

**REGULAR MEETING MINUTES
MONMOUTH COUNTY IMPROVEMENT AUTHORITY
AUGUST 2, 2018**

Meeting called to order at 9:02am by Chairman Rosenthal.

PLEDGE OF ALLEGIANCE

OPENING STATEMENT

This meeting is being held in compliance with the provisions of Chapter 231, P.L. 1975 known as the Open Public Meetings Act. Notice of this meeting was furnished in the County newspaper and posted in the Hall of Records.

ROLL CALL

Commissioners Buontempo, Gray, Melnick, Gatto and Chairman Rosenthal were in attendance. Also in attendance were, Douglas Bacher, Dennis Collins, Amanda DelBene, Mark Quinn, Peter Carton, Director Thomas Arnone and Marion Masnick.

MISCELLANEOUS BILLS

Motion by Commissioner Gatto, seconded by Commissioner Gray to adopt Resolution 18-18, "Payment of Miscellaneous Bills in the amount of \$162.62."

ROLL CALL

Commissioners Buontempo, Gray, Melnick, Gatto and Chairman Rosenthal voted in the affirmative

BUDGET

Motion by Commissioner Gatto, seconded by Commissioner Gray to adopt Resolution 18-19, "Adoption of 2019 Monmouth County Improvement Authority Budget."

ROLL CALL

Commissioners Buontempo, Gray, Melnick, Gatto and Chairman Rosenthal voted in the affirmative.

FINDINGS

Motion by Commissioner Gatto, seconded by Commissioner Buontempo to adopt Resolution 18-20, "Accepting the Findings of the Local Finance board for the Governmental Pooled Loan Revenue Bonds, Series 2018B."

ROLL CALL

Commissioners Buontempo, Gray, Melnick, Gatto and Chairman Rosenthal voted in the affirmative

MINUTES

Motion by Commissioner Gatto, seconded by Commissioner Buontempo to accept the Minutes of the Regular Meeting of July 12, 2018.

ROLL CALL

Commissioners Buontempo, Gray, Melnick, Gatto and Chairman Rosenthal voted in the affirmative.

UNDERWRITER

Amanda DelBene discussed the upcoming December Pooled Loan Program. Right now there are 5 participants. Not all are in yet.

Commissioner Gatto asked about the status of the FMERA Notes.

Amanda DelBene said they are 2 year Notes. The maturity is in November (2019) but they can be called 6 months prior if we have money to pay that off.

Commissioner Gatto – I guess we would need guidance from the Freeholders whether that is the way they want to go to roll over the Notes or go to permanent financing. The reason we originally used Notes was because didn't envision the loan being out there long. Plus there were some sales that were to occur. To the extent that the immediate sales are over that becomes a policy question for the Freeholders.

Douglas Bacher – We looked at, that was the issue. When we did the Notes last November they did an analysis how quickly the money would be coming, that's why we did the 2 year Note with the 6 month call. There's certainly money coming in but I think there was a question of exactly how much. But I still think it's the long term plan just to stay in Notes.

Commissioner Gatto – I'm not sure that's their decision.

Bacher – No, that's correct. We work with the County and with Craig and it's a team that takes a look at everything. Probably in 9 to 10 months we'll be having these conversations again.

Director Arnone – He knows FMERA gave the MCIA a preliminary schedule of sale properties for about \$10 million. I think we are down to \$16 million.

Bacher – Don't know is that is the correct figure but I know we are below \$20 million. I do think Craig is giving some kind of a quarterly report from them on the outstanding Notes.

Director Arnone – I'm not pleased with the way they operate. They were fortunate to have us. If they did not have us the alternative was to go out to a bank and it would be a totally different story on how this worked. I think we should put the pressure on them as any other institution. Maybe that would facilitate them to get off their seat and move a little quicker. We are not there to make the best possible deal for them personally. Put that back on to the tax map and pay their debt down and move out and make that a viable economic engine again. I don't think they're doing it and I think we are private stakeholders in that and we should be putting our forcefulness to them saying this is a process and you need to pay your debt down. That's just my feeling.

Commissioner Gray – We agree.

Commissioner Gatto – I wasn't in favor of the deal. That really wasn't our purview that's why I think it's a policy question for the Freeholders. The guidance should be clear in 9 to 10 months. It seems far away but the way things work it's not that far away.

Director Arnone – I actually thought it was this November. Glad to hear it's next November. I just think they need

Commissioner Gatto – They could still come to us without the County guaranty or they could go on their own, correct?

Bacher – Like the Freeholder said, they would have pursued a regular bank loan which would probably be maturing on an annual basis.

Counsel Collins – Freeholder, just so you know, recently Tinton Falls gave approval of two relatively large sites that have to be getting very close to the closings. So I'm sure the county will be contacted shortly about that.

Director Arnone – I hear that they (FMERA) have their financial problems meeting their operating expenses. I don't want us to be the fall guy for that. We did the right thing but they need to move a little quicker.

Commissioner Gatto – My last thought. Theoretically who should made the decision for several reasons. When they came to us last time this is what everybody wanted so that's why we did the deal. The question becomes, it's not an issue for us because we are basically a conduit, who makes the decision when that time comes. I don't think we care.

Chairman Rosenthal – I think the Freeholders will have the say on that.

Director Arnone – I'm not saying to not extend it. All I'm saying is hold the people accountable.

Bacher – This is a large discussion with us and the County. They present a schedule when the think the sale of properties will be. We offer them options on how we continue this financing and I think the decision is made – we look at the price differential between a 1 and 2 year Note, look at the cost for an early call and we know it was going to go out for at least until November of 2019. I think the final decision was made basically by the county because of the cost of money and the cost of funds that this was the most reasonable and most cost effective way to move forward with this 2 year Note with a 6 month call. It wasn't going to happen faster than that 18 months. It will be that same discussion and same analysis again when the time comes.

Commissioner Gatto – My point is not the job you did it's above you guys. In the beginning it was the Freeholder's desire that the MCIA be used as a conduit because that's the only way the deal would work. There were some reservations about theoretically is that we typically don't finance real estate deals even though this had some economic benefits to certain towns in Monmouth County so I guess that was probably one of the considerations. When that was considered it was considered to be a 1 year deal because – just making up the numbers – it was \$30 million of which of which \$18 was going to be repaid within 6 months. This has now dragged in to a retirement job or a retirement project where at the end we can b 7 years from now and they will be holding \$8 million of land. Normally if we were on our own looking at a deal with no political aspirations we probably wouldn't get involved with a deal like that. If some of the circumstances have changed who makes that decision. I don't care who makes it but I think the parameters have changed. It has nothing to do with the way you guys do the deals. I

Bacher – I guess all I'm trying to do is give you some comfort that as far as we're concerned it was a County decision. (several people talking). We looked at the options and the County came back and said this is the one we like.

Commissioner Gatto – I think the parameters have changed. This was only supposed to be a 1 or 2 year deal.

Chairman Rosenthal – I don't think so.

Director Arnone – I don't think it was ever perceived by us that's how it would be. We knew there would be a structured pay down over a period of time but our ultimate goal was backing the MCIA for stepping up and more importantly realizing that this is a building plan and it takes time to pay it down. My concern – I don't care if a deal falls through I just want them to be facilitators because it's our money. Be able to facilitate and make a deal. FMERA is not supposed to be looking for a profit margin. They are looking to get rid of the property. Put it on the tax rolls to make that an economic engine. As the one holding those Notes I'm hoping that

when you renegotiate you can say there's come accountability here. You have to start moving on this and that's all I'm saying.

Counsel Collins – You were trying to incentivize the quicker development of the property and get it back on the tax rolls and maybe when you have those discussions further on those are the type of terms.

Director Arnone – Exactly what I'm saying.

DelBene – I just want to point out that Rich is correct. We don't normally do these types of transactions but I just want to remind the Commissioners that we are a conduit here and there is no recourse to the MCIA, there would be recourse to the County because of the County Guaranty in each year that the County decides to support the transaction they have to pass the County Guaranty. So, it's up to the County to commit so that will be a conversation with the County.

Commissioner Gatto – Not to beat a dead horse. One is the Guaranty and second, do we want to do the loan or do we want to start enforcing provisions or covenants.

Chairman Rosenthal – I think we have to get guidance from the Freeholders.

Director Arnone – I think we will. We're this far in. I think it's the right thing to do. The other Improvement Authorities that I work with are structured different than you as you all know. So this is kind of normal to them. I think it's a little new and a learning process. It was the right deal at the time.

Commissioner Melnick – Who does FMERA answer to?

Director Arnone – EDA is an arm.

Counsel Collins – Part of this deal was to get them out of the Federal jurisdiction.

BOND COUNSEL

No report

GENERAL COUNSEL

No further report.

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PUBLIC

None

ADJOURNMENT

Motion by Commissioner Gatto, seconded by Commissioner Buontempo to adjourn at 9:25am.
All in favor.

Respectfully submitted,



Marion Masnick, Secretary