STATE OF NEW JERSEY
DEPARTMENT OF COMMUNITY AFFAIRS
LOCAL FINANCE BOARD

Department of Community Affairs
Conference Room #129/235A
101 South Broad Street
Trenton, New Jersey 08625
April 22, 2015

BEFORE: TIM CUNNINGHAM, Chairman
MELANIE WALTER, Deputy Attorney General
PATRICIA McNAMARA, Executive Secretary
EMMA SALAY, Deputy Executive Secretary
FRANCIS BLEE, Member
ALAN AVERY, Member
TED LIGHT, Member
IDADA RODRIGUEZ, Member

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MR. CUNNINGHAM: This meeting previously being opened upstairs is reconvening in room 129. We can proceed with the agenda. The first matter before the Board today is a matter on the Consent Agenda regarding the Pompton Lakes Borough Utilities Authority who is coming before the Board seeking approval under the New Jersey Environmental Infrastructure Trust Program. Obviously under Consent Agenda no appearance is required. With this, I would ask my colleagues on the Board for a motion and a second to approve the financing for us.

MR. BLEE: Motion.

MR. AVERY: Second.

MR. CUNNINGHAM: Roll call, please.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: Next matter before the Board is Hopewell Borough Fire District Number one.

(All parties sworn.)
MR. McMANIMON: Thank you. Ed McManimon from McManimon, Scotland and Baumann. And our firm is the bound counsel to the Hopewell Township Fire District Number One. I do note on your agenda it says Hopewell Borough. It is Hopewell Township. As you know, fire districts are (inaudible). So even though they have a vote they still have to come here to have findings. So asking for the Board to make positive findings in connection with financing $175,000 to acquire an ambulance to replace an ambulance that they've had for several years, since 2000, actually, that has over 100,000 miles on it. So they're trying to just continue their upgrade of the facilities. They have a loan that's being provided by the Hopewell Bank.

I know there's a question raised about whether they sought other options. And they did. They asked the Peapack Gladstone Bank. Peapack Gladstone has agreed to acquire bonds that are in the million dollar less range, but they on March 10th sent a letter back indicating they were not interested in this loan because it was too small to do the due diligence. That is generally the problem trying to market very small fire district bonds. But they did seek from and did not get a quote from Peapack Gladstone but they did get an e-mail that said they were not interested because

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they didn't have the ability to do a due diligence for that small of an amount. So I believe this is a very beneficial rate for a deal this small in the market. But, you know, Matt's here to answer any questions you have about it.

MR. CUNNINGHAM: Counsel, I'll address to you first. We have two other fire districts before us today. And competitive financing was sought under them. And I don't think that the rate that Hopewell Community Bank is offering the township is a bad rate, but it's not as low as some of the other rates that I've been seeing over the last couple of months coming in front of the Board for approvals. Had it been an egregiously high rate I think I would have probably called and asked that the application be pulled from the agenda, but I just wanted to -- I'm glad to hear that you explored alternate financings, but going forward I would ask that you perhaps broaden the pool of potential lenders to make sure that you are getting in fact the rate.

I reviewed the application. I understand the need for the new vehicle. I also know that the financing fees as originally presented to this Board in the application have been reduced. So I think that your counsel has answered the questions that I
had. And I would ask any of my colleagues on the Board had additional questions for this application. Hearing none, I would seek a motion.

MR. BLEE: Motion.

MR. LIGHT: Second.

MR. CUNNINGHAM: Take a roll call.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: Okay. Thank you. The next two matters listed on the agenda are also fire districts acquiring equipment. These applications were complete. And we, therefore, waive the appearance requirement. So just on the first one, Maurice River Fire District Number Three, the fees were good. They received a low rate and put $60,000 cash down into the deal. So on Maurice River there is no need to have the fire district appear. So I would ask for, unless any of the Board members have questions, I would ask for a motion and a second on that.
MR. BLEE: Motion.

MR. CUNNINGHAM: Thank you.

MR. LIGHT: Second.

MR. CUNNINGHAM: Second. Take roll call.

MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes. I just walked in but I saw all these applications. So yes.

MR CUNNINGHAM: Thank you.

MS McNAMARA: Mr. Blee?

MR. BLEE: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: Next matter before the Board, and I perhaps spoke incorrectly, we did not waive the appearance on this one, Wall Township fire District Number Three. Good morning, gentlemen.

MR. SENDZIK: Good morning, Mr. Chairman. Jay Sendzik appearing before the Board of Fire -- representing Board of Fire Commissioners. To my left is Chief John Sahatjian.
(All parties sworn.)

MR. CUNNINGHAM: Thank you very much for coming in today. The Board's read the application in front of us. And I note that the fire district is achieving a good rate on the financing. And I thought the fee structure assigned to the application was certainly prudent. The one question I had just deals kind of with the fire district's overall budget. And I note that in most of the applications that have been coming in front of the Board we see that some cash is put down and that we're not financing the entirety of the application. I was hoping that perhaps on behalf of the district you could just talk about that a little bit and help us understand, you know, why that's not happening here.

MR. SENDZIK: Yes, we do have a reserve, a surplus in our budget of about $600,000. The Board has a plan, a replacement schedule. And we're trying to maintain a level tax rate. And when one financing ceases we try to substitute it with another financing of a similar rate so that we're not impacting the tax rate. But the Board does have healthy surplus, about $650,000. If they had to they could put down a deposit on it, but they found to maintain the tax rate in the district it's a lot more prudent to do it this way.
Especially with interest rates at 1.99.

MR. CUNNINGHAM: Okay. Any of my colleagues on the Board have additional questions or concerns for the district?

MR. LIGHT: No. I move the application be approved.

MR. CUNNINGHAM: We have a motion.

MS. RODRIGUEZ: Second.

MR. CUNNINGHAM: We have a second. Roll 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 for your appearance today. We'll next move to Chesterfield Township. The township's before the Board today for a proposed cap waiver utilizing surplus. And perhaps you could just walk the Board through the highlights of the...
application before we ask questions.

MR. MALEY: The township is requesting some $476,000 cap waiver for the use of surplus outside the 1977 cap law. This is year number 11 the township has had to do this. It's as a result of them having a tax rate of less than $.10 when the law changed bringing in those communities with less than $.10 tax rate. And the base was never high enough to support the operations of the township. Additionally, over the years the township's been growing. It's expanding. And obviously, those expenses within the cap are increasing but at a rate greater than what the law will allow.

MR. CUNNINGHAM: Okay. The township has been growing significantly. And a lot of this as I understand in reading the application, and I should mention for my colleagues on the Board that Tina Zapicchi from the DLGS staff is here. And Tina has reviewed this application and has been in contact with the applicants. And to the extent we need her expertise on any of this she's available to us. But it's my understanding from the application that development rights have been sold and have consistently put an influx of cash into the budget. But I guess the concern I have is the surplus is decreasing. And I'm
wondering at what point are you going to get into an
issue with the levy cap.

MR. MALEY: Will be soon. We are
projecting we will get through 2016. We're expecting
in 2017 to have to go to the voters to request a
waiver, this waiver and the two percent levy waiver.
Of course, as the surplus decreases it affects both of
our waivers. Our caps. So you may not see us after
2017.

MR. CUNNINGHAM: So you would do the
referendum in '17?

MR. MALEY: We're thinking, yes. Of
course, it would work well if this waiver became
permanent. Then we'd only have to ask the voters for
the two percent waiver. In this case we're going to
ask the voters for two waivers at the same time. It
hurts.

MR. CUNNINGHAM: Understood. I mean,
that was my biggest concern with the application and in
talking to the staff about it. It's just I understand
and I used to live not that far Chesterfield. And I
have seen the growth that's occurred there, but I
imagine that, you know, the corresponding expenses, the
police, public works and all those things have been
increased at a must be extraordinary rate considering
where the township may have been 20 years ago.

MS WULSTEIN: It's envisioned that the police department will not be increased as the full development completes, but under varying circumstances which is it used to only be one officer per shift, as the development was starting through varying, you know, as we know the world today, it became prudent to put two officers per shift. But yet, all that development is still not yet built. We still have another three or four years until we get to that final population in the town.

MR. CUNNINGHAM: So considering that the township in this instance has grown so quickly has there been conversations with other municipalities about, you know, shared services or any other programs that, you know, could be consolidated in order to somewhat lessen the impact on the tax rate and potentially obviating the need to go for a levy cap waiver down the road?

MS WULSTEIN: They have looked at it on some areas. There's a lot of shared services. It's not a technical shared service agreement. There's a lot of, you know, back and forth with other towns. The first department we're actually going to probably look at is public works as that's a very small department of
a certain age. And all of them are going to go at once. As for the police department, the township supports that police department. The residents support it. So there's areas that they've looked at in terms of communication is done on a countywide level. But whether or not they're going to go to some kind of shared police force, I'm not sure that's where they're headed, but it has been analyzed. It will continue to be. We have privatized the rescue services. We have fire districts. So they are actually out of the township budget.

MR. CUNNINGHAM: I'm sure the residents support the police as I'm sure the council do, but every time you're putting a referendum in front of them to exceed the property.

MR. MALEY: 23 referendums.

MS WULSTEIN: We know it. It's something that's actually been discussed. I've been in the township over three years. It's discussed every year. A referendum is something we know is coming. Even before the levy cap they knew eventually it was going to lead to a vote. How the vote will actually go when the vote is held is the unknown, but we explain it to the residents. We educate them. They're our partners in this. We're not doing this without their
MR. CUNNINGHAM: Understood. I've asked a lot of questions. I don't know if any other members of the Board have additional questions on this application.

MS. RODRIGUEZ: Seems like, if I may, seems like you're preparing yourself for the growth that is basically at hand.

MS WULSTEIN: But Chesterfield's population has doubled in the past, you know, seven years. And it will continue to increase on that end. That's something with the TDR program that's the inevitable effect. So it's just a way of managing it.

MR. CUNNINGHAM: I would then seek a motion to approve. And I would just ask that you take my comments to heart and share them with the governing body just in advance of what you may be facing in 2017.

MS. RODRIGUEZ: Make a motion.

MR. BLEE: Second.

MR. CUNNINGHAM: Take roll 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.

Next matter before the Board is Kearny. Hudson County proposed adoption of a qualified bond issuance.

MR. McMANIMON: By the way, before presenting this matter I asked the Wall Township people who they got their loan from. And he gave me the card. And I gave it to Hopewell Township party to check out.

MR. CUNNINGHAM: We appreciate that.

The system works.

MR. McMANIMON: Ed McManimon from McManimon, Scotland and Baumann, bond counsel to the Town of Kearny. As you know, the town is under the Qualified Bond Act program. So any bond ordinance that they adopt has to come before the Board for consideration. They have introduced two bond ordinances. One for water utility infrastructure improvements in the amount of $600,000 and the other a million and a half dollars for the acquisition of property for the Dukes street pump station in the amount of 1.5 million with $1,425,000 in bonds and
The outstanding debt that's covered by the Qualified Bond Act is $7,304,000. The annual Qualified Bond Act revenues are $18,465,000. So even adding the $150,000 which would be the approximate debt service on these bonds over that 20 years doesn't affect at all the almost 3 to 1 ratio of revenues to debt service.

Now, I know there was a question raised about the fact that the water utility is not self liquidating which is why this down payment here on it when you wouldn't need one if it was self liquidating. And at the behest of the staff the town asked to represent that they put a rate increase in in December. They're putting another rate increase in in November. And they have a lot of surplus water. And they're exploring who they can sell that water to. And until they figure out the revenue benefits from doing that they don't really want to put in a rate increase that's too high, but they think they will know by the end of the year what the revenue requirements are to be self liquidating and will expect to be that.

MR. CUNNINGHAM: Well, that was the concern I had with the application. And I wasn't sure the answer we were going to get, but, certainly, the
answer I wanted to hear is that a move toward a self
liquidating utilities is on tract. So that was my
question. Do any of the other Board members have
questions for the applicant at this time? Hearing
none.

MR. LIGHT: Motion.
MR. BLEE: Second.
MR. CUNNINGHAM: Roll 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, gentlemen.
And I should have mentioned that there had been a
matter on the agenda. Next matter before the Board,
the City of Newark.

(All parties sworn.)

MR. CUNNINGHAM: Gentlemen, City of
Newark under transitional aid. I've been working with

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officials in the city very closely. Working together with the professionals, obviously, to try to move the city toward a better structural budget position.

You're here in front of us today for an application. And I believe, counsel, you may want to amend the application from before a little bit or we can have that conversation --

MR. MAYER: Yes, thank you, Mr. Chairman. As I discussed with you and Ms McNamara, I would ask that the qualified bonds be increased from 51,553,000 to the total of 56,673,000. I am expecting that we may need to issue the whole amount as qualified bonds. We would like the rest of the application to go as presented in the agenda, but it would go to 51,533 for the qualified bonds to 56,673. That's just the total of the two pieces. That's all I got.

MR. CUNNINGHAM: Dan, I would address this question to you given the city's complicated financing the amount of debt they have outstanding, it's no secret that one of the issues that I've talked about on this deal and others is the city's need for a nonconforming maturity schedule. And for the rest of the Board's benefit, the application, the nonconforming maturity schedule that's in the application, is different than the one first presented. And we've gone
back and forth on that a little bit as the Board often
gets a little bit leery about doing those types of
things, but I think we landed at a place where we
thought was kind of in the best interest. And I would
just ask you to explain why this is being done and the
benefit it has on the city's finances to the sit.

MR. MARINIELLO: Sure. The application
that was originally submitted was revised. We had been
going back and forth with regard to what fit with what
the city could afford and what the city's current debt
situation is. Obviously, any financial or economic
benefit that the state can help provide to the city is
what we're looking for.

There were two series of bonds here.
The school bond we amended from the original
application to the revised to be a conforming schedule.
The city piece of it we revised to bring it not so back
loaded as we had originally showed. We created a chart
that gives an idea our debt service significantly drops
as you go out. And in fact, in 2028 it drops
significantly. So the idea of it was the city's
dealing with a lot of budgetary issues not add income
compound to that as we go. We have to permanently
finance these bonds. It's not something that we're
going to be able to avoid. So the idea was how we best
fit it into the schedule that we have. And I think we've come up with an opportunity not only to fit into the current schedule but there are going to be other things that the city has to finance over the years. And we didn't want to in the next few years add a significant burden to the budget that we're already trying as best we can to deal with.

MR. CUNNINGHAM: Yeah, it certainly is a balancing act because we want to restore fiscal sanity to the city. And sometimes I'm tempted to feel the pain and get it over with and then the city would be on a better long term footing, but we can't go too far with that. I'm speaking from the Division standpoint as, you know, head of the Transitional Aid Program because we wound up -- you know, we would up spiting ourselves and hurting the residents of the city. So I think, you know, the revised nonconforming maturity schedule while certainly not, you know, in a perfect would I think we would avoid it, but given the city's current debt and given the debt that's going to be coming off I think it is prudent. Do any of the other members of the Board have any questions on that?

Dan, we have a couple different versions of the maturity schedule floating around. Just for purposes of the record, can you confirm the date so we
all make sure we're looking at the right one? I believe it's March 25th.

MS. DANIELS: Yes, March 25th is the last one.

MR. CUNNINGHAM: Okay. So assuming the Board votes in a positive manner then Board staff would work with you to amend the resolutions that may be needed to fully understand the decision to go with the 56 and QBA. And again, hearing no other questions from the Board members I would seek a motion for this application.

MR. BLEE: Motion.

MS. RODRIGUEZ: Second.

MR. CUNNINGHAM: Roll 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.
Next matter before the Board is the proposed dissolution of redevelopment agency in Morristown.

(All parties sworn.)

MR. CUNNINGHAM: I'm sorry. I wasn't listening. Would you kindly introduce yourself to the Board?

MR. DONATELLI: My name is Dean Donatelli. I'm with Inglesino, Webster, Wyciskala and Taylor. We are special redevelopment counsel for the Town of Morristown. With me today is Frank Mason. He is the CFO for the town.

MR. CUNNINGHAM: Good morning. And thank you for attending. So this is a proposed dissolution of a redevelopment agency. And as I read the report that was prepared by staff of the Division it appears that the redevelopment entity no longer has real estate or assets, does not have debt, neither a tenant or a landlord. Is there anything else that would still be on the books, so to speak, that would have to continue to exist or is this final and done and no other lingering obligations?

MR. MASON: The only thing that's on the books is $2,188 that the town owes the redevelopment agency. It's been on the books for at least a number of years. And I think it's a moot point to pay it over.
and then take over those funds. So that can be
cancelled on the town's side.

MR. CUNNINGHAM: Okay. And the purpose
of the MRA was redeveloping something referred to as
the Vale Mansion site?

MR. DONATELLI: Yeah, it's a Vale
Mansion redevelopment area which was established in
1998. The redevelopment project has now been completed
to its full execution. All the space is occupied.
There's a new restaurant that just went in. You should
try it. It's actually really good, Jockey Hollow Bar
and Kitchen. And now most of the redevelopment
projects go to the town council now as a redevelopment
authority. So the agency really has no further
function.

MR. CUNNINGHAM: Okay. Any other
questions?

MR. LIGHT: So that I understand,
financially all that they need to do so far as the
books are concerned is cancel the debt that's due to
the town?

MR. MASON: The town has to cancel it on
our side. Correct. We can do that as soon as it's
dissolved.

MR. CUNNINGHAM: Any other questions?
MS. RODRIGUEZ: No, I have a comment.

He's right. That's a great restaurant. I've been there.

MR. CUNNINGHAM: No employees of MRA.

Right?

MR. DONATELLI: No employees.

MR. LIGHT: I'll move the application.

MR. BLEE: Second.

MR. CUNNINGHAM: Roll 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 for your appearance this morning. Union County Improvement Authority.

(All parties sworn.)

MR. CUNNINGHAM: Thank you very much for your appearance this morning. I would ask just because
I didn't hear all the introductions if folks would introduce themselves prior to speaking. And I guess the first thing that caught my eye in the application was the Roselle Mind and Body Complex project. And I was hoping maybe someone could just kind of enlighten the Board about exactly what that is and then talk about the two components of the project, one for the Borough and one for the Board of Ed. So, Counsel Jessup.

MR. JESSUP: Chairman, I'll take a crack at that. Let me first introduce everybody. You Dan Sullivan, the executive director of the Union County Improvement Authority. Allan Roth who is counsel to Roselle Board of Education. Mayor Dansereau, mayor of the Borough of Roselle. Dave Block who's the business administrator for the Board of Education. And all the way at the end there is Dan Mariniello who's financial advisor to the Improvement Authority.

This is essentially a true shared service facility project financial between the Borough and the Board of Education. The Board of Education has a significant need for a pre K and kindergarten facility. Those kids are about 200 kids that are currently spread out in two separate facilities that are leased by the Board of Education. They're not
owned by the Board of Education. They are substandard facilities. Recreation takes place in a parking lot in one facility. There's no recreation opportunity in a second facility. One of them is located on Saint George's Avenue which is a main thoroughfare without Roselle. There is overcrowding in significant number of the classrooms. Many have upwards of 20 kids pre K and kindergarten. The target number is more like 15 kids. So there's overcrowding. There's currently a wait list for pre K enrollment that can't be accommodated by the current leased facilities. And obviously, with a wait list there's no expansion possibilities under the existing facilities at all.

The new pre K and kindergarten facilities, the Board of Ed piece of this project, alleviates all those issues, obviously. This is a brand new state of the art built facility particular to pre K and kindergarten. And the nice thing about it because both of these projects are on the same parcel of land about 200 feet across the hall or across the way from the pre K and kindergarten facility will be a brand new library and a community center and a recreation center where there will be there's a swimming facility. There's recreation opportunities. There is currently no rec center throughout the
borough. So the borough has rec center needs.

The borough has a very popular and active library which right now is antiquated and too small. They run all of their -- a lot of there community services through the library. In Roselle there is a significant and growing immigrant population. So the library does things like employment opportunities, English as a second language, citizenship. They run all of those types of programs through their library. In addition, you know, in Roselle and a lot of other places where you have, you know, two working parents you want a nice facility, a good facility where kids can go after school and end up at a library versus out somewhere else. In this case, obviously, that facility is literally right across the way on the same parcel of property.

So there's a need by both. Obviously, the mayor and the business administrator can describe it in more detail if you'd like. There's a need for both. Because construction is all taking place on one parcel of land and because there's a need for financing the borough and the Board of Ed had entered into a shared services agreement with the Improvement Authority requesting that the Improvement Authority control everything sort of from top down. So letting
of contracts, contracts management. And if you had two separate entities doing it you've got trucks from two different places coming at the wrong time, obviously that can end up being a disaster on one parcel of property.

So recognizing that there's a financing need and recognizing that there's administrative efficiencies obviously, there's contract letting efficiencies, the borough and the Board of Ed had requested that the Improvement Authority through a shared services agreement that was executed last May that they basically run the construction as well as do the financing for the project. That financing is -- will be two bond resolutions but sold at the same time. It will be bonds will be issued by the Improvement Authority. The proceeds of the bonds will be used by the borough of side to build the community and rec center not to exceed $30 million. And proceeds will be used on the Board of Ed side to build early childhood education center not to exceed 19 and a half million which is why you have a total of 49 and a half million on the agenda.

The borough will make a lease payment equal to debt service on the bonds under a lease agreement. They will be leasing the facility from the
Improvement Authority once it's complete. That's a ad
valorem lease payment made by the borough. The Board
of Ed will be making a lease payment. That will be
subject to appropriation lease payments by the Board of
Ed to lease to build early childhood education center
from the Union County Improvement Authority. That
lease payment will also be equal to debt service on the
bonds.

MR. CUNNINGHAM: Mayor, did you want
make a statement in support of the project?

MR. MAYER: Yes. I think he's pretty
thorough with what our needs are, you know, from the
community side. You know, when we talk about the
children, the need for education, capturing them in
they terms of just the library alone, you know, you
have a captured audience. You know, we have schools
that can't afford to put libraries within the school.
So having it right in that general area where the
teachers can bring them right in there is a big plus.
In our community the average income per
household is about $60,000 gross. So there is -- and
there are two working parents minimally. The issue
comes down to after school and what is a safe
environment for them to have an opportunity to know
their children, not in the sense of needing a daycare
operation because these are the middle school children who can be independent, but to have places for them to go for recreation that's safe off the streets so they don't align themselves with groups that we all know, you know, are pervasive in communities like ours in particular when they are having no direction. The library has done a phenomenal job. But as they said, it is too small and it houses so many of our youth. And it does so much for them but it can't do all of this.

Having a structured recreational environment that they can go to daily, you know, will keep them off the streets, keep them you culturally active and to help to educate them in terms of the needs that they have to understand how to become fully, you know, full citizens of this community in a positive direction. The parents simply cannot afford to send their children outside the community for these extracurricular activities. And so therefore, their education of the world in general is not comprehensive or as comprehensive as it could be if not having these other opportunities in an urban community. So we are asking you humbly. We appreciate the Board's, you know, giving us this opportunity to express this need. And I would ask you please to continue passing this
MR. CUNNINGHAM: Is there a significant tax increase that would be required to support the lease payment that the borough would now have to the Improvement Authority?

MR. JESSUP: The debt service on the bonds of approximately $1,600,000 for the borough portion is level.

MR. CUNNINGHAM: And that would equal the -- the lease payment you said would equal the debt service. Correct?

MR. JESSUP: That's exactly right. And that would equate to -- I can't speak to whether they need to do this, but it would be on the average assessed valued home of $118,400. It's a tax increase of approximately $253.

MR. CUNNINGHAM: Do any of the other Board members have questions for the applicant?

MR. LIGHT: I was going to ask -- and I appreciate you asking that. The other one I was concerned with is that I realize this is a large application. It's $50 million, but the cost of issuance is over $600,000. And that seemed to strike me as being high. A lot of it I guess are fixed fees like the underwriter fees and so forth, but there's a
miscellaneous $50,000 down at the bottom. And it's small compared to some of the other numbers we're talking about, but $600,000 for full issuance cost of issuance seems.

MR. CUNNINGHAM: I had the same question. And I'm glad that another Board member asked it before I had to. But that is a concern that the Board has. And perhaps you could just discuss the fee structure.

MR. MARINIELLO: Just to add to that, two big fees in that are driven obviously by the size of the deal. It's a big deal.

MR. LIGHT: $50,000,000 bond structure.

MR. MARINIELLO: The miscellaneous and the other big piece is really on the insurance part of it, the bond insurance premium which is this is not a county guaranteed project. So at $50 for the Borough of Roselle to get bond insurance which would save them a lot more money in the interest rate when they go out and issue the bond, what that price is going to be is still up in the air. We've had a number of conversations but we don't know where it's going to end up. So the numbers that you see in there for bond insurance and miscellaneous is for that fluctuation. We're just not sure what the insurance company is going
to look for.

MS. RODRIGUEZ: If I may, I'm trying to wrap my head around the fee for the UCIA of $104,000. Improvement Authorities come in front of us all the time. And I've never seen a fee this high. Maybe you can explain it to me. Is it because it's two separate entities? It is $104,000. Never seen anything like that.

MR. JESSUP: I think it's couple things. One, the structure is sort of a standard structure that the Improvement Authority uses across all deals. Part of is related to the size of the bond issue, but in this case I think what's more applicable is the fact that, again, unlike a deal where maybe the Improvement Authority is simply passed through financing deals for other municipalities, in this case the Improvement Authority is going to be doing all of the construction management, contract letting, et cetera. So in this case there is an active role of the Authority and of its members to coordinate letting of contracts across both entities and both projects, coordinating the professionals, the engineer, the architect, et cetera, across both contracts. Letting those contracts, managing distribution of funds and managing the higher construction process.

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MS. RODRIGUEZ: So they're acting as contract, plus we're talking about construction management -- not construction management. But contract managers in this. And this is what you're telling? So my question is they're going to be -- you're going to be -- the Authority, okay, is going to be the contract or the project manager for this project?

MR. JESSUP: That's correct.

MS. RODRIGUEZ: Because in that case the fee would make sense to me. You're going to oversee all the soft costs and then into the actual fruition of the project.

MR. SULLIVAN: That's what we're doing now on several other projects. It's the same thing.

MR. AVERY: And the Authority has the staff to -- expertise to do this, to rely on consultants?

MR. SULLIVAN: We have two active construction projects right now. We'll have a third in the City of Plainfield over the next couple of months. And yes, we have the ability to do it.

MR. LIGHT: I want to thank the mayor for coming. I know he thanked you already but it's obvious you care about your community and the young.
What is the population of Roselle?

MS. DANIELS: We have almost 23,000 in a 2.6 mile square town. So we're quite dense. And of course, you know, in our school I believe it's over -- our schools it's over 2,000 children and growing. There's documented coming into the community. Of course other children age out. But as we speak, and I know I'm speaking on behalf of the schools, you know, but that's part of your community because there are no boundaries. And so it's very important, you know, as a whole family if we're servicing the entire families of Roselle we have to be mindful of the needs. And a piece that hasn't really been discussed, the extra rooms that will be part of the recreation center will house a great many services, you know, additionally that the community needs. Social services through nonprofit, you know, organizations that we work with currently now that need the kind of help. And kind of a one-stop shopping area for community activism and positive cultural exposure.

MR. LIGHT: Thank you.

MR. ROTH: Chairman, if I may. I'm Allan Roth, counsel for the Board. We have almost 2800 kids. We have a waiting list for pre K of 100 children. We only can accommodate right now 200. So
without -- we're talking about being able to expand our program. The way the aging out as the mayor said our population is high school's getting smaller, our elementary's getting larger. So we will be tapped out. And I think everyone would appreciate even though this is not the Department of Education, but appreciate that I don't want to have to put 6th, 7th and 8th graders into my high school. That would be a concern.

The other thing is that with the buildings, Mr. Jessup said, I don't know, 400 yards apart, whatever would be, we would be able to now put in the community center a wrap around program which we do not have now. And quite frankly, an urban type district really needs as the mayor had said. And the Board is looking to develop a wrap around program which we would be able to accommodate the needs of not only the pre K but the older kids. And there is not a resource facility to do that here.

MR. CUNNINGHAM: Thank you. I do want to return to the fees. I guess these are proposed and estimated fees. Correct?

MR. JESSUP: Absolutely.

MR. CUNNINGHAM: So they may not be this high?

MR. JESSUP: Correct.
MR. CUNNINGHAM: I think as I go down the list I think some of them are significant. I think the underwriter's counsel, county bond counsel I would ask why that's $20,000 when this isn't a county guaranteed deal. So I'm just curious, you know, was that just a place holder or do you guys actually expect that to be that full amount?

MR. JESSUP: That's correct. That's just a place holder. There was a discussion about whether or not the county would be involved in that regard. At this point obviously through this application there is no county guarantee being contemplated. So that, for example, would be a cost that would not be incurred. Obviously, if the county got involved we'd have to come back to you anyway for additional approvals.

MR. CUNNINGHAM: Then the last thing I would say, this would be directed toward the Improvement Authority, I'm not prepared at this time, but staff is preparing an analysis of Improvement Authority fees. So I'm not singling out Union County in anyway, but as the Improvement Authority deals come before the Board it has often been a concern among Board members over various years of the fees being varied and the fees of some complex being too high.

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And it's no secret that I started my career off in an improvement authority. So I'm particularly sensitive to that. And in this case I certainly understand as Ms Rodriguez asked that the Board is doing more than just financing, they're also doing construction management. But on a kind of going forward basis, I just want all the improvement authorities to know that the Division staff are going to be undertaking analysis to try to identify the spectrum of fees. And those improvement authorities of outliers potentially could be questioned on that. So I only mention that as an advisement but that study is not complete. And I'm not indicating anything untoward about the fee or saying that UCI would be one of the outliers on the spectrum. I'm just making you aware of that future and ongoing effort.

I think the project is an exciting project for the borough to include the Board of Education. Clearly, it's expensive, but, nevertheless, it seems for the impact on the tax rate the result that's being kind of attributed or provided to the children and to the residents of the town is fairly extraordinary. So unless there's any other questions on the application, but, again, I would please ask you to be mindful of the fees as you move forward in all respects. I would ask if there's any other questions.
If not, we'll seek a motion.

MR. BLEE: Motion.

MS. RODRIGUEZ: Second.

MR. CUNNINGHAM: We have a second Ms Rodriguez. Take roll 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: I'd just like to have a sidebar with counsel very, very quickly and then we'll move to the next item on the agenda. Thank you for your appearance.

(Whereupon there is a recess.)

MR. CUNNINGHAM: Next application before the Board is the Monmouth County Improvement Authority.

(All parties sworn.)

MR. CUNNINGHAM: So the Improvement Authority is in front of the Board today for some
significant refundings. And Counsel Draikiwicz was kind enough to talk to myself and Division staff just explain a little bit about the set up of how the Improvement Authority in Monmouth does their issuances. As I look through the application, I know that there's a broad variety of participants in the deal. And the vast majority are achieving the requisite savings. I know that two of the participants, Manalapan and Shrewsbury in particular, may not have or Shrewsbury's case may be close. Would you just be prepared to discuss that a little bit, counselor, and explain to the Board why nevertheless although those participants it makes sense to include those issuances in the refunding? Please.

MR. DRAIKIWICZ: There are actually -- thank you, Director and rest of the Board. There are 18 participants that are involved in the transactions. And we're taking out the 2007, 2008 Monmouth County Improvement Authority bonds where there are many participants as well as three other entities, Red Bank, Avon Board of Education and Little Silver Board of Education. But in connection with the two Improvement Authority refundings that are going on from '07 and '08, there's 15 participants involved in those. And out of those 15 participants three of them, Manalapan,
Township of Shrewsbury and the Borough of Shrewsbury, are below three percent -- are either close to three percent or below three percent. Depending upon obviously time of the market. Since this refunding involves 15 participants in those two series of bonds some of them are at five percent, six percent, four percent, three percent. There's a variety. Because when the bond issued originally their debt schedule obviously varied depending upon their own needs.

So in order to finance -- refinance the '07, '08 deal and get the three percent savings the savings varied. And in order for us to do the transaction to get overall three percent savings some do not have that requisite three percent. So if we refunded it without those three participants those three participants would be left behind. And if they're left behind that would mean there's still ongoing fees from the trustee in terms of annual fee from the trustee for one to have ongoing fees still. Not significant but they're still ongoing fees. And the ability to refund those bonds in which probably have four to six years left on them would probably would not be occurring.

So in order to pick up those negligible savings and towns really benefits the other 15. So
even though they may not have done it on their own
they're still getting some savings. And it's
benefitting the entire pool of participants.

MR. CUNNINGHAM: So speaking of the
entire pool, as I understand it the net present value
savings on this deal is 2.9 million or about
5.2 percent?

MR. DRAIKIWICZ: Financial advisor.

MR. MARINIELLO: As a whole that's about
it.

MR. CUNNINGHAM: When the Board requires
minimum savings one of the prime goals of that is to
prevent fees from being generated on projects that
really don't have a lot of merit to them. Not that
there wouldn't be savings. It would be negligible
savings and it wouldn't justify the professional fees.
Here a different situation as explained by counsel in
that those fees are really being absorbed across a
large pool. So once again, I know I've done most of
the questioning, but if any of the members of the Board
have questions for this applicant please feel free. If
not, I would certainly entertain a motion and a second.

MR. LIGHT: Staggering, again, on the
cost of issuance, but the 2.9 is net with the cost of
issuance. Included in that you still have a 2.9 and
five percent savings.

MR. DRAIKIWICZ: Yes.

MR. LIGHT: So you're spending a million to get. Almost three million savings. No. Okay.

MR. CUNNINGHAM: Motion on the table. We'll resume that. Seeking a second. Mr. Blee.

MR. AVERY: Second.

MR. CUNNINGHAM: Mr. Avery with the second. Roll 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. DRAIKIWICZ: Thank you for your consideration.

MR. CUNNINGHAM: City of Asbury Park.

(All parties sworn.)

MR. McMANIMON: I'm going to briefly introduce the matter because Jen has spent a great deal

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of the last few years working on this project. This is a companion financing to a very large waterfront redevelopment project in Asbury Park. The primary project itself was approved by this Board on February 13, 2013. Involved a very large residential component development on the waterfront. And this is a hotel piece that's a companion part of the financing which is why there is a lot of documents and a lot of structure to this, similar to the transaction that was presented to you back in 2013.

This involves a $1,250,000 completely non-recourse redevelopment area bond for which the city is not on the hook at all. It involves two matters under the redevelopment statute, 40A:12A-29A-3 which is the approval of a financing that's a private sale and 40A:12A-67b which is a financial institute that involves a special assessment and a payment in lieu of tax. And the bond issue is being done primarily to facilitate a payment in lieu of tax that will make this project feasible. Without the bond issue and the removal from the constrictors that are under the formulas under the long-term tax exemption law this project would not be affordable. There is a specific payment that's being made. And the amount of this issue and the interest rate on it does not impact in
anyway on the amount of money that the City of Asbury Park will receive both in the special assessment and the payment in lieu of tax. And so it's not as if this interest rate, it's not that we don't care about this interest rate. It's a high interest rate. But it's consistent with the project from 2013. And it is because it's a non-recourse obligation. It has a construction risk. The person who's buying the bond has to rely on this project being built and then producing the revenue that it's designed to produce so they get paid. There's no backup to this. So there is a complete risk element to this type of financing.

So I'd open it up to questions because I think the project itself speaks for itself. The contract has been before this Board on a much broader scale. I asked Dave Kaplin to come with the city and John Cantalupo who is the city bond counsel. I don't know why they changed from us to him. I can't figure that out. So the city is not involved -- with regard to the city who is intimately involved in this even though their credit is not, I just wanted them here so that if you had questions about it they could address it because they've been as involved as Jen has been.

MR. CUNNINGHAM: I should first note that Asbury Park being a transitional aid town is
obviously then of particular interest to the Division.

I hadn't had a lot of interaction with the city. I didn't know all that much about it when I took this job, but last week I did go down and actually met with the city. I met with the developer. And I actually walked the sites. And I'm now much more familiar from a visual concept with the redevelopment that's going there. As I said to the mayor and I think I would want to reiterate in the front of the Board and in front of the public is I think Asbury Park is on the precipice of some incredibly exciting development opportunities. And I think that as Asbury Park is also getting very close to redeveloping their way out of the Division's transitional aid program. So I think it's incumbent upon the Division to support the programs that are going forward. Our effort then becomes ensuring that the deals that are being put forth are truly in the best interest of the city and ultimately the residents Asbury Park. And I will also fully and freely admit that when I looked at the application and realized that I don't have a lot of perspective into it I did call, you now, counsel. I called Mr. Jessup. And I had a question about that rate. And I appreciate you bringing it up this morning because I did have concern and I thought it was high. But we did have a
conversation that you relayed to the entirety of the Board it's not a rate that adversely affects the City of Asbury which, then, therefore, reduces a lot of my concerns as a Director of the Division. And I can kind of just put my Chairman of the LP hat back on and move forward with it.

So I don't know that the hotel project by itself could be called transformative, but I do think that and the by (sic) project which the developer had done will be catalyst for some of the larger development coming. And those larger developments, and including the PILOT revenues and other things, are going to put cash or payments in lieu of taxes into the city's coffers which I think is ultimately, you know, a very, very good thing. So I appreciate the time that all of you put into this deal and helping explain it to the Board. Did any of the Board members want to talk about the project or about the financing?

MS. RODRIGUEZ: I guess more of a comment. Because I go to Asbury Park all time. I think this is -- I think you hit the nail on the head when you said transformative because right now with the flow of people that come to Asbury Park, and I always encourage people to go to the beach there because I've never seen anything like that in any beach in New
Jersey. And I think this is an asset for the city because I think more people would come down, more people would stay there if there was an alternative hotel. Not that the one that is there -- I mean, the one that's there is pretty much booked all through the Summer. So I think it's a good project for the city. I do.

MR. CUNNINGHAM: Any other questions for the applicants? I'll make motion to approve this.

MS. RODRIGUEZ: I second it.

MR. CUNNINGHAM: Take roll 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.

(All parties sworn.)

MR. CUNNINGHAM: Good morning. Thanks for your appearance. Similar to the City of Asbury
I've been working very, very closely with the City at Atlantic City on their efforts. And we have a lot of stuff with the Division going on there. This financing is one component of that. Kind of a multi-faceted approach to dealing with a lot of the City of Atlantic City's issues. I'm obviously well aware of this project. And I've participated in the calls and the conversations. I wanted the Board to have the ability to ask any questions of the city, but I understand, you know, what's going on here. The only thing I would ask, and I would direct this to Ms Edwards, if you would, could you just explain to the Board the need for the nonconforming maturity schedule why that makes sense given Atlantic City's that drop off. If you would address that then we can open up the questions for the Board members.

MS EDWARDS: Sure. Absolutely. As you're aware, we're here to get approval under 2-51 and 2-55 for the approval of the refunding bond ordinance, as well as a nonconforming maturity schedule and use of the municipal qualified bond act for the ordinance for not to exceed 43 million. 43 million will go to funding an emergency appropriation that will be used to repay the state loan in the amount of $40,000,000.

The structure of the maturity schedule
is laid out to defer principle for the first five years of the transaction and then funding the balance out 25 years. The deferment of principle for five years is to alleviate the city of additional debt service burdens as they're dealing with their financial distress over the next several years. In addition, the maturity schedule is wrap around the additional municipal qualified bonds that were approved earlier in the year for $12,000,000. They will be packaged together. And the structure of the wrap is to give the city the highest amount of coverage possible under the act and the available aid that is given to the city. With this structure we're able to provide the city based on total aid received almost up to four times debt service coverage if we're able to get the nonconforming maturity schedule approved. That's the minimum coverage. The maximum coverage is about 5.3 percent. So as you can see, it's certainly a good thing to have this nonconforming maturity schedule for the city as it's working through its financial distress.

MR. CUNNINGHAM: Thank you for that.

Any questions from the Board? Once again, I'll make a motion for this and seek a second.

MS. RODRIGUEZ: Second.

MR. CUNNINGHAM. Thank you. Do roll
MS McNAMARA: Mr. Cunningham?

MR. CUNNINGHAM: Yes.

MS McNAMARA: Mr. Avery?

MR. AVERY: Yes.

MS McNAMARA: Ms Rodriguez?

MS RODRIGUEZ: Yes.

MS McNAMARA: Mr. Light?

MR. LIGHT: Yes.

MR. CUNNINGHAM: I believe that concludes the matters before the Board today. So motion to dismiss. Or motion to adjourn.

(All: So moved.)

(Matter is adjourned at 11:25 a.m.)
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: April 24, 2015
License No. 30XI00192200
Notary Commission Expiration Date: July 29, 2016

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