HUDSON COUNTY IMPROVEMENT AUTHORITY

IN THE MATTER OF
THE REGULAR MONTHLY MEETING

: TRANSCRIPT CF
: PROCEEDINGS

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WEDNESDAY, JANUARY 28, 2015
830 BERGEN AVENUE, 8TH FLOOR
JERSEY CITY, NEW JERSEY 07306
COMMENCING AT 5:50 P.M.

BOARD MEMBERS:

JOHN L. SHINNICK, CHAIRMAN
FRANK PESTANA, VICE CHAIRMAN
STEPHEN J. GALLO, TREASURER
FRANK LORENZO, SECRETARY
MARTIN T. MARTINETTI, COMMISSIONER
FRED M. BADO, COMMISSIONER
OREN K. DABNEY, COMMISSIONER (ABSENT)
JOHN PENEDA, COMMISSIONER
JAMES DORAN, COMMISSIONER

APPEARANCES:

NORMAN M. GUERRA, CHIEF EXECUTIVE OFFICER
KURT CHERRY, EXECUTIVE DIRECTOR/CFO
WILLIAM J. NETCHERT, ESQ.
GENERAL COUNSEL TO THE BOARD

CARMEN LOZANO, EXECUTIVE ASSISTANT/ASSISTANT SECRETARY TO THE BOARD

SHARON PALMER
CERTIFIED SHORTHAND REPORTER

R.J. O'CONNELL ASSOCIATES,
P.O. BOX 277
CEDAR GROVE, NEW JERSEY 07009
(973) 239-7252
ALSO PRESENT:

MICHAEL MAKARSKI, VISION MEDIA
CHRISTOPHER B. LANGHART, ESQ. (McMANIMON
SCOTLAND & BAUMANN)
MARY-ELLEN GILPIN, HCIA
ELIZABETH RAMOS, EXECUTIVE ASSISTANT
MICHAEL HANLEY, NW FINANCIAL

CHAIRMAN SHINNICK: Here.
MS. LOZANO: We have a quorum with
seven board members present, two not present.
CHAIRMAN SHINNICK: Mr. Netchert.
MR. NETCHERT: Yes, Mr. Chairman.
This is a public meeting. Notice of
tonight's meeting was forwarded to both the Jersey
Journal and Star-Ledger for publication in their
respective newspapers on February 6, 2014. Notice
was also forwarded to the Office of the Clerk of
the County of Hudson, the Office of the Clerk of
the Hudson County Board of Freeholders for posting
on their bulletin boards, and notice was posted on
the bulletin board outside of this meeting room as
well as on the Authority website.
These notices are all in compliance
with the requirements of the Open Public Meetings
Act.

CHAIRMAN SHINNICK: Thank you,
Mr. Netchert.
At this time we'll have the approval of
the minutes of the December 10th, 2014 meeting.
Is there a motion?

COMMISSIONER PESTANA: Motion to
approve.

CHAIRMAN SHINNICK: We'll call the
meeting to order.
Please stand for the Pledge of
Allegiance.
(At this time all present recite the
Pledge of Allegiance.)
CHAIRMAN SHINNICK: Carmen, call the
roll please.
MS. LOZANO: Commissioner Bado.
COMMISSIONER BADO: Here.
MS. LOZANO: Commissioner Dabney. Not
present.
Commissioner Doran.
COMMISSIONER DORAN: Here.
MS. LOZANO: Commissioner Gallo. Not
present.
Commissioner Lorenzo.
COMMISSIONER LORENZO: Here.
MS. LOZANO: Commissioner Martinetti.
COMMISSIONER MARTINETTI: Here.
MS. LOZANO: Commissioner Peneda.
COMMISSIONER PENEDA: Here.
MS. LOZANO: Commissioner Pestana.
COMMISSIONER PESTANA: Here.
MS. LOZANO: Chairman Shinnick.

CHAIRMAN SHINNICK: Motion by
Commissioner Pestana.
COMMISSIONER DORAN: Second.
CHAIRMAN SHINNICK: Second by
Commissioner Doran.
MS. LOZANO: Commissioner Bado.
COMMISSIONER BADO: Yes.
MS. LOZANO: Commissioner Doran.
COMMISSIONER DORAN: Yes.
MS. LOZANO: Commissioner Lorenzo.
COMMISSIONER LORENZO: Yes.
MS. LOZANO: Commissioner Martnetti.
COMMISSIONER MARTNETTI: Yes.
MS. LOZANO: Commissioner Peneda.
COMMISSIONER PENEDA: Abstain.
MS. LOZANO: Commissioner Pestana.
COMMISSIONER PESTANA: Yes.
MS. LOZANO: Chairman Shinnick.
CHAIRMAN SHINNICK: Yes.
MS. LOZANO: The minutes of
December 10th, 2014 are approved by six board
members voting yes, one abstention, and two not
present.

CHAIRMAN SHINNICK: Resolution four is
paying the bills, costs and expenses for the month
of January 2015. Is there a motion?

COMMISSIONER PESTANA: I make a motion
to approve.

CHAIRMAN SHINNICK: Motion by
Commissioner Pestana.

COMMISSIONER LORENZO: Second.

CHAIRMAN SHINNICK: And seconded by
Commissioner Lorenzo.

MS. LOZANO: Commissioner Bado.

COMMISSIONER BADO: Yes.

MS. LOZANO: Commissioner Doran.

COMMISSIONER DORAN: Yes.

MS. LOZANO: Commissioner Lorenzo.

COMMISSIONER LORENZO: Yes.

MS. LOZANO: Commissioner Martinetti.

COMMISSIONER MARTINETTI: Yes.

MS. LOZANO: Commissioner Peneda.

COMMISSIONER PENEDA: Yes.

MS. LOZANO: Commissioner Pestana.

COMMISSIONER PESTANA: Yes.

MS. LOZANO: Chairman Shinick.

CHAIRMAN SHINNICK: Yes.

MS. LOZANO: Item number 1-2015-4
passes in the affirmative by seven board members
voting yes, two not present.

MR. GUERRA: Number five is
resolution --

MR. NETCHERT: Chairman, did you want
to call for comments from the public for the
record?

CHAIRMAN SHINNICK: I'm sorry.

Are there any comments from the public?

Hearing none.

Thank you, Mr. Netchet.

MR. NETCHERT: I just wanted the record
accurate.

CHAIRMAN SHINNICK: Absolutely.

MR. NETCHERT: -- reflect that and be
accurate.

CHAIRMAN SHINNICK: Thank you.

MR. GUERRA: Item number five,
Resolution 1-2015-5 of the Hudson County
Improvement Authority making application to the
Local Finance Board pursuant to N.J.S.A. 40A:5A-6
reference Hudson County Plaza.

In 2007 the Authority had provided the
financing for the capital improvements at the
County Plaza Building, which was formerly known as
Block Drug. And to take advantage of the
favorable market conditions we're seeking to make
application to the Local Finance Board to refund
the outstanding balance.

With us tonight, from the law firm of
McManimon, Scotland & Baumann, is Chris Langhart,
who will give you an overview of this transaction.

MR. LANGHART: Yes. Chairman, do you
want me to handle each one of these, the next two
items separately or together? They are both very
similar.

MR. GUERRA: They are both very
similar.

CHAIRMAN SHINNICK: Fine. You can do
both.

MR. LANGHART: Okay.

Commissioners, are being asked to
approve a resolution making application to the
Local Finance Board. What we're asking to do is
to go down to the Local Finance Board and do two
series of refunding bonds, one for the Hudson
County Plaza and one for the Bayonne DPW Garage
Project, and that's item number six on your
agenda.

The concept for both are the same. I
always say it's like refinancing your mortgage.
You're taking the existing debt, you're refunding
it, you're replacing it with cheaper debt, which
benefits the Authority because you have reduced
debt service payments.

On the first one for the Hudson County
Plaza you're being asked to approve an issuance of
refunding bonds in an amount not to exceed
$24 million.

The original bonds were issued in 2007.
Based upon the numbers as they stand
right now we estimate a closing in April. That's
subject to change and subject to market
conditions.

We have issued a 6.6 percent savings.
Local Finance Board requires us to achieve a 3
percent savings. And in terms of present value
dollars that translates to a million four in
savings for the Authority. So that's the benefit
of doing that deal.

The bond won't go out any longer than
they are originally out for capital projects also
doing essentially issuing new series of bonds,
taking out the old bonds, and pocketing the
difference in debt service savings.

The same thing for the garage refunding
project. Again, with refunding bonds we need to
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<td>achieve a three percent savings. These are</td>
<td>Financial.</td>
<td>Were you interested in whether it was</td>
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<td>taxable bonds. That's the only difference here.</td>
<td>Based on current numbers we achieved a savings of</td>
<td>the underlying borrowers or --</td>
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<td>Based on current numbers we achieved a savings of</td>
<td>12.4 percent, which is well in excess of the 3</td>
<td>CHAIRMAN SHINNICK: No. No. What sets</td>
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<td>percent we're required to save.</td>
<td>percent we're required to save.</td>
<td>it in motion to decide to refinance the bonds? Is</td>
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<td>As to other savings, just a smaller</td>
<td>As to other savings, just a smaller</td>
<td>it you, NW?</td>
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<td>issue, you are being asked to approve not to</td>
<td>issue, you are being asked to approve not to</td>
<td>MR. HANLEY: Yes. We review the debt</td>
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<td>exceed 9.2 million in refunding taxable bonds.</td>
<td>exceed 9.2 million in refunding taxable bonds.</td>
<td>of the Authority on a regular basis to see when</td>
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<td>You would save a million dollars present value</td>
<td>You would save a million dollars present value</td>
<td>there is savings to be achieved.</td>
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<td>savings.</td>
<td>savings.</td>
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<td>So that will be the deal once it is</td>
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<td>consummated. The only thing you are being asked</td>
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<td>to do here is approve the resolution allowing us</td>
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<td>to go down to the Local Finance Board and make</td>
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<td>that application and request positive findings</td>
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<td>from them to do both of these deals.</td>
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<td>If you have any questions I would be</td>
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<td>happy to answer them.</td>
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<td>CHAIRMAN SHINNICK: I heard you</td>
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<td>reference Local Finance Board and about the</td>
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<td>percent of savings.</td>
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<td>MR. LANGHART: Yes.</td>
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<td>CHAIRMAN SHINNICK: Who takes the</td>
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<td>initiative on this, Chris, to refinance this?</td>
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<td>MR. LANGHART: It's very often the</td>
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<td>financial advisor or the underwriter who have the</td>
<td>Financial advisor or the underwriter who have the</td>
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<td>existing bonds. They will monitor them. And if</td>
<td>existing bonds. They will monitor them. And if</td>
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<td>there is a chance for the financial advisor to</td>
<td>there is a chance for the financial advisor to</td>
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<td>save the Authority money, they will do that.</td>
<td>save the Authority money, they will do that.</td>
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<td>Sometimes the underwriter, because it's in their</td>
<td>Sometimes the underwriter, because it's in their</td>
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<td>interest to bring it to your attention as well,</td>
<td>interest to bring it to your attention as well,</td>
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<td>may bring it to your attention in the hopes of</td>
<td>may bring it to your attention in the hopes of</td>
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<td>getting the deal so they will get another deal out</td>
<td>getting the deal so they will get another deal out</td>
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<td>of it too. They benefit by getting another fee</td>
<td>of it too. They benefit by getting another fee</td>
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<td>out of it. We benefit by getting reduced debt</td>
<td>out of it. We benefit by getting reduced debt</td>
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<td>service savings.</td>
<td>service savings.</td>
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<td>And you're right. We go down to the</td>
<td>And you're right. We go down to the</td>
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<td>Local Finance Board. That's their guideline,</td>
<td>Local Finance Board. That's their guideline,</td>
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<td>three percent savings and they will approve it.</td>
<td>three percent savings and they will approve it.</td>
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<td>And at the time we go down there we will say we</td>
<td>And at the time we go down there we will say we</td>
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<td>won't do the deal unless we can achieve the three</td>
<td>won't do the deal unless we can achieve the three</td>
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<td>percent savings since it is market sensitive.</td>
<td>percent savings since it is market sensitive.</td>
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<td>Sometimes now the market is good. In a month or</td>
<td>Sometimes now the market is good. In a month or</td>
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<td>so when we go down there it may not be as good, so</td>
<td>so when we go down there it may not be as good, so</td>
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<td>we kind of have to monitor that through the</td>
<td>we kind of have to monitor that through the</td>
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<td>financial advisor and ourselves.</td>
<td>financial advisor and ourselves.</td>
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<td>MR. HANLEY: Was your question --</td>
<td>MR. HANLEY: Was your question --</td>
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<td>MR. NETCHER: Identify yourself please.</td>
<td>MR. NETCHER: Identify yourself please.</td>
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<td>MR. HANLEY: Mike Hanley from NW</td>
<td>MR. HANLEY: Mike Hanley from NW</td>
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<td>many times over the years. And when people ask</td>
<td>many times over the years. And when people ask</td>
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<td>how it works or why it works or why you hire</td>
<td>how it works or why it works or why you hire</td>
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<td>financial advisors and good bond attorneys and</td>
<td>financial advisors and good bond attorneys and</td>
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<td>everything else, you hire professionals to make</td>
<td>everything else, you hire professionals to make</td>
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<td>these type of things happen.</td>
<td>these type of things happen.</td>
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<td>MR. GUERRA: And in these two cases I</td>
<td>MR. GUERRA: And in these two cases I</td>
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<td>believe it was brought to Kurt's attention by NW</td>
<td>believe it was brought to Kurt's attention by NW</td>
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<td>by Mike.</td>
<td>by Mike.</td>
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<td>CHAIRMAN SHINNICK: Right. Right. I</td>
<td>CHAIRMAN SHINNICK: Right. Right. I</td>
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<td>just had never -- Like you and I heard you</td>
<td>just had never -- Like you and I heard you</td>
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<td>mention, Chris, about Local Finance Board, so I</td>
<td>mention, Chris, about Local Finance Board, so I</td>
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<td>didn't know if they automatically -- I know</td>
<td>didn't know if they automatically -- I know</td>
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<td>they're not going to review it.</td>
<td>they're not going to review it.</td>
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<td>MR. GUERRA: No.</td>
<td>MR. GUERRA: No.</td>
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<td>MR. LANGHART: When the rates go down</td>
<td>MR. LANGHART: When the rates go down</td>
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<td>Mike's firm will just review all of that to take</td>
<td>Mike's firm will just review all of that to take</td>
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<td>care of their client.</td>
<td>care of their client.</td>
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<td>CHAIRMAN SHINNICK: Thank you,</td>
<td>CHAIRMAN SHINNICK: Thank you,</td>
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<td>Mr. Hanley.</td>
<td>Mr. Hanley.</td>
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<td>MR. HANLEY: Thank you Mr. Chairman.</td>
<td>MR. HANLEY: Thank you Mr. Chairman.</td>
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<td>MR. GUERRA: Thank you, Chris.</td>
<td>MR. GUERRA: Thank you, Chris.</td>
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<td>No questions?</td>
<td>No questions?</td>
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<td>CHAIRMAN SHINNICK: Can we move five</td>
<td>CHAIRMAN SHINNICK: Can we move five</td>
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<td>and six together or do we need to move them</td>
<td>and six together or do we need to move them</td>
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| individually? | individually?
 Authorities to construct and issue the financing for school projects.

With that said, we anticipate that the school, the Hudson County Schools of Technology, will designate us to oversee the construction of the new school.

What we would like to do now is retain the services of Mast Construction and get them on board early in this process. They will manage all of the construction activity and serve as the owner rep.

We're proposing to enter into an escrow agreement with the school to fund the cost of all of the professional services.

We had one meeting with them utilizing some of our energy professionals on the energy side for the project. But again, all that money will come out of an escrow account that will be set up.

The fee for Mast Construction will be on average about $39,000 a month. Again, they're going to work very closely with the school in developing the bid documents. This probably will be a design-build concept. So they're going to work with them right through the whole

project.

So right now there is a resolution after this where we're going to seek authorization to enter into that type of escrow agreement with them.

The purpose of this resolution is to have Mast Construction be our representative and get them on early in the process.

CHAIRMAN SHINNICK: Are there any questions?

MR. NETCHERT: The only thing additional that I would add to what the Chief Executive Officer has said is that this is a guesstimated number. The fee for Mast will be based upon how much or how little there is to do.

Mr. Guerra has indicated that based upon the outcome of the first meeting it appears that Mast may be asked to do a lot, so the estimate that he provided to us is based upon that assumption. It is conceivable, certainly in the first few months, that it may be less. At the same time in the first new months it could be more because my understanding is that he's going to review the bid documents, he's going to prepare the bid documents, he's going to review the
architect's initial, what I would call the initial design that's going to go out to the subsequent architects who will bid on a design-build basis. Mr. GUERRA: He's going to help with the completion of the bridging documents, assist in the permitting and all of the agency reviews, all of the technical services, estimating the scheduling and the value engineering, and then also help develop the scope and leveling and the review of all of the documents that do come in when we go through that design-build process, which we will have to advertise for proposals. Teams will come in who will assist us in developing a matrix to evaluate those proposals and sit with us. And we will form a committee to look at the proposals that come in to select what team is the best to actually construct the school. COMMISSIONER DORAN: Is this in Secaucus? Mr. GUERRA: This is the one that's the Schools of Technology in North Bergen, which looks like it's going to be located in Secaucus right where the dinosaur park is. CHAIRMAN SHINNICK: Are there any other questions?

For the record, I would like the record to reflect for the next two resolutions that I am employed at the Hudson County Schools of Technology. I would just like that placed on the record.

On Resolution Seven is there a motion? COMMISSIONER DORAN: Motion. CHAIRMAN SHINNICK: By Commissioner Doran.

COMMISSIONER PESTANA: Second. CHAIRMAN SHINNICK: Seconded by Commissioner Pestana.

MS. LOZANO: Commissioner Bado.

COMMISSIONER BADO: Yes.

MS. LOZANO: Commissioner Doran.

COMMISSIONER DORAN: Yes.

MS. LOZANO: Commissioner Lorenzo.

COMMISSIONER LORENZO: Yes.

MS. LOZANO: Commissioner Martinetti.

COMMISSIONER MARTINETTI: Yes.

MS. LOZANO: Commissioner Peneda.

COMMISSIONER PENEDA: Yes.

MS. LOZANO: Commissioner Pestana.

COMMISSIONER PESTANA: Yes.

MS. LOZANO: Chairman Shinnick.

CHAIRMAN SHINNICK: Yes.

MS. LOZANO: Resolution 1-2015-7 passes in the affirmative by seven board members voting yes, two not present.

Mr. GUERRA: Item eight is Resolution 1-2015-8 of the Hudson County Improvement Authority approving Escrow and Funding Agreement with the Board of Education of the Hudson County Schools of Technology.

Again, as I stated, we would like to enter into this agreement with the school to find the account at least for three months at this point because I do believe that the County will be moving rather quickly with us in securing the financing for the school, but at least this will cover any costs that we have incurred and any costs while the whole process takes place.

We anticipate the funding, and I picked a number based on a couple of months of Mast, and we had legal fees already relating to the new legislation that's pending. And then we have some legal fees we will have to do again with the energy consultants that are consulting with the school on the energy component of the project. So we're estimating about $175,000 that we're going to ask the school to put into that fund.

CHAIRMAN SHINNICK: On Resolution Eight is there a motion?

COMMISSIONER DORAN: Motion.

CHAIRMAN SHINNICK: By Commissioner Doran.

COMMISSIONER PENEDA: I'll second it.

CHAIRMAN SHINNICK: And seconded by Commissioner Peneda.

MS. LOZANO: Commissioner Bado.

COMMISSIONER BADO: Yes.

MS. LOZANO: Commissioner Doran.

COMMISSIONER DORAN: Yes.

MS. LOZANO: Commissioner Lorenzo.

COMMISSIONER LORENZO: Yes.

MS. LOZANO: Commissioner Martinetti.

COMMISSIONER MARTINETTI: Yes.

MS. LOZANO: Commissioner Peneda.

COMMISSIONER PENEDA: Yes.

MS. LOZANO: Commissioner Pestana.

COMMISSIONER PESTANA: Yes.

MS. LOZANO: Chairman Shinnick.

CHAIRMAN SHINNICK: Yes.

MS. LOZANO: Resolution 1-2015-8 passes in the affirmative by seven board members voting.
MR. NETCHERT: Commissioners, before you go into the next item. Commissioners, just for your knowledge so that if anyone were to ask you about that issue, the legislation that's pending authorizes improvement authorities to do what at the present time can only be done by counties for vocational schools and that is accept funding for the Educational Facilities Fund, or whatever it's called, and build new vocational high schools.

If that were to stay there in the county, and the County were to be required to do it, the County would have to comply with all of the requirements of the Local Public Contracts Law and Local Land and Buildings Laws and would not be able to do a design-build type of construction. By amending the legislation to allow the Improvement Authorities to do this on behalf of the Schools of Technology and the County, it allows a design-build option to be put in place because of the fact that the Improvement Authority law allows those types of things to be done. So the reason for the legislation is to make sure that if the Improvement Authority does it on a design-build, that the guaranteed repayment of debt by the Department of Education would still stand even though it were not done by the County. And that's the reason for the legislation that allows us to do it.

In case you had to take a test as to why we did this, now you all know.

CHAIRMAN SHINNICK: And, of course, if the bill doesn't pass --

MR. NETCHERT: Then everything we're doing goes away, which is why, Mr. Chairman, the administration of this agency has decided to ask for an escrow account to fund professionals, because many times before we have funded professionals and when we looked in the bag it was empty. So we're going to have something in there to pay people with this time.

CHAIRMAN SHINNICK: Well, the administration does a good job of keeping a count of the costs of professionals and making sure we're reimbursed, and I'm sure that will be the case here.

I had one question on the design-build contract. Ultimately will the school approve or the committee upon the recommendation of the committee?

MR. GUERRA: They will be part of the committee too.

MR. NETCHERT: Ultimately this Board will approve --

CHAIRMAN SHINNICK: Right.

MR. NETCHERT: -- who is selected. And the thought is to appoint a committee. Perhaps it might be one or two of our board members, it may be one or two of our employee staff people, there will be someone from the County of Hudson, there certainly should be some people from the Schools of Technology. But ultimately we award the contract, which is why Mr. Guerra insisted that Mast Construction be hired now as our construction manager/owner's representative because we will be responsible for the final decision. So we wanted the professionals up front in the beginning looking at this thing.

CHAIRMAN SHINNICK: And protecting our interests, of course, is the foremost.

You know, getting back to it because someone had asked me about this. The transparency of the Koppers Koke Committee in picking a developer there. I have said it before and I'll say it again, they could come back and look at that process ten years from now, and that was one of the purest and cleanest process there is. So when asked that question about this, this Authority always does things in the most clear and transparent way and the fairest way so that all of this is done. I'm sure we will model this process the same way we did with the Koppers site process.

COMMISSIONER DORAN: Permission.

CHAIRMAN SHINNICK: Oh, I'm sorry, commissioner.

COMMISSIONER DORAN: Giving my background in some school construction and my current position as a Jersey volunteer in --

MR. GUERRA: You would be perfect for the committee.

CHAIRMAN SHINNICK: Absolutely.

MR. NETCHERT: You're it. You don't have to say that twice here.

MR. GUERRA: We like volunteers.

CHAIRMAN SHINNICK: We nominate Commissioner Doran.

COMMISSIONER DORAN: I might be a one-trick pony, but that's my trick.

MR. GUERRA: Chairman, there is an
addendum to the packet, Addendum One. Item nine, and I'm going to read both resolutions relating to nine, and then I'll ask Mr. Kurt Cherry to present this to the Board. Item 9A is Resolution 1-2015-9A of the Hudson County Improvement Authority approving its fiscal year 2015 Budget and setting forth the reasons for late submittal to the Division of Local Government Services. Resolution 1-2015-9B of the Hudson County Improvement Authority approving its fiscal year 2015 Budget and setting forth the reasons for a late submittal to the Division of Local Government Services.

So Kurt, I would ask you, or Carmen, as I read this why -- They are both the same, right?

MR. CHERRY: They are except that one is for administrative operating expenditures, which has to do with our administrative operating fund, the TMA, property development, where the second one is just for solid waste. So that's why there is two resolutions. There is two budgets and the State is kind of in a state of flux in their budget documents. So we're actually doing the two resolutions to cover both of those areas of our budget.

of our budget.

CHAIRMAN SHINNICK: Did they always break it down?

MR. CHERRY: They used to make us break it down into six different categories. And then we used to do two budget resolutions. And then they didn't like that, so then they made us divide it into two resolutions. I have a sneaking suspicion they're going to probably go back to one resolution.

At this point we're going to submit the two budget resolutions that in total equal our Budget, and then we'll see what they say.

CHAIRMAN SHINNICK: Is it the other item has to do with the--

MR. GUERRA: He will talk about it as he goes through it.

MR. CHERRY: So this Budget that we're introducing at this meeting is a total of $262,738,654. That's actually a decrease of $50,438,880.

(Commissioner Gallo enters the room.)

MR. CHERRY: That difference is made up mainly of debt service and it has to do with the County Guaranteed Pooled--
refer to it as related party transactions. They are asking you if you have entered into business with or have contracted with other commissioners. And as I said, I would never know that. I don't get access to that information.

MR. GUERRA: So the form is in their --
MR. CHERRY: There is a form in there. The form, N4, is for you to fill out. There is the main columns. The first ones on the left, actually refer to income that you receive from the Authority. That will be easy for most of you, all of you, because you get no compensation from the Authority.

The last two columns on the right, one requests salary information. If there is consulting, any kind of consulting income or any other independent contractor compensation, they are asking for that.

The last column is for any pension payments that you receive from any of the State pensions and any other kind of compensation that you could think of that's in lieu of compensation. So if you were given, I guess, a pension payment from an entity or you were given any kind of money from another government organization, they are asking for that.

COMMISSIONER MARTINETTI: It says health benefits on here. Do you want them?
MR. CHERRY: If they pay you for your health benefits.
MR. GUERRA: Not here. Here you don't get it, but the other job they want to know about.
MR. CHERRY: So if you're an employee and you are receiving health benefits, that's considered a normal fringe benefit as an employee. However, if you said to your employer I would be happy to work for you, just pay my medical benefits, that would have to go on there.
MR. NETCHERT: It is like every other form that comes into existence. It's a product of an event or a number of events. And this is, to me, an information gathering document that basically is gathering information that, probably in everybody's case here, has been filed somewhere else in connection with something else.
Mr. Hanley is here and he can speak to that. He seems to think it is so that they don't have to look it up somewhere else and so it is attached to this, and he probably is correct in that.

But I think it is an outgrowth of some negative operations by certain authorities and they decided that based upon those things they would try to ask these things, which would prevent those negative events from ever happening again. I don't know that it will, it does, or whatever.

But it is outrageous to me that before he's allowed to file a Budget that you're required to fill these out.

John, you're in a different spot now, but if you were at EDC, they would probably have you -- I mean enterprise's own people probably have to do it. The Schools of Technology. Frank, you probably have to do it.

COMMISSIONER PESTANA: Yes.
MR. NETCHERT: And Jimmy, the schools you do it a different way, but I think you have to do it also.

COMMISSIONER DORAN: By April 30th, yes.
MR. NETCHERT: So it's a form that we need to have filled out.

What Kurt tells me and what Mike Hanley has confirmed is that the negative to us not doing this is that we send the Budget down, they decide that the budget is incomplete because it does not contain this information. Mike and the bond counsel go to the next Local Finance Board meeting for the two things that we previously approved and they say to them sorry, we can't hear you because your budget hasn't been submitted. So --

MR. GUERRA: And they do that quite a bit.
MR. NETCHERT: So as reluctant as am to get really excited about this, it has a lot of consequences for us not doing it. So I think that I have to just be outraged that they are asking for this and ask you to do it any way.

MR. GUERRA: And Mike and Kurt --
CHAIRMAN SHINNICK: And another point.

This is not in lieu of us doing the financial disclosure forms that we do every year. So I guess the redundant thing here is that we have to do the financial disclosure form on top of --

MS. LOZANO: In addition.
chasMAN SHINNICK: -- this form.
MR. NETCHERT: I guess they are different people. They are in the other room.
COMMISSIONER MARTINETTI: This is more specific. This makes it less than the total
And Norman and Kurt, Bill, and myself, and bond

counsel and others went down to get -- Improvement

Authorities do have a wide range of activities

that they participate in, and this one

participates in a lot and provides a lot of added

value. And other Improvement Authorities have a

very small role in their counties. So we went

down and made a couple of presentations to the

director and staff and the board to tell them all

of the things that happen here and why we do what

we do and how we do it. And a couple of times we

actually were described as like in a positive way

in hearings when they were beating up other

Improvement Authorities. So we got a little pat

on the back for all of the things that are done

here and the way this Improvement Authority is

run.

Unfortunately that means that we have

to aggregate information so when they want to beat

up Authorities they can more easily do that

without having to go to ten or twelve different

forms.

COMMISSIONER GALLO: Mr. Chairman.

COMMISSIONER GALLO: Mr. Hanley and Mr.

Guerra are not exaggerating. I happened to be at

the hearing down in Local Finance Board and there

was another Improvement Authority that was trying

to get something accomplished, and they got

excoriated and they were told you need to be more

like Hudson County.

MR. GUERRA: And they specifically

named us.

MR. NETCHERT: Imagine that.

COMMISSIONER GALLO: They used us as an

example as how to do things right and Director

Neff was very clear about that.

COMMISSIONER LORENZO: I have a

question. This does not include private industry,

right?

MR. CHERRY: That is correct.

COMMISSIONER LORENZO: The other

question is does this fall into 2014 and '15 or

both or what?

MR. CHERRY: Just 2014.

MR. GUERRA: Like Bill said, they have

all of this information already from your other

employers. Not your other -- From your employer.

There is no compensation here at all.

COMMISSIONER DORAN: This asks from
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<tbody>
<tr>
<td>1. January 1st of 2015 to December 31st of 2015.</td>
<td>1. MR. CHERRY: They are only filling out the last two columns. Forget about the other lines. It is one line across for you.</td>
</tr>
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<td>2. MR. CHERRY: Those dates are on there because they are going with the Budget that covers the period of January 1st, 2015 through December 31st, 2015.</td>
<td>3. Right, answering each column.</td>
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<td>4. COMMISSIONER DORAN: So information up to December 31st of 2014.</td>
<td>5. MR. NETCHERT: Mike and Kurt are available.</td>
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<td>5. MR. CHERRY: Correct.</td>
<td>6. MR. GUERRA: We can put this on a whiteboard between now and Tuesday if you have any questions.</td>
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<td>7. CHAIRMAN SHINNICK: It is a State form.</td>
<td>8. COMMISSIONER PESTANA: In our Authority we created a sheet where they actually had to fill in the information and then sign the bottom and turn it in.</td>
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<td>9. There is no way you can be clear.</td>
<td>10. MR. NETCHERT: You might want to send a blank one.</td>
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<td>11. COMMISSIONER DORAN: I guess.</td>
<td>12. CHAIRMAN SHINNICK: We're not --</td>
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<td>12. MR. NETCHERT: The right one is in the other office.</td>
<td>13. MR. NETCHERT: We're not proud.</td>
</tr>
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<td>13. COMMISSIONER DORAN: Question three is does any person listed on N4 have a family business relationship with any person listed listed on N4, and there is no names.</td>
<td>14. CHAIRMAN SHINNICK: Plagiarism is the highest form of flattery.</td>
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<td>14. MR. CHERRY: I probably should have put that on there, but that's part of the State's challenge.</td>
<td>15. Commissioner Gallo you had a question?</td>
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<td>15. I'll tell you who is on N4. N4 consists of each of you as commissioners.</td>
<td>16. COMMISSIONER GALLO: Someone asked it already.</td>
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<td>16. COMMISSIONER DORAN: Okay.</td>
<td>17. CHAIRMAN SHINNICK: Okay.</td>
</tr>
<tr>
<td>17. MR. CHERRY: It consists of Norman, and it consists of myself.</td>
<td>18. MR. GUERRA: So, Chairman, we need a resolution on 9A. I'm sorry. We need a vote on 9A and 9B.</td>
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<tr>
<td>1. COMMISSIONER DORAN: All right.</td>
<td>1. CHAIRMAN SHINNICK: You can do that just so that you are distracted from the actual Budget.</td>
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<td>2. MR. CHERRY: And those are the --</td>
<td>3. MR. GUERRA: Yes.</td>
</tr>
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<td>3. CHAIRMAN SHINNICK: We have a business relationship with you and Norman.</td>
<td>4. CHAIRMAN SHINNICK: On Resolution 9A and 9B is there a motion?</td>
</tr>
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<td>4. MR. CHERRY: Correct.</td>
<td>5. COMMISSIONER GALLO: I'll move it.</td>
</tr>
<tr>
<td>5. CHAIRMAN SHINNICK: Or any other --</td>
<td>6. CHAIRMAN SHINNICK: By Commissioner Gallo.</td>
</tr>
<tr>
<td>6. MR. CHERRY: Or each other.</td>
<td>7. COMMISSIONER LORENZO: Second.</td>
</tr>
<tr>
<td>7. COMMISSIONER PESTANA: Where do you want us to give you the information? Just write it right on here or --</td>
<td>8. CHAIRMAN SHINNICK: And seconded by Commissioner Lorenzo.</td>
</tr>
<tr>
<td>8. MR. CHERRY: Can you just write it on there and I'll pull it all together.</td>
<td>9. MS. LOZANO: Commissioner Bazo.</td>
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<td>9. COMMISSIONER DORAN: Am I supposed to put my information on this line across?</td>
<td>10. COMMISSIONER BADO: Yes.</td>
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<td>10. MR. CHERRY: That's correct.</td>
<td>11. MS. LOZANO: Commissioner Doran.</td>
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<td>11. COMMISSIONER DORAN: Okay. I get it now.</td>
<td>12. COMMISSIONER DORAN: Yes.</td>
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<td>12. CHAIRMAN SHINNICK: I'll call you.</td>
<td>13. MS. LOZANO: Commissioner Gallo.</td>
</tr>
<tr>
<td>14. MR. CHERRY: That's correct. That all has to do with the Authority.</td>
<td>15. MS. LOZANO: Commissioner Lorenzo.</td>
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<td>15. MR. HANLEY: That's really your sheet.</td>
<td>16. COMMISSIONER GALLO: Yes.</td>
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<td>16. The commissioners just need to do the lines across the top, the categories.</td>
<td>17. MS. LOZANO: Commissioner Martinetti.</td>
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<td>17.</td>
<td>18. COMMISSIONER MARTINETTI: Yes.</td>
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<td>19.</td>
<td>20. COMMISSIONER PENEDA: Yes.</td>
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now those bonds are varying at about .2 percent. But the borrowers also have to incur the costs of the program that include a number of things, but the largest cost of the program are the fees to the Letter of Credit.

What makes those bonds marketable is there is a bank that is willing to guarantee to the investors buying the bonds that they’re not remarshaled in any given week and that the bank will step in and be the owner of those bonds.

Now one of the things that we’ve learned in this process is that there is almost none of these programs that exist in the world because no one has been able to do one since 1986. For a long time Bank of New York has been the Letter of Credit bank. They no longer want to continue to be the Letter of Credit bank and provide the direct pay Letter of Credit to this program. A large part of that is there is a certain amount of uncertainty in the market as it relates to how banks are going to receive capital charges, which is when a bank makes a loan or provides a Letter of Credit, provides credit support, uses that, puts their capital at risk. There are charges that their rating agencies require of them and federal regulators require of them. And, in effect, they have to reserve the capital against the loans or credit support.

Dodd-Frank has evolved since it was passed a few years back. Their regulators have been working out how those charges and how those regulations are going to work. So we’re still in a period of time where the banks are unsure about how they’re going to be charged for the credit that they are providing on a loan like this and combined with the fact that this is not a program that current lenders are familiar with because there is almost none of them out in the world.

We have worked with a lot of banks and have tried to get to the best solution. We think we have a real good solution on the table with TD Bank. They have provided a Letter of Credit that has very favorable pricing. It is better than the pricing we have today. They did ask us to insure the loans that are made. Just to get a sense of scale. The Letter of Credit itself is for about $80 million. That Letter of Credit supports about $28 million in loans and the participants; about $20 million in loans, in cash that is available to be loaned;
about $2.5 million, which makes up the Debt Service Reserve Fund and is currently invested in the County bonds that were issued to make the payments to the Improvement Authority for the Koppers site; and the balance is the interest component.

MR. NETCHERT: Basically it is $20 million worth of loans out there.

MR. HANLEY: It’s $28 million.

MR. NETCHERT: Okay, $28 million.

MR. HANLEY: And then the reserve fund.

The cash is the cash. And then there is about $10 million for the interest charge.

As I said, we have a very favorable term sheet that we’re working on with TD Bank. But in the interest of not having kind of a time pressure, if we can finish up the items on the term sheet, which includes TD Banks syndicating a portion of the loan, we would like to have this done within a week or two so that we can tend to the bonds that are outstanding, bring them back in and have the new Letter of Credit put on the old bonds. So the resolution allows Kurt to work with us and the bond counsel to complete the transaction that’s on the table with the new Letter of Credit.

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MR. HANLEY: It would be effective probably at the beginning of March, but there is a 30-day time period where we have to tender or give notice to the existing bondholders that the Letter of Credit is going to change. So we don’t want to --

CHAIRMAN SHINNICK: Does the Letter of Credit expire?

MR. NETCHERT: Yes.

MR. HANLEY: It does. It expires March 15th, but March 15th is not the day we want to be dealing with this.

CHAIRMAN SHINNICK: I wouldn’t think so.

MR. GUERRA: Right.

CHAIRMAN SHINNICK: Okay.

MR. GUERRA: Do we need a vote,

Chairman?

CHAIRMAN SHINNICK: Any other questions?

MR. CHERRY: We have been working on this since August of last year, so this has been a very, very long drawn out process with Bank of New York and then trying to move forward with another Letter of Credit provider.

---

CHAIRMAN SHINNICK: So is TD Bank absolutely going to issue the new Letter of Credit?

MR. HANLEY: They are not absolutely going to issue the Letter of Credit. They need to find a syndicating partner because their credit committee does not want to take all of the risk by themselves. They want a second bank to participate with them. All of that is on their side of the equation, but they won’t close the transaction with us until they get a second participant for their piece of the Letter of Credit.

COMMISSIONER PEStANA: Do you think they’ll get someone?

MR. HANLEY: I do. They had a number of conversations. They believe they’re pretty far down the line with one bank in particular, and they have talked to three or four banks, so we think it is likely that they will get over the hump.

CHAIRMAN SHINNICK: So this allows you to continue negotiations with TD Bank, and if you can work everything out they will issue the new Letter of Credit effective when?

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CHAIRMAN SHINNICK: Is there a motion?

COMMISSIONER LORENZO: I will make a motion.

CHAIRMAN SHINNICK: Motion by Commissioner Lorenzo.

COMMISSIONER PESTANA: Second.

CHAIRMAN SHINNICK: And seconded by Commissioner Pestaña.

MS. LOZANO: Commissioner Badc.

COMMISSIONER BADO: Yes.

MS. LOZANO: Commissioner Doran.

COMMISSIONER DORAN: Yes.

MS. LOZANO: Commissioner Galle.

COMMISSIONER GALLO: Yes.

MS. LOZANO: Commissioner Lorenzo.

COMMISSIONER LORENZO: Yes.

MS. LOZANO: Commissioner Martinetti.

COMMISSIONER MARTINETTI: Yes.

MS. LOZANO: Commissioner Peneda.

COMMISSIONER PENEADA: Yes.

MS. LOZANO: Commissioner Pestaña.

COMMISSIONER PESTANA: Yes.

MS. LOZANO: Chairman Shinnick.

CHAIRMAN SHINNICK: Yes.

MS. LOZANO: Resolution 1-2015-10
passes in the affirmative by eight board members
voting yes, one not present.
MR. GUERRA: Do you have anything
Mary-Ellen?
MS. GILPIN: Everything is in my
report.
We're getting ready for the spring and
next month we'll have lots more to report.
CHAIRMAN SHINNICK: Okay.
MR. GUERRA: That's all we have, Mr.
Chairman.
MR. NETCHERT: And Mike Hanley, just
out of curiosity. We have been paying this Letter
of Credit to Bank of America since 1986?
MR. HANLEY: No. We have been paying
this Letter of Credit to Bank of New York since
maybe ten or twelve years.
MR. NETCHERT: Who was it before that?
MR. HANLEY: I believe it was Fuji Bank
before that.
MR. NETCHERT: And has Bank of New York
ever had an issue that they had to deal with under
the Letter of Credit?
MR. HANLEY: No. Since 1986 every
participant has made their monthly payments.

There is never been a problem as it relates to the
Pooled Loan Program. It is strictly an issue of
unfamiliarity with the program that really doesn't
exist any more in the world and uncertainty
related to regulations and how things can
effectively charge and make money.
MR. NETCHERT: For 15 years they have
been taking a check, a pretty big check.
CHAIRMAN SHINNICK: How much annually?
MR. HANLEY: Maybe $300,000 a year or
somewhere in that ballpark.
MR. NETCHERT: Never mind. I changed
my mind. We don't want to do this any more.
MR. CHERRY: We never had a problem
even in 2008 when a lot of municipalities had
their bond notes come due, and then there were
banks that really didn't want to roll them over,
and yet we were always able to sell our bonds. So
it speaks to the program.
CHAIRMAN SHINNICK: Right.
That's it, Mr. Netchert? Is there
anything else?
MR. GUERRA: That's it, Chairman.
CHAIRMAN SHINNICK: Is there a motion
to adjourn?

COMMISSIONER PENEDA: I'll make a
motion.
CHAIRMAN SHINNICK: Is there a second?
COMMISSIONER DORAN: Second.
CHAIRMAN SHINNICK: Motion by
Commissioner Peneda and seconded by Commissioner
Doran. All in favor?
COMMISSIONER BADO: Aye.
COMMISSIONER DORAN: Aye.
COMMISSIONER GALLO: Aye.
COMMISSIONER LORENZO: Aye.
COMMISSIONER MARTINETTI: Aye.
COMMISSIONER PENEDA: Aye.
COMMISSIONER PESTANA: Aye.
CHAIRMAN SHINNICK: Aye.
Thanks everybody.
(Whereupon the meeting is concluded.)

CERTIFICATION

I, Sharon Palmer, C.C.R., License
Number X100796, a Certified Court Reporter of the
State of New Jersey, do hereby certify that the
foregoing is a true and accurate transcript of my
stenographic notes of the within proceedings to
the best of my knowledge and ability.

Sharon Palmer, C.C.R.

Dated: January 29, 2015