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X----- X
STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY
AFFAIRS
LOCAL FINANCE BOARD
X----- x

DATE: WEDNESDAY, JULY 8, 2015

AT: 101 South Broad Street
PO Box 803
Trenton, New Jersey 08625-0803

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

MELANIE WALTER, DAG
101 South Broad Street
Trenton, New Jersey 08625-0803

COMMITTEE MEMBERS:

TIMOTHY CUNNINGHAM, Chairman
IDEDA RODRIGUEZ
FRANCIS BLEE
TED LIGHT

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1 MR. CUNNINGHAM: Good morning. We'll
2 begin the financing portion of the agenda. I would
3 note that today marks the first time that I've
4 actually fallen behind on the times on the agenda
5 and I apologize for starting a little bit late, but
6 this meeting was previously opened upstairs and ran
7 a little long, so we will start and work through
8 things quickly.

9 The only threshold comment that I
10 want to make to the gallery today is that the
11 August Local Finance Board Meeting is being moved
12 to Thursday, August 13th; right, Pat?

13 MS. PARKIN McNAMARA: Yes.

14 MR. CUNNINGHAM: In order to
15 accommodate various conflicts board members had.
16 Formal notice will go out, but for those of you
17 that routinely attend please note the August
18 meeting is being moved again to August 13th.

19 So, with that said we will move right
20 to the agenda. We have the first three applications
21 are being considered on a consent agenda. They are
22 the Cinnaminson Sewerage Authority, the Washington
23 Township Municipal Utilities Authority, the
24 Washington -- strike that. I'm sorry, two
25 Washington Township Municipal Utilities Authority,

1 one is the drinking water project and one is the
2 clean water project. These are all projects that
3 are being done through the New Jersey Environmental
4 Infrastructure Trust Loan Program that involves
5 proposed project financing and I don't think
6 anywhere there is a down payment in this instance.
7 So, as we routinely do we'll consider these matter
8 on the consent agenda and I would ask my colleagues
9 on the floor for a motion and a second.

10 MR. BLEE: Motion to approve.

11 MR. CUNNINGHAM: Thank you.

12 MS. RODRIGUEZ: Second.

13 MR. CUNNINGHAM: Take a roll call,
14 please.

15 MS. PARKIN McNAMARA: Mr. Cunningham.

16 MR. CUNNINGHAM: Yes.

17 MS. PARKIN McNAMARA: Ms. Rodriguez.

18 MS. RODRIGUEZ: Yes.

19 MS. PARKIN McNAMARA: Mr. Blee.

20 MR. BLEE: Yes.

21 Ms. PARKIN McNAMARA: Mr. Light.

22 MR. LIGHT: Yes.

23 MR. CUNNINGHAM: Thank you. The next
24 matter also being considered on a consent agenda
25 involves the City of Bridgeton in Cumberland

1 County. They are in the process of moving to a
2 calendar year from being a fiscal year town as many
3 municipalities in New Jersey have done. The
4 division's financial regulation unit has worked
5 with them and provided a staff memo to the board
6 members. So, in light of that staff report and
7 that analysis done by the team, we're recommending
8 this on consent. So, once again, I would ask for a
9 motion and a second.

10 MS. RODRIGUEZ: Motion.

11 MR. BLEE: Second.

12 MR. CUNNINGHAM: Thank you. Roll
13 call.

14 MS. PARKIN McNAMARA: Mr. Cunningham.

15 MR. CUNNINGHAM: Yes.

16 MS. PARKIN McNAMARA: Ms. Rodriguez.

17 MS. RODRIGUEZ: Yes.

18 MS. PARKIN McNAMARA: Mr. Blee.

19 Mr. BLEE: Yes.

20 MS. PARKIN McNAMARA: Mr. Light.

21 MR. LIGHT: Yes.

22 MR. CUNNINGHAM: The last item being
23 considered on a consent agenda today involves the
24 New Brunswick City Parking Authority. The board
25 will remember their bond counsel came before the

1 board the last meeting or two. The intention was to
2 do a refunding. The market had fallen through and
3 because the refunding wasn't prudent at that time,
4 they advised that they were going to submit a new
5 application to renew notes which they have done
6 considering the board had been -- had conversations
7 with the applicant and their counsel at a prior
8 meeting. We moved this to consent out of courtesy
9 to them as well.

10 So, this is a \$3,525,000 proposed
11 renewal of notes by the Newark -- I'm sorry, the
12 New Brunswick City Parking Authority and I would
13 ask for a motion and a second on this as well.

14 MR. LIGHT: Motion.

15 MS. RODRIGUEZ: Second.

16 MR. CUNNINGHAM: Mr. Light, Ms.
17 Rodriguez. Take a roll call.

18 MS. PARKIN McNAMARA: Mr. Cunningham.

19 MR. CUNNINGHAM: Yes.

20 MS. PARKIN McNAMARA: Ms. Rodriguez.

21 MS. RODRIGUEZ: Yes.

22 MS. PARKIN McNAMARA: Mr. Blee.

23 MR. BLEE: Yes.

24 MS. PARKING McNAMARA: Mr. Light.

25 MR. LIGHT: Yes.

1 MR. CUNNINGHAM: We'll next move to
2 the Township of Orange City, a \$600,000 proposed
3 CAP waiver.

4 Just another threshold comment to
5 everyone in attendance today, we do have a new
6 court reporter. So, I'm going to try to remember
7 to make sure that everyone gets properly introduced
8 and sworn in. So, to the extent counsel has cards
9 because you're not being sworn in, would you kindly
10 provide them to the reporter and as I said if you
11 need anything put your hand up and we'll gladly
12 take a pause.

13 Good morning. Would you kindly
14 introduce yourself and be sworn in those that are
15 not counsel.

16 MR. LERCH: Good morning. Thank you.
17 Deiter Lerch of the firm Lerch, Vinci, and Higgins.
18 Budget consultant to the City of Orange and to my
19 right is Mr. Adrian Mapp, director of finance of
20 the City of Orange and to his right is Joy Lascara
21 (phonetic), chief financial officer of the City of
22 Orange.

23 I also just want to put on the record
24 that we have three elected officials present today
25 as well. We have Councilwoman Eason. We have

1 Councilman Cooley (phonetic) and Councilman Johnson
2 present as well.

3 MR. CUNNINGHAM: Thank you for
4 attending today.

5 MR. LERCH: Thank you. The City of
6 Orange --

7 MR. CUNNINGHAM: I'm sorry, you still
8 need to be sworn in, those that are not counsel.

9 (Whereupon, Mr. Mapp and Ms. Lascara
10 are sworn in.)

11 MR. LERCH: Thank you. The City of
12 Orange Township is here before you seeking an
13 exception to the 1977 CAP law pursuant
14 40A:4-45.3(ee). The amount of the exception
15 requested is \$600,000. The waiver is being
16 requested really to fund three items and all of
17 which affect the health, safety and welfare of the
18 city residents.

19 The first item that I would like to
20 refer to is the city has recently hired eleven new
21 firefighters. They were hired I believe at the
22 end, sometime at the end of 2014. So, that this
23 budget funds those positions for the entire year.
24 The request for that increase is requesting waiver
25 in the amount of \$236,000 to fund the firefighters.

1 The next item that the city is also
2 requesting a waiver has to do with its health
3 insurance and specifically it's not the group
4 insurance, but rather the prescription and the city
5 is currently self-insured for its prescription
6 costs. The city has done -- and those costs have
7 skyrocketed and the -- what do you call it --
8 they're up by about \$660,000 between the
9 prescription and the health insurance cost. The
10 city is now evaluating some alternative I
11 understand, but unfortunately it's required to fund
12 the full amount based on the current spending trend
13 and they're looking for a waiver in the amount of
14 \$244,000 therefore.

15 Then the third item has to do with
16 the unemployment claims. The city unbeknownst to
17 the city or at least unbeknownst to the current
18 administration I believe the city received a back
19 bill from the state department for uninsurance
20 claims in excess of \$1 million. These are for
21 claims that allegedly were not reimbursed to the
22 state. The city did settle -- I don't want to say
23 settle, but the city did negotiate a payment plan
24 with the state and is currently repaying that back
25 over a three-year period.

1 In this year's budget I believe we
2 have somewhere around \$432,000 in the budget for
3 that claim. The amount of the waiver that we're
4 requesting is a difference between last year's and
5 this year of \$120,000. With that that concludes my
6 presentation. If there are any questions Mr. Mapp
7 is certainly available to respond.

8 MR. CUNNINGHAM: Thank you. I think
9 just as a comment before we get into questions,
10 these expenses seem relatively routine and
11 predictable. Often when we see an appropriations
12 CAP come before the board and the financing team
13 takes a look at them they tend to be things that
14 maybe there was an unexpected deficit in the water
15 utility because a customer went out of business or
16 something like that.

17 Some of these frankly are issues that
18 likely could have been forecasted or prevented
19 specifically with respect to the unemployment
20 notice that you received from the Department of
21 Labor and Workforce Development. Also by doing
22 this waiver there's no CAP back left which I think
23 puts pressure on the township going forward.

24 So, I guess with those comments I
25 would ask what's the plan assuming the board was to

1 approve the use of the appropriation CAP waiver,
2 what's the plan to avoid being in the same position
3 next year?

4 MR. LERCH: Yeah, if I may just from a
5 technical point of view, taking each item, the
6 unemployment claim will be satisfied next year. I
7 believe we're going into our third year for that.
8 So, that appropriation will no longer be required
9 for the back years. They'll just have the current
10 application.

11 The second item is we also have
12 certain one year expenditures that are in the CAP
13 this year and one is an over expenditure of about
14 \$300,000 and we're not requesting a waiver for
15 that, but certainly it is the anticipation that the
16 city does not incur any over expenditures in the
17 current fiscal year.

18 So, just those two item alone would
19 give the city the approximately \$600,000 relief
20 they would need. So, it's anticipated that we
21 would not be before you next year seeking any type
22 of relief.

23 Would you like to add to that,
24 Mr. Mapp?

25 MR. MAPP: I think that's absolutely

1 correct. We have put controls in place to insure
2 that there wouldn't be the kind of over
3 expenditures that we saw in the last two years and
4 the fact that we will satisfy the unemployment
5 situation, and mind you, this is a situation that
6 dates back to 2001 that we inherited. So, clearly
7 that is something that we will put behind us and we
8 don't believe we will be in this situation next
9 year. Plus based on some of the other things that
10 we are doing we will expect we will end the year in
11 a much stronger position than in the last couple of
12 years.

13 MR. CUNNINGHAM: How about with
14 regard to the health insurance issues and
15 specifically I guess I'm referring to the
16 prescription overages?

17 MR. MAPP: We are looking at
18 alternative to our prescription plan. We have also
19 taken steps to remove some of the drugs that have
20 driven up the cost which are not medications that
21 have been approved by the Food and Drug
22 Administration. So, those are measures that we are
23 addressing in order to -- if everything stays the
24 same, costs will be driven down in terms of the
25 prescription plan as a result of those issues that

1 we are addressing.

2 MR. CUNNINGHAM: In light of the fire
3 department being brought up to I guess a full and
4 required complement, it's my understanding the
5 eleven firefighters were put on was mandatory that
6 they come on; is that correct?

7 MR. MAPP: Well, there's a certain
8 level that every fire department is supposed to
9 have and we believe that this is an area that
10 needed to be addressed. We've had the request from
11 the fire division and the council rightly so has
12 addressed that issue because it comes down to
13 public safety and so, we believe that the division
14 is up to its complement that we wouldn't be dealing
15 with this next year.

16 MR. CUNNINGHAM: Is there a current
17 fire overtime in this year's budget that would not
18 be required next year because you have eleven full
19 time firefighters on staff?

20 MR. MAPP: I can't say that because
21 overtime is something that is often times
22 unpredictable, although we do allow for that in the
23 budge, but I can't and wouldn't represent that
24 there won't be any overtime.

25 MR. CUNNINGHAM: I know that there

1 are members of the public that wish to be heard on
2 this matter. So, I will first ask my colleagues on
3 the board whether they had any additional questions
4 of the officials in front of us. If not, then I
5 will ask you to please excuse yourselves from the
6 table and I will open up the meeting to public
7 comment.

8 Good morning.

9 MR. FELD: Good morning. My name is
10 Jeffrey Feld. I think most of you know who I am. I
11 am an attorney. I'm inhouse attorney and an
12 employee of the four local businesses located in
13 the state -- City of Orange Township. There are
14 certain things that I think need to be part of the
15 record. One is that the application that you are
16 considering was not presented to the public to look
17 at before they voted on it at the city council
18 meeting. I only obtained a copy of the application
19 that you're looking at through an OPRA request to
20 the DLGS.

21 The city still has not responded to
22 the application, my OPRA application request. When
23 you look at the application, there are certain
24 things that jumped out. When we look at last
25 year's CAP, we know there's an issue. I wish that

1 I think Linda (sic) Walter, because there is an
2 issue as to last year's CAP that last year the city
3 rescinded and started the whole budget process.
4 They adopted a COAH CAP ordinance. After rescision
5 that's an issue that's now up to the Appellate
6 Division and a brief was filed. When you look at
7 the budget and this is something that perpetuates
8 year in and year out that we have a budget that
9 might have been artificially inflated in violation
10 of law.

11 We also look at tax appeals. We had
12 this discussion with a prior chairperson last June
13 that there's a lot of tax appeals still out.
14 There's no reserves established and this is what
15 taxpayers are going to be hit by.

16 At the last city council meeting, we
17 just heard about the unemployment and if you go
18 back to your minutes from June, it's I who pointed
19 that out and that wasn't pointed out that they
20 hadn't paid the unemployment. At the last meeting
21 there was a walk-on resolution to prove a
22 settlement for a tax redemption that wasn't paid
23 for two years.

24 The problem that taxpayers have is
25 not paying the principal, but the accrued interest.

1 When we talk about the unemployment there's accrued
2 interest that has to be paid by taxpayers. On the
3 redemption there's interest that needs to be paid
4 by taxpayers.

5 When I asked the specific question at
6 the city council meeting people were directed not
7 to answer that question. When we talk about -- I
8 view this application as an after the fact
9 transitional aide application. When I was before
10 you in January we were talking about how do we get
11 state supervision. As we speak to you today
12 there's no city BA. There hasn't been a BA in
13 Orange since basically September 2011 when John
14 Mason fell ill. At the end of January the city tax
15 collector resigned. We just found out in the last
16 two weeks that the city tax assessor just resigned.
17 When you have your two statutory people parachuting
18 out in the last six month, bell and whistles should
19 be going off.

20 Also, this is a city that entered
21 into an MOU with you about four or five years ago
22 and did not apply. When they converted from a
23 fiscal year to a calendar year there was a promise
24 made to this group and to the taxpayers there would
25 be no more estimated tax bill. Guess what, this

1 year there's still an estimated tax bill.

2 There's a question in your packet
3 about a bulk tax lien sale that they're trying to
4 fund the budget. We have been asking questions
5 whether the purchasers has complied with the
6 contract. When I asked the question at the last
7 meeting did he comply with the contract, people
8 were directed not to answer. The taxpayers are
9 entitled to competent and honest local government.
10 We're entitled to transparency accountability and
11 adherence to the rule of law.

12 I don't think the city council
13 understands what this application was. Because when
14 you look at the statute, there's two exceptions,
15 one makes a waiver, asks for the waiver pursuant to
16 a determination then you go to another statute,
17 municipal aid statute that talks about conditions.
18 That's where I think people today, the vote is you
19 have a choice to say no or we say yes with
20 conditions. I'm here saying we need the conditions
21 because there's also another couple of other
22 factors. We didn't talk about the WYCA leasing
23 option to buy agreement. One of the things that's
24 implicit in this agreement today is a
25 determination, the way I read the statute, by the

1 director that there's problems in this city.

2 One, we found out, and this is an
3 issue that's going back to which court it is
4 whether the federal or state court, how a hundred
5 thousand dollars that the city coffers to pay a
6 deposit on a lease prior to the public hearing or
7 even the adoption of this year's budget, we're
8 about to consent to five city council members, how
9 do you do that? I wish Miss Walter were here
10 because I gave her copies of the briefs I filed in
11 state court -- I'm sorry, I didn't recognize you.
12 There's really a serious legal issue and it's
13 getting to a point where we have statutes. I mean
14 you issued a series of local finance notices here,
15 when the budget is supposed to be introduced, when
16 is the budget supposed to be adopted. They haven't
17 honored those agreements. We're getting back --
18 it's not just me, there's a group of people. You
19 have been getting letters and there probably would
20 be more people here if it wasn't the first week of
21 July, but people are getting upset. Taxpayers
22 cannot bear the burden.

23 If you look at the application, the
24 city went through a reevaluation effective
25 October 1st, 2014. If you look at it, within one

1 year they're already saying it's off by eight or
2 ten percent. So, we're talking about the burden
3 and more tax appeals. Today you have to make I
4 think a very simple determination. If you give
5 them the right to use this money with no conditions
6 or you say yes, you get it, but these are the
7 conditions. This really is a MOU. The state is
8 saying you can use money and you said this at the
9 beginning, the first thing you said that these are
10 not routine expenditures. This is extraordinary
11 stuff. It's not going to be changed. If you want
12 the money you have to agree to these conditions.
13 That's what you were basically saying to me in
14 January.

15 Now we're getting to a point where I
16 think the courts are looking to the executive
17 branches and go, who's going to pull the plug?
18 Because I do have a complaint out there saying that
19 there are statutes. If you find that there's gross
20 failure to comply with the local budget law and I
21 submit that if you don't comply with the COAH
22 optional order like they did last year where you're
23 transferring monies or you're paying people's
24 salaries that were never approved by local
25 ordinances then it is a gross failure and it's

1 really the duty of the local finance board and the
2 DAG and the commissioner to step in. I'm really
3 suggesting that if they're going to get money,
4 conditions have to be imposed today. Thank you.

5 MR. CUNNINGHAM: Thank you, Mr. Feld.
6 May I ask the applicants to please -- there's more
7 public comment, I'm sorry, the whole row.

8 MS. BRADSHAW: Good morning, my name
9 is Laressa Bradshaw. I'm a resident of the City
10 of Orange.

11 (Whereupon, Laressa Bradshaw is
12 sworn.

13 MS. BRADSHAW: May I continue?

14 MR. CUNNINGHAM: Please.

15 MS. BRADSHAW: Thank you. My husband,
16 Mr. Bradshaw, and I have been residents of Orange
17 for 30 years and we probably have one of the larger
18 homes in Orange, so we pay some of the highest
19 taxes. I go to council meetings and I also had the
20 opportunity of working in the city's clerk office
21 in the year 2013 and 2014 and some of the reasons I
22 did that was to try to find out exactly what the
23 issues are in Orange with the lack of my concern
24 for mismanagement. It's been this way for many,
25 many years. So, we can't talk about the current

1 administration and the current conflict as much as
2 the historical issue of Orange.

3 If you do agree to do this today,
4 sir -- by the way, my background is Wall Street
5 financial, so I know the numbers and the numbers
6 are scary. My tax rate is 4.49. Should I say it
7 again? We're one of the poorest cities, Orange, and
8 we have one of the highest taxes in the entire
9 United States of America.

10 With the mismanagement we don't have
11 -- if you look at the audits for the last eight
12 years we are lacking in internal control and we do
13 not have a current business administrator. Those
14 two things alone will tell you it's probably not
15 running as efficiently as the city would run.

16 So, Mr. Feld cited things that are
17 true and I'm not going to repeat all the things he
18 said, but if this budget goes in there probably
19 will be another tax increase for the citizens of
20 Orange.

21 I also would say that if someone
22 could put some conditions on every management
23 decision made with money and watch our money for us
24 and help the citizens of Orange be better fiscal
25 managers of money, that's where we are. We're

1 following the money trail. I'm on the CBAC this
2 year which is the citizens budget advisory
3 committee which is appointed by the council
4 members. On that committee we analyzed the audits
5 for the last eight years, line by line at night in
6 bed instead of watching the last ship and then we
7 also do some other things like help train the
8 community on understanding what's happening to our
9 town. I'm a community activist and at this point,
10 sir, I don't think we're going to do very well with
11 our management unless we get more full time
12 employees.

13 Our director of finance, Mr. Mapp, is
14 the mayor of Plainfield, an honorable thing, but it
15 takes a full time attention to run our town. We
16 don't have full time attention on that.

17 Our deputy BA is in litigation for
18 three years and he doesn't come to work that often.
19 I work there. I'll swear to that again. We also
20 have lots of issues like this where we don't have
21 what I call a lack of -- if you're not at the job,
22 you're not running the city. So, if I were to be
23 an auditor as I did for AIG and Chubb and Son and
24 some other companies with financial knowledge, I
25 will tell you I would not -- I would probably

1 follow Mr. Mapp, Mr. Willis Edwards every day to
2 make sure they come to work and make sure they
3 manage our town well. It's not happening.

4 I did the OPRA and Frank Caruso, he
5 gave me a lot of like kudos for making sure all the
6 OPRA's in Orange were done on time and I stayed for
7 hours to do that, sir. We often do not have our
8 transparency. Records are not given when council
9 members ask. Salaries are increased. People are
10 hired that we don't even know and there's many
11 relatives going on in Orange. I don't want to hurt
12 my city, but I do want to watch my tax dollars. I
13 don't want to hurt anyone that's here, but I'm
14 expecting fiscal management.

15 We pay \$22,000 in a town with very
16 little service. We had four shootings this year. I
17 don't know why we have 11 firemen. We need to have
18 eleven more police officers. So, that one miffs me
19 a little bit. I'm very, very concerned about my
20 town and I've never done this before, but I have
21 reports and documents we can send.

22 I called your office two days ago,
23 sir, to try to make an appointment with you to sit
24 down and talk about what can a taxpayer do to
25 protect her money, follow good fiscal management

1 and just come to work. It's not good for you to
2 think we don't care in Orange. I'm representing
3 about 300 citizens who have been on an e-mail list
4 with us for at least seven months. I do go home
5 and report back to CBAC members and report to about
6 300 citizens. I expect and demand fiscal
7 management at this point in my life in Orange. We
8 can't keep giving money and then not watching where
9 the money goes and then come back to you. You're
10 right, sir, from being in fiscal management for
11 many years on Wall Street many of these things
12 could be managed well.

13 If you look at the audit, we're not
14 collecting money as we should for our parking
15 meters. We don't have parking meters that work.
16 We're not collecting money from -- audit monies are
17 missing in our recreation department. Monies don't
18 get turned in in the court area and this is not a
19 secret because it's in the audit. I'm not saying
20 anything that all of us couldn't read and
21 understand. That is my concern and I thank you
22 ladies and gentlemen for your time.

23 MR. CUNNINGHAM: We thank you for your
24 time. Others from the public who wish to address
25 the board at this time? Good morning, sir.

1 MR. JOHNSON: Good morning.

2 MR. CUNNINGHAM: Introduce yourself
3 and be sworn in.

4 MR. JOHNSON: Harold Johnson,
5 councilman in the west ward in Orange, New Jersey.

6 (Whereupon, Mr. Johnson is sworn.)

7 MR. CUNNINGHAM: Good morning,
8 councilman.

9 MR. JOHNSON: Good morning. It's
10 very interesting participating in this meeting this
11 morning. I just finished my first year as
12 councilman in Orange. So, It's a great learning
13 curve and I do attend quite a bit of DLG events
14 where I can learn about budgets and so forth and
15 one of the things I picked up on in some of the
16 budget sessions is how municipalities can close out
17 a year in the current budget season and they
18 already are forecasting the next thing. So, it's
19 like a three year cycle and it's mind boggling to
20 me if that's the form that municipalities fall
21 under, why does the Township of Orange have to
22 struggle with picking up their bootstraps every
23 budget season when the people we hire in our town
24 should be able to grasp on that concept. I want to
25 sit down and tell everybody today that the two

1 residents that spoke from the audience today, I
2 fully agree with them 100 percent and I sit on the
3 council and it's not that it's a wall between
4 council and administration. A lot of council
5 members, including myself, feel we need to get a
6 better grasp on how we do our finances.

7 So, I just wanted to state on the
8 record as a counsel person in Orange, the two
9 people that represented the residents I would like
10 to state that their statements, I agree with them
11 100 percent. Thank you.

12 MR. CUNNINGHAM: Thank you, very much.
13 Good morning, sir.

14 MR. COLAY: Good morning.

15 MR. CUNNINGHAM: Introduce yourself
16 and be sworn in.

17 MR. COLAY: Gary Colay, councilman in
18 the east ward.

19 (Whereupon, Gary Colay is sworn.)

20 MR. CUNNINGHAM: Councilman, please.

21 MR. COLAY: How are you today, Mr.
22 Cunningham?

23 MR. CUNNINGHAM: Very well, thank you.

24 MR. COLAY: I too agree with the
25 comments that were previously made and I just have

1 an issue -- well, more a question. When the budget
2 is not adhered to, who can we come to? Who can I
3 direct those questions to?

4 MR. CUNNINGHAM: Councilman, just as
5 a comment, the board won't accept public comments
6 similar to your council meeting. It's not a back
7 and forth.

8 MR. COLAY: Yes.

9 MR. CUNNINGHAM: In this instance with
10 regard to this specific question you can reach out
11 through my office and we have a division within a
12 group of individual government services which
13 handles municipal budgets and financial
14 regulations. That would be the party that would be
15 best equipped to address those types of issues.
16 So, certainly they can come in to my attention
17 which, you know, I could either get you a card for
18 some relief or my contact information is on the
19 division's website and you can address
20 correspondence to me.

21 MR. COLAY: Okay. That's it. Thank
22 you.

23 MR. CUNNINGHAM: Okay. Thank you.

24 MS. EASON: I'm sorry to keep you a
25 little longer.

1 MR. CUNNINGHAM: That's okay. The only
2 thing I ask is that once again you introduce
3 yourself and be sworn.

4 MS. EASON: Tency Eason. T as in Tom,
5 e-n-c-y E-a-s-o-n. I've been a councilwoman for --
6 this is my fourth term for the City of Orange and
7 I'm speaking for the people. I know some of the
8 other council people here they do not represent the
9 council or all of the council members. I'm here
10 representing the citizens, the residents of Orange.
11 Mr. Feld who was here earlier does not own or pay
12 taxes in our city, so let me make that very clear.
13 We are struggling as a city as all cities in New
14 Jersey are today. We have put stopgaps in place to
15 correct the ills of the past and we're trying to
16 move this city forward. So, I'm hoping today that
17 you guys will pass this budget.

18 We have done our due diligence. We
19 have spent numerous hours and weeks in the city
20 chambers meeting with all of the directors making
21 sure the budget is reflective of what our city
22 needs. Someone needs to reevaluate the tax appeal.
23 We did a reevaluation to slow down the tax appeal.
24 So far it has done that and the reason we did the
25 re-eval was to slow them down because we were

1 getting too many. So, we haven't had that many as
2 of yet. The YWCA is a different issue. It's not a
3 part of what you're dealing with today. We had a
4 tax sale that we thought we could get some money,
5 but somebody interfered with that. I don't want to
6 go to into any allegations of who did that. If you
7 heard the comments you can probably surmise who did
8 that. We're trying to -- Mr. Feld has cost us so
9 much money in lawsuits and right now he's 13 to
10 zero. He has one none of them.

11 MR. FELD: What?

12 MS. COLAY: If you want to talk about
13 the money that's being spent, talk about the money
14 we're spending and spending off his lawsuits. I
15 was at one yesterday. So, this is where we are
16 today and I just ask you guys just to stay focused
17 on what we're trying to do. We've had a lot of
18 violence lately in our city. We don't have enough
19 police officers and we try to correct that. In
20 fact, I had two young men shot right next door to
21 my house and I'm a councilwoman. So, we need to
22 move this city forward. The only way we can do
23 that is if we get a budget. If we don't get this
24 budget passed then we're right back. Our streets
25 are unsafe. Our residents are unsafe and we don't

1 have the leeway to do what we need to move on
2 Orange forward.

3 We are facing some challenges, I will
4 admit that, but we need a budget to do that and the
5 people in Orange, our finance department our budget
6 consultants we spent numerous hours with him and we
7 pay him because he has the expertise to do what we
8 need to do. We're not financial people. We give
9 input, but he gives the guidelines to make sure
10 that our budget meet its needs and that we have the
11 money to do what we need to do. So, I'm hoping
12 that you guys, I'm trying to be the voice of reason
13 that you guys will understand. Yes, we do have
14 issues just like every other city, but the City of
15 Orange is trying hard to work through them and move
16 them forward. Even though we don't have a business
17 administrator, we continue to do business for the
18 city and even though our finance director is mayor
19 of another time, he's still the finance director
20 and he works through those issues with us.

21 So, if I have one thing to say, I'm
22 praying to God and I said a prayer before I got
23 here, that you guys will help us in our need to
24 move our city forward. Thank you.

25 MR. CUNNINGHAM: Thank you very much.

1 Seeing no one else seeking to make a public
2 comment, I'll ask the applicants to once again
3 appear.

4 I think it's pretty obvious that the
5 township has some significant financial issues
6 before it. We have 565 municipalities in the State
7 of New Jersey. Only a handful of them are on the
8 transitional aid. I don't have an application
9 before the board for transitional aid form Orange
10 nor do I believe I have either the finance or
11 staffing resources to undertake a more in-depth
12 oversight than we already do.

13 I do acknowledge that some of the
14 issues being faced by Orange are endemic of a lot
15 of urban municipalities. There are issues that
16 seem to be occasionally self-induced that
17 potentially cost money by just -- you know, maybe
18 again it could be from prior administrations, but
19 I'm not passing judgment on anybody appearing in
20 front of this body today, but it's clear there's
21 issues going on in Orange.

22 Nevertheless I need to get to the
23 point where Orange has a budget to move forward
24 with. Many towns in New Jersey don't necessarily
25 adhere to the local finance notice. I don't think

1 that's a secret, but we do stay very close to those
2 that do not introduce and adopt according to the
3 schedule and we kind of do a little bit of extra
4 hand holding and I think the team here is starting
5 to do that and just by virtue of the fact that this
6 appropriation waiver has been considered thus far.

7 I am going to take the initiative of
8 making a motion to approve the appropriation CAP
9 wavier today. I'll make that motion. I'm not going
10 to include conditions on that motion at this time,
11 but I will just say, you know, out loud and
12 publicly I am worried about the City of Orange
13 Township. I do think it's going to reach a point
14 in the very near future, I think maybe through the
15 CFO we're going to need to have a meeting to talk
16 about making sure that we're in a better position
17 next here. I think you addressed a reason we will
18 not be, but just given some of the challenges the
19 city is facing, I think I would prefer to get a
20 little bit ahead of the curve than stay behind it.
21 So, I'm going to make a motion now and I'll ask a
22 for a second from my colleagues.

23 MS. RODRIGUEZ: Second.

24 MR. CUNNINGHAM: Thank you, Adeda.

25 And then you will likely be hearing from this

1 office about coming in and having a more in-depth
2 conversation about where we go from here. So, we
3 have a motion and second on the table and I will
4 ask the executive secretary for a roll call.

5 MS. PARKIN McNAMARA: Mr. Cunningham.

6 MR. CUNNINGHAM: Yes.

7 MS. PARKIN McNAMARA: Miss Rodriguez.

8 MS. RODRIGUEZ: Yes.

9 MS. PARKIN McNAMARA: Mr. Blee.

10 MR. BLEE: Yes.

11 Ms. Parkin McNAMARA: Mr. Light.

12 MR. LIGHT: I'm voting yes, but I want
13 to make the comment that the director said, we
14 understand there are problems in Orange. Turning
15 down this application is not going to help those
16 problems at all. Voting for the application means
17 that you still need some help and I'm sure the
18 director and his people are going to work with you
19 to get that. So, voting against it is not the
20 option here today that will help Orange, so I vote
21 yes.

22 MR. LERCH: Thank you very much and we
23 really appreciate the input.

24 MR. MAPP: Thank you. Thank you.
25 Thank you.

1 MR. CUNNINGHAM: Thank you. I believe
2 there's an application that has not been deferred
3 from Kearny.

4 MR. McMANIMON: Thank you. Ed
5 McManimon from McManimon, Scotland and Baumann. Our
6 firm is the bond counsel to the Town of Kearny and
7 with the indulgence of the board, it has been
8 suggested and I don't want to make it as a
9 recommendation that was made to the township to
10 defer this application at least until next month.

11 They're a qualified bonds act
12 community. Their debt is pretty low, 1.7 percent.
13 The leverage with the qualified bonding revenue is
14 almost three to one and these are park improvements
15 that are critical to the core part of the town.
16 So, they made this application with the
17 understanding that they were planning to go out to
18 bid on a particular one of the projects in here
19 which unless they do this, they can't fix Gunnel
20 Oval Park which has a bunch of environmental
21 problems which will be financed through the
22 environmental construction trust. The suggestion to
23 defer this was because the transition aid has not
24 been determined yet. The actual tax impact on this
25 project is \$12.50 on an average home, but the

1 difference in transition aid between what they got
2 last year and what they might get this year could
3 be as much as a couple of hundred dollars on an
4 average home and the suggestion by the staff here
5 was to defer this so that that number was known and
6 at least presented publicly to the people in Kearny
7 before to they agree to add what was described from
8 a budget perspective as a discretionary item of the
9 parks. They believe it's a critical and not a
10 discretionary item and I said that's a budget term.

11 In any event, I'm here to at least
12 present this with the understanding that I think
13 the request is going to be made to defer this and
14 if that is the case, instead of answering further
15 questions, I'll have the people from the town come
16 next month to deal with this assuming the
17 transition aid has been done. That's my
18 understanding of where we are.

19 MR. CUNNINGHAM: Yeah, that's right,
20 Mr. McManimon and I appreciate those comments and
21 just for the record I am the person that is
22 requesting and recommending deferral. Kearny has
23 significant budgetary issues. They have a
24 structural budget imbalance that necessitates the
25 need for transitional aid. If they could afford the

1 parks and police and fire they wouldn't even be
2 here in front of us for transitional aid, but as
3 long as that number remains outstanding, the
4 citizens of Kearny cannot possibly know what the
5 impact to their tax rate is going to be. It could
6 vacillate anywhere between zero and over \$400
7 depending on whether they got the full amount of
8 transitional aid or no transitional aid or an
9 increase in transitional aid. I am in no way
10 suggesting they are going to get zero transitional
11 aid. I'm merely suggesting that the city does not
12 know or the town does not know what that amount is.
13 Therefore, the taxpayers cannot know what the
14 impact on the tax bill is. So, to put another
15 \$12.74 on what could be a substantial number I
16 think is imprudent at this time.

17 Again, I know the town feels that
18 these projects are mandatory and I'm sure that from
19 a recreational standpoint it would be very nice. I
20 once again reiterate that the city cannot afford
21 everything that it has and is doing or otherwise
22 they would not be in the transitional aid program.

23 I will further note for the record
24 that the division asked the town to decrease their
25 request. We explained that we have more request

1 for transitional aid than we had money to allocate.
2 The response from Kearny was an e-mail reducing
3 their request by \$100,000 with no additional
4 explanatory detail such as that I got from more
5 substantial deductions from other towns which make
6 it difficult for the staff to kind of analyze how
7 they got to their \$100,000 request which means
8 we'll go and do the heavy lifting and figure out
9 what the right amount of transitional aid is.

10 So, with that I am not prepared at
11 all to hear this application today. Rather than
12 vote it down just to be abstinent I would suggest
13 to my colleagues that this matter don't have a
14 motion or second and we table this and I would
15 suggest that the town return in August after the
16 transitional aid numbers are out and I think then
17 we can have a more robust and fulfill conversation.

18 MR. McMANIMON: Thank you.

19 MR. CUNNINGHAM: We will move then to
20 the Township of Irvington.

21 MR. McMANIMON: I will be presenting
22 that. I believe that Shree Faheem (phonetic) is not
23 coming. Primarily this is an amendment for
24 purposes of an ordinance that had previously been
25 approved by the local finance board in December of

1 last year. It's a multiple purpose ordinance. They
2 were amending the descriptions of some of the
3 purposes in there without changing any of the
4 amount totals. So, there's no impact on their
5 debt. It doesn't change any of the issues that
6 were involved in the analysis of the qualified bond
7 act revenues versus debt. They simply changed the
8 descriptions and numbers to some projects and
9 evened it out, so in the end they wound up with the
10 same appropriation and the same amount of debt, but
11 because it's a qualified bond act community we
12 can't adopt that ordinance unless this board says
13 it's okay.

14 MR. CUNNINGHAM: So, to that point I
15 went back and with Pat's help I went back and read
16 the transcript from the time. So, I haven't been
17 here, so now I do understand the fact that a couple
18 of proposed uses were taken out and replaced and,
19 you know, netted out evenly. So, I think I have
20 enough understanding to move this application
21 forward today and again, I apologize to my
22 colleagues on the board, I have been a bit remiss
23 in asking anyone else if they had questions or
24 issues. This one I think I understand and am
25 prepared to take action on, but I just didn't want

1 to do so without seeing if any of the members of
2 the board had any other questions or comments.

3 MS. RODRIGUEZ: No.

4 MR. CUNNINGHAM: Okay. So, hearing
5 none I will ask for a motion and a second to
6 approve this application.

7 MR. LIGHT: I move it be approved.

8 MR. BLEE: Second.

9 MR. CUNNINGHAM: Thank you,
10 gentlemen. Take a roll call, please.

11 MS. PARKIN McNAMARA: Mr. Cunningham.

12 MR. CUNNINGHAM: Yes.

13 MS. PARKIN McNAMARA: Miss Rodriguez.

14 MS. RODRIGUEZ: Yes.

15 MS. PARKIN McNAMARA: Mr. Blee.

16 MR. BLEE: Yes.

17 MS. PARKIN McNAMARA: Mr. Light.

18 MR. LIGHT: Yes.

19 MR. McMANIMON: Thank you.

20 MR. CUNNINGHAM: Thank you. Next
21 before the board is the City of Union City.

22 (Whereupon, Susan Colditz, Sylvia
23 Albato and Dan Marinello are sworn.)

24 MR. McCAY: Good morning. My name is
25 Jeff Winitzky. I'm bond counsel for the City of

1 Union City. We have several members of the city as
2 well as from the board of education with us today
3 and the city financial advisor. I'll let them
4 introduce themselves.

5 MS. COLDITZ: I'm Susan Colditz. I'm
6 CFO for the City of Union City.

7 MS. ALBATO: I'm Sylvia Albato,
8 superintendent of the Union City schools.

9 MR. MARINELLO: Dan Marinello, NW
10 Financial FA to Union City.

11 MR. CUNNINGHAM: Thank you very much.
12 I appreciate your appearance today. Jeff, do you
13 want to kind of introduce the application.

14 MR. WINITSKY: We're here today for
15 three reasons all in connection with the
16 construction of an addition, renovation,
17 enlargement of the Gilmore School in the City of
18 Union City. It's a large project, an ambitious
19 project. The total cost is approximately \$38
20 million which is why we're looking to finally adopt
21 a bond ordinance for which we're seeking approval
22 and consent from the local finance board to do for
23 three purposes.

24 The first is a waiver of down payment
25 for the bond ordinance. In this case we're seeking

1 waiver of that down payment because it would be
2 approximately \$1.9 million which is obviously an
3 extremely high number for the city. It's more than
4 is currently available and we believe that this is
5 a public purpose for which the local finance board
6 would provide consent for that waiver.

7 The second is to issue a qualified
8 bond under the municipal qualified bond act and
9 lastly utilizing nonconforming maturity schedule
10 due to some unique factors for the school district
11 in particular.

12 I can go through each one if you
13 would like or if you have direct questions. I know
14 we had some discourse on this application prior to
15 today.

16 MR. CUNNINGHAM: Yeah, Jeff, thank
17 you and that's one of the things that I want to get
18 on the record the fact that the local finance board
19 staff has spoken to both counsel and their
20 financial adviser. I think the one thing that
21 should be put on the record deals specifically with
22 the nonconforming maturity schedule and the fact
23 that the school is currently leasing property. So,
24 I don't know maybe just for the benefit of the
25 other board members and for the record if you can

1 just maybe expand on that a little bit.

2 MR. WINITSKY: Sure. We were looking
3 to utilize the nonconforming maturity schedule not
4 specifically with the two, but for the one
5 limitation, but with respect to deferring
6 principal. The reason for that is that while we're
7 gearing up for construction the board of education
8 is currently leasing space for its students. We
9 didn't want to pay both debt service and lease
10 payments in the same years. So, that's why we're
11 sort of looking to push that until 2017. That's
12 the only reason for the nonconformance.

13 MR. CUNNINGHAM: Thank you. The only
14 thing that the board through its staff had
15 discussed was we wanted to ensure that there was in
16 fact commitment on behalf of the school district or
17 support both in general and in more specific terms
18 is the fact that action was taken. We received
19 various documents and it appears debt was there,
20 but again we appreciate the appearance. Maybe if
21 you want to talk a little bit about the high level
22 for the need for the school and the district
23 support for this particular project.

24 MS. ALBATO: If I may, the Union City
25 School District is a nationally recognized high

1 achieving urban district. Actually we had a
2 professor from the University of Berkeley and
3 scholars from the New York Times best sellers. We
4 have been getting over the last five to six years
5 an enormous amount of students coming into the
6 district, an average of 350 students per year.

7 Those of you who are educators or
8 have children in school that is an elementary
9 school. We are opening a new school this September
10 so we can keep up with the demands. Obviously
11 there's a big commitment from the district. We
12 currently lease several facilities because we don't
13 have the space and again to have an educational
14 system as recognized that is high achieving we want
15 to continue with those facilities that are eligible
16 for top quality education.

17 MR. CUNNINGHAM: Okay. Thank you very
18 much and the last question actually which I think
19 is a fairly significant one, I'll address it to
20 counsel and we talked about this, but just again I
21 think it needs to be put on the record. Given the
22 current makeup of the city's council, it does not
23 appear that the requisite majority would be able to
24 take a vote when it comes time to issue the bond.

25 MR. WINITSKY: That is correct.

1 MR. CUNNINGHAM: In light of that I
2 know you and I had spoken about the potential use
3 of the doctrine of necessity and I was just hoping
4 that you could address the board a little bit there
5 and I think we would request an opinion from your
6 firm on this appropriate use.

7 MR. WINITSKY: Yeah, the reason we do
8 not have the vote is as a result there are several
9 members of the council who are also on the board of
10 school estimates and there's one member who's also
11 on the board of education. We understand that. We
12 recognize that. To solve for that issue we intend
13 to and plan to invoke the doctrine of necessity.
14 To do so the city will appropriately adopt a
15 resolution invoking that doctrine explaining the
16 rationale for invoking the doctrine. In this case
17 obviously we believe that it's an absolutely
18 critical significant necessity and its presence of
19 an important public issue which are some of the
20 criteria for invoking the doctrine.

21 Here obviously as the superintendent
22 had alluded to we have a rapidly increasing pace of
23 students. We need these facilities. We don't
24 believe there is going to be an issue with respect
25 to invoking the doctrine and after the passage of

1 time obviously conducting the vote. So, we plan to
2 address that appropriately and if the board would
3 like an opinion from the solicitor on this issue
4 and the appropriateness of utilizing it we'll be
5 happy to provide it.

6 MR. CUNNINGHAM: I'll defer to you and
7 your colleagues that represent the city as the
8 solicitor who that opinion should come from.

9 MR. WINITSKY: Sure.

10 MR. CUNNINGHAM: But, we would request
11 that prior to that resolution authorizing the
12 doctrine of necessity if you could just send us an
13 opinion letter we'll put that in the file along
14 with the application. So, I will then ask if any
15 of my colleagues on the board have any additional
16 questions or concerns about this application.

17 MS. RODRIGUEZ: I have a comment. I
18 want to commend the city because coming from an
19 urban center myself and having an influx of
20 residents on a yearly basis come in and having
21 children attend structures that are a hundred years
22 old plus, so I think the aesthetics of a building
23 is very important for the development of education
24 especially for a child. So, I think it's a step in
25 the right direction and so I want to commend the

1 superintendent.

2 MS. ALBATO: Thank you very much. We
3 have a large group of immigrant students that are
4 coming into the district so you do want to provide
5 the best educational opportunity possible.

6 MR. CUNNINGHAM: Any other questions
7 or concerns? Hearing none motion to approve.

8 MR. BLEE: Motion to approve.

9 MR. CUNNINGHAM: Thank you.

10 MS. RODRIGUEZ: Second.

11 MR. CUNNINGHAM: May we please take
12 roll call.

13 MS. PARKIN McNAMARA: Mr. Cunningham.

14 MR. CUNNINGHAM: Yes.

15 MS. PARKIN McNAMARA: Miss Rodriguez.

16 MS. RODRIGUEZ: Yes.

17 MS. PARKIN McNAMARA: Mr. Blee.

18 MR. BLEE: Yes.

19 MS. PARKIN McNAMARA: Mr. Light.

20 MR. LIGHT: Yes.

21 MR. CUNNINGHAM: Thank you very much.

22 MR. WINITSKY: Thank you very much.

23 MR. CUNNINGHAM: Next up before the
24 board is the Town of West New York on the refunding
25 bond ordinance. Good morning. I just ask that you

1 introduce yourself and be sworn in those that are
2 not counsel.

3 MR. MAYER: Bill Mayer with Decotiis,
4 Fitzpatrick and Cole. To my right is Gary Higgins.

5 MR. HIGGINS: I'm the town auditor.

6 MS. CHERONE: Marge Cherone,
7 C-h-e-r-o-n-e, CFO.

8 MR. WHAKINS: Pat Whakins,
9 W-h-a-k-i-n-s, business administrator.

10 (Whereupon, Gary Higgins, Marge
11 Cherone and Pat Whakins are sworn.)

12 MR. CUNNINGHAM: I will ask,
13 Mr. Whakins, is it better or worse on that side of
14 the table?

15 MR. WHAKINS: Much better. Much
16 better.

17 MR. CUNNINGHAM: Better over there?

18 MR. WHAKINS: I give you credit. I
19 applaud you for leading this ship.

20 MR. CUNNINGHAM: Well, I acknowledge
21 your time in this chair and your service.

22 MR. WHAKINS: And I'm sweating right
23 now because I'm having déjà vu sitting where you
24 are. So, I'm a little tongue-tied. I'm waiting to
25 be called to the eighth floor.

1 MR. CUNNINGHAM: Then I will be sure
2 to go easy on you. We'll allow your counsel to make
3 the application to the board.

4 MR. MAYER: What comes around goes
5 around.

6 MR. CUNNINGHAM: We're in good shape.

7 MR. MAYER: Good morning. Bill Mayer
8 again with Decotiss, Fitzpatrick and Cole, bond
9 counsel for the Town of West New York. We're
10 before you today for \$1,690,000 refunding bond
11 ordinance to refund prior years tax appeals.
12 They're asking for a three-year payback and an
13 average cost of \$63 a year and also we want that
14 approved under the qualified bond act and we're
15 also asking for approval of \$1,235,000 road
16 reconstruction bond ordinance funded in part by
17 310,000 in grants and the balance in bonds and
18 notes. It's a request for an approval of the
19 refunding bond ordinance and a request for approval
20 under the qualified bond act and refunding bond
21 ordinance and new money road reconstruction
22 ordinance.

23 MR. CUNNINGHAM: Thank you. So,
24 starting with the new money ordinance, the various
25 road improvements and you may have said it, but I

1 just want to make sure it's acknowledged or put on
2 the record there's grant amounts of about 25
3 percent of the project cost.

4 MR. MAYER: Correct.

5 MR. CUNNINGHAM: And the position of
6 the applicant is that there is an obvious need for
7 a down payment.

8 MR. MAYER: Correct.

9 MR. CUNNINGHAM: On the tax appeal
10 refunding again just to reiterate, you may have
11 already said it, the applicant is seeking three
12 years on this which would make the impact on the
13 average assessed home \$63 as a kind of matter of
14 policy for lack of a better word the board normally
15 requires at least a \$50 impact and I think \$63 is
16 perfectly acceptable there and then I know, Pat, by
17 virtue of you being here, I don't know if the
18 division has been working to try to ensure that the
19 timely receipt of financial disclosure statements
20 have been made, I know that you had correspondence
21 and discussions with the staff about the town's
22 efforts thus far and I don't know if you want to
23 put anything on the record in that regard.

24 MR. WHAKINS: The town has been very
25 diligent, particularly the clerk and if anyone

1 knows her knows she's extraordinarily diligent to
2 make sure that people submit their forms properly
3 and certainly as a former director it's important
4 that these forms be completed. I think that I
5 applaud the new system that you have, but even I
6 found difficulties with it for my own submissions.
7 So, I think there's some of that, but I do want to
8 say for the record that those that are outstanding
9 have no affiliation with the town anymore. They're
10 not on any boards. They're not -- there's two
11 attorneys there that aren't engaged in the town in
12 any manner and there's a planner there that we
13 can't even find him. The firm is out of business.
14 So, I know what the board does with that kind of
15 situation frankly where there is no relationship
16 any longer, but this was for 2015 and there's still
17 a requirement, but anybody else that had any
18 relationship and frankly there was only one that
19 was on the list that was originally given to me
20 that had a relationship and immediately I pulled
21 out my thumbscrews here and applied them
22 consistently in those forms and everything is
23 reconciled.

24 MR. CUNNINGHAM: Thank you for your
25 diligence on that. We do appreciate it. Okay. Any

1 of my colleagues have any questions or concerns of
2 the applicant.

3 MR. BLEE: No.

4 MR. CUNNINGHAM: I'll take a motion
5 to -- do you want a separate motion?

6 MS. PARKIN McNAMARA: No.

7 MR. CUNNINGHAM: We'll take a motion
8 then to approve the application.

9 MS. RODRIGUEZ: Motion.

10 MR. BLEE: Second.

11 MR. CUNNINGHAM: Motion Miss
12 Rodriguez, second, Mr. Blee and Pat, would you
13 kindly take roll call.

14 MS. PARKIN McNAMARA: Mr. Cunningham.

15 MR. CUNNINGHAM: Yes.

16 MS. PARKIN McNAMARA: Miss Rodriguez.

17 MS. RODRIGUEZ: Yes.

18 MS. PARKIN McNAMARA: Mr. Blee.

19 MR. BLEE: Yes.

20 MS. PARKIN McNAMARA: Mr. Light.

21 MR. LIGHT: Yes.

22 MR. MAYER: Thank you very much.

23 MR. CUNNINGHAM: Thank you. We'll
24 next hear the application from the Passaic Valley
25 Water Commission.

1 MR. EICHENBAUM: Good morning, Howard
2 Eichenbaum from the law office Gluck Walrath, bond
3 counsel to the commission. To my right is Dennis
4 Enright, CFO; Dan Marinella from NW Financial,
5 financial adviser.

6 (Whereupon, Dennis Enright affirms
7 and Dan Marinella affirms.)

8 MR. EICHENBAUM: Thank you for seeing
9 us this morning. We are here for the Passaic
10 Valley Water Commission for a not to exceed a
11 twelve and a half million dollar refunding bond
12 series 2015. It is anticipated that this bond will
13 refinance the outstanding 2005 series revenue bond
14 and also the 2007 C series of bond.

15 These bonds have a combined savings
16 of about 4.8 percent. Both series individually
17 have savings over three percent. The savings are
18 approximately 40 to 50 million dollars a year. The
19 actual amount is somewhere closer to ten and a half
20 million dollars. We have it at 12 and a half just
21 in that case there is a necessity to increase the
22 amount. Let's see what else. This is a very simple
23 application.

24 The commission has gone through the
25 process of doing our fee for underwriter which we

1 will soon be selecting. I think that the requisite
2 approvals were sent down subsequent to the
3 application. Again, this is a level savings for
4 each series of bonds. If there are any questions
5 we'll be happy to take them.

6 MR. CUNNINGHAM: Thank you. I think
7 the most interesting portion of this application
8 was the supplemental questionnaire. I think that
9 some of the information contained therein in terms
10 of some of the raises that are given on a yearly
11 basis, the number of vehicles and things like is
12 very concerning to this board or at least this
13 chairman. However, I do think that this particular
14 financing is in the best interest of the
15 commission's ratepayers because it not only meets,
16 but exceeds the savings which is something that the
17 water commission can certainly explore.

18 Because of the holiday weekend I
19 didn't have a chance to kind of dig in on this and
20 I don't want to prevent the opportunity for these
21 savings to be realized. So, what I am prepared to
22 do is I'll make the motion to issue positive
23 findings in this regard, but I would ask that the
24 commission prior to -- if you're going to submit
25 another application to come before the board this

1 year, I will ask that you schedule a meeting first
2 so we can discuss those concerns, but I don't think
3 that those concerns, while as serious as they may
4 be on my behalf and presumably on behalf of my
5 colleagues, I don't think that they should prevent
6 the ratepayers and customers from seeing the saving
7 on these bonds.

8 So, with that caveat in mind I'll
9 make that motion, but again, if there's other
10 comments or questions, please feel free to do that
11 before we have a vote.

12 MR. LIGHT: I just have a comment on
13 the total cost of issuance. In other words, those
14 amounts cause me to stagger and stutter and I go
15 home looking to see if I can find a drink on the
16 way home or whatever it is, but \$250,000 for
17 \$12 million issue for me seems to be way higher
18 than what it should be. I'm looking at 4057.

19 MR. CUNNINGHAM: Mr. Light makes a
20 good point.

21 MR. LIGHT: I think we got to look at
22 some of these towns because the higher percentage
23 of the actual cost of issuance than it should be.

24 MR. CUNNINGHAM: To that end with
25 respect to improvement authorities the division is

1 undertaking a survey to identify what is being
2 charged. So, we mentioned this is in front of the
3 public before to try to identify who the outliers
4 are. I think some of the information that we
5 gleaned from that improvement authority survey
6 could be useful in regard for various other issues
7 and commissions.

8 So, with that said, you know, this
9 board is going to continue to take a look at cost
10 of issuance. The other thing I will note and I
11 will just say to the applicant is I know these are
12 estimated, but I do agree with Mr. Light I think in
13 certain instances they're significant. So, I would
14 not expect they will not come in as high as the
15 estimates that are listed in the application, but I
16 do thank Mr. Light for that comment because I think
17 it is very, very accurate.

18 So, again having the motion on the
19 table we're still seeking a second.

20 MR. BLEE: Second.

21 MR. CUNNINGHAM: There's a second
22 from Mr. Blee and I will ask for a roll call.

23 MS. PARKIN McNAMARA: Mr. Cunningham.

24 MR. CUNNINGHAM: Yes.

25 MS. PARKIN McNAMARA: Miss Rodriguez.

1 MS. RODRIGUEZ: Yes.

2 MS. PARKIN McNAMARA: Mr. Blee.

3 MR. BLEE: Yes.

4 MS. PARKIN McNAMARA: Mr. Light.

5 MR. LIGHT: I will vote yes

6 reluctantly so because of my concerns about the

7 cost.

8 MR. CUNNINGHAM: Okay. Thank you and
9 again before another application comes before this
10 board I'd like to sit down and have a conversation
11 with you.

12 The next matter before the board is
13 the Union County Improvement Authority.

14 MR. SULLIVAN: Dan Sullivan.

15 MR. CUNNINGHAM: Good morning. Ed
16 McManimon from McManimon, Scotland and Bauman. I
17 think the other two of the gentlemen have to be
18 sworn in.

19 (Whereupon, Dan Sullivan, Jonathan
20 Williams and Dan Enright are sworn.)

21 MR. McMANIMON: To my left is Dan
22 Sullivan who is the executive director of the Union
23 County improvement authority. To my right is
24 Jonathan Williams who is the general counsel to the
25 authority and Dennis Enright from NW Capital who

1 is -- are you still with NW Capital?

2 MR. ENRIGHT: Yes. Yes.

3 MR. McMANIMON: -- who is the
4 underwriter on this transaction. The actual
5 application is for I should say is the borrower of
6 the money that's involved here is CIS and their
7 vice president, Terry Reed is in the audience if
8 necessary. If questions come she can answer them
9 if necessary.

10 This is essentially gap financing on
11 a much larger project and this is stage two of a
12 project that has a difficult history. The prior
13 phase came before this board prior to your tenure
14 and we received a positive finding in connection
15 with the efforts that we energized a section eight
16 project known as Oakwood Plaza. It's in Elizabeth.
17 This project expected certain funds to be provided
18 that were unavailable and so the borrower
19 approached the Union County improvement authority,
20 the County of Union is guaranteeing the amount that
21 is involved here and there is a backup subsidy
22 agreement with the City of Elizabeth for half of
23 the amount of the guarantee to the extent that
24 there is ever a call on the county guarantee that
25 City of Elizabeth subsidy agreement is not part of

1 the bond issue because the Union County guarantee
2 is sufficient.

3 The project, itself, has a structure
4 for this financing with multiple sources of funds
5 in addition to this. It doesn't need to be
6 reiterated unless it's necessary for purposes of
7 answering any questions, but the various sources of
8 funds, tax credits and money from HFA and other
9 places are part of this financing structure and
10 this gap is structured with basically current
11 interest bonds with a term bond at the end of the
12 portion of this and a capital appreciation bond
13 that we expected to be paid at the end of this
14 project either from refinancing or from the sale of
15 the project or whatever.

16 So, we have the people that have been
17 involved in this for a lengthy period of time more
18 than I have and more than our firm has to answer
19 any necessary questions you have, but we would ask
20 you to allow this to go forward with positive
21 findings.

22 MR. CUNNINGHAM: A couple of
23 questions, the application has made to do this deal
24 tax exempt, but if it doesn't go tax exempt, it's
25 going to wind up being taxable?

1 MR. McMANIMON: Yes. There has been
2 an application made for CAP allocation.

3 MR. CUNNINGHAM: To the treasury?

4 MR. McMANIMON: To the treasury. It's
5 believed to be likely granted, but there might also
6 be a taxable tail to this issue because of costs
7 and there's a lot of other complications to do a
8 tax exempt financing that may or may not make sense
9 in the context of all of the other components of
10 the project.

11 MR. CUNNINGHAM: I do think I would be
12 helpful for CIS to just put some comments on the
13 record regarding this particular project. So, if
14 you don't mind I would ask you to please be
15 introduced and sworn in.

16 MR. McMANIMON: Terry Reed.

17 (Whereupon, Terry Reed is sworn.)

18 MR. CUNNINGHAM: I just think it
19 would be beneficial for the board to hear, and I
20 haven't been to the site myself, but I have had
21 significant conversations both in this current
22 position and in a prior position that I've held
23 talking about this Oakwood Plaza project and
24 frankly just how unsafe it had been and I do know
25 that others from this department to include the

1 commissioner who have seen it both in its former
2 condition and its current and improving condition I
3 am told that it's significantly a transformative
4 project and I do think for the record it will be a
5 helpful to just have a discussion on how the
6 project has moved forward and what the ultimate
7 plan is.

8 MS. REED: Sure. Good morning. Again
9 my name is Terry Reed. I'm vice president of CIS
10 with a managing member of the barring entity. We
11 currently own and manage Oakwood Plaza which we
12 purchased in 2009. At that time it was, if not
13 the, probably one of the worse projects in the
14 County of Union in terms of drugs, gangs, guns and
15 damage, deferred maintenance from the prior owner.
16 We took it over. We were kind of asked by the city
17 and county. The prior owner wanted to sell the
18 property and we became involved.

19 At that point we had already been
20 working in the City of Elizabeth for about ten
21 years. The state has been involved in Elizabeth for
22 over 18 years doing urban redevelopment, affordable
23 housing and things of that nature. So, we took it
24 over in 2009.

25 As Mr. McManimon said some of that

1 financing we originally planned on from the state
2 did not materialize. So, we had to go to plan B
3 mode in order to do this substantial rehab and
4 reconstruction that we had always planned to do to
5 make this project safe.

6 Just to understand as it was when we
7 purchased it six walkup buildings, five stories
8 each, all families all section eight. Doors were
9 no longer able to be secured. Main doors to
10 building constantly left open. It was really one of
11 the worst projects I've ever been involve in and
12 I've been doing affordable housing for over
13 25 years.

14 So, since we have taken it over half
15 the site has undergone substantial rehabilitation.
16 One building was demolished. Two of the buildings
17 are one of the most gorgeous rehabs I've had the
18 pleasure of working on. Those buildings are safe.
19 They're secure. The residents that live in those
20 buildings now that have lived in the prior
21 buildings say it's night and day, the safety, the
22 lack of problems.

23 MR. CUNNINGHAM: Just so I understand
24 the architect was kind of able to transition from a
25 dormitory style building with a single entrance to

1 multiple entrances, but still using the same --

2 MS. REED: Correct. What we did, it
3 was a five story building on the first two
4 buildings. The first two stores became doorways on
5 the outside. Some of them are one level
6 apartments, some are two levels. So, it really put
7 eyes on the property. It makes it a much safer
8 feel. Floors three, four and five still enter
9 through the elevator, but there's much less use now
10 of the elevator and common hallways. There's
11 cameras everywhere. The cameras tie into the City
12 of Elizabeth Police Department. It's so much safer
13 it's unbelievable.

14 What these funds are here now to help
15 us do, there's three buildings remaining on this
16 site that we have yet to substantially rehab or
17 demolish and build new construction. These funds
18 will help us with two of those buildings. We have
19 one building left and we're constantly pursuing
20 additional finances for that.

21 What we are going to do with this
22 application is demolish and build new low rise
23 housing which is always the original intent until
24 the 20 million from the state did not materialize.
25 Does that help?

1 MR. CUNNINGHAM: It helps have much.
2 I just think, you know, we often see these finances
3 and they become somewhat perfunctory, you know,
4 more mechanical type of deal. I just thought it
5 would be beneficial what the money is ultimately
6 used for. So, I do thank you for that.

7 MR. SULLIVAN: Excuse me, Mr.
8 Chairman, I just want to comment, just back up on
9 Miss Reed's comments. Besides being the executive
10 director of the authority, I live in Elizabeth.
11 I've lived there all my life. I'm exceedingly
12 familiar with this site and the struggles the city
13 has had over the last 30 years with that site and
14 the crime and suffering that these people who have
15 lived there for many years have had to endure and
16 now it's really starting to turn around,
17 dramatically turn around for the people that live
18 there.

19 I supported this financing when I was
20 a freeholder in Union County going back several
21 years. So, I am just -- my comments are just as a
22 resident of Elizabeth where I still live and that
23 it would be a shame for this project to have to
24 stop because of funding. It has certainly been a
25 very difficult road to get it to where it is and

1 it's really -- with CIS's help and the city and the
2 county starting to turn the corner and it really
3 would be a shame to see it stop. As I said these
4 comments are from someone who has lived there their
5 entire life.

6 MR. McMANIMON: Just for the record
7 the funds that this is referring to that's going to
8 do all this is not the two million two here. It's
9 the 26 million that's available from these various
10 sources and this is closing the gap that completes
11 the source of funding to enable CIS to accomplish
12 what she said.

13 MR. CUNNINGHAM: So, that capital
14 includes HFA dollars. It includes New Jersey DCA
15 balance housing dollars. It includes some other
16 municipal, county and home funds.

17 MR. McMANIMON: Yes.

18 MR. CUNNINGHAM: Understood it's part
19 of the larger capital stock. Okay. Again, I think
20 the staff and again me in particular is familiar
21 with this application. Obviously I've done a
22 diligence prior to getting here today.

23 The only thing I would want to put on
24 the record and I'm not going to abstain is that in
25 my prior life I worked for a firm that represented

1 CIS or some components of CIS and I've been out of
2 that position for over ten years. I no longer have
3 any financial interest in the firm. I have no
4 dealings with CIS. I just want that to be on the
5 record. I certainly don't think there would be
6 anything to cause me to recuse myself. So, I am
7 planning on voting on this application.

8 So, with all of that being said I
9 will ask my colleagues if they have any questions
10 or concerns. If not we would certainly entertain a
11 motion to second.

12 MR. LIGHT: I'll move the application.

13 MR. CUNNINGHAM: Mr. Light. Second.

14 MR. BLEE: Second.

15 MR. CUNNINGHAM: Second from
16 Mr. Blee. Pat, would you kindly take roll call.

17 MS. PARKIN McNAMARA: Mr. Cunningham.

18 MR. CUNNINGHAM: Yes.

19 MS. PARKIN McNAMARA: Miss Rodriguez.

20 MS. RODRIGUEZ: Yes. I have a
21 comment. Just like the school in Union City I
22 commend the urban center as well. I grew up in
23 these housing projects. They call it housing
24 developments. I call them housing projects. So, I
25 know what the aesthetics do mentally to families

1 and this area is turning around and providing, you
2 know, a decent quality of life, changes, you know,
3 I commend the city and your firm CIS, Miss Reed.

4 MS. PARKIN McNAMARA: Mr. Blee.

5 MR. BLEE: Yes.

6 MS. PARKIN McNAMARA: Mr. Light.

7 MR. LIGHT: Yes. And that's a vote
8 too.

9 MS. PARKIN McNAMARA: Thank you.

10 MR. CUNNINGHAM: One last question
11 just for the record, is there a plan to bring on a
12 permanent executive director for the UCIA?

13 MR. SULLIVAN: I am. I am the
14 permanent.

15 MR. CUNNINGHAM: I thought it was
16 still an interim arrangement.

17 MR. SULLIVAN: No. No, sir.

18 MR. CUNNINGHAM: Then I misunderstood.

19 MR. SULLIVAN: I'm it.

20 MR. CUNNINGHAM: Thank you very much.

21 Thank you.

22 Next before the board is Jersey City
23 Municipal Utility Authority. Good morning.

24 MR. KARRENBERG: Good morning. Thank
25 you. My name is Matthew Karrenberg. I'm with the

1 law firm of Decotiis, Fitzpatrick and Cole and
2 we're the bond counsel to the Jersey City MUA.
3 With me today is CFO of the MUA John Folk.

4 (Whereupon, John Folk is sworn in.)

5 MR. CUNNINGHAM: Go ahead.

6 MR. KARREBERG: Sure. We're here
7 seeking a review and findings in connection with a
8 supplemental bond resolution in an amount not to
9 exceed \$5.5 million in connection with the MUA's
10 participation in the DEP's damn restoration
11 program. So, the bonds will secure a loan being
12 offered by the DEP and will be sold to the State of
13 New Jersey.

14 MR. CUNNINGHAM: Thank you.

15 MR. KARREBERG: Sure.

16 MR. CUNNINGHAM: It's my
17 understanding that the DEP bonds are taxable.

18 MR. KARREBERG: Well, you know, I put
19 that on there and I apologize if it caused any
20 confusion. We haven't done any tax analysis
21 because the holder of the bond is the State of New
22 Jersey. They're not subject to any income tax.
23 So, it's the holder not subject to any income tax
24 and we just haven't done any analysis whether or
25 not any other holder would be. That's all. We

1 just didn't want to incur that expense.

2 MR. CUNNINGHAM: The other question
3 that the staff picked up on is that authorizing
4 resolution that comes in front of this board was
5 passed three two and it does give us some concern
6 in terms of what happens at the next step.

7 MR. KARREBERG: Sure.

8 MR. CUNNINGHAM: Just why? You know,
9 what's the controversy?

10 MR. KARREBERG: Yeah, I mean the
11 authority, first of all, they speak as a whole.
12 They're council just as you are. So, you know,
13 three two is the equivalent of their board. You
14 know, I think the issue was one of given that the
15 project have been completed even though the
16 application to the DEP was made years ago before
17 they were completed. It just got approved and
18 whether or not that's appropriate to borrow to
19 reimburse those costs or should we just kind of let
20 that go. I'll turn it over to you, the CFO.

21 MR. CUNNINGHAM: Go ahead and finish
22 the though.

23 MR. FOLK: Sure. Gladly. The projects
24 are substantially complete. We put in for this
25 loan, you know, four, five years ago and it was --

1 you know, we called on it and there was nothing
2 going forward. We needed to get the work done.
3 These are damn safety issues. So, we needed to get
4 the work done. So, we started the jobs. We
5 substantial basically completed the job.

6 Now, when we receive this money the
7 question with the commissioners on our board was
8 should we really take the money and our answer was
9 that it's low interest money. We have a capital
10 improvement plan of 88 million and it's likely that
11 we would have to borrow for some of that at a
12 higher rate than two percent. There's specific
13 projects that we wish to utilize this reimburse
14 money for, some other water capital projects.

15 MR. CUNNINGHAM: I'm sorry, we're
16 having a sidebar conversation. I think we missed
17 something in this application. We just didn't
18 realize in the application the nature of the
19 reimbursement that's now giving us pause.

20 MR. KARREBERG: The concept though is
21 instead of issuing bonds for these future projects
22 where the interest rate may be higher than two
23 percent and it may cost more and the issue is to
24 take the money that the state has offered and
25 utilize those funds for the next set of capital

1 projects instead of borrowing for them.

2 MR. CUNNINGHAM: How fatal would it
3 be if we defer it just another month? I think we
4 have some misunderstanding of what is happening
5 here.

6 MR. KARREBERG: I don't think it
7 would be fatal because the DEP originally in their
8 offer -- it was very strange. You get a DEP letter
9 from four years and then it says, you know, we'd
10 like to close to 60 days. Unfortunately, the
11 authority is not even built to really do that
12 because we need the city's approval. You know, the
13 DEP didn't understand a loan needs to be secured by
14 a bond, so I don't --

15 MR. CUNNINGHAM: Well, I can make
16 this offer, to the extent that it becomes
17 problematic from DEP's perspective, I'm certainly
18 willing to have a conversation with them to explain
19 that was the party who asked for the deferral in
20 that there was an misunderstanding of what this
21 application was doing. I think that with that said
22 I'd recommend deferring this and it does lead into
23 another conversation which I suspect if we can have
24 a meeting on this and set it up, but during part of
25 that meeting you should be aware that I want to

1 discuss the supplemental questionnaire submitted by
2 the MUA and I won't name any names in particular
3 because I just don't think it's appropriate for a
4 public meeting, but, you know, I see some raises in
5 the 11, 12, 17 percent range along with catering
6 expenses and I think we need to talk about that a
7 little bit too.

8 The reason I was prepared to allow
9 this application today for today was that there was
10 no cost of issuance, cost of issuance from Mr.
11 Light's point, but I think maybe we can address the
12 confusion over the application and the issues with
13 the supplemental questionnaire. I'll ask my team
14 to reach out to Mr. Karrenberg to schedule a
15 meeting and we'll try to do that very, very quickly
16 so that, you know, we can make sure this is listed
17 in an appropriate way for the August meeting and
18 again, if for some reason the DEP has any issues or
19 concerns, I'm happy to make that overture to them.

20 MR. KARREBERG: I appreciate that and
21 I offer my apologies for any misinformation or --

22 MR. CUNNINGHAM: You don't need to
23 apologize. Sometimes what's in black and white on
24 a page isn't necessarily -- you know, that's why we
25 do meetings face to face. Again, we'll defer this

1 one for now and we'll meet on it in the very near
2 future. Thank you.

3 MR. KARREBERG: Thank you.

4 MR. CUNNINGHAM: If we could briefly
5 go out of order and I apologize. I'd like to go to
6 the Township of Mahwah first and then the board
7 needs to take a brief recess to go over some voting
8 issues for the remaining application, so I would
9 ask Mahwah to appear at this time. Good morning.
10 Would you kindly introduce yourself to the reporter
11 and non counsel be sworn in.

12 MR. CHEWCASKIE: Okay. I'm Brian
13 Chewcaskie. I'm the township attorney for the
14 Township of Mahwah. Next to me is Brian Canti
15 (phonetic) and he's the township administrator for
16 the Township of Mahwah and I believe in the
17 audience is Joe Jewjinsky (phonetic) from the
18 Utility Service Corporation. What you have before
19 you today is a request --

20 MR. CUNNINGHAM: You need to swear in
21 non counsel.

22 (Whereupon, Brian Canti is sworn in.)

23 MR. CHEWCASKIE: What we have before
24 you today is approval of a contract pursuant to the
25 water supply public private contracting act and in

1 particular section 25 of that act. The Township of
2 Mahwah has solicited proposals to enter into a long
3 term maintenance agreement for its water tanks in
4 Mahwah with the Utility Service Corp. In
5 accordance with the provision of the statute we
6 solicited those proposals, negotiated a contract
7 and notified the local finance board of public
8 utilities and the office of controller.

9 That contract was negotiated. A
10 formal application was submitted to this board and
11 a petition filed with the DPU. There were comments
12 received from this board and DEP with respect to
13 the contents of that contract. That was responded
14 to with the revised contract which was submitted to
15 this board I believe on June 29th.

16 If there are any particular questions
17 we have Mr. Canti (phonetic) here, but the overall
18 effect there will be no debt issued. There will be
19 no effect on employees and there's no anticipated
20 effect on the ratepayers for the water utility
21 which is not a separate utility, but a department
22 in Mahwah.

23 MR. CUNNINGHAM: Thank you. The staff
24 from the division, board of local finance board
25 reviewed the application and are recommending

1 approval finding that the terms of the contract are
2 in fact reasonable.

3 The only question I have and I didn't
4 have a chance to follow up on this before today; I
5 was just kind of looking at the 20-year contract.
6 Is it higher in the first ten years and then it
7 tails off after year eleven?

8 MR. CANTI: It's relatively flat for
9 all 20 years. The payments in the first 20 years I
10 think are a little bit higher than the payments in
11 the second ten years.

12 MR. CUNNINGHAM: Yeah, I think like
13 508 compared to 332.

14 MR. CANTI: It's relatively flat for
15 all 20 years. I think the way it started off was we
16 were looking at the four individual taxes and
17 looking at them annually for each tank and then
18 after doing some research it appeared that the best
19 way to do it would be to have it in a long term
20 basis and essentially the work has about a ten-year
21 age or ten-year cycle. So, we looked at the costs
22 for a ten-year period and then; looked at the costs
23 for a second ten-year period and tried to average
24 them out so it wouldn't have spikes and drops in
25 the annual funding.

1 MR. CUNNINGHAM: Okay.

2 MR. CANTI: It's the same thing.
3 They're a little bit different, but that's because
4 there's a larger amount of work done in the first
5 ten years.

6 MR. CUNNINGHAM: Thank you. And is
7 the BPU required to approve this loan?

8 MR. CHEWCASKIE: The BPU is also
9 required to approve. A petition has been filed
10 with the BPU. Rate counsel has recommended that it
11 be approved and I believe we're scheduled before
12 their board on July 22nd.

13 MR. CUNNINGHAM: So, basically these
14 are independent approvals? One is not contingent
15 upon the other?

16 MR. CHEWCASKIE: That is correct.

17 MR. CUNNINGHAM: Pat just pointed out
18 that we got DEP comments which were required for
19 the application. The DEP's approval will work
20 independently of this board's action today.

21 MR. CHEWCASKIE: That is correct.

22 MR. CUNNINGHAM: Until anybody has
23 comments or questions I'll ask for a motion and a
24 second.

25 MR. BLEE: Motion.

1 MS. RODRIGUEZ: Second.

2 MR. CUNNINGHAM: Okay. Thank you.

3 Pat, please take a roll call.

4 MS. PARKIN McNAMARA: Mr. Cunningham.

5 MR. CUNNINGHAM: Yes.

6 MS. PARKIN McNAMARA: Miss Rodriguez.

7 MS. RODRIGUEZ: Yes.

8 MS. PARKIN McNAMARA: Mr. Blee.

9 MR. BLEE: Yes.

10 MS. PARKIN McNAMARA: Mr. Light.

11 MR. LIGHT: Yes.

12 MR. CUNNINGHAM: Okay. Thank you very
13 much for the appearance today. I appreciate it.

14 MR. CHEWCASKIE: Thank you.

15 MR. CUNNINGHAM: The board is going to
16 take a two or three-minute recess. Please don't
17 wander away. We'll be right back before we address
18 the last matter on the agenda today.

19 (Whereupon, a brief recess is taken.)

20 MR. CUNNINGHAM: We just wanted to
21 make sure we had enough votes to properly hear this
22 matter today which we believe we do. So, with that
23 said this is the Gloucester County Improvement
24 Authority. It's listed as old business because it's
25 an amendment to change the loan to a lease. So,

1 before we get started I would ask the parties here
2 introduce or reintroduce themselves to the
3 reporter. Those that are not counsel get sworn in,
4 then we can begin.

5 MR. WINITSKY: Good morning, Jeff
6 Winitsky, from Parker McCay, bond counsel for the
7 Gloucester County Improvement Authority. To my
8 right is Josh Nickersough (phonetic), financial
9 advisor to Rowan University, to his right is Joe
10 Scully, who's director -- Joe, what's your new
11 title?

12 MR. SCULLY: Senior vice president of
13 finance.

14 MR. WINITSKY: There you go. He
15 changed it in midfield a couple of months ago. To
16 his right is Steve Weinstein, general counsel for
17 Rowan University and directly to his right is
18 Anthony Inverso, from Phoenix Advisors who is the
19 financial advisor to the improvement authority.

20 (Whereupon, Josh Nickersough
21 (phonetic), Joe Scully and Anthony Inverso are
22 sworn.)

23 MR. CUNNINGHAM: Okay. Thank you.

24 MR. WINITSKY: As you had pointed out
25 we're here really as an amendment or a supplement

1 to our original application. For a point of
2 clarification, you had mentioned from a loan to a
3 lease. It's actually the other way around. It's a
4 lease to a loan.

5 MR. CUNNINGHAM: Thank you.

6 MR. WINITSKY: I'll elaborate a little
7 bit. When we were first before the board in
8 December of last year, the intent was to do a lease
9 revenue deal with Rowan University through the
10 improvement authority for the construction of a new
11 business school and a new engineering school for
12 the university.

13 Subsequent to that meeting it was
14 determined that the land upon which the new schools
15 would be constructed, there were certain issues
16 relative to Rowan to lease it to the improvement
17 authority than to build on top of it to be leased
18 back to the university. Because of that we had to
19 sort of change -- not sort of, completely change
20 the structure from a lease structure to a loan
21 structure. It's the functional equivalent for
22 universities. It's just different with respect to
23 the security for the bond and in particular for the
24 improvement authority and the county who at the
25 time had agreed to provide that guarantee. Because

1 we changed the structure from a lease to a loan
2 there is no physical act as security for the county
3 to the extent that there were a default, not that
4 any of us expect that to happen, but if there were,
5 they don't have the access to the county and Rowan
6 collectively determined to drop the guarantee.

7 Now, based on discussions with our
8 underwriter and financial advisors, we don't expect
9 that to have any significant impact or really any
10 market impact with respect to marketing the bonds
11 to the marketplace because of the strong credit of
12 the university.

13 So, it's really just a function of
14 how we secure the type of bond in this case. It's
15 a loan payment instead of a lease payment and the
16 asset is that of Rowan rather than the improvement
17 authority.

18 So, we're here today just simply to
19 ask for positive findings relative to that change
20 structure.

21 MR. CUNNINGHAM: Yeah, that helps me
22 understand that. When I first looked at the
23 application I didn't know what was going on here. I
24 hadn't been --

25 MR. WINITSKY: There's a lot going on

1 here.

2 MR. CUNNINGHAM: You know, I think we
3 understand what's going on here. Because of that I
4 don't really have any specific questions and the
5 ones that I would ask I think I would be revisiting
6 history that the board already voted for, so I'm
7 reluctant to do that. I'll accept the board's prior
8 approval and then treat today jus as the amendment
9 only. Any other questions?

10 MR. LIGHT: I just want to mention my
11 granddaughter is at Rowan. It's not a conflict.

12 MR. SCULLY: How's she doing?

13 MR. LIGHT: She's doing extremely
14 well. She's majoring in chemistry, honors
15 chemistry. I don't worry about her. I send her
16 maybe a couple of bucks once in a while, but
17 nothing to do with finance. Somebody said hold our
18 breath until she's out. I'm very proud of her. I
19 visited her a number of times. It's a good school,
20 a good university.

21 MR. CUNNINGHAM: So, I'll make a
22 motion to issue positive findings on the
23 application before the board as amended from the
24 prior application and I'll take a second from one
25 of my colleagues.

1 MS. RODRIGUEZ: Second.

2 MR. CUNNINGHAM: A second from Miss
3 Rodriguez. A Roll call, please, Pat.

4 MS. PARKIN McNAMARA: Mr. Cunningham.

5 MR. CUNNINGHAM: Yes.

6 MS. PARKIN McNAMARA: Miss Rodriguez.

7 MS. RODRIGUEZ: Yes.

8 MS. PARKIN McNAMARA: Mr. Light.

9 MR. LIGHT: Yes.

10 MR. WINITSKY: Thank you.

11 MR. CUNNINGHAM: One matter before
12 the board which is a motion to adjourn.

13 MS. RODRIGUEZ: Motion.

14 MR. CUNNINGHAM: I'll make the second.

15 All ayes.

16 (Whereupon, the board is adjourned at
17 12:30 p.m.)

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1 CERTIFICATE

2 I, THERESE J. LECWIENKO-HOEY, a Certified
3 Shorthand Reporter and Notary Public of the State
4 of New Jersey, certify that the foregoing is a true
5 and accurate transcript.

6 I further certify that I am neither attorney
7 nor counsel for, nor related to or employed by any
8 of the parties to the hearing and that I am not a
9 relative or employee of any attorney or counsel
10 employed in this case, nor am I financially
11 interested in the hearing.
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17 THERESE J. LECWIENKO-HOEY
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