Hudson County Improvement Authority

In the Matter of: Transcript of
The Regular Monthly Meeting: Proceedings

Wednesday, March 23, 2016
830 Bergen Avenue, 9th Floor
Jersey City, New Jersey 07306
Commencing at 5:40 p.m.

Board Members:

Frank Pestana, Chairman
James Doran, Vice Chairman (Absent)
Stephen J. Gallo, Treasurer
Frank Lorenzo, Secretary
Martin T. Martinetti, Commissioner
Fred M. Bado, Commissioner
John Peneda, Commissioner
Nicholas Goldsack, Commissioner
Jeffrey Dublin

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:

AMIT JANI, VISION MEDIA
GLENN F. SCOTLAND, ESQ. (McMANIMON SCOTLAND & BAUMANN)
CHRISTOPHER B. LANGHART, ESQ. (McMANIMON SCOTLAND & BAUMANN)
MARY-ELLEN GILPIN, HGA
ELIZABETH RAMOS, EXECUTIVE ASSISTANT
JAY DE DOMENICO, TMA

COMMISSIONER PENEDA: Here.
MS. LOZANO: Chairman Pestana.
CHAIRMAN PESTANA: Here.
MS. LOZANO: We have a quorum by eight board members present, one not present.
CHAIRMAN PESTANA: Mr. Netchert.
MR. NETCHERT: Yes, Mr. Chairman.
This is the regular March meeting of the Improvement Authority. It's a public meeting.
Notice of tonight's meeting was forwarded to the Jersey Journal and the Star-Ledger for publication on February 11th, 2016. Notice was also forwarded to the Clerk of the County of Hudson and the Clerk of the Hudson County Board of Freeholders for posting on their respective bulletin boards. And notice was also posted on the bulletin board outside of this meeting room as well as being posted on the Authority's website.
These notices are in compliance with the Open Public Meetings Act.
CHAIRMAN PESTANA: Thank you, Mr. Netchert.
At this time I would like a motion for approval of the minutes of the February 10th meeting.

CHAIRMAN PESTANA: We'll call the meeting to order.
Everyone welcome to the Hudson County Improvement Authority meeting.
Please rise to salute the flag.
(At this time the Pledge of Allegiance is recited.)
CHAIRMAN PESTANA: Carmen, would you call the roll please.
MS. LOZANO: Yes, sir.
Commissioner Bado.
COMMISSIONER BADO: Here.
MS. LOZANO: Commissioner Doran. Not present.
Commissioner Dublin.
COMMISSIONER DUBLIN: Present.
MS. LOZANO: Commissioner Gallo.
COMMISSIONER GALLO: Here.
MS. LOZANO: Commissioner Goldsack.
COMMISSIONER GOLDSACK: Here.
MS. LOZANO: Commissioner Lorenzo.
COMMISSIONER LORENZO: Here.
MS. LOZANO: Commissioner Martinetti.
COMMISSIONER MARTINETTI: Here.
MS. LOZANO: Commissioner Peneda.

meeting.
COMMISSIONER GOLDSACK: So moved.
CHAIRMAN PESTANA: Motion by Commissioner Goldsack.
COMMISSIONER LORENZO: Second.
CHAIRMAN PESTANA: Second by Commissioner Lorenzo.
MS. LOZANO: Commissioner Bado.
COMMISSIONER BADO: Yes.
MS. LOZANO: Commissioner Dublin.
COMMISSIONER DUBLIN: Yes.
MS. LOZANO: Commissioner Gallo.
COMMISSIONER GALLO: Yes.
MS. LOZANO: Commissioner Goldsack.
COMMISSIONER GOLDSACK: Yes.
MS. LOZANO: Commissioner Lorenzo.
COMMISSIONER LORENZO: Yes.
MS. LOZANO: Commissioner Martinetti.
COMMISSIONER MARTINETTI: Abstain.
MS. LOZANO: Commissioner Peneda.
COMMISSIONER PENEDA: Yes.
MS. LOZANO: Chairman Shinick.
(Laughter by the Board with indiscernible comments.)
MS. LOZANO: Chairman Pestana.
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<td>CHAIRMAN PESTANA: Yes.</td>
<td>an unreported income of $14,666.</td>
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<td>MS. LOZANO: Thank you. I got</td>
<td>As a result of that oversight what</td>
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<td>flustered.</td>
<td>happened, which happened sometime in 2003, the</td>
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<td>CHAIRMAN PESTANA: At this time I'll</td>
<td>employee was not given credit for certain times,</td>
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<td>take comments from the public on anything</td>
<td>salary and title while employed by the Authority.</td>
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<td>pertaining to the agenda.</td>
<td>The Authority should have been contributing the</td>
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<td>Seeing none, we'll go on.</td>
<td>appropriate percentage that was due for that</td>
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<td>MR. GUERRA: Item four, Resolution</td>
<td>period.</td>
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<td>3-2016-4 of the Hudson County Improvement</td>
<td>The resolution before you acknowledges</td>
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<td>Authority authorizing payment of certain costs and</td>
<td>the underreporting and authorizes the payment of</td>
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<td>expenses of the Authority for the month of</td>
<td>the percentage due by the Authority, which is in</td>
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<td>March 2016.</td>
<td>the amount of $1,500.</td>
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<td>CHAIRMAN PESTANA: Could we have a</td>
<td>MS. GILPIN: Just in case --</td>
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<td>motion.</td>
<td>MR. GUERRA: Did we change it?</td>
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<td>COMMISSIONER GALLO: I'll move it.</td>
<td>MR. NETCHERT: Yes.</td>
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<td>CHAIRMAN PESTANA: Motion by</td>
<td>MS. GILPIN: You know what, when we</td>
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<td>Commissioner Gallo.</td>
<td>looked at it again and we asked when the bottom</td>
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<td>COMMISSIONER GOLDSACK: Second.</td>
<td>was going to begin, and if they charge it at the</td>
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<td>CHAIRMAN PESTANA: Second by</td>
<td>current rate, it would be more than the thousand,</td>
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<td>Commissioner Goldsack.</td>
<td>but less than the 15, so we figured we better say</td>
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<td>MS. LOZANO: Commissioner Bado.</td>
<td>15 just in case.</td>
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<td>COMMISSIONER BADO: Yes.</td>
<td>MR. NETCHERT: Okay.</td>
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<td>MS. LOZANO: Commissioner Dublin.</td>
<td>MR. GUERRA: Yes, $1,500.</td>
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<td>COMMISSIONER DUBLIN: Yes.</td>
<td>MS. GILPIN: So it would be somewhere</td>
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<td>MS. LOZANO: Commissioner Gallo.</td>
<td>between, probably between $1,046 and $1,400 would</td>
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<td>COMMISSIONER GALLO: Yes.</td>
<td>be the most.</td>
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<td>MS. LOZANO: Commissioner Goldsack.</td>
<td>MR. GUERRA: And that was done way</td>
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<td>COMMISSIONER GOLDSACK: Yes.</td>
<td>back. I think there was a title change and --</td>
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<td>MS. LOZANO: Commissioner Lorenzo.</td>
<td>MS. GILPIN: There was a title change.</td>
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<td>COMMISSIONER LORENZO: Yes.</td>
<td>MR. GUERRA: -- an increase and it</td>
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<td>MS. LOZANO: Commissioner Martinetti.</td>
<td>wasn't picked up.</td>
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<td>COMMISSIONER MARTINETTI: Yes.</td>
<td>MS. GILPIN: Yes. It was a short</td>
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<td>MS. LOZANO: Commissioner Peneda.</td>
<td>period of time.</td>
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<td>COMMISSIONER PENEVA: Yes.</td>
<td>CHAIRMAN PESTANA: And that would get</td>
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<td>MS. LOZANO: Chairman Pestana.</td>
<td>us caught up?</td>
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<td>CHAIRMAN PESTANA: Yes.</td>
<td>MR. NETCHERT: What happened, Frank, is</td>
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<td>MS. LOZANO: Resolution 3-2016-4 passes</td>
<td>the withholding and submission to the State was</td>
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<td>in the affirmative by eight board members voting</td>
<td>based upon one salary number when, in fact, the</td>
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<td>yes, one not present.</td>
<td>salary was $14,000 more than that. So there is a</td>
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<td>MR. GUERRA: Item number five is</td>
<td>period of time that that was not that - the</td>
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<td>Resolution 3-2016-5 of the Hudson County Improvement</td>
<td>percent to go to the State was not deducted from</td>
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<td>Authority acknowledging underreporting</td>
<td>the salary.</td>
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<td>of salary and authorizing payment of back benefits</td>
<td>CHAIRMAN PESTANA: Okay.</td>
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<td>to New Jersey State Division of Pensions and</td>
<td>MR. NETCHERT: So it's not like we're</td>
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<td>Benefits.</td>
<td>paying the money, we're simply paying the State</td>
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<td>It had come to our attention that the</td>
<td>the amount of monies that we should have withheld</td>
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<td>pension benefit paid to a former employee of the</td>
<td>from the salary that was paid.</td>
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<td>Authority was incorrect. The State Division of</td>
<td>MS. GILPIN: Actually the debt was</td>
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<td>Pensions and Benefits have looked into the matter</td>
<td>withheld, it was just that it wasn't transferred</td>
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<td>and determined that the employee was entitled to</td>
<td>to the State.</td>
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MR. NETCHERT: Well that's even better.
So we have it, we just didn't give it to anybody.
MR. GUERRA: We didn't give it to the
State.
MS. GILPIN: Yes. It was withheld on
the correct salary, but when the report was filed
it was just a column wasn't -- You can see it.
CHAIRMAN PESTANA: Yes.
MS. GILPIN: You can find it all, but I
don't know how it happened.
MR. NETCHERT: I think the wording in
the resolution says as a result of administrative
oversight and/or error.
MS. GILPIN: That's exactly what it
was.
CHAIRMAN PESTANA: Do we have a motion
on that?
COMMISSIONER PENEDA: I'll make a
motion.
CHAIRMAN PESTANA: Motion by
Commissioner Peneda.
COMMISSIONER LORENZO: Second.
CHAIRMAN PESTANA: Second by
Commissioner Lorenzo.
MS. LOZANO: Commissioner Bado.

COMMISSIONER BADO: Yes.
MS. LOZANO: Commissioner Dublin.
COMMISSIONER DUBLIN: Yes.
MS. LOZANO: Commissioner Gallo.
COMMISSIONER GALLO: Yes.
MS. LOZANO: Commissioner Goldsack.
COMMISSIONER GOLDSACK: Yes.
MS. LOZANO: Commissioner Lorenzo.
COMMISSIONER LORENZO: Yes.
MS. LOZANO: Commissioner Martinetti.
COMMISSIONER MARTINETTI: Yes.
MS. LOZANO: Commissioner Peneda.
COMMISSIONER PENEDA: Yes.
MS. LOZANO: Chairman Pestana.
CHAIRMAN PESTANA: Yes.
MS. LOZANO: Resolution 3-2016-5 passes
in the affirmative by eight board members voting
yes, one not present.
MR. GUERRA: Item number six is
Resolution 3-2016-6 of the Hudson County
Improvement Authority authorizing the execution of
a Memorandum of Understanding by and between the
Hudson County Improvement Authority and the Hudson
County Building and Construction Trades Council.
This proposed MOU relates to the
apprentice program between the Authority and the
trades unions for the Hudson County Schools of
Technology project.
Under the agreement the Trades Council
will assist the HCIA insuring that minorities,
women, and those that are economically
disadvantaged are afforded opportunities to
participate in an apprentice program.
So within 30 days of your approval and
acceptance by the Trades Council we will meet with
the union to discuss an apprentice program.
So this was one of the requirements
that we have worked through with one of the
freeholder committees and with Glenn's office,
Leslie London, who has done a fabulous job for the
Authority having to do with this whole project
including having to go through the whole
procurement process.
CHAIRMAN PESTANA: Are there any
questions on it?
(No response)
CHAIRMAN PESTANA: Any motion.
COMMISSIONER GALLO: I'll move it.
CHAIRMAN PESTANA: Motion by
Commissioner Gallo.
Business’ letter in connection with an application of the Authority approved by the Local Finance Board on February 11th, 2015.

I’m going to defer this to Chris Langhart, and Chris will provide you with the overview.

MR. LANGHART: Chris Langhart from McManimon, Scotland, Baumann, bond counsel to the Authority.

Good evening commissioners, officers, and staff of the Authority.

You have a resolution before you which is basically asking you to approve an old business letter that’s been drafted for submission to the Local Finance Board. The reason we are doing that is because last year we received approval from the Local Finance Board to refund a 2007 - issue a bond to the Authority.

We did do the refunding last year. Usually we refund all of the bonds when we do a refunding. Sometimes, as part of that, we achieve a three percent savings. Sometimes rarely, if you include all of the bonds, it might drag down the savings, and that appears to be what happened here.

So the five term bonds that was not refunded, we’re going to try to refund that now because it produces savings of about seven percent.

So what the letter is saying is Local Finance Board, you have approved this in the past. Please give us an extension so that we can finish the refunding. And to do that the Local Finance Board requires that we get a resolution of the Authority authorizing the submission of the old business letter. So that’s what we’re doing here.

If you have any questions I would be happy to answer them.

CHAIRMAN PESTANA: Are there any questions?

(No response)

CHAIRMAN PESTANA: Is there any motions?

COMMISSIONER GOLDSACK: Motion.

CHAIRMAN PESTANA: Motion by Commissioner Goldsack.

COMMISSIONER GALLO: Second.

CHAIRMAN PESTANA: Second by Commissioner Gallo.

MS. LOZANO: Commissioner Bado.

COMMISSIONER BADO: Yes.

MS. LOZANO: Commissioner Dublin.

COMMISSIONER DUBLIN: Yes.

MS. LOZANO: Commissioner Gallo.

COMMISSIONER GALLO: Yes.

MS. LOZANO: Commissioner Goldsack.

COMMISSIONER GOLDSACK: Yes.

MS. LOZANO: Commissioner Lorenzo.

COMMISSIONER LORENZO: Yes.

MS. LOZANO: Commissioner Marinetti.

COMMISSIONER MARINETTI: Yes.

MS. LOZANO: Commissioner Peneda.

COMMISSIONER PENEDA: Yes.

MS. LOZANO: Chairman Pestana.

CHAIRMAN PESTANA: Yes.

MS. LOZANO: Resolution 3-2016-7 passes in the affirmative by eight board members voting yes, one not present.

MR. GUERRA: Item number eight is Resolution 3-2016-8 of the Hudson County Improvement Authority concerning review of the findings of the Local Finance Board made at a meeting of said Board on March 9th, 2016 in accordance with the provisions of N.J.S.A. 40A:5A-7 with respect to the issuance of County Secured Lease Revenue Bonds, Series 2016, for the Hudson County Vocational Technical School Project.

The Local Finance Board had issued positive findings in connection with the resolution providing for the issuance of a not to exceed $160 million of county secured revenue bonds.

If you have any questions Chris is here, as is Mr. Scotland.

But they did, the Local Finance Board, did issue positive findings.

We have another resolution later on here, the authorization to actually issue the bonds.

CHAIRMAN PESTANA: Do we have a motion on this?

COMMISSIONER GALLO: I’ll move the motion.

CHAIRMAN PESTANA: Motion by Commissioner Gallo.

FREEHOLDER DUBLIN: Second.

CHAIRMAN PESTANA: Second by Commissioner Dublin.

CHAIRMAN PESTANA: Are we voting both of them together or just the one?
MR. GUERRA: No. I didn't read -- well you can. I can read the other one into the record. Do you want to do that, Jeff?

FREEHOLDER DUBLIN: No. This is for the school, right?

MR. GUERRA: The School of Technology, the new school.

FREEHOLDER DUBLIN: For the building of it?

MR. GUERRA: For the construction of it.

COMMISSIONER DUBLIN: Okay.

CHAIRMAN PESTANA: Let's just do this one.

MR. GUERRA: Okay.

MS. LOZANO: Commissioner Bado.

COMMISSIONER BADO: Yes.

MS. LOZANO: Commissioner Dublin.

COMMISSIONER DUBLIN: Yes.

MS. LOZANO: Commissioner Gallo.

COMMISSIONER GALLO: Yes.

MS. LOZANO: Commissioner Goldsack.

COMMISSIONER GOLDSACK: Yes.

MS. LOZANO: Commissioner Lorenzo.

COMMISSIONER LORENZO: Yes.

turn, then we're sort of the conduit to the
Weehawken SID. So they are sort of combining one
of the resolutions. This is part of the Pooled
Note Program.

CHAIRMAN PESTANA: Any questions on this?

(No response)

CHAIRMAN PESTANA: Do we have any motions?

COMMISSIONER GOLDSACK: I'll make a motion.

CHAIRMAN PESTANA: Motion by Commissioner Goldsack.

COMMISSIONER LORENZO: Second.

CHAIRMAN PESTANA: Second by Commissioner Lorenzo.

MS. LOZANO: Commissioner Bado.

COMMISSIONER BADO: Yes.

MS. LOZANO: Commissioner Dublin.

COMMISSIONER DUBLIN: Yes.

MS. LOZANO: Commissioner Gallo.

COMMISSIONER GALLO: Yes.

MS. LOZANO: Commissioner Goldsack.

COMMISSIONER GOLDSACK: Yes.

MS. LOZANO: Commissioner Lorenzo.

COMMISSIONER LORENZO: Yes.

MS. LOZANO: Commissioner Martinetti.

COMMISSIONER MARTINETTI: Yes.

MS. LOZANO: Commissioner Peneda.

COMMISSIONER PENEDA: Yes.

MS. LOZANO: Chairwoman Pestana.

CHAIRMAN PESTANA: Yes.

MS. LOZANO: Resolution 3-2016-8 passes in the affirmative by eight board members voting yes, one not present.

MR. GUERRA: Resolution 3-2016-9 of the Hudson County Improvement Authority concerning review of the findings of the Local Finance Board made at a meeting of said Board on March 9th, 2016 in accordance with the provisions of N.J.S.A. 40A:5A-7 with respect to the issuance of County-Guaranteed Pooled Notes, and that's the Local Unit Loan Program.

This issuance is in the total amount not to exceed 43 million for project financing on behalf of Union City, Town of Weehawken, and the HCLA on behalf of the Weehawken SID.

The resolution also provides for the issuance of not to exceed $7.1 million in subordinate Weehawken Waterfront Improvement Notes, Series 2016, to the Authority which, in the affirmative by seven board members voting yes, one abstention, and one not present.

MR. GUERRA: Item number ten is Resolution 3-2016-10 authorizing the issuance of County-Secured Lease Revenue Bonds, Series 2016, for the Hudson County Vocational Technical Schools Project of the Hudson County Improvement Authority and determining other matters related thereto.

Again, this authorizes the issuance of the County Secured Lease Revenue Bonds for the construction of the school.

Just to give you a little background as to where we are right now. Actually yesterday the Selection Committee interviewed the four respondents. The completion and review - completion of review and evaluation of those technical proposals to be completed on March 29th.
And then notification of an opening of the sealed price proposals takes place on March 29th. And then the completion review of that is April 5th. And then we're probably either going to move our April meeting up or just have a special meeting around April 6th for action by this Board and then issue a notice of award. And then there are a couple of other steps, but the goal was to issue a notice to proceed, it sounds a little aggressive, but around the end of April. So things are moving, it is moving well, and hopefully it will continue to move well.

We need a motion. Chairman, on item number ten.

CHAIRMAN PESTANA: Do we have a motion on this?

COMMISSIONER LORENZO: Motion. CHAIRMAN PESTANA: Motion by Commissioner Lorenzo.

COMMISSIONER GOLDSACK: I will second it.

CHAIRMAN PESTANA: Second by Commissioner Goldsack.

MS. LOZANO: Commissioner Bado.

COMMISSIONER BADO: Yes.

MS. LOZANO: Commissioner Dublin.

So you may say what does that have to do with the Hudson County Improvement Authority. As a part of their discussions the Red Bull and the Town of Harrison determined that there was a construct, an ability to enter into a series of agreements that would allow the Red Bull to continue to operate the facility, but have it operated as a "public" facility and not subject to fax, but nevertheless with Red Bull agreeing to make certain payments, payments in lieu of tax, that would, in essence, be a compromise between paying no tax and paying full taxes.

The Improvement Authority's law, a tremendous vehicle that it is for financing projects, has a provision in it that allows a municipality and the Improvement Authority to enter into these agreements to pay payments in lieu of tax.

Currently the land upon which the stadium is built is owned by the Harrison Redevelopment Agency. The stadium, the improvement, is actually owned by Red Bull. And that was the basis upon which the assessor determined that he could tax the property. Under this new construct the...
1 Improvement Authority would become the owner of all of the asset. If the Harrison Redevelopment Agency would convey the property to the Improvement Authority, Red Bull would convey the stadium to the Improvement Authority. And there is a provision in the Improvement Authority's law that specifically says that property of the Improvement Authority is exempt from tax. So it now becomes a public asset that is exempt from tax for New Jersey State law purposes. 

Now, the Town of Harrison doesn't want it to be tax; it can be tax exempt, but it wants to receive revenue. So that's where the payment of the tax provisions of the Improvement Authority's law come into play.

So there will be a Payment in Lieu of Tax Agreement between the Improvement Authority and the Town of Harrison where the Improvement Authority will pay to the Town of Harrison a payment in lieu of tax that's agreed to.

So where does the Improvement Authority get the money to pay the payment in lieu of tax? There will be a separate lease agreement, which is called a Pilot Lease Agreement, between the Improvement Authority and Red Bull. So Red Bull is going to agree in this agreement to pay an amount of money, a rent payment, to the Improvement Authority.

The rent payment will be comprised of three financial components. The first financial component is the amount that would be paid to Harrison as the payment in lieu of tax. And I think the initial figure is a million two a year.

The second component is the Authority, we're going to characterize it as the Authority share. It's about $150,000 or initially it is $150,000. And that represents essentially the County's share of what the tax revenue would otherwise be. It's sort of a County share of the payment in lieu of tax.

And then the third component is an Authority administrative fee, and that's going to be I think around 35 or $37,000.

So the Authority is going to receive out of this lease payment that gets paid by Red Bull $185,000. And the Town of Harrison and Red Bull have agreed that they will pay that 50/50. They will each pay that.

The documents, and this is something that they approached the Town and Red Bull approached us with, the Improvement Authority, several months ago and then everything sort of went dark. And then within the last week or week and a half it resurrected itself with a real intensity, which is why this is on as a late starter.

They have come to the position where they have to either settle the matter or be prepared to argue the case before the Supreme Court. And I believe oral argument before the Supreme Court is scheduled for April 11th.

MR. NETCHERT: Three weeks.

MR. SCOTLAND: Yes, April 11th.

They have to notify the court this week, I think tomorrow, as to whether or not the matter has been settled. And if they can't represent that it has been settled, then they have to be prepared to argue the case.

So the difficulty with it is that they have supplied us with documents, and there are a number of issues in the documents that we are not one hundred percent in agreement with.

There are a number of issues that we have identified as being critical to the

Improvement Authority's participation in this program.

On the last page of the resolution, the form of the resolution, there is a list or an exhibit of the issues that we think require resolution in order for the Improvement Authority to feel comfortable executing this.

As you will see in one of the whereas clauses the Improvement Authority, undertaking this program, is doing it on a no risk no cost basis. We are there as a facilitator of this transaction. We don't have a "stake" in the game. We're here to make it happen so that the parties don't have to argue this.

Each party is concerned about what the Supreme Court will decide. That's the basis of a settlement, right? No one wants to argue, no one wants it decided in a way that it is adverse to their interests. So they figure we better try to figure this out, and the Improvement Authority is a key part of doing that.

Some of the issues that we want resolved are we want to make sure that all of the Authority's costs and expenses are taken care of. We want to make sure that the Authority is fully
indemnified for anything that occurs in connection
with the Authority's participation in the
transaction. There are whole host of security
related provisions in the agreement that we
believe need to be clarified. Red Bull wants the ability at points in
time during this transaction to acquire back the
improvements, acquire back the stadium. And if it
does that, it will either pay rent or it will pay
conventional taxes. And they will make a business
decision about how that works.

We want to make sure that under any
circumstances, if Red Bull exercises that option
and they decide or the Town and Red Bull decide
that they're going to continue to pay rent, that the
Improvement Authority continues to get its share
of what that pilot payment, that rent payment,
would have been, that $150,000 that sort of
escalates over time.

If it turns out that the project is
going to pay conventional taxes, then the
Improvement Authority is out of it. The County is
going to get its share of conventional taxes.
And, Bill, we have estimated the taxes
to be --

MR. NETCHELT: Four hundred thousand.
MR. SCOTLAND: -- about 400,000 now.

So there is clearly a benefit to the
parties and Red Bull to entering into the
transaction in this way.

They also have a right, Red Bull also
has a right to acquire the asset outright, to
acquire the land and the building, in which case,
again, it would be conventionally taxed. And
there are rights that we want to make sure we
protect. And again, to the extent that they
continue to pay rent as opposed to conventional
taxes, that we continue to get our share because
the public entities who are involved should be
paid something with respect to this asset.

There are, again, mortgages that
protect their interests. We want to make sure
that --

Because of the way the transaction
works, Red Bull pays us. As a part of this
transaction they are anticipating issuing a small
bond, having the Improvement Authority issue a
small bond. And the proceeds from that bond are
going to be used to make improvements to the
stadium. It's part of the characterization of
this being sort of a public asset.

And one of the things that is pretty
material to this, and I didn't specify, is in
connection with the Improvement Authority's
ownership of the asset we believe that we need to
have an expanded use of the asset. It can't be a
public asset with Red Bull having the sole and
exclusive use of the asset and not having any type
of public availability or public participation in
the asset.

What Red Bull has agreed to do is that
forty-eight event days throughout the year they
will make the stadium available to the Improvement
Authority or to other public entities for public
events. Those things might include concerts.
They are categorized as on-field events, things
that will or that could take place in their
corporate offices, they are things that could take
place on the grounds like a produce market. Those
types of things. There could be sporting events.
And all of this is not intended to interfere with
the Red Bull soccer use during the soccer season.
But we need to have some public use in order to
make it clear that this is a public facility

that's going to be exempt from taxes.

So a couple of things with respect to
that use. When the bond proceeds are being used,
we believe that we need to have some habitability
to collaborate with Red Bull in determining how
those improvements are - what those improvements
are going to be.

And also with respect to the public
events, the Improvement Authority, because we own
the stadium, we own the ground and we own the
asset, the stadium, we need to have some
involvement in terms of when we can use it.

So there are a whole host of issues
like that that we believe need to be resolved.
Those were attached as a schedule to the form of
resolution.

We have a meeting tomorrow with Red
Bull to try to sit and resolve these issues
because what their intent is is to get Mr. Guerra
or Mr. Cherry, the authorized officer, to execute
these so that they can tomorrow go to the court
and say this matter has been settled and we're
going to proceed on this basis.

The two agreements that are the
material agreements that are attached to the
resolution, one is the form of settlement
agreement that says what the parties intend to do
in terms of settling this and the second is a
project agreement. The project agreement is sort
of an attempt - it's a road map, it's a playbook
in terms of what each of the parties is expected
to do in terms of trying to make this transaction
work.

So we want to make sure that the issues
that we have and concerns that we have with
respect to the Improvement Authority's
participation in this are protected and are
addressed in those agreements.

COMMISSIONER GOLDSACK: Mr. Chairman,
if I may.

CHAIRMAN PESTANA: Yes.

COMMISSIONER GOLDSACK: I'm somewhat
confused. What is the benefit of us being part of
this agreement other than the administrative fee
that we receive?

MR. NETCHERT: No. We're an
accommodating party. We're doing our public
service as improvement authority with the
statutory authority to do the things that Glenn
has said and an effort, on the part of the County
Executive, to help out one of his municipalities.

What is at stake for Harrison is
$15 million. If they lose this lawsuit --

MR. GUERRA: They would have to pay it
back.

MR. NETCHERT: Yes, if they lose the
lawsuit. The Division of Local Government
Services has already weighed in on this, and the
Division of Local Government Services obviously
know that they would be stuck with, okay, now
what? We own Harrison. They have urged the Town
of Harrison to make every effort to resolve the
matter.

So is there some great benefit to this
Authority for doing this? None other than that's
what we're here for kind of.

And the $35,000 administrative fee that
we're going to get to deal with all of the issues
that are going to arise during this lease period
is woeful compared to the involvement that Norman
will have and this Authority will have. But, you
know, that's what we do. It is just like any
other town that would come to us and ask us for
help, if there was a way we could, we will try to
do it.

MR. GOLDSACK: But all of the risk
factors that you have just brought to our
attention --

MR. NETCHERT: That's why we won't
accept any of those risks.

COMMISSIONER GOLDSACK: Okay.

MR. NETCHERT: There is no --

COMMISSIONER GOLDSACK: With $35,000
there is risks.

MR. NETCHERT: There is no risk reward
here. This is all -- that's why we don't want any
risk. We'll do this.

And even then with no risk, the risk is
the measly $35,000 fee that we get is going to be
totally inadequate to deal with the amount of time
spent by Norman and anybody else, our insurance
issues, and making sure we have coverage and
events and --

MR. GUERRA: Coordination.

MR. NETCHERT: If we then use the
events it's going to be up to us to coordinate the
use of the stadium for those events. So it's not
a great thing.

COMMISSIONER GOLDSACK: Do we get first
dibs on the events? Is that what you're saying?

MR. NETCHERT: No.

On their events, as Glenn pointed out.
I think there is discussions still to be had with
respect to the forty-eight agreed upon event dates
and the uses that they would perhaps be able to be
put to. And there are definitions of how many, as
Glenn said, are on-field events and off-field
events and in-stadium events and out-of-stadium
events. When we had first talked the thought was
a lot of things could happen in the parking lots
of the stadium such as concerts, flea markets,
rodeo, bike rodeo.

MR. GUERRA: The town has a couple of
events

MR. NETCHERT: And some other things
that we might normally do we might do in Harrison
at Red Bull Stadium.

MR. GUERRA: The Town wants to do their
town fair there and stuff like that.

MR. NETCHERT: The Town would want to
do something. Obviously some of the county
championship games would like to be held inside
the stadium. And I think they are accommodating
to some degree. Even now they allow the county
championship to take place there.
They are very protective of their field because the field is turf field. From what people tell me, it's what you really need to have if you're going to be a legitimate soccer team. So they are protective of it and we're sensitive to that.

That's why Glenn talks about the million dollar bond and what it will be used for. Maybe there will be some purchase of some covers for the field so that if there is on-field uses the field will be covered for a concert and then the flooring removed after the concert. And we want to participate with them as to how they will spend that money.

One of the reasons they have to do it is this agreement, and assuming it comes to fruition, its results need to support the position that we're taking that it's changing from a privately owned facility to a public facility, otherwise anybody who chooses to want to try and challenge it could challenge it. And one of the reasons that the bond is there is because it will shorten that time period for challenging as well.

COMMISSIONER GOLDSACK: So all these issues, the Improvement Authority issues, have to be satisfied --

MR. NETCHERT: Tomorrow morning at 10:00. And before the end of the day hopefully Norman will have a comfort level enough to allow Norman to sign it knowing full well that there are issues that haven't come up yet that we don't know about that will have to be addressed as they come up, with the end result being that Red Bull is not going to dismiss their action, even though it's going to be marked settled, there is a six-month window for us to make the documents that the project agreement says are going to exist, make them say in languish acceptable to all of the parties what it's supposed to say so that then Red Bull will dismiss its lawsuit and it will be gone forever.

COMMISSIONER GOLDSACK: Thank you.

MR. GUERRA: And we will have an intramural soccer league so if you want to sign up to play soccer, just let us know.

MR. SCOTLAND: It's a little awkward because some of the documents that are material to the transaction, like the ease agreement and the pilot, we don't have.

MR. NETCHERT: They don't exist.
our stadium now.

COMMISSIONER GALLO: Understood.

MR. SCOTLAND: So what we want is --

COMMISSIONER GALLO: It's a lot.

MR. SCOTLAND: Yes.

What we want is a full indemnification and hold harmless for all of the things that they do and related to our participation in the financing, but as it relates to the things that we do because we're now the owner. They want to make sure that we pay them the costs associated with it, and we don't want to pay costs overhead.

We're not going to pay them profit, but we pay for that, and then we get the insurance and are responsible if something happens.

COMMISSIONER GALLO: That's part of the administration that --

MR. SCOTLAND: Yes.

COMMISSIONER GALLO: -- Norman will seem to be responsible for to make sure that we're protected.

MR. SCOTLAND: Yes.

COMMISSIONER GALLO: What happens in the event of bankruptcy of Red Bull?

CHAIRMAN PESTANA: They would just move. They would move to another city.

COMMISSIONER PENA: And what happens on our part?

CHAIRMAN PESTANA: What?

COMMISSIONER PENA: What about us? I mean we're --

CHAIRMAN PESTANA: So if Red Bull moves out of Harrison and they go somewhere else, how do they get paid?

MR. SCOTLAND: They, meaning Harrison, they have a non relocation agreement that was a part of the original --

COMMISSIONER GALLO: But what if they go out of business altogether?

MR. SCOTLAND: Well, I'm not sure that there is anything that's really adverse to us. So, for example, it's a default under the documents, so the stadium and the land ultimately will revert to the Town of Harrison.

One of the big issues, commissioner, which we were grappling with, and you raised this whole debt service issue, is the purchaser of the bond --

COMMISSIONER GALLO: Okay.

MR. SCOTLAND: -- is going to be a Red Bull affiliate.

COMMISSIONER GALLO: Interesting.

MR. SCOTLAND: Right. And the reason that they want to do that is they want - and they have certain mortgages, leasehold mortgage and another mortgage, that they want the bondholder to hold, right, as security for our performance, performance of certain obligations that we have under the agreement. And, of course, one of the concerns that we have is that Red Bull is paying the rent payment. That includes the debt service component.

COMMISSIONER GALLO: Okay.

MR. SCOTLAND: And then we pass that on to the bondholder. We pay the debt service of the bondholder.

COMMISSIONER GALLO: Okay.

MR. SCOTLAND: If Red Bull doesn't pay the rent payment --

COMMISSIONER GALLO: Right.

MR. SCOTLAND: -- we can't pay the debt service.

COMMISSIONER GALLO: Right.

MR. SCOTLAND: Red Bull has a mortgage, a leasehold mortgage, that gives them the right to foreclose out our interest, and they have the ability to control that by virtue of whether they pay the rent or not.

COMMISSIONER GALLO: So it essentially collapses.

MR. SCOTLAND: It collapses, right. So we can't let that happen.

COMMISSIONER GALLO: They are running out of time.

MR. SCOTLAND: Well, no, no. I mean theoretically it's possible, but there is construct where Red Bull says well, we're not going to pay the rent and then the bondholder that's a Red Bull affiliate says we can take the stadium back because the debt service wasn't paid.

COMMISSIONER GALLO: Okay.

MR. SCOTLAND: So we have to make sure that the Red Bull's failure to pay the rent, which has a debt service component in it, doesn't give the affiliate that holds the bond the right to collapse it.

COMMISSIONER GALLO: And how do we do that?

MR. SCOTLAND: It's in the documents. It's in the words. We have made it clear that the
failure of Red Bull to actually pay the rent, which results in us not being able to pay the debt service, is not an event that will allow the bondholder, the affiliate, to exercise rights under the mortgage.

COMMISSIONER GALLO: Or you could pay the bond.

MR. SCOTLAND: Yes.

MR. NETCHERT: But that exposure is only to the extent of the amount of the bond.

MR. SCOTLAND: Yes.

MR. NETCHERT: So yes, we can pay off the bond and that would go away.

COMMISSIONER GALLO: It would prevent the foreclosure, which is what you would be concerned about.

MR. SCOTLAND: I mean the position that we're going to take is that the failure of Red Bull to pay what's called the pledge portion of the pilot --

COMMISSIONER GALLO: Right.

MR. SCOTLAND: -- that relates to the debt service component, if they fail to pay, this affiliate can't foreclose.

COMMISSIONER GALLO: Right.

MR. SCOTLAND: That's the position we're going to take.

COMMISSIONER GALLO: Okay.

Interesting.

MR. SCOTLAND: It's a very complicated --

MR. NETCHERT: One of the critical facts in making this defensible was the fact that we would own the stadium and one of the hardest things to get.

Now Red Bull people are, from what we're told, very wealthy people in Australia.

MR. SCOTLAND: Austria.

MR. NETCHERT: Austria. And then we're dealing with reasonable people here. But everything that we have tried to do needs to be approved and signed off by someone there. The guy who wrote the check for $200 million and paid for it in cash is very uncomfortable with putting ownership of his stadium in somebody else's name. And it was almost essential that they do that in order for the public ownership construct to work and be defensible.

You know there was talk about the Authority giving us, the agency giving us ownership of the land, but they were reluctant to
gotten there, but by getting there they have
created this myriad of protections to protect
against anything other than in name only we own
it.

MR. SCOTLAND: Yes. One of the big
issues here was you asked about their bankruptcy,
which really doesn't affect us because we haven't
put money into the stadium. It’s sort of
immaterial from our perspective. And ultimately,
again, if the deal collapses, it ultimately
reverts back to the Town of Harrison.

One of their primary issues or concerns
is the bankruptcy of the Improvement Authority.
They have built into this document protections to
try to ward off any concerns that would arise with
respect to the Improvement Authority’s bankruptcy.

Now we have tried to explain to them
that the Improvement Authority can’t declare
bankruptcy. It would need the approval of the
State. Any kind of dissolution would have to go
to the State for approval as well. The
Improvement Authority is an incredibly well run
and solvent organization. They want, for example,
which we rebuffed, these periodic reports and

is because, as you’re aware, when the Improvement
Authority issues a bond there is an estoppel, a
publication and estoppel. And I think that the
thought is that by wrapping this entire
transaction together and making the transaction,
the financing part of the transaction, that it
will protect. It will essentially estop someone
from challenging all of the components of it,
which includes the pilot arrangement.

COMMISSIONER GALLO: Okay.
FREEHOLDER DUBLIN: So how long has the
stadium been there? It's been there since what,
2000.

MR. NETCHELT: They have not been
paying tax since 2010.
MR. SCOTLAND: And some of that was
retroactive, wasn't it?

MR. NETCHELT: Yes.
MR. SCOTLAND: I think it was 2009 or
2010, right?

MR. GUERRA: The deck went in first.
MR. NETCHELT: It might have been
finished in 2010 or opened in 2010.
FREEHOLDER DUBLIN: They haven't paid
no taxes.

provide them on a routine basis to make it clear
that the Improvement Authority is not not going
under. Now obviously --
MR. NETCHELT: They want Norman's tax
returns.
MR. SCOTLAND: It doesn't help, the
state of it. The news reports the narrative
relative to the financial difficulties of Atlantic
City is having doesn't help.

COMMISSIONER GALLO: For sure.
MR. SCOTLAND: But for us sitting here,
the idea of the Improvement Authority going
bankrupt to me is an absurdity.

But they have really pushed on those
types of issues because they don't want their
asset, as they view it, being caught up in
bankruptcy.

COMMISSIONER GALLO: I have one quick
question, one final question. I'm sorry.
The pilot arrangement, does that
inoculate Harrison from a private citizen filing a
tax appeal and saying they're not paying their
taxes?

MR. SCOTLAND: What we think is that
part of the reason that the bond is being issued

MR. NETCHELT: They have paid
$15 million in taxes so far which, if they win
their appeal, the Town owes them back.

COMMISSIONER DUBLIN: Oh, that's a --
MR. SCOTLAND: That's the fear.
FREEHOLDER DUBLIN: And you said there
is some other issues that's ongoing before you can
seal this deal with Red Bull, the Town of
Harrison, and the Improvement Authority.

Do you foresee any problem, because we
vote on this tonight, to secure it? But for it to
be exercised Norman has to sign it after
everything is okay with it, right?

MR. GUERRA: Right.
MR. SCOTLAND: That's right. And what
this does is the resolution provides authority to
Norman to execute it to the extent that he and we
feel comfortable that we're presented and can move
to the next stage, which is to get into the real
document stage of the transaction.

COMMISSIONER DUBLIN: Is that whole
area still a redevelopment area?

MR. SCOTLAND: Yes, it is.
MR. GUERRA: A lot of work is going on
out there.
FREEHOLDER DUBLIN: And that stadium gets no percentage from the State, no subsidy?
MR. SCOTLAND: No. They paid cash for it.
COMMISSIONER PENEDA: How long is the pilot agreement? For how many years?
MR. SCOTLAND: It is going to be for the term of the lease.
COMMISSIONER PENEDA: Okay.
MR. SCOTLAND: So the lease will run through -- What's the lease?
MR. NETCHERT: It's thirty years with two five-year options.
MR. SCOTLAND: I think it's actually four five-year options. So it's almost like fifty -- I think it's almost like fifty years at Red Bull's -- I think it's thirty years plus four or five-year options. I think that's what it is.
COMMISSIONER PENEDA: So the pilot agreement goes along with the lease.
MR. SCOTLAND: Yes.
COMMISSIONER PENEDA: So if they renew a lease, another long-term lease --
MR. NETCHERT: The pilot has an escalator in it.

MR. SCOTLAND: It escalates, Bill.
MR. NETCHERT: Okay.
MR. SCOTLAND: Yes. There is a CPI escalator that relates to the Town's share of the pilot and our, the Authority, share of the pilot.
The business deal that was proposed does not have an escalator for the administrative fee.
COMMISSIONER PENEDA: Another question I have is let's say, for example, a promoter comes over and says I want to hold a concert at the stadium, the promoter's going to run it, are they paying rent to us?
MR. SCOTLAND: Yes, and we keep everything. We keep all revenue that's generated from the public events.
COMMISSIONER PENEDA: So it behooves us to try to get some promoters to have some events there.
MR. NETCHERT: We should look at that because I didn't read it that way. I read that we pay all of the expenses.
MR. SCOTLAND: We do. We pay expenses, but we keep the revenue.
MR. NETCHERT: I thought they got the revenue.
MR. SCOTLAND: No. We keep the revenue. I think that's pretty clear.
FREEHOLDER DUBLIN: Can we get a copy of the lease agreement?
MR. SCOTLAND: Yes.
MR. GUERRA: It is about this thick.
MR. SCOTLAND: The project development agreement and the settlement agreement should be attachments to this. You probably don't have it here, but they will be available. Then, of course, the other agreements that we enter into you will have to authorize those separately to execute those agreements when they're available. And then, of course, in connection with the issuance of the bond. That's all going to come back to you as well.
MR. GUERRA: Glenn, don't they have some --
COMMISSIONER PENEDA: My final question is can we increase that $35,000 because that's just ridiculous. Can we increase that into the agreement? I mean can it be something more reasonable because, you're right, it doesn't pay.
MR. NETCHERT: You don't know how hard it was to get there because --
MR. GUERRA: Because of the town.
MR. NETCHERT: -- because of the town. I don't mind saying that we took the position with the County that we were not going to do this for nothing. And the $35,000 is just a number that the Town said okay they would pay. Now I think, I think those numbers are being split between the Town and Red Bull, both of them.
MR. SCOTLAND: They are, yes.
MR. NETCHERT: But it's small potatoes, but we could try to get more.
MR. GUERRA: Aren't they going to have some say to John's point if the promoter comes to us and wants to have a concert there, aren't they going to have some say as to what events --
MR. SCOTLAND: I'm sorry?
FREEHOLDER DUBLIN: Maybe not in that point, but could you give us a summary on everything, maybe not an encyclopedia, but give a little summary?
MR. GUERRA: Oh yes. When it's all done and finalized, exactly. Glenn will come back and walk you through it all.
On a private event on the weekend, like
John said, a promoter comes in and they want to
hold this event here --
MR. SCOTLAND: Right.
MR. GUERRA: -- doesn't Red Bull have
some say?
MR. SCOTLAND: Yes. That's one of the
issues that we have.
MR. GUERRA: If the town is having
their fair or we want to do an Earth Day or
something with the TMA and use the parking lot,
and that's all easy stuff. We even talked about
First Tee. There was some golf programs not on
the field. But the property is pretty big and you
can do some things outside. But in terms of a
concert inside, I would think they would have some
say.
MR. NETCHERT: And I'm not so sure a
concert or private promoter's concert is a public
event as much as it's a private event, so that
wouldn't --
MR. GUERRA: Charging for tickets.
MR. NETCHERT: Because they have a
right to run these concerts under Red Bull's
lease. They have a right to run up to twelve

events beyond the scheduling of their soccer games
in the stadium under the lease agreement that now
exists, which is a lease between the Redevelopment
Agency as the master tenant and the Authority as
the sub - I mean the master landlord and the
Authority as the sub-landlord.
Right now we are a lesseholder, meaning
the Authority, on the property that the stadium
has been built on. And we're in there because,
and I wish we weren't in there, but we're in there
because when the bond deal was done and somebody
down there, maybe it was John Peneda, asked
whether there was County monies or anything, the
improvement Authority bonded $40 million to the
Town of Harrison for Harrison to complete the
infrastructure work necessary to service the land
upon which the stadium is built. And as added
security, and when we were doing it because the
County has guaranteed that debt, we decided to put
ourselves, the Improvement Authority, in the chain
so as to have some control in the event Red Bull
did walk away the County is on the hook for
$40 million in guaranteed bond purchases. The
Improvement Authority has the leasehold interest
in the land during the period of time of the bond.

COMMISSIONER DUBLIN: Don't Red Bull
have -- I mean if you're doing an event, Red Bull
owns the concession stand, right?
MR. NETCHERT: Yes.
COMMISSIONER DUBLIN: And if you do a
private event, then you have to worry about
security of that event --
MR. NETCHERT: Yes.
FREEHOLDER DUBLIN: -- and stuff like
that.
MR. NETCHERT: Yes.
FREEHOLDER DUBLIN: And who does that
onus come on, us, or does it --
MR. GUERRA: It is really --
MR. NETCHERT: It's on us. There is no
cost to the Red Bull if we do an event.
MR. SCOTLAND: Let me just -- I'll just
give you this quickly and, again, it's not all
resolved.
It says, the public use events are
comprised of various categories of events with
varying degrees of intensity including the
following:
One. Use of Red Bull Stadium field for
sporting events such as local soccer games,
MR. GUERRA: "Protect the field.
MR. NETCHERT: Competition.
MR. SCOTLAND: We'll have to work
through it.
The real issue on the table now, the
one that we have to grapple with tomorrow, is we
want to make sure that it's a collaborative
process, and the push-back that they're giving us
is that yeah, we'll kind of talk with you, but if
we don't like it, we're going to decide. And so
we have to sort of work through those issues.

COMMISSIONER GALLO: They have a risk
as well.

MR. SCOTLAND: They do. Again, they
cannot jeopardize or have the field compromised.

MR. NETCHERT: The field is a million
dollar issue, millions of dollars issue. So they
have legitimate concerns.

We have to have some rights in order to
be able to defend the fact that this is now a
public event arena versus a private event arena.

MR. SCOTLAND: Right. And trust us,
none of us here really wanted to be in the middle
of this.

MR. NETCHERT: Right.

MR. SCOTLAND: And none of us here
wanted to be in the middle of this with the degree
of intensity that we're sort of now in.

MR. NETCHERT: And with the amount of
time that they have given us each time the issue
comes up.

MR. SCOTLAND: This has been very hard.

MR. NETCHERT: And quite honestly, they
have been talking trying to resolve their issues
I'm sure a lot more than we have been involved.
And the last minute again Glenn has been getting
faxes over the weekend trying to digest documents
and legitimately concerned about being able to do
so professionally and with a degree of credibility
that he has earned for himself and his firm. And
yet, we've made to feel like if you guys don't do
this, you're the bad guys, and that is
unacceptable. But it is where we are and we'll
deal with it. I have made that feeling known to
the Mayor and to the Town and to Red Bull, and I
don't know whose fault it is, but it sure as hell
isn't our fault.

MR. SCOTLAND: We got we got another
draft of the documents this afternoon, so it's
like --

MR. NETCHERT: So the Supreme Court
appointed mediator has said to the parties that
unless I have a signed document that says
Settlement Agreement in my hands by the end of day
Thursday this matter will proceed to argument
before the Supreme Court on the 11th and 12th of
April.

Now we had this intense type of dialog
at least once before, but it was, again, five days
before the first scheduled oral argument date of
the Supreme Court. So I made it known then that I
wasn't happy. You know, they bring me along to
say all of the things that nobody else would say,
and I don't really have any problems saying them.

MR. GUERRA: If we sign this
tomorrow -- go ahead.

MR. NETCHERT: If we sign this tomorrow
I expect they will fax it to Judge Carchman, who
is the Supreme Court appointed mediator, who I'm
assuming will find it satisfactory enough to mark
the matter settled for the purposes of the Supreme
Court's records.

But as I indicated earlier, Red Bull

will not take a dismissal with prejudice on their
lawsuit that is now, by certification, before the
Supreme Court, and until the documents, that none
of us have seen because they don't exist, get
worked on, reviewed and approved. And if they
don't -- that's why I'm saying I think we can get
enough done tomorrow to get a piece of paper
signed. That doesn't necessarily mean that it's
over because there is a period of time that the
real agreements have to be negotiated. And if
they can't be, then I think six months from now
you'll see Red Bull say to the Supreme Court file
a motion, and I don't know how it would work, a
motion to restore the matter to the active list
and ask for a hearing before the Supreme Court.
None of us want that to happen, none of us expect
it to happen, but I would not be surprised if it
does happen.

COMMISSIONER GALLO: With regard to
their events in the stadium, is it expected that
the Improvement Authority, the County, because
we're a corporate entity of the County, would be
an additional named insured on that policy and
they would be required to indemnify us for their
events at least?
MR. SCOTLAND: Yes. Yes.
MR. NETCHERT: Absolutely.
MR. SCOTLAND: Again, we need to talk
to the risk manager and figure out how it's going
to happen.
COMMISSIONER GALLO: It hasn't happened
in the United States, but people can ultimately
get killed.
MR. NETCHERT: That's in the lease
agreement now. As I said we're the under-landlord
here.
COMMISSIONER GALLO: The professionals
would know how to manage the other events and
build in.
MR. NETCHERT: Right.
COMMISSIONER GALLO: Is there a reason
though why Harrison wouldn't acquire the stadium
themselves and give them a lease price equal to
the pilot payment?
MR. NETCHERT: Is there any reason they
won't pay us more than $35,000?
COMMISSIONER GALLO: It seems like it's
not our problem.
MR. NETCHERT: It is not our problem.
They can't.

COMMISSIONER GALLO: Okay.
MR. NETCHERT: They can't. Everything
they do they need to go to Local Finance Board and
Division of Community - to get approval to do
anything.
MR. SCOTLAND: The only party, the only
party for whom that stadium is worth $200 million
is Red Bull.
FREEHOLDER DUBLIN: I'll make a motion.
COMMISSIONER GALLO: I'll second it.
MR. NETCHERT: Jeff has heard enough.
COMMISSIONER GALLO: We don't have a
choice.
MR. NETCHERT: We don't.
COMMISSIONER GALLO: Just by way of
explanation. Bayonne was in a similar situation
back in 1997. We had a transaction that we
thought was bringing us a certain amount of cash.
It went to Superior Court, Appellate Division, we
won, we won. We got to the Supreme Court and we
lost. We were ordered to pay back millions, tens
of millions of dollars. I think it was
$32 million.
MR. NETCHERT: And that's what Harrison
is scared to do.

COMMISSIONER GALLO: And I will tell
you that Bayonne to this day has not recovered
from that. That blew a hole in our budget that
we're trying to close, but it hasn't happened yet.
And with that type of devastation, we can't let
that happen to a town in this county.
MR. NETCHERT: And that's what Harrison
is deathly afraid of.
COMMISSIONER GALLO: I will point out
that McManimon Scotland & Baumann came to the
rescue back then too.
MR. SCOTLAND: Thank you.
FREEHOLDER DUBLIN: You said that they
won in court. The town won?
MR. SCOTLAND: The town won. They won
in the tax court and they won in the Appellate
Division.

MR. NETCHERT: Right.
MR. SCOTLAND: But you know what --
MR. NETCHERT: Just like Steve did.
MR. SCOTLAND: -- when it goes to the
Supreme Court, all bets are off.
COMMISSIONER GALLO: Especially this
Supreme Court.

COMMISSIONER DUBLIN: I made a motion.

CHAIRMAN PESTANA: I have a motion made
by Commissioner Dublin with a second by
Commissioner Gallo.

MS. LOZANO: Commissioner Bado.
COMMISSIONER BADO: Yes.
MS. LOZANO: Commissioner Dublin.
COMMISSIONER DUBLIN: Yes.
MS. LOZANO: Commissioner Gallo.
COMMISSIONER GALLO: Yes.
MS. LOZANO: Commissioner Goldsack.
COMMISSIONER GOLDSACK: Yes.
MS. LOZANO: Commissioner Lorenzo.
COMMISSIONER LORENZO: Yes.
MS. LOZANO: Commissioner Martiretti.
COMMISSIONER MARTINETTI: Yes.
MS. LOZANO: Commissioner Peneda.
COMMISSIONER PENEDA: Yes.
MS. LOZANO: Chairman Pestana.
CHAIRMAN PESTANA: Yes.
MS. LOZANO: Resolution 3-2011-11
passes in the affirmative by eight board members
voting yes, one not present.
MR. GUERRA: Off the record.
(Discussion off the record.)
MR. GUERRA: Back on the record.
Do we have anything? I know we have
Earth Day coming.
MS. GILPIN: Earth Day is one month
from today. I'll be sending you some information
with park passes and all that.
The shredding starts next week on the
second in Kearny and we're proceeding with all of
our happy spring events.
COMMISSIONER GALLO: I thought the
shredding was at Red Bull Stadium.
CHAIRMAN PESTANA: Is there any other
business.
MR. GUERRA: We'll talk about the April
meeting. We will either have a special meeting
for the school project or maybe we can move the
April meeting up.
FREEHOLDER DUBLIN: Chairman, I'm the
newest one on the board. I would just like to get
a list of the committees, different committees.
MR. GUERRA: I'll get you that, Jeff.
CHAIRMAN PESTANA: Is he going to
fill --
MR. GUERRA: Probably with -- I forget
what Oren was on. It may be buildings.
CHAIRMAN PESTANA: Is there any other
business?
(No response)
CHAIRMAN PESTANA: Do we have a motion
to close?
COMMISSIONER MARTINETTI: Motion.
CHAIRMAN PESTANA: Motion by
Commissioner Martinetti.
COMMISSIONER PENEDA: Second.
CHAIRMAN PESTANA: Second by
Commissioner Peneda.
All in favor.
COMMISSIONER BADO: Aye.
COMMISSIONER DUBLIN: Aye.
COMMISSIONER GALLO: Aye.
COMMISSIONER GOLDSACK: Aye.
COMMISSIONER LORENZO: Aye.
COMMISSIONER MARTINETTI: Aye.
COMMISSIONER PENEDA: Aye.
CHAIRMAN PESTANA: Aye.
(Whereupon the meeting is concluded)