MR. CUNNINGHAM: Good morning. This public meeting of the Local Finance Board has already been opened in public session so there's no need to undertake any of those formalities. By quick way of introduction for those of you that regularly attend these meetings, my name is Tim Cunningham. I'm the new Director of the Local Government Services. And therefore, the new Chairman of the Local Finance Board.

The first matter on the agenda today are seven applications that are going to be considered on a consent agenda. As listed on the agenda they are the Willingboro Municipal Utilities Authority, Gloucester City, Winslow Township, Newark City, Ocean County, Old Bridge Municipal Utilities Authority and Hoboken City. These are all matters related to participation in the proposed environmental infrastructure trust loan program. For the consent agenda I would ask my colleagues for a motion.

MR. BLEE: Motion to approve.

MR. CUNNINGHAM: And a second?

MS RODRIGUEZ: Second.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Mr. Avery?

MR. AVERY: Abstain out of the abundance
of caution on Ocean County. Aye on all others.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: Thank you. First matter on the agenda I would ask representatives from Chesterfield Township Fire District Number 2 to approach. Gentleman, you're here today on behalf of the fire district relative to a $41,000 proposed project financing for the purchase of a new piece of equipment for the fire district?

MR. MALEY: That's correct.

MR. CUNNINGHAM: As I think you know, I've worked with my team to provide -- to get some additional information to a point where I felt that we could address this matter. Couple issues I would just like to go over with you. I wanted to ensure that you had looked at other options on state contracts to determined that the vehicle being passed -- subject to the referendum you pass is the cheapest option for the fire district.

MR. HLUBIC: As far the vehicle goes, we
were looking at a four-wheel drive vehicle. The actual
cost of the vehicle itself without the upgrades to it
is only like $31,000. So in answer to your question, I
think the answer is pretty much as far as a vehicle
that will serve our needs, a four-wheel drive vehicle,
it has done that. We have done that.

MR. CUNNINGHAM: And although this is a
take-home vehicle in that it's for the chief's use and
the chief always being on call to the district, this is
a vehicle that would only be used for district -- fire
district purposes?

MR. HLUBIC: As far as the vehicle
itself that's what it's supposed to be used for. If
the chief is, say, going somewhere's very local and
he's going to be in a situation where he can respond to
the call is free to use that vehicle at that point in
time, but for any use that he will be out of the
district or in a situation where he can't respond to a
fire then, no, he cannot use that vehicle.

MR. CUNNINGHAM: Thank you very much.

And I'm made to understand the that district keeps fuel
and travel logs for the use of the vehicle?

MR. HLUBIC: We just started doing that,
yes. And for the most part it's a relatively new log
so they don't have a lot of information at this point
MR. CUNNINGHAM: Okay. I appreciate that. And I would say that one thing I did was look at was the district's tax rate being less than $0.09 on a hundred dollars. Generally your financials appear to be solid and you're coming before us today because you're going to propose to finance this through Ford Motor Credit?

MR. HLUBIC: Yes. We have also applied to two other banking institutions at this point in time to try to get competitive rates to make sure that Ford Motor Company is the most competitive. I'm supposed to meet with the one officer on Monday day and hopefully the other one sometime early next week.

MR. CUNNINGHAM: Okay. Anything else you want to present before the Board?

MR. HLUBIC: I just think that, you know, as far as use of the vehicles and the number of vehicles that we have I think that we've been fairly prudent as far as what we've purchased. Having the chief's vehicle I think is an important thing instead of using a personal vehicle. Especially with all of the information that has to be kept and the communications that has to be done on a fire scene which can be pretty busy and pretty hectic. So I think
we've done fairly well with that.

MR. CUNNINGHAM: Okay. Thank on very much for your testimony. I would look for a motion to pass.

MR. BLEE: Motion to approve.

MR. LIGHT: Question, if I may. Was this part of a regular budget and was it voted on by the public.

MR. HLUBIC: We had a special election in December to approve the amount for the purchase, yes.

MR. LIGHT: Do you remember what the vote was?

MR. HLUBIC: We had 22 people show up and they were all yes.

MR. LIGHT: Thank you.

MR. CUNNINGHAM: I apologize. I should have offered my colleagues any additional questions for presenters. So the motion was on the table. Do we have a second?

MS RODRIGUEZ: Second.

MR. CUNNINGHAM: Role call.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Mr. Avery?
MR. AVERY: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: Thank you, gentlemen.

South Orange Township Village had a matter regarding tax appeals that they've deferred to a future agenda. So we're now going to go to Edison Township.

MR. McMANIMON: Thank you. For the record, Ed McManimon from McManimon, Scotland and Baumann, bond counsel to the Township of Edison. We're here to ask for the approval in connection with a $12,175,000 refunding bond ordinance to fund 369 tax appeals. This is the third phase of a three prong approach that started in 2011. The township appeared before the Board in '11, in 2012. This was a 2014 application which was deferred. And therefore, we reintroduced the bond ordinance two nights ago. I believe a certified copy was sent to you so that it's in connection with an ordinance that can be introduced and finally adopted in the same year.

This is an important matter. The
towship has regularly funded their tax appeals the
last three years plus this year. In addition to this
they're funding $2 million for tax appeals. They
previously funded a million and a half and others
dating back to the 2009 cycle of change that occurred.
They have begun the process of a reval. They're
pursuing the generation of new tax maps which is the
first step for this. They feel it's important to
finish off what they started in this plan. They still
have 311 tax appeals, but they expect to fund those in
their budget rather than be back here with additional
requests to finance these. So we're prepared to answer
any questions that you have. They believe that if they
do this they will be stabilized. And most of these are
commercial. And obviously, the reval will affect the
residential more than the commercial, but they are
prepared to proceed in an orderly fashion so that they
can be in a stable position against the large number of
tax appeals over the last four years. So. Answer any
questions you have.

MR. CUNNINGHAM: Thank you, counselor.
I think the one question I would have and perhaps maybe
directed to the auditor, the administrator, currently
you're refunding bond calls for a maturity of seven
years. And when I look at the numbers I'm wondering
whether a shorter duration wouldn't be perhaps more
prudent. I would ask whether you considered going to a
six or perhaps even a five-year maturity.

MS McNAMARA: They have. Whatever the
province of this Board is would be fine. In the
Exhibit C to the application it showed the impact of
the previous two tax appeal refundings to the point
where when you take all three of them and their budget
impact actually rises to $120 on an average home taking
the three of them in. So just in the context they
could live with five, six or seven. We presented seven
because in the application it reflects the impact which
is much greater than $50 from the overall tax appeal
plans. So I think they'll adapt to whatever your
concern is. And we showed also in Exhibit C impact of
seven years, six years and five years on these numbers.
And we would still request seven because it's a
reflection of how to merge all these together.

MR. CUNNINGHAM: Any of the Board
members have questions or comments?

MR. LIGHT: I agree with the Chair. I
would prefer a five or a six. I think seven stretches
it too long. Normally, I usually push for a five but
it's up to the Chair if you want to go with six. I'd
rather see something less than seven.
MS RODRIGUEZ: I support six. Seven is too.

MR. MORRISON: The difference between five and seven works out to about $18 a year on the average taxpayer. Six would split that difference.

MR. CUNNINGHAM: Okay. Any other comments or questions from the Board? I would ask for then a motion with a six-year maturity for this.

MS RODRIGUEZ: So moved.

MR. BLEE: Second.

MR. CUNNINGHAM: Okay. Thank you. Role call.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MS McNAMARA: Thank you.

MR. McMANIMON: It's my prerogative to welcome you to the Board.
MR. CUNNINGHAM: Thank you. Appreciate it. Next matter listed on the agenda was an application for the City of Jersey City. They have contacted us and deferred this matter. Matter will be heard at a future agenda when they choose to bring it. So we will, therefore, move to the City of Camden, a proposed adoption of a bond ordinance pursuant to the qualified bond program. Financial advisor, counsel, would you just introduce the proposed bond financing to the Board?

MR. CAPIZZI: Good morning, Chairman and Board members. My name is Jason Capizzi. And my firm Kraft and Capizzi serves as bond counsel to the City of Camden. The city has outstanding qualified bonds and today is seeking your approval of a bond ordinance authorizing new improvements. With me here today in support of the application are the city officials. And we're ready to entertain any questions you may have.

MR. CUNNINGHAM: Okay. One question that perhaps, if I could call you by your first name, Glen.

MR. JONES: Yes, sir.

MR. CUNNINGHAM: How long has it been it since the City of Camden's been able to approach the capital markets?
MR. JONES: 15 years.

MR. CUNNINGHAM: So I think I would --

MR. THOMPSON: I don't want to

contradict, but we had a bond sale this past July.

Prior to that it had been well over a decade, 15,

almost 20 years.

MR. CUNNINGHAM: I think either way the

point that I would want to make in front of the public

and my fellow members of the Board is I think the

ability for the City of Camden to access the markets is

a very compelling sign of the work that the city and in

conjunction with the Division have done to stabilize

the financial situation of the city. For full

disclosure, I've worked with the Mayor on various

matters in a previous position that I had, but I've

certainly been involved in the city. I've seen the

effort of the city to move forward. And when I saw

this application come forth I'm very pleased. I'm

supportive of it. And I would ask my colleagues on the

Board whether they had any questions or additional

comment or concerns.

MS RODRIGUEZ: I'd like to make a

comment to the Mayor. I just want to commend you. I

was just telling my colleague here that it doesn't

matter the size of the project, you know, whether it's
small or large, you are by far probably one of the only
few Mayors that comes in front of this Board to, I'm
not calling it to pitch, but to support your projects.
And I want to commend you. You are the mayor of
mayors. And I want to just commend you on a great job
you are doing for the City of Camden.

MAYOR REDD: Thank you very much.

MS RODRIGUEZ: I seen you come a long
way.

MAYOR REDD: If I may for the record, I
would like to thank the Local Finance Board and
certainly Director of Division of Local Government
Services for the partnership that we have experienced
since I assumed the helm in 2010. I can tell you that
we've been able to institute the best practices to make
sure that there's transparency and accountability in
our finances. And I certainly recognize what we had to
climb out of over several decades of mismanagement.
And so having a background in management and finance I
know the most important thing upon assuming the helm
was getting our financial house in order. And I am
very grateful for the team that I have here with me
today, particularly Director Jones who we were able to
take from Local Government Services and bring him in to
help us to really manage and to get our arms around our
budgeting and making sure that we're fiscally responsible.

So I thank you for your comment. And I also thank the State of New Jersey for their continued partnership with the City of Camden and certainly our Governor who highlighted us on his State of the State address yesterday. Director, we wish you great success on your tenure. And I do thank you for your previous work experience with us in the City of Camden that has led us to a new policing paradigm and a model, again, to ensure the safety of our city. So thank you and best wishes to all of you and your service to our state.

MR. CUNNINGHAM: Thank you, Mayor. If there are no other comments or questions from the Board I would personally like to make a motion to accept this financing application.

MR. LIGHT: Second.

MR. CUNNINGHAM: Role call, please.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.
MS McNAMARA: Mr. Blee?
MR. BLEE: Yes.
MS McNAMARA: Mr. Light?
MR. LIGHT: Yes.
MR. CUNNINGHAM: Thank you very much.
MAYOR REDD: Thank you.
MR. CUNNINGHAM: Next matter on the agenda the Sussex County MUA. Gentlemen, you're before the Board today to renew some project notes that will be used for the construction of a waste water collection treatment facility?
MR. CAPIZZI: Yes.

MR. CUNNINGHAM: Would you mind giving the Board a brief introduction to the project?
MR. CANTALUPO: Sure. Absolutely. I'm John Cantalupo from Archer and Greiner, bond counsel to the Authority. Happy new year, everybody. We're here today this project has been going on for some time. And we can certainly explain that. We came before the Local Finance Board in 2008 for our first approval on this particular project. We also received subsequent approvals in '10, '11 and '12. '12 is the renewal of this current project note. This has to do with Branchville has a number of the vast majority of their sewer collection systems or their systems in the
borough are septic systems. And they're starting to
have trouble with their or have been for a substantial
period of time with those systems. And their desire is
putting in a new waste water collection system and
treatment plant. And that's what we were down here for
back in 2008. We've received a number of grants from
the U.S.D.A. on this project for over $6 million. The
total cost of the project right now is $11 million 406,
perhaps a little bit higher, but we're going to be
applying for additional U.S.D.A. money at the time.
We've received all the prior approvals going back.

What happened was in 2008 we came down
for approval. They went out to have the project
designed. We went on to bid in 2011. The bids came in
very high. Branchville Borough decided we couldn't go
forward because it was too expensive for the residents.
They went and did a value engineering study. After
that after those bids came in they redesigned the
project. And the savings on the redesign of the
project are approximately 23 percent or 3 and a half
million dollars. So it's a plus for the borough
residents. We're here today seeking the approval to
renew our project notes and to issue the bonds that we
previously received approval for. We've just run out
of time since our 2012 renewal. We're happy to answer
any questions that you may have.

MR. CUNNINGHAM: That would be the only context that I would have questions, the timing of the project. I'm lead to believe that you have the requisite DEP permits and that you've gone out to bid for the project.

MR. HATZELIS: That is correct. We've gone out to bids. We've received bids. The Sussex County MUA has received bids. Branchville Borough has received bids. Bids have been awarded. And construction will be starting in the Spring. And we expect construction to be completed in June, July of 2016.

MR. CUNNINGHAM: Any other members of the Board have any questions or comments?

MR. LIGHT: Just wondering what the design capacity of the new facility will be.

MR. HATZELIS: The original design was 200,000 gallons per day. It's been reduced to 170,000 per day which helped achieve a lot of savings.

MR. LIGHT: There's room for growth?

MR. HATZELIS: There's room for growth for the Borough of Branchville as well as for Frankford Township, yes.

MR. AVERY: My only question in the
value engineering it didn't affect the treatment work
approval or the --

MR. VARRO: We've gone back to DEP and
gotten a new --

MR. AVERY: So you have a current one?

MR. VARRO: Yes, we have a current
treatment works approval.

MR. CUNNINGHAM: Any other questions?

MS RODRIGUEZ: They were very prudent in
going back and doing the redesign.

MR. CUNNINGHAM: I'll take a motion.

MR. BLEE: Motion.

MS RODRIGUEZ: Second.

MR. CUNNINGHAM: Role call, please.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: Next matter on the
agenda is the Carneys Point Township Sewerage Authority. Proposed project financing. Gentlemen, you're here today to discuss the issuance of revenue bonds not to exceed a million.1. Would you kindly give the Board a brief introduction to the project?

MR. WINITSKY: Sure. The Carneys Point Township Sewerage Authority is seeking to issue as you mentioned $1.1 million of its revenue bonds for the purpose of financing the cost of the repairs and replacement of portions of the Authority's existing sewerage system. It is a little bit different than a lot of other financings. We're actually working with the Pollution Control Financing Authority of Salem County who's agreed to purchase the bonds directly from the Authority for an absolutely wonderful interest rate of less than half a percent for 10 years. So it's a level debt service, $100,000 plus or minus for ten years. It's a win for the Authority to have a good investment and a good product from our Authority. It's a win for us in that we have a fantastic interest rate. And it's better than anything we could get including through the New Jersey Environmental Infrastructure Trust. So we knew there were some questions why we weren't going there. Because frankly, we just couldn't do better than .45 percent for ten years. So that's
why we're here.

MR. CUNNINGHAM: Thank you very much.

Any questions or comments from the Board?

MR. BLEE: Motion to approve.

MR. CUNNINGHAM: Motion. Take a second.

MR. AVERY: Second.

MR. CUNNINGHAM: Role call.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: Thank you, gentlemen.

Board's now going to consider an application by the Madison Housing Authority. Thank you for appearing before the Board today. This is a I'll say unique financing in that it's done in conjunction for lack of a better word with HUD as part of a PILOT program which we've discussed. And I was just hoping for benefit of the Board perhaps you could just give a introduction to
the project and that component in particular.

MR. MARINIELLO: Sure. My name is Dan Mariniello, financial advisor to the Authority. Lou Riccio is the Director of the Madison Housing Authority. And Jeff Kramer is our bond counsel. We're here for a financing that is part of a much broader HUD program called the Renter Assistance Demonstration Program, RAD. Our financing here is for a not to exceed 1 million 850. The funds will be used in various ways. One to pay off existing bond issue that the Madison Housing Authority has on its books which was part of a 2004 HMFA bond issue along with deposits to our capital fund for a long-term 20 year capital needs program that we're putting together. Public housing is part of the application that I submitted to you has been underfunded for a number of years now. And it's just getting worse and worse. Especially the capital fund. So public housing authorities are having a very difficult time with enough funds to do real projects, real work that is going to sustain their properties for a long time.

And HUD understands this. So HUD has created a program called RAD. Initially allowed 60,000 units across the country to come in. Two housing authorities in New Jersey applied originally
and got their initial approvals. Madison Housing Authority is here today. And Passaic Housing Authority who is doing a different financing structure through the HMFA. The purpose of the program is to allow the change in the way housing authorities are funded. So where they typically were funded through their operating and capital funds that money is now going to be converted to rents. A lot like -- they're switching the model from public housing to the Section 8 multifamily model which if you know the private entities and nonprofits that have Section 8 properties finance against those grants. Before this the public housing authorities could not finance against their own assets and their own revenue streams unless they had special consideration from HUD. Now that it's going to change to a Section 8 rental program we can securitize that rent structure. And this has been a program that the Madison Housing Authorities has been dealing with HUD for well over a year now. And each section as we go through whether it's the engineer's studies, which I did put a 20-year schedule in here for you, has been approved by HUD. And as we go through this is another step in our final approval. After we get approval through the Local Finance Board -- we have already gone, by the way, to the Borough of Madison. Met with

STATE SHORTHAND REPORTING SERVICE, INC.
their mayor and council at a public hearing and had a
resolution approved by them. We will now submit the
total package to HUD. And hopefully within the next
decade we will be able to actually finance. All of this is
with purpose of the 134 units of public housing that
Madison has to be able to get the necessary work that
they need to do today and be fully funded for the next
20 years of work. So this is really setting them up.
And as part of the financing we did a -- we went out
for bid to a number of different banks. We looked at
both FHA financing. We looked at typical commercial
financing. And we ended up negotiating a term sheet
with Lakeland Bank for a tax exempt bond structure
which is a little bit like a commercial loan but it's a
tax exempt bond financing. So there is a little bit of
an interesting uniqueness to that funding level. If
you'd like me to talk a little bit more about that.

MR. CUNNINGHAM: I would ask you to just
discuss the caps that mitigate the risk of the
variable.

MR. MARINIELLO: Sure. As a typical
commercial loan the bank wanted a more of a variable
rate type structure. And so we kind of did a hybrid of
it with them. We created a variable rate which
changes. Each five years the rate adjusts. The rate
is initially set based on the five-year Federal Home Loan Bank rate which is very low at the moment. The interest rate today for the first five years will be two and a half percent. And the interest rate will go up at each five-year interval based on that Federal Home Loan Bank index. However, we put a cap so that no rate can be more than two and a half percent higher than the previous rate. So what that does is with the cash flows that the project is going to generate and the paydowns that we anticipate over the 25-year term it's an actual all in rate of probably 3.85 percent because of the way that the Housing Authority's going to be able to pay that down. The worst case scenario, which is what we have to look at all time, will be really a flat rate of 5.1 percent over the 25 years which turned out to be a much better program than a longer FHA financing.

MR. CUNNINGHAM: You can prepay?

MR. MARINIELLO: We have a prepayment program with them where each five years there's a prepayment with no penalty and however much of the principal we can. And during the five years because we know we have cash flow the bank is going to allow us a percentage, ten percent of the principal now to be paid down as well. They just won't recast the amortization
until the five-year interval.

MR. CUNNINGHAM: Under the new model, go
more toward the Section 8 type scenario, occupancy is
obviously a key concern, more concern. For the Board's
benefit we have talked about this. I would just for
the Board that you share the existing wait list
numbers.

MR. MARINIELLO: Before you touch on the
wait list, one of the big things that was an issue that
the borough had was there are requirements within the
Madison Housing Authority's structure that gives
preference to Madison Housing -- Madison Borough
residents. And it also obviously has income limits for
affordability. All of that stays the same. And that
was a big issue with the Borough of Madison, making
sure that those apartments are there for their
residents. But as far as the wait list, Madison
Housing Authority not only for their own benefit but
for other entities manages Sections 8 housing projects.
So Lou can speak clearly about what that wait list is
like.

MR. RICCIO: Thank you. Our Housing
Authority has less than a one half of one percent
vacancy rate. We have a waiting list for residents,
because we have that bifurcated waiting list for
residents, it's about a year and a half. For non-residents it's about seven years. And every year that waiting list grows. We have a senior building that is -- only has 80 units in it. And that waiting list is even longer. So that we do not anticipate any problem with the vacancy rate. Banks unfortunately require us to put in three to five percent vacancy rates, but we know in reality there isn't going to be any. So that shows us a little extra capital to play with.

MR. CUNNINGHAM: Does the Board have any additional questions?

MS RODRIGUEZ: I have a comment, if I may. When I read this application I have to admit it blew me away because I thought this was genius. I grew up in housing projects. So I, you know, I think this is the way of the future. And I commend you. I think this is going to be a great project if it's voted on today. But I just I wanted to make that comment. It's great all around.

MR. RICCIO: Thank you.

MR. CUNNINGHAM: Any other questions or comments?

MR. BLEE: Motion to approve.

MR. CUNNINGHAM: Motion. Thank you.
Second?

MS RODRIGUEZ: Second.

MR. CUNNINGHAM: Role call.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: Thanks, gentlemen.

You'll let us know what you hear back from HUD when you take it back to them for their approvals?

MR. MARINIELLO: Absolutely.

MR. CUNNINGHAM: Next matter on the agenda is extension of the Passaic County Improvement Authority's capital equipment leasing program.

MR. JOHNSON: Good morning.

MR. CUNNINGHAM: Good morning.

MR. JOHNSON: I'm Everett Johnson. I'm bond counsel to the PCIA from Wilentz, Goldman, Spitzer. We're here today requesting extension of the
County Improvement Authority's capital equipment leasing program. Originally we applied to the LFB and received positive findings to establish this program for 2013 and 2014. We had a borrowing capacity of about 15 million. Let me take a step back kind of explain for the record how the program works. The U.S. Bankcorp is the lessor. The Passaic County Improvement Authority entered into a master lease agreement with the lessor. Thereafter, interested borrowers which would be municipalities, board of education authorities who are interested in the program then applied to the PCIA. Assume they're acceptable, they then enter into a sublease agreement with the PCIA. And they make lease payments. And those payments are assigned to U.S. Bankcorp. So the payments go correctly to them. The county guarantees those lease payments. So if there's a default by a board of education of education or municipality the county would get what guarantee and make that payment on their behalf. The program has been around since 2009. This current program, like I said, was established in 2013, 2014. We requested $15 million of borrowing capacity. Last year based upon the interest in the program we realized that we were going to run out of capacity and we came back to this Board and asked for an increased authorization,
another 15 million for a total 30 million for the 2013, '14 program which was granted.

Since that point in time we've used between the two years about 38 million. So we have actually 13 million left in capacity for the program. And versus having the PCIA draft new documents and expend the legal the cost to create a new program we're just merely asking for an extension of the current program into 2015. At a certain point in time during this year the $13,000,000 is used by the borrowers we'll then come back down here and apply for a brand new program.

MR. CUNNINGHAM: Any highlights of the program that you want to just emphasize, the people you've been working with on the project?

MS FOX: Yeah, since we incorporated -- we incorporated energy projects into our bank program. We attracted interest from different banks. So we were able to get a much lower interest rate. And we've expanded our program since 2009. We had the Wayne Board of Education participating with us annually. And in 2014 we also had the Ringwood Board of Education, Pompton Lakes Board of Education and the Wayne Board of Education participated twice with an ESIP and their annual financing. And we have interest from the
Ringwood Board of Education and Paterson Board of Education and possibly Passaic County. They have an ESIP project.

MR. CUNNINGHAM: Does the Board have any questions or comments? In that case, I would ask for a motion.

MR. LIGHT: I move the application.

MR. BLEE: Second.

MR. CUNNINGHAM: Second. Role call.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: Next matter is the Carteret Borough Municipal Port Authority, approval of 2015 budget Ann Zawartkay, I believe you're going to present on behalf of Division. Okay. And I'll leave it to you to just present your findings of your review of the Port Authority's budget.
MS ZAWARTKAY: Okay. We reviewed the 2015 budget for Carteret Port Authority. And we checked that it was compliant with local public -- local authority fiscal control laws. Any deficiencies that we found were subsequently resolved by the Authority prior to this date. So right now the budget is compliant. The Authority does not have a deficit or an accumulated deficit. It's a fairly small authority.

MR. CUNNINGHAM: And under the terms of the statute this is Board is required to approve?

MS ZAWARTKAY: Right.

MR. CUNNINGHAM: Any of the members have any questions for Ann? Hearing none.

MR. BLEE: Motion to approve.

MR. CUNNINGHAM: Motion. Thank you.

Second?

MS RODRIGUEZ: Second.

MR. CUNNINGHAM: Thank you. Role call.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?
MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: The next matter on the agenda is very similar in nature. The Woodbine Municipal Port Authority. Ann once again presenting on behalf of the Division. And I would ask you to.

MS ZAWARTKAY: The staff has also reviewed this Woodbine Port Authority Budget. It's also compliant with statutes. Any issues that we had with the budget were resolved prior to the date of this meeting by the Authority. So right now we recommend for approval.

MR. CUNNINGHAM: Any questions or concerns by the members?

MR. BLEE: Motion to approve.

MR. CUNNINGHAM: Motion. Thank you.

MS RODRIGUEZ: Second.

MR. CUNNINGHAM: Thank you. Role call.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.
MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: Thank you very much.

MS ZAWARTKAY: Thanks.

MR. CUNNINGHAM: Next matter on the agenda this morning is City of Newark. Please come forward. Thank you for coming down today. You're here to present a financing that would -- modifies the city's receipt of rental car taxes under both that statute and then the issuance of bonds accordingly. This is a matter that I've been in extensive conversation with the city through your financial advisor. And maybe, Mr. Mariniello, you can just introduce the project.

MR. MAYER: Good morning, Mr. Chairman.

Good morning. Bill Mayer with DeCottis, FitzPatrick and Cole. And I think you know the crew here with me, but you have Baye who's the director of community housing development in the city. Danielle Smith to my right is the CFO. Dan Mariniello in the middle. And Dan will be up shortly. I'm not going to have a very presentation here. John Schreiber on the far right is the president of New Jersey PAC. As you know, New
Jersey PAC is a very significant project here. And you have Julio Colon, is also in the department of housing in the city. This is an interesting application. It's a little different. You're right. It's motor vehicle rental tax which was created in the 2009 stimulus act. Was imposed by ordinance by the city in 2010. And they're looking to issue not to exceed 16 million motor vehicle revenue tax bonds. It's a limited revenue bond. It's different. Usually as municipal bond lawyers are used to do in general obligation bonds these bonds will be secured solely by a pledge of these motor vehicle revenue of taxes. Dan's going to touch on the revenue stream a little bit.

MR. CUNNINGHAM: No full faith and credit from the city. Correct?

MR. MAYER: No. And then hence, there's no -- it's not included in borough staff. There's no supplemental debit statement. It's a strict revenue bond payable from these taxes. The motor vehicle revenue tax provides for the bonds to be issued in accordance with the local redevelopment housing law with the prior approval of the LFB which is one reason we're here. The local redevelopment housing law requires that if there's a private sale of bonds which is anticipated to try and negotiate the sale. That
also requires LFB approval. So those are the two
approval requirements. Dan is going to spend a few
minutes hopefully discussing the projects, the sources
and uses, the structure of the bond issue and the
placement of the bonds.

MR. MARINIELLO: All right. Thank you, Bill. We've had a number of discussions back and
forth. And these are projects that Baye and Julio can
talk a little bit more about the actual project
themselves. This has been a long process for the
economic development group in Newark. And these funds
are available obviously for economic development. And
there's been a number of discussions on how do you use
those funds. Do you use them ongoing to different
project as they come in? Or if there are projects that
need significant dollars more than just as an ongoing
annual subsidy can we finance it? And that's what
we're doing here. There are some projects here that
need funding to get their projects going. And as a
result of that, you have four projects here.

It's a not to exceed 16 million. The
projects -- it actually should end up being about 15,
15 and a half million bond issue. The dollars are
going to go also to a debt service reserve fund so we
can protect the bond holders. There are four projects.
One, Theater Square which is the NJ PAC project which is the biggest borrower in here which is nine and a half million. There's a trip by Wyndam Hotel as part of this, a million 4. And then those are the two downtown projects. And then there are two neighborhood housing projects. Bergen Street apartments which is 1.9 million and the Loft at Lincoln Park which is about 600,000. Some of these projects, the hotel -- actually, all of these projects had a number of different funding sources. And one of the things that we've been going and having discussions with is there are other state agencies that are providing fund here HMFA, the Home Choice Program. So you do have home ownership dollars coming in here. You have EDA and ERG revenues and applications that have been made for these project. The HMFA loan, some housing tax credit programs. So these are all projects that without government subsidies would not otherwise be getting done. And that's the real process and the reason why these funds are being used here because without it otherwise these projects would not be able to get done.

The financing that we're looking at doing is a negotiated direct purchase with a buyer. Different than a typical bond sale with the POS and going out to market. And the real reason for that --
well, there are a couple reasons for that, but number
one is this is not a full faith in credit borrowing of
the City of Newark. So you don't have that municipal
tax pledge. You have a brand new source of revenues
that have not been securitized before. Although we
have enough history of the revenues to show that there
is a regular dollar amount that we're experiencing each
year because they haven't been securitized before
investors aren't aware of it. So it's going to take a
much more broader discussion with each of them to get
them in. We've created the term sheet which will be a
ten-year bond issue. We've sent that term sheet out.
We've had preliminary discussions with a number of
people. So we're still trying to gauge the interest of
what the yield will be on these bonds. The structure
of it will be really to protect both the dollars for
the city and for the bond holders. As the tax revenue
comes in that money will now be going to a trustee.
The trustee will hold those funds until at least we get
the full dollar amount for the debt service in one
year. And as that money gets filled into the debt
service fund afterwards it will then be released to the
city's general fund which is where the money is going
today. And that's important so that bond holders
understand that they have protection.
The debt service on these bonds is projected to be around 1.8 million, 1.9 million depending on the interest rate annually. The city has been experiencing really since the beginning 8 million a year in revenues from the car rental tax, 2 million each quarter. So the protection even there is great. We're securitizing about 25 percent of the entire revenue stream. So we feel very comfortable that there is, one, there's a likelihood of an investor coming in. And there's a strong likelihood of this not being an issue with regard to not being able to pay the debt. I was going to go through some of the projects but Baye is here and will be obviously much better at describing the different projects. And John, of course, from NJ PAC which is our bigger borrower. I'd like to them to talk a little bit about those projects.

MR. ADOLFO: Thank you for hearing this application. We understand that it's a complicated application and the timing of it. So I just really want to just first say that we certainly appreciate the opportunity to speak here in front of the Local Finance Board. These four projects are in our overall economic development strategy for the City of Newark. It's a comprehensive strategy which take into consideration multiple uses in term of these projects. One is Center
Street. It's a 245-unit residential project, 22 stories, 15,000 square feet of retail. The total project cost is $103,000,000. And we're asking for $9.5 million. It's a first major high rise project in the City of Newark in 30, 40 years. 50 years. Significant part of what's happening in the rebuilding of the downtown and Arts area. The second project is a home ownership project. It's a four story, 24-unit project funded through HMFA Choice program. It's $600,000 in car rental tax. It's a part of the Lincoln Park neighborhood. In that neighborhood there's another housing construction. So the neighborhood is really transitioning. And we felt that it was important for adding home ownership into that neighborhood. The third project is the east park hospitality urban renewal. It's a hotel. It's a trip hotel by Wyndam. It is a 100-unit hotel with a restaurant that seats 64 people, 370-foot library, multipurpose room. It is a $21.5 million project. And it's asking for $1.4 million. And lastly, Bergen Street redevelopment. Yesterday the city council passed in our area in redevelopment referral to the city council to the planning Board for this area which is part of a larger redevelopment strategy for the Bergen Street south ward area. This project had four
points. Two buildings. 1500 square feet of commercial and retail. It's an affordable housing project. And total budget is $15 million. And asking for 1.9 million. So what we have in this group is we have a high rise residential, a home ownership project. We have a neighborhood residential mixed income project and we have a hotel.

MR. CUNNINGHAM: Would you care to expand upon the PAC project?

MR. SCREIBER: Sure. And thanks for the opportunity to be here and to talk with you all this morning. When the EDA acquired the land for NJ PAC in the early 1990's it deliberately acquired additional parcels around the art center for the purpose of commercial development. We saw NJ PAC as a locust for additional economic development. So really from the beginning Governor Kean and Ray Chambers one of the central ideas was market rate high rise housing as part of the parcel in the neighborhood development. And the city and the state through three mayors and eight governors have been supportive of this project. And it's been considered I think by both the city and the state as the planning linchpin in the redevelopment of this neighborhood in downtown Newark. This will be the first -- as Baye said, this would be the first new
market rate development of this scale in over 50 years.

Because of its scale it was understood from the beginning that the project couldn't happen without substantial public subsidy. And after the highly competitive award of the Urban Transit Hub Cab Credits by the EDA Governor Christie helped announce the project on the stage of Prudential Hall some years ago. But even with the state credits a financing gap existed and the city agreed to make available the motor vehicle tax grant funds to close the gap as the last piece in the financial stack for the project. And the city executed a financial agreement committing the funds. And of course the bond is the mechanism to ensure that the funds are available at closing. As Baye said, is a 245-unit complex. Ten percent allocated for affordable housing units. 285 parking spaces and 14,000 square feet of retail. We've been in conversations with NJTV about their building a new production studio in half of that retail space, a side walk studio. You know what they do with the Today Show. And the other half for various retail. And we will also have at no cost to the city a police substation provided rent free. The total project cost is $103,000,000 including a $53,000,000 first mortgage, $25 million bridge loan and state awarded tax credits, $13 million of developer

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equity and $12 million from various city sources including 9.5 million from this bond. The project will create construction jobs, permanent job servicing the building, retail business development in the neighborhood to support the residents. And we believe it will truly be transformative in the downtown area which will spur more development. This is a very exciting part of Newark these days with Prudential building its tower, with the Hahne's building about to break ground with housing as well as Rutgers moving some of their university elements in there. (Inaudible) training programs in there. He want to create this continuous live/work/play 24/7 neighborhood in this parcel. Our timing is of the essence. We have various deadlines that are not extendible past March. And that's why we're hopeful for approval today so we can get to bond market. So thank you very much.

MR. CUNNINGHAM: Thank you. In my dual capacity as the Director of the Division and the Chairman of the Board it's my responsibility to oversee the financial management of the city as a transitional aid recipient. Therefore, anytime there's a, and I don't mean this in a pejorative context, anytime there's a diversion of cash from the budget, for lack of a better term, into a securitized bond it does give
me some concern. And where I've -- I've had the
opportunity to evaluate -- start and begin the
evaluation of the four projects. The largest project
obviously is one that I've had a chance to talk to the
folks at EDA. I have a sense of what's going on there.
I have a sense of the commitments that have been made
to that project. And I think most importantly the
reason this application is being considered today is
the fact that there are deadlines which have made time
of the essence as you have said.

The problem is that the other three
projects I haven't had the chance to do the same amount
of due diligence yet coming into transition into this
new role. What I am supportive of and what I discussed
with the Mayor and what I discussed with the financial
advisor is approving this proposed sale of bonds with
the stipulation that the actual financing cannot
proceed on the remaining three projects until such time
as we've had a chance to meet and do additional due
diligence. That said, I just need to be clear that the
second, third and fourth projects may not receive the
Division's approval and may not wind up being included
in the overall financing. Certainly not my intent, but
I just need to make you aware of that reality. But in
order to keep the PAC project moving forward in the
timelines that it needs to move forward in I'm willing
to, and I don't speak on behalf of the fellow Board
members, but from my perspective I'm willing to allow
us to move forward under those conditions. I would
also note that under the supervisory powers available
to the Division I don't believe you'd be able to price
notes or bonds until you actually had our approval
anyway. So I think that's an additional level of
backstop, but I am -- I told the Mayor that I was
supportive of the PAC project. That I didn't want to
do anything that would jeopardize the PAC project. I
spoke with her personally about this on multiple
occasions. As far as the private placement goes, I
mean, the statutes specifically allow for that. So I
don't have an issue there. So I think that from my
perspective as long as those caveats are understood and
grieved to at least I'm willing to have this
application move forward today. But that's my
perspective. And I want to ask my colleagues on the
Board whether they had any additional questions or
concerns to ask of you today.

MS RODRIGUEZ: My only thing is to,
first of all, commend you on this. This is a
phenomenal project. My question is of course parking
and who's going to manage it. Are you going to work in
partnership connection with the city's parking authority? Or you probably have someone. I don't know. I'm probably, you know, too late.

MR. CUNNINGHAM: Hopefully everybody drives their rental cars.

MS RODRIGUEZ: That's for the hotel project. Right? That was my only thing. And in terms of I'm always looking at partnerships especially with the City of Newark.

MR. SCREIBER: Well, the city is our partner on the Military Park garage which is a 1500 person garage, but the parking that is specific to the project is parking that is primarily for residents. So there's very little public parking there.

MS RODRIGUEZ: That's good to know because that's always an issue. I just, you know, would recommend that whatever the Chairman is asking for in terms to help him assisting in his due diligence for the rest of the projects. I think they're all great projects. We have a job to do here. And I think we're here really to help the City of Newark. And I just say, you know, in this partnership whatever we need if it's provided I defer to the Chairman to continue to do what he's doing.

MR. MARINIELLO: I think as an add on to
that we understand obviously the need for the timing
for the New Jersey PAC project since we've been living
it day in and day out. So we are available to meet
with you when you need us to be. And if there are
specific documents prior to the meetings let us know.
Otherwise, we'll be prepared to come down with whatever
you need.

MR. ADOLFO: We wouldn't have been here
today if it wasn't for New Jersey PAC project but it's
a big project. We felt like it was important because
it's something that's transforming for the city. We
understand and appreciate the staff and the Chairman's
need to review the other projects. And we're willing
to provide whatever information, conversation,
information, background, whatever we have we will
provide for the Board. So we're excited. We feel like
we have an opportunity here to rebuild the city. And
we're just trying to do our best.

MR. CUNNINGHAM: Thank you very much. I
would then ask for a motion with the -- to allow the
application to move forward with the caveat that the
balance of the three projector subjects are subject to
additional due diligence and may ultimately or not
proceed with the actual financing. So with those terms
understood, I would ask for a motion.
MS RODRIGUEZ: So moved.

MR. CUNNINGHAM: Thank you.

MR. LIGHT: Second.

MR. CUNNINGHAM: Second. Thank you.

Role call.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: The next three matters on the agenda are appeal of Director's decisions. As I had not served in the Director capacity at that time and now serving in that role I am going to remove myself from the dais at this time.

If people -- if the audience would indulge, Jason Martucci from the Division is here. We have one very hopefully quick minor matter. Jason, would you come up and hopefully we can resolve the adoption of the new user friendly budget rules. And
then we can move into the other matters, the appeal of
the Director's decisions.

MR. MARTUCCI: Chairman, members of the
Board, on the agenda today is the adoption of 5:30-3.8
which is the user friendly budget. The user friendly
budget would be introduced in the adopted annual
municipal budget and serves a summary of the annual
budget for municipalities. And it provides greater --
also provides greater detail as to key revenue and
cross drivers. For example, personnel, debt, taxable
versus exempt properties, accumulated absence liability
and so forth. The goal is to allow those without a
professional background in municipal finance a clearer
picture of the municipality's fiscal state. And not
only would benefit the residents but also would give
elected officials an enhanced tool with which to help
set local priority and budgeting local policies and
budgeting priorities. The rule that's on the agenda
for adoption today is identical to the one that was
proposed at the Board's September 2014 meeting. The
rule as adopted today pursuant to the provisions of the
rule the Director of the Division of Local Government
Services will promulgate a standard form that
municipalities would have to use pursuant to the
provisions set forth by the rule. I'll entertain any
questions if there are any comments.

MR. CUNNINGHAM: Just for my colleagues' benefit, this is something that Jason's been working very hard on, implementation of a statutory responsibility. I have seen the drafts of the forms. And Jason's working on the text of the rule responding to commenters, Clear Directions. But we think ultimately the goal of this exercise is to make the municipal budget process more understandable to a layperson. And so I think I compliment you, Jason, for all the work you've done on this thus far. Does anybody have any questions for Jason regarding this matter?

MR. AVERY: And you may have covered it, I didn't hear it, but did you get comments from those persons out in the other levels of government that will have to implement this rule?

MR. MARTUCCI: Yes, we did receive comments from the League of Municipalities. Their main concern just to summarize was that we should be creating an entirely new municipal budget instead of a summary of the existing. In other words, create a whole new electronic municipal budget. Period. That was their main concern. As far as we proposed as a response would be that A, this as the Chairman stated
This is a statutory requirement that's being implemented. And the information that is being sought in the rule is readily available to professionals that are putting together the budget.

Mr. Cunningham: In addition to the League we received a comment from one municipal CFO as I recall.

Mr. Martucci: Yes, that is correct.

Mr. Cunningham: Any other questions?

Thank you. Then I would ask for a motion to approve the adoption of the new user friendly budget rule.

Mr. Blee: Motion.

Mr. Light: Second.

Mr. Cunningham: Thank you. Role call.

Ms McNamara: Mr. Cunningham?

Mr. Cunningham: Yes.

Ms McNamara: Mr. Avery?

Mr. Avery: Yes.

Ms McNamara: Ms Rodriguez?

Ms Rodriguez: Yes.

Ms McNamara: Mr. Blee?

Mr. Blee: Yes.

Ms McNamara: Mr. Light?

Mr. Light: Yes.

Mr. Cunningham: So we will now move to
those appeals of the Director's decisions. And as stated earlier, I will recuse myself from the dais and turn it over to my colleagues.

MR. LIGHT: The first matter on appeal is the appeal City of Orange or Orange City Township, the Director's decision by Jeffrey Feld. Let me just bring a summary up-to-date, if I may, of where we stood on this. According to the notes that I have the City of Orange amended and reintroduced their 2014 budget. And you had made an appeal based on the fact that you had felt there were some difficulties with the way that it was amended and then reintroduced. And there was a budget hearing at -- not a budget hearing, but the Board had a hearing on October 8, 2014. And at that it was reviewed by this Board. And the appeal of the decision of the Director's approving the City of Orange Township's amended budget being reintroduced was referred to the Attorney General's office for legal review reserving its determination until a later meeting which is the meeting today.

And so I think that's where we stand at this point in time.

MR. FELD: I'd like to clarify one thing you said procedurally what occurred at the municipal level. I want the record to be clear. Reason I am --
filed the appeal the budget was not amended.

Originally the budget was introduced on April 15, 2014.

On June 25th they held a special meeting. There was a question whether there was proper notice given. At that point the budget that was introduced on April 15th was rescinded. There wasn't an amendment of the original budget. That is the real legal issue that we're having. The way you framed it --

MR. LIGHT: You're absolutely right.

MR. FELD: I just want to correct the process was because the issue that I would like to do -- first of all, I want to thank this body for what statements were made earlier this morning. One by the mayor of Camden as to increased transparency. I want to applaud you for approving the user friendly budget because a lot of the reforms in that is what I and the people that are here, these are residents from Orange, have been seeking for is the transparency. The question we have -- and I also apologize. I could not be here at the last meeting when you were talking about this because I had to be in front of the Appellate Division relating to Orange. But since we were here in October this Division has issued various Local Finance notices regarding budget process to go forward for calendar year 2015. And I think they support my
position about cap ordinances. It was featured as a cap ordinance prior to introduction of the budget. That did not occur in Orange. And that was one of the issues that we were arguing that we didn't get protection of the law. Also, I applaud you for posting the minutes of various meeting. Because in the November and December meetings our former Chairman Neff was here. When I read them I think he's making mia culpas because when you talk about when you issued the notices about the dates for this coming up year if you look at Orange, Orange did not introduce, didn't present the budget to the counsel until April 15th based on when he said traditionally this is supposed to be there in March. We didn't get through the things. When you looked at the budget there was no budget statement when you look at your things talking about structural deficits which takes me, not to bother you, but there are certain decisions that have been coming out of the Appellate Division because the issue we have here today when we had our discussion last time is the City of Orange will not voluntarily seek oversight by this body. Question is going to be how do we get it voluntarily. I found the statutes.

But today is did the former Director abuse his discretion. And there's case law that just
came out of the Appellate Division in December is that when an agency issues regulations. These are regulations. We're talking about the budget process. Your local finance notices. Doesn't he have to abide by it? If you look at the United States Supreme Court on December 15th they said when you do not follow the law that's an abuse of discretion. And that's where we are. And at the time I was here I admit I was kind of cranky last time I was here in October because I was up until, like, midnight in front of a city council meeting, but what we have here today is there's a process as to the budget. Introduce a budget by certain date. First of all, it has to be presented to council prior to the introduction. Supposed to give them a month's time. It's introduced. And you had to have adopt a cap prior to the introduction of the budget. That did not occur. It talks about minutes. In nowhere does it say in the state statute nor any local finance notices that you could rescind and start the process over again. And because this occurred taxpayers had been prejudiced. That's the limited issue we have today. In the interim I usually like to tell you that I have followed the lawsuit that the city -- and defaults have been entered against the city as to how this occurred. We're taking the position,
myself and other taxpayers, we need help. Here the law. Follow the law. And now the question is did the former Director follow the law or did he abuse his discretion? Again, I do not have the benefit of the opinion that was rendered by the Attorney General. So I don't know their analysis. But I do know that the Attorney General's office did deliver various other opinions several years ago talking about the budget process. That there are statutes. It says introduction. Amendment. Adoption. Does not say rescission and restart. And that's really where we are.

MR. LIGHT: I used the wrong word there. I apologize for that. Actually, the budget was introduced and then it was reintroduced on that date.

MR. FELD: Rescinded.

MR. LIGHT: I said rescinded. But it was reintroduced. That was the wrong terminology for me to use.

MR. FELD: I think it's a rescinded -- it's a completely different document. And because if there's another piece that's very important is when they went back to that special meeting. And there's questions about whether they gave proper notice, Open Public Meetings Act, due process in the United States.
and New Jersey constitutions is when you look at the cap ordinance, if you look at even your local finance notice that you -- when I say you, I mean the Division of Local Government issued, basically ten days after our hearing local finance notice 2014-18 was issued October 20th. Ten days after. On page two it's specifically says the process when you talk about cap ordinances. And it says prior to introduction you have to do a cap ordinance. This was an oops moment.

Everyone rushed in to do it. They didn't introduce the budget. They didn't present the budget. On April 15th which is already 30 days behind your extended deadline they hand in a budget. They approve it. It's lacking various things that should have been thrown out at them that they didn't have a budget statement. If someone forgot to do a cap ordinance. If you read the minutes I stood up and other people stood up. We warned them. They didn't do it. Why didn't we get the protections of this?

MR. LIGHT: If I may, this information that you presented was heard at our previous meeting on October 8th.

MR. FELD: I just want to correct the record. Also, one thing I didn't mention is that since we were here in December you have opinions coming out
of the Appellate Division saying that when you have
regulations from it and you don't follow your own
regulations that's abuse of discretion. That's all I'm
going to say.

MR. LIGHT: We heard all that
information and we appreciate it.

MR. FELD: I don't have the benefit of
what the Attorney General interpreted. So tell me what
the benefit of what they told you.

MR. LIGHT: That's privileged
information between the Board and its client. So I
really can't comment on that other than the fact that
we're at the point now that, you correct me if I'm
wrong, there was a question concerning the introduction
and then the rescinding and reintroduction of the
budget. And at the last meeting we heard your
testimony. And at that point in time we closed the
testimony but we said we were going to refer it to the
Attorney General's office for legal review and reserve
our determination until we had a later public hearing.
We did refer it to the Attorney General's office. I
can't really discuss anything that was decided by the
Attorney General's office other than they've gotten
back to us and said that we can take the action that
we've prepared to take today.
MR. FELD: I don't know what that is.

You tell me.

MR. LIGHT: Okay. All right. Well, we
determined based on the information that we received
that the process by which the City of Orange budget was
reintroduced and adopted was within the bounds of the
city and the Division of Local Government Services
statutory obligations. And as such, the decision of
the Director is going to be affirmed.

MR. FELD: May I -- will I be notified
where I can take an appeal of that decision because
you're talking about various constitutional rights? I
just want to know the process from the secretary where
we can take an appeal of this because right now I hear
something but I don't hear a citation.

MR. LIGHT: The Board has a resolution
to adopt today. She will be mailing you a final
decision from there. And then it would be up to you.

MR. FELD: All right. I just also want
to -- when I was not here hear on December 10th I just
want to, not warn, I would like to tell you when we
were at the Appellate Division, the Appellate Division
was very concerned about what was going on in Orange.
And specifically one judge said where is the Attorney
General and where -- because right now you just gave an
opinion. You did not give any rationale. You just said the Attorney General. And we'll just take it to the next step. Thank you.

MR. LIGHT: I can't answer that. I wouldn't even try to answer.

MR. FELD: I'm just saying based on case law that came down right before New Year's Eve where the state Appellate Division just basically spanked our governor when he increased the pension rates to retirees. Some of the cases there. You have law. You just made a ruling. You said you're relying on Appellate Division but I do not know any cases or rationale that the Appellate Division. And that would be someone else at a higher level. That was just the appeal process. I wait for the decision.

MR. LIGHT: We have a resolution. Perhaps I should take a minute to read the resolution if you don't mind. This is the proposed resolution that I'm hoping to presenting the other Board members to vote on in favor or in not. Whereas, pursuant to New Jersey S.A. 40:A-10 the Division of Local Government Services received application request to rescind and reintroduce the City of Orange Township's CY fiscal year 2014 budget. And whereas, prior to June 25, 2014 the Division of Local Government Services...
Director, Thomas H. Neff approved the City of Orange Township's application. Whereas, Mr. Jeffrey Feld filed a request dated August 11, 2014 for review and redetermination of the Director's decision before the Local Finance Board. Whereas, Mr. Feld, Mrs. Janice Morrell, Murphy Wilson on September 8, 2014 and October 6, 2014 and October 7, 2014 respectively submitted supplemental letters to the Board in support of Mr. Feld's application. And whereas, the Local Finance Board testimony from Mr. Feld and Director Neff relating to this matter at its October 8, 2014 meeting has also been reviewed and written submissions of the parties. And whereas, the Local Finance Board reviewed all matters raised by Mr. Feld in that hearing. And then there's written submission and determination. And that the sole question appropriately before the Local Finance Board was the matter of propriety of the Director's approval of the budget. And that all other concerns raised were not properly before the Local Finance Board. Whereas, the Local Finance Board specifically considered the issue of propriety of the Director's approval of a reintroduced budget which issue was raised by Mr. Feld and having concluded that such action was appropriate. And whereas, the local finance reviewed all related testimony, submissions and motions. And the Board determined that there was no merit to the issues raised by Mr. Feld and reaffirmed the propriety of the Director's action.
advice. And having determined that all procedural and
statutory requirements pertaining the adoption of the
budget have been met. Now, whereas the Local Finance
Board voted at this public meeting I'm suggesting that
they vote to affirm the Director's decision in its
entirety. So may I have a motion to accept that
resolution?

MR. BLEE: Motion.

MR. LIGHT: Can I have a second?

MS RODRIGUEZ: Second.

MR. LIGHT: Any questions, comments?

Would the secretary call the role, please.

MS McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes. Mr. Feld, we

appreciate you coming. We thank you for coming. I
know that you don't agree with our decision but I can't
advise you where to go from here.

MR. FELD: I appreciate it. I

appreciate, first of all, I want to thank you where we
began the process. We have your minutes now posted on
the public website. What you did made 15, 20 minutes
ago by approving user friendly budget a lot of the
things are in there are the objections that we've been
having for three or four years. I don't think -- I
think we'll be seeing each other again. But again, I
thank you for giving me the opportunity because I just
have to create the record. Thank you for your help.

MR. LIGHT: Thanks for coming. The next
item on the business is the Spotswood Borough appeal of
the Director's decision. Is there anyone here?

MS McNAMARA: Dan, can you give the
Board the latest what's before them?

MR. LIGHT: Dan, do you want to give us
brief summary of the -- we have your report in front of
us of the decision. If you want to run through it in
capsule form.

MR. KAMINSKY: Basically, this came
about there was a complaint submitted to the Division
in June of -- late June of 2013 for the removal of
Barbara Petren as the CFO and tax collector of the
Borough of Spotswood. The Respondent, Barbara, filed
an answer to the complaint. The complaint was
submitted to the Office of Administrative Law for a
hearing. The borough had also filed a request for an
emergent relief from the Division to have the Respondent suspended without pay pending the outcome of the removal proceeding. That emergent relief request was denied by the Director. The borough was ordered to keep Barbara Petren on the payroll, pay her benefits and so forth. There was a second emergent relief request from the borough. This one included additional information about municipal -- or charges that had been brought up in municipal court, possible criminal charges, against her. The Director again denied the emergent relief request but we did grant that the borough could put her on administrative leave with pay and benefits pending the outcome of the removal proceeding. The Judge Candido, Administrative Law Judge, issued an initial decision in July of 2014. That came back to the Director who then had to issue a final decision. And there was a couple of extension requests we made to the Office of Administrative Law. And the Director finally rendered his decision on December 1st of 2014 affirming the initial decision of the Administrative Law Judge that Ms Petren should be removed as the CFO and tax Director of the Borough of Spotswood. And the Borough is subsequently appealing it here. Barbara Petren is appealing. That's correct. The Respondent's appealing.
MR. LIGHT: Dan, tell me again, please.

MR. KAMINSKY: The appeal here before the Finance Board is from Barbara Petren not the borough. He's correct.

MR. LIGHT: Basically, then, from what we have in summary, then, the decision of the Director was that after reviewing everything that had been submitted to him that he had ordered that as of December 1, 2014 that the Respondent, Barbara Petren, be immediately removed from her position as CFO and tax collector for the Borough of Spotswood. And further ordered that the Respondent, Barbara Petren, is not entitled to any backpay or out-of-pocket expenses or attorney's fees and costs. And that the Borough is not obligated to present any such backpay to her. And that is the basically what you are appealing, then, here today. Is that correct?

MR. CORRIGAN: That is correct.

MR. LIGHT: Dan, you have anything else to offer?

MR. KAMINSKY: I don't really need to unless you have any questions.

MR. LIGHT: Thank you. I'm sorry.

State your name again. I know you did before.

MR. CORRIGAN: Sure. David F. Corrigan,
MR. LIGHT: You are representing?

MR. CORRIGAN: The Respondent, Barbara Petren.


MR. LIGHT: You are representing?

MR. COHEN: The Borough of Spotswood.

MR. CORRIGAN: We have submitted voluminous papers both before the Administrative Law Judge, before Director Neff and on appeal to this body.

You have the obligation to read them. I presume that you have. I just want to highlight certain aspects of our appeal. And I want to say in the most respectful manner that Director Neff simply got it wrong. I just want to talk in particular about certain things that he got wrong. For instance, he says somewhere in the opinion that our position was that there was a conspiracy theory and that we didn't prove that there was a conspiracy. That's absolutely false. That's not what our position was. There was some colloquy on cross examination. Let me make this clear. Our position is that the Borough did not prove any of their charges. So that's just a preliminary step. More importantly, there is an fundamental mistake as to what
happened here. And I'm going no get to that in a second.

But before I get to that, one of the things that's undisputed here is that Ms Petren was an extraordinary employee for 14 years. And then all of a sudden these engages in this act of misconduct? It makes no sense. One of the critical findings here is plainly mistaken -- by the way, this isn't a question of credibility or anything else. On page four the Director talks about in sum what he found. That Ms Petren new there were falsified bills for water usage. And yet, instead of notifying Borough council of this and taking steps to correct the bills she ordered resets so that the errors would not be corrected. That is absolutely false. What happened was, and this is undisputed, there was a serious problem in Spotswood. There were meter readers who were falsifying readings. She found out about it because in 2011 there was a meter reader who was falsifying records. She brought it to the attention of council in 2012 based upon what happened in 2011. And it's undisputed. She brought it to the attention of the Borough council. As to how Director Neff can say she didn't go to council is simply wrong. Now, so she went to Borough council. She's the one who's trying to fix this problem. Now,
there's an assertion that she didn't -- that she knew
the readings were false in 2012 but she didn't do
anything. That's not true. She new in 2011 that the
readings were falsified so she corrected it. She
didn't know that anybody else was falsifying readings
in 2012.

The Director says in agreement with the
Administrative Law Judge that she was evasive and
contradictory. How? He never gives a reason. He just
give us conclusions the same way as the ALJ. We had
12 days of hearing here and the ALJ found four pages of
facts. He missed the entire record. We didn't do this
for some academic exercise. We went through 40, 50
pages as to why certain of the witnesses were not
credible. Including the following, this key witness
was this Patty Uhl who had had a history of animosity
with Petren. She not only said that Petren was
ordering the resets, she says that Mayo Junior (sic)
who was the son of the director (sic) was ordering the
resets. She also says that Fassanello who was the
business administrator was ordering the resets. Mayo
Junior is the one who falsified the records. He's
without doubt a criminal. Not only is he still
employed by Spotswood but he got a promotion. There is
a sense of wrongness here. There is a sense that Ms
Petren did nothing wrong and there's a real injustice here. There is this assertion that $76,000 were lost. Who testified to that? They had an expert witness who did not testify. They didn't establish that one penny was lost. This is plainly a case where no good deed goes unpunished.

That's all I have to say. Other than, there's a lot more. There's 60 or 70 pages in which it's demonstrated that Uhl could not be credible. And let me just give one more example. The critical issue relates to Ms Petren ordering the resets. Uhl says it was done in December on a Friday. That was her testimony. That testimony could not have been true for the following reasons: Under the procedure which is undisputed in terms of correcting a bill, which is what Uhl says she went to Petren for, Uhl would have normally gone to Fassanello who was the business administrator. She says, oh, Fassanello wasn't in and that's when I went to Petren. As a matter of undisputed fact that could not have been true. Fassanello according to his own absentee records was present every day in December. Number two, she says I went to Petren. It was a Friday. And then I went to Auciello who was a clerk in the office. That's impossible because Auciello did not work on a Friday.
There is so much more here. And one of the most disturbing aspects of this case is that, and we raised it before the Director and the Director essentially ignored it, was the fact that the Administrative Law Judge failed to make the appropriate findings of fact. How can you have 12 days of hearing and make four pages of findings of fact? Plainly there's a gap here.

Finally, with respect to the penalty, there were employees who engaged in egregious wrong doing. Again, this isn't a matter of debate. It's not a matter of conjecture. We can establish that there are two laborers who false field readings, created criminal acts that are still employed by the borough. One got a promotion. This Patty Uhl is the one who actually mechanically falsified the readings. None were penalized. And Petren gets terminated? There's something wrong with that.

I'd be happy to answer any questions regarding the record, but my position is, number one, Petren did no wrongdoing and should be reinstated with backpay. Number two, if you are troubled by the Administrative Law Judge's determination which was a adopted by Director Neff, which I don't see there's anyway you could not be troubled by it. Just read it. She missed everything. It should be remanded for

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another hearing. Thank you.

MR. LIGHT: Thank you, sir. And you're James, is it?

MR. COHEN: I'm Jonathan Cohen. I was the second name on the brief.

MR. LIGHT: Okay. Jonathan, you wish to make any comments at this time?

MR. COHEN: Yes. Obviously there's been a great deal of briefing more so than probably any reasonable human being would want to read on this case. For the sake of the record I'd say it's U-H-L, Patty Uhl, is the name of the employee who's been referred to continually by my adversary. Aside from standing on the record and standing on what the Borough believes was a well reasoned decision from the Administrative Law Judge, what was also a well reasoned decision from Director Neff, we could come back and address some of the points that were just raised by Mr. Corrigan briefly.

The first thing that Mr. Corrigan says is he takes issue with Director Neff's use the phrase conspiracy theory. Now, I think it's a matter of semantics. What can't be disputed here and what we've heard from counsel is that my client is innocent. We all know that as Chief Financial Officer Barbara Petren.
was the financial steward for the Borough of Spotswood.

So by saying that everybody was at fault except for me, if you don't want to call that a conspiracy theory, that's fine. But it brings up the old adage when I've got fingers -- one finger pointed in other directions I've got three pointed back at me. Barbara Petren was charged with sending out the bills and managing the funds of the Borough. The fact of the matter is that once the toothpaste of public trust is out of the tube it's very difficult to get back in there. The evidence was found by the Administrative Law Judge. And it was credited by Director Neff. Under the New Jersey Supreme Court case Clowes versus Terminix which is 109 NJ 575 on page 588 which was a 1988 Supreme Court decision from New Jersey it was reiterated what's well known which is that the credibility determinations are made by the hearing officer which was in this case Judge Candido. And on page 18 of Judge Candido's decision she said the following, which is critical to the case here. She said: "Based upon these principles I find the testimony of Uhl, Steurer, Martin, Auciello and Zarro credible since each were straightforward, clear and compelling." Those are Borough of Spotswood witness. She then said conversely: "I find the testimony of Respondent lacking in credibility. Her
answers seemed measured, ascribing fault for the
deficiency of her office on others without accepting
responsibility herself. She seemed to search more for
excuses rather than establishing substantive defenses."
I think that's the bottom line here. It might be a
different case if we had a Chief Financial Officer and
tax collector who said, you know what? This is wrong
that taxpayers and residents and businesses in my
Borough may have had to pay false bills and have had to
now go back and be reassessed in terms of their public
trust and what amount they actually should have paid
for water compounding into sewer, but she hasn't said
that. But instead she's playing the blame game.
This idea, second, that Mr. Corrigan
raised on her being an extraordinary employee in the
past, that may well be true. And, you know, we could
assume that without conceding the point. If she had
been the best employee on earth up until 2012 that
doesn't excuse her breaching the public trust and
sweeping under the rug basically what happens to be a
loss of taxpayer funds because they're paying bills
that they shouldn't have. And they were essentially
told as the record demonstrates the finance employees
that were under her supervision unless somebody
complains don't address it. So therefore, if you
didn't complain you could get whacked with water bills
and sewer bills eventually out of the stratosphere and
taking the belief that your government is doing the
right thing, maybe not question it and write the check.
And we just can't have a chief financial officer who is
overseeing that type of regime.

Number three, Mr. Corrigan stated that
it's false that people didn't get billed. Again, this
was getting into the idea that the meter readers are
falsifying the records. And that it was in fact
Barbara Petren who was trying to fix the problem. The
record was found not to be so by the Administrative Law
Judge. Barbara Petren's testimony was at odds with her
finance employees. Again, Uhl, that's U-H-L, Steurer,
that's S-T-E-U-R-E-R, Martin, M-A-R-T-I-N and Auciello,
which is A-U-C-I-E-L-L-I. So the question is who do
you believe? These finance employees or Barbara
Petren. The Administrative Law Judge was the person
who got to sit across and watch each of them. And she
have believed the finance employees. She didn't
believe Barbara Petren. And Director Neff found that
there wasn't a basis in the record to disturb that
finding of credibility which is why we have the hearing
officer process.

Number four, Mr. Corrigan stated that no
one testified as to the amount of money lost. I think
he said 76,000. The chief -- excuse me. The
administrator, Dawn McDonald, came in and testified
based on her personal knowledge that since she's been
administrator to the time of the day that she testified
$63,000 had been paid back to people who had been
determined have overpaid for their water bills. So
that's the personal knowledge of the administrator. I
don't know where the $76,000 figure came from. I could
be wrong, but I think the record shows 63,000. So
that's firsthand knowledge of the administrator.
That's far from hearsay. I would contend that we
didn't need to have a third-party accountant come in
and testify what the administrator knew happened.
She's responsible for running the day to day activities
of the Borough and she knows what money is being paid
out.

Number five, this dispute that Mr. Corrigan raises about who was there on a Friday in
December, who wasn't there, frankly, I think it's a
minor point. It's not a factual dispute that should
really be taking the attention of this body. What
someone remembers a year or so prior about who was
there on a particular Friday isn't material. What's
material is that you've got a Chief Financial Officer
and a tax collector who is basically accused of breaching the public trust by letting false water bills and false sewer bills go out and not taking the responsibility for it and not taking corrective measures, rather trying to skate under the radar. And we're not alleging that she was personally profiting from it, but what the evidence seems to indicate is rather than take responsibility or take the blame she'd rather see that the Borough residents don't find out and hope that no bad light be cast upon her which constitutes the very essence of breach of the public trust and the basis for which her removal was really mandated once those findings had been made by the Administrative Law Judge, which I think answers the question of penalty.

How can we bring back now this individual as the Chief Financial Officer and tax collector in the Borough of Spotswood? How can we explain that to our residents after an Administrative Law Judge and the Director of the DLGS have found that she knowingly allowed them to get overbilled and didn't pay attention to their water bills and their sewer bills? It's just the only penalty is removal. And there's no way that we can bring her back at this juncture without creating a major public policy problem.
and public trust problem for our residents. So that's
my statement. And I appreciate you taking the time to
hear me out on that.

MR. LIGHT: Thank you, sir. Any
questions by the members of the Board?

MS RODRIGUEZ: No.

MR. LIGHT: The question before us today
is not what he said, she said. The question before us
today is do we uphold or do we reverse the decision of
the Director who has done a rather comprehensive five
page report based on the information received from the
Administrative Law Judge, based on his own digging into
the matter. And some of the things he said, and I'm
just picking certain areas out, he says he affirms the
initial decision as a final decision in this matter
that the Petitioner has demonstrated just cause for the
removal of the Respondent, Barbara Petren, from her
positions. And in another area he says he finds the
Respondent is guilty of the most serious charges in the
matter relating to malfeasance in that she knew there
were falsified bills and yet instead of notifying the
Borough council and taking steps to correct those bills
she ordered that resets be made which were not the true
readings of the bills and be sent out by subordinate
employees in her office. And he goes on to conclusion
to say that based on what all of the information that
he's received he said: It is now clear that the water
bills were calculated and sent out based on fraudulent
meter reads and Petren failed to take affirmative steps
to ensure accuracy of these bills despite the fact the
Borough employees were believed to have been engaged in
catchup bills which were not issued nor the correction
of overpayments on a case by case basis exist. She not
only exacerbated the inaccuracies but did nothing to
correct them. And then he says: Despite the practices
of the Borough and reasons that they noted earlier that
it was ordered that this day that she be removed from
office and further that as I mentioned before she's not
titled backpay or out-of-pocket expenses.

I think copies of this were sent to
members of the Board. They've had a chance to review
it. At this time unless there's any other questions I
would entertain a motion to affirm the decision of
Local Government Services Director's decision that was
made on December 1, 2014. Are there any comments from
the Board.

MR. BLEE: Make a motion to uphold the
Director's decision.

MR. LIGHT: Do we have a second?

MR. AVERY: Second.
MR. LIGHT: Would you please call the role?

MS McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes. Thank you for coming.

We do appreciate it. Have a good day.

MR. BLEE: Motion to adjourn.

MR. LIGHT: Second.

MS McNAMARA: All ayes.

(The matter is adjourned.)
CERTIFICATE

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.

C:\TINYTRAN\CARMEN.BMP

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

Dated: January 16, 2015
License No. 30XI00192200
Notary Commission Expiration Date: July 29, 2016

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