board doesn't
7 care or doesn't acknowledge the obligation. In my view
8 the obligation was one that was incurred. It's been
9 sold four times by the holder of the note. And I don't
10 know exactly what they paid. I think there was some
11 discovery that it was \$250,000 was paid for this note.
12 Each of the parties who held the note and the security
13 that went with the obligation we're talking about,
14 clearly, if they thought it was being paid by the city
15 they certainly wouldn't have paid it at a discount at
16 the number they're talking about. So they knew what
17 the obligation was. Meaning it was secured by the
18 property that was the subject of the loan. And there's
19 many indication, I won't go through them because I did
20 it before, in the loan document itself. There's
21 certainly no pledge of revenues or any of those things.
22 So it isn't because the Authority doesn't care. They
23 simply because of their own making they're unable to
24 pay the obligation as it increases by ten percent, you
25 know, from the time that it was incurred. But they

1 only have certain revenue to pay it from. And all of
2 that is going to be liquidated. And the city intends
3 at the behest of this Board to wind down these affairs
4 and dissolve the Authority. They don't expect the
5 Board to have to dissolve the Authority. It is our
6 view, and I think it's certainly backed up prior
7 actions of this Board, that if you do dissolve them the
8 adequate provision for the payment of the obligations
9 is provide for them the same way they exist. They
10 don't exist as a general obligation of the city.

11 And so as a result, when they take it
12 over, whatever it is, I'm sure Mr. Bonci says you can
13 dissolve them, but and if you do our view is that if
14 you did dissolve them the adequate provision for the
15 payment of the obligation is to take all the money and
16 all the property they have, liquidate the money and put
17 into court and that would be the provision for it.
18 Even though it's not \$800,000 because that's all they
19 have. So anyway, that's just the point I wanted to
20 make.

21 MR. CUNNINGHAM: I understand. And Mr.
22 Bonci's not an applicant before this Board today, but
23 certainly he nevertheless entitled to come up, he's a
24 member of the public, and make comment. That said, as
25 I previously stated, there's clearly a difference of

1 opinion in terms of the applicability of the
2 Authority's debt to other parties, the city included.
3 And this Board is not the ultimate fact finder. Our
4 responsibility today is, number one, to kind of insure
5 a prudent dissolution of the Authority and its assets
6 and more importantly to approve the budget just so we
7 can be in compliance with those statutory requirements.
8 So before we bring we offer the public the opportunity
9 to come up and make comment I would just ask Board
10 members whether they had any questions for the
11 Authority or their professionals.

12 MR. LIGHT: I just think I need some
13 clarification. Apparently they can't dissolve the
14 Authority unless we approve the budget. Is that
15 correct?

16 MR. CUNNINGHAM: I believe that to be
17 accurate, yes.

18 MR. LIGHT: So although the budget may
19 be confusing and like no other budget that I've seen if
20 we take no action on that then that puts an obstacle in
21 the community, the township's way of being able to
22 dissolve the Authority. I know you made the motion
23 before but nobody made a second because I want to make
24 sure that I understood.

25 MR. CUNNINGHAM: Of course. As you

1 certainly well should. Admittedly, I view the budget
2 approval as a perfunctory task but I understand the
3 challenge with it. And I would note that Ann Zawartkay
4 from the Division's team who has examined this budget
5 as there are specific questions we could ask her to
6 either answer them now or we could certainly get you
7 answers on any specific items contained in the budget.

8 MR. LIGHT: There's not many items in
9 the budget. I think the gentlemen answered the one I
10 was concerned about, what was the un-refunded debt.

11 MR. CUNNINGHAM: But keep in mind that
12 that number has parens around it. So I actually
13 think --

14 MR. LIGHT: Negative.

15 MR. CUNNINGHAM: Right.

16 MR. LIGHT: So as far as item number one
17 is concerned. I'm just talking out loud. I know you
18 had put a motion on the floor. I seem to think we have
19 our arms tied behind our back we got to take the action
20 to approve that so that the Authority has the ability
21 to go forth -- the town has the ability to go forth and
22 dissolve the Authority. As far as the second fiscal
23 control act, I'm not sure --

24 MR. CUNNINGHAM: There's not a vote
25 being sought by the Board today. It's an advisory

1 matter.

2 MR. LIGHT: Well, what's your opinion of
3 where we stand and what we should do on that as far as
4 the situation is concerned?

5 MR. CUNNINGHAM: I think we should if
6 you would indulge me I think we should here from the
7 public. There are members of the public that would
8 likely want to make comment. And then we can offer our
9 recommendation or discussion after that if that's
10 acceptable.

11 MR. LIGHT: Would you want to hold then
12 on the approval of the first or you want to go forward
13 with the budget?

14 MR. CUNNINGHAM: I'm fine holding it.
15 And as far as I'm concerned motion failed. And at the
16 appropriate time we'll seek a new motion and a second
17 if that's acceptable.

18 MR. LIGHT: Thank you.

19 MR. CUNNINGHAM: Okay. So I would ask
20 representatives from the Authority, again, return to
21 the gallery and I'll invite members of the public who
22 want to come up and make comment. Considering we're in
23 the same forum in the same topic I don't believe we
24 need to have members of the public be sworn in again.
25 I believe you have their names for the record.

1 Correct? So again, Mr. Bonci, I know you'll likely
2 want to make comment again. I would ask just as I
3 asked Mr. McManimon we're not fact finders. You feel
4 free to put your comment on the record, but that's the
5 extent that this Board can get involved with.

6 MR. BONCI: Thank you, Mr. Chairman.
7 Let me correct the record starting off. What we have
8 are two different actions going on that's been
9 referenced to you. The other action doesn't involve
10 the Bridgeton Municipal Port Authority. They're not a
11 party to the action. The land was not sold by the
12 Bridgeton Municipal Port Authority. It was owned by a
13 private entity was. My client was in the process of
14 foreclosing that property on a tax lien. We ended up
15 in dispute with the city. One, they're linking these
16 together. They're not linked. And if you remember, I
17 know. Mr. Chairman, you weren't here, but back in the
18 August Jack Plackter from the buyer, Renewable Jersey,
19 came to you and asked you to approve the sale because
20 they wanted chose before the end of the year. And you
21 did. And we did not appeal that. And they still
22 haven't closed in defiance of the judge's order. So
23 they still have not sold. There's nothing in that
24 contract to buy the property from the Bridgeton
25 Municipal Port Authority that makes it contingent on

1 the property next door being purchased by the private
2 entity, which they did purchase, which we have under
3 appeal.

4 So simply, they came to you and they
5 told you they would have to settle before the end of
6 the year. You gave them your approval and they did not
7 settle. And I did file a motion before Judge Curio
8 because she has a court order telling them to purchase
9 the property. And they didn't. And all the money from
10 that purchase has already been allocated by Judge Curio
11 under her order. I've given all this stuff and your
12 Deputy Attorney can review it. And if he has any
13 questions I'll provide it to him. But that money's
14 already allocated to go to my client subject to reserve
15 being made to clean up environmental remediation, but
16 none of that money's going to make its way back to
17 Bridgeton Municipal Port Authority in their budget. I
18 sat there in the audience. And Mr. McManimon is not
19 directly involved in that litigation. And he only
20 knows probably what was told to him, but the other two
21 attorneys are. And they know that that was not
22 accurate what was told you. It simply was not
23 accurate.

24 So again, they have done nothing. And
25 there's no reason keep this Authority alive because I

1 did not appeal your order. So the only thing
2 outstanding is the sale of that property. And I don't
3 know why this Board allows the city to use the Port
4 Authority as a redevelopment tool. The city should be
5 the redevelopment tool. The Port Authority exists to
6 operate a port which doesn't exist. Hasn't existed
7 ever. It's a failed project.

8 Now, again, you said there's no
9 application before you. Mr. Chairman, I have written
10 and made a formal application in writing to dissolve
11 this Board. So I am an applicant. I know necessarily
12 we're not going to get a vote today, but I have made
13 it. And we have been around a while trying to get this
14 thing resolved. And everybody delays, delays, delays,
15 but all it does is increase the debt that's not
16 addressed. The issue of whether or not what happens
17 when the Port Authority is dissolved is a legal issue.
18 I agree with you. We have the statutes that say the
19 literature said it. Although, I don't believe it's
20 really much in contention. 40:63A-38 says, you know,
21 if such Authority has any debts other than bonds
22 outstanding the municipality shall appropriate the
23 moneys required to enable that such debts be discharged
24 in full.

25 MR. CUNNINGHAM: You're welcome to put

1 your points on record but we're not the fact finder.

2 MR. BONCI: Yeah, I understand. But
3 what my point to you is is that what happens
4 afterward's been decided by the legislature. And I'm
5 only asking you to dissolve it. Order it to be
6 dissolved. And whatever happens happens. If we have
7 to fight out in court we will. Although, I don't think
8 there's a big mystery. Mr. McDanovich suggested that
9 there's two kinds of debt. There's secured and
10 unsecured debt. And if you're not secured, although,
11 ironically this debt was supposed to be secured, not by
12 you guys but a prior Local Finance Board even approved
13 it back in '88. But all public debt has to be paid.
14 And to stand for the proposition or argue to you that
15 somehow public debt doesn't have to be paid because
16 it's unsecured that we're going to take those people
17 there and not pay them I don't believe is a sound.
18 It's certainly not what the Local Finance Board stands
19 for. And in this particular case, Judge -- not Judge.

20 MR. CUNNINGHAM: I told you we're not
21 fact finders.

22 MR. BONCI: I'm usually in court. Mr.
23 Chairman, members of the Local Finance Board, all of
24 you have been involved in local government. I know Mr.
25 Blee was Chairman of the city council in Absecon. And

1 I believe he paid all his debt when he was there. He
2 just didn't pay the security debt. Okay. And I think
3 that's true of all the governmental entities involved.
4 And to turn around -- and this has been a situation of
5 total lack of responsibility. And to keep this entity
6 in existence, which the only reason they want to delay
7 is they don't want to deal with the issue if they're
8 dissolved. And from the very beginning of the first
9 time we were here Chairman Neff, your predecessor, said
10 I don't know why we have an Authority existing when
11 there is no port. And we're still -- to me there's no
12 real issue. There's no real facts in dispute. It's
13 always been the same every time we come here. There is
14 no port. It was a failed project. Monies were
15 expended. Debt was taken. And you have to pay it
16 back. And by not paying it back because this is so old
17 the deal that they made after the Appellate Division
18 remanded the matter back down they made a deal. And
19 because we're dealing back in the late 80's, early 90's
20 when interest rates were much higher they agreed at
21 that time a fair interest rate. The problem is they
22 never paid the debt. And they continue to sit there --
23 and most amazing thing in this thing is that you would
24 not know about this if we didn't tell you. We're the
25 ones who told you about this. The State Local Finance

1 Board did not even know that this Authority was still
2 in existence even though it wasn't really operating.
3 And it had the debt because the city never told you in
4 their statement. The only reason that they have an
5 audit it is because you ordered an audit. And we went
6 before the judge when they didn't do audit and they
7 brought the audit in before the judge because they
8 didn't want to face the judge. So what we've done is
9 we tried to work within the rules of government trying
10 to do what's right here. But in this particular
11 instance there's no reason to keep this Authority.

12 Now, if you're going to pass a budget to
13 dissolve the Authority we're all for that. I don't
14 think we have a problem with that. We just don't want
15 a budget that's just going to continue to waste money
16 fighting us on an issue we already one. I have an
17 order which I can provide you that was signed last
18 week, again, asserting -- oh, they come to you and they
19 tell you the judgment's not valid. Well, according to
20 the judge it is. And if they don't think it is let
21 them go back and tell the judge not you. And the fact
22 that my client assigned -- took an assignment of the
23 judgment, as I'm sure your Deputy Attorney General will
24 tell you an assignee gets the same rights as an
25 assignor. No greater no less. And they're trying to

1 sit there and put a negative -- we told you why from
2 the very beginning why my client fought the judgement.
3 My client wanted the land and was willing to overpay
4 for it for the legitimate business purposes. They
5 don't want to take the offer. We came to you and said
6 we would pay almost the entire judgment for the land so
7 my client could move his business there that's been in
8 Bridgeton since the 1940's. And it's been longer there
9 than anybody in this room, but they said no, they'd
10 rather have redeveloper come in and build homes for low
11 income people in a place where there's no jobs, no
12 public transportation. I can't stop them from doing
13 that. Although, I question the motive of that. At the
14 same point in time they got to pay the judgment.

15 So for all those reasons, and I don't
16 mean to preach in the sense that I just feel strongly
17 about this, I'm just amazed that a public entity
18 doesn't pay its debt and comes to you and says we don't
19 want to pay the debt. The city created it. And when
20 the legislature wrote these statutes whether they do it
21 or you do it, order a dissolution, it says what it
22 says. We're not going to change it. A judge can
23 interpret, a court can, but they shouldn't be kept in
24 existence because there's just simply no reason. And
25 there is no current litigation against the Bridgeton

1 Municipal Port Authority by my client other than
2 seeking them to comply with the order of Judge Curio.
3 They are not in a matter before the Supreme Court. And
4 there's nothing in the contract that says that the
5 purchase of this one property from a man down in
6 Florida that they already closed on, we questioned
7 whether or not they had a right to redeem my client's
8 lien, has nothing to do with the property next door
9 which is this property which you ordered the sale of or
10 you approved the sale of in August with the extent
11 promised that they're going to close by the end of the
12 year which they haven't.

13 MR. CUNNINGHAM: Thank you. Do your
14 colleagues have additional comments?

15 MR. W. MARTIN: When I look at this
16 budget -- you know, I'm a business person. And we buy
17 things and we combine things and we sell them for more.
18 And that's revenue. We also have assets. We sell
19 assets. I guess that's kind of fuzzy revenue, but I
20 mean, I don't necessarily see if you're putting
21 together a budget you should have the revenues in your
22 expenses to balance out and your assets should be in
23 another column in my opinion. But I'm just saying
24 that. That's probably about it. Other than the fact
25 that the city made a deal with the redeveloper with a

1 redevelopment agreement and they're underpaying for the
2 port's property. If they want to make them whole, and
3 the redeveloper is supposedly getting \$10,000,000, you
4 know, why don't they invest the money and pay all the
5 debts of the port. That's what they should be doing.
6 That's it. Thank you.

7 MR. T. MARTIN: I have another comment,
8 also. It's been presented that there are two ways that
9 the Authority can be dissolved. And I believe the one
10 way is that the municipality chooses to vote and
11 dissolve it on their own. I believe that requires a
12 two-third vote of the voting body of the municipality.
13 And in this situation two of the members of the
14 municipality are actually members of the Port Authority
15 and a third member of the Port Authority's wife
16 according to the audit was left -- conducted all
17 transactions of the Port Authority when the Port
18 Authority fired all employees its in the past. So it
19 seems as if there's actually three members of the
20 voting body that actually have a highly vested interest
21 in this Authority that may not actually even be able to
22 vote on the dissolution. So that the municipality even
23 if they wish to dissolve it and appropriate the funds
24 they might not be able to vote on it and actually
25 dissolve it on their own.

1 MR. CUNNINGHAM: Thank you, gentlemen.

2 MR. McMANIMON: I'll exercise some
3 discretion for the truth not get a tit for tat because
4 I think you've heard enough. I think that there's a
5 lot of issues that are not accurately stated. And
6 rather than use this forum to deal with it the city,
7 the mayor, was here in August. He stated that the
8 intent is to have this port complete its operations by
9 providing the development of the properties. They
10 don't expect run as a port. The city expects, you
11 know, the fact that there are commissioners that are on
12 the Port, the city expects that they would wind down
13 the affairs of this body which was represented in
14 August. It's represented again. To suggest that the
15 parties of -- that the properties are not linked in the
16 context of development is absurd. They're not in
17 litigation but they are related in the sense of the
18 timing and when you sell property. So rather than get
19 into all of those issues there are hundreds of millions
20 of dollars of public debt that are not paid that are in
21 default because they are secured by specific items as
22 opposed to general revenues. The EDA all of the time.

23 MR. CUNNINGHAM: As I've said, we're not
24 going to resolve that issue today.

25 MR. McMANIMON: I only say it because I

1 don't know whether Mr. Blee in the context of the
2 budget has a concern that there is an irrelevancy view
3 by the Authority. There's not. They simply have what
4 they have. The same way it exists on any other
5 nonrecourse debt that has specific security as opposed
6 to general revenue. So I just point that out. It will
7 be resolved in court because the city's going to unwind
8 the affairs of this Authority. They will, Mr. Light
9 uses dissolution, but, you know, that really would be
10 the end result but they need to wind down the affairs,
11 deposit the money in the court and let the court
12 resolve all these issues.

13 MR. CUNNINGHAM: I'm unwilling at this
14 moment to order an immediate dissolution of the
15 Authority. And a large portion of my reticence is
16 simply the fact that I'm probably the person in the
17 room that has the least bit of knowledge and the least
18 bit of history with this. What I think I would ask our
19 executive secretary to do is, unless my colleagues on
20 the Board have a different opinion, I would ask that
21 this matter be relisted for two meetings from now.
22 That will give me some time to get additional
23 background, to consult with the Attorney General's
24 office and to get a status update from the Authority on
25 the immediate next steps. Again, I think that budget

1 for today's purposes and for statutory purposes should
2 be and it has to be adopted. That's my general
3 thoughts on it, but I want to, you know, hear from the
4 other members if there's additional discussion, debate
5 or any questions that need to be asked today. I would
6 certainly encourage them.

7 MR. LIGHT: Based on what I've heard after we
8 raised the question of the budget I have no problem
9 seconding the motion that you had made to approve the budget
10 in the form that it is today so that that part of it is in
11 essence resolved and then it goes back to the hands of the
12 Authority and back to the hands of the township. I'm not so
13 sure that I'm ready or willing to vote on the second part
14 which I think is the part that you were saying you would
15 like to have postponed.

16 MR. CUNNINGHAM: It's advisory for
17 today. I don't think there's a need for the Board to
18 vote. I would like to have it tabled until the May
19 meeting. And as I said, that gives us additional time
20 to have further analysis done by the staff, to meet
21 with the Authority as appropriate and to seek the
22 counsel of the Attorney General's office.

23 MR. LIGHT: You want to make the motion?
24 I'm willing to second it.

25 MR. CUNNINGHAM: Sure. Assuming the

1 prior motion failed I'll make the motion again that the
2 budget for the Bridgeton Municipal Port Authority be
3 approved subject to that.

4 MR. LIGHT: I'll second that.

5 MR. CUNNINGHAM: Thank you.

6 MS McNAMARA: Mr. Cunningham?

7 MR. CUNNINGHAM: Yes.

8 MS McNAMARA: Ms Rodriguez?

9 MS RODRIGUEZ: Yes.

10 MS McNAMARA: Mr. Blee?

11 MR. BLEE: Yes.

12 MS McNAMARA: Mr. Light?

13 MR. LIGHT: Yes.

14 MS. RODRIGUEZ: I trust the chairman.

15 If I may.

16 MR. LIGHT: I vote yes.

17 MS. RODRIGUEZ: If I may, I trust, you
18 know, your judgment. And I know you're going to have
19 the time needed to look into this.

20 MR. CUNNINGHAM: We certainly will.

21 MR. LIGHT: The right way to analyze it,
22 but the way I see the second part is that when the
23 budget is passed that gives the community the
24 opportunity to take the action that they wanted to take
25 as far as the financial matter is concerned on the

1 second part. If I bought a million dollars worth of
2 stock in General Motors and five years from now they
3 went down to \$500,000 I lost my \$500,000. I know
4 that's a pretty hard analogy to make, but, you know,
5 when you make investments like that those are the
6 things that can happen. I think that's the part that
7 we talked about in the second part which we're going to
8 wait until May.

9 MR. BLEE: I would just add, too, I commend
10 you for your wisdom come in continuing to due diligence.

11 MR. LIGHT: We wrestled with these three
12 or four times before.

13 MR. BLEE: My lack of enthusiasm in
14 regard to the budget is only I'm thinking maybe that
15 should have been deferred to May as well so that we
16 have additional leverage, but on the second issue I
17 agree. I have complete confidence in you.

18 MR. CUNNINGHAM: I appreciate that.
19 Thank you. I believe that concludes the agenda of
20 today's Local Finance Board. I guess I will seek a
21 motion to adjourn.

22 MS. RODRIGUEZ: So moved.

23 MR. BLEE: Second.

24 (All responded "aye".)

25 (Matter is adjourned at 12:00 p.m.)

CERTIFICATE

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I, CARMEN WOLFE, a Certified Court Reporter and Registered Professional Reporter and Notary Public of the State of New Jersey hereby certify the foregoing to be a true and accurate transcript of the proceedings as taken stenographically by me on the date and place hereinbefore set forth.

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CARMEN WOLFE, C.C.R., R.P.R.

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