

**MONMOUTH COUNTY IMPROVEMENT AUTHORITY
REGULAR MEETING MINUTES
OCTOBER 10, 2019**

Meeting called to order at 9:01 by Chairman Gatto.

PLEDGE OF ALLEGIANCE

Chairman also called for a moment of silence for Paul Masnick who passed away recently.

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 Nicastro, Barham, Melnick, Buontempo and Gatto were in attendance. Commissioner Also in attendance were John Draikiwicz, Dennis Collins, Amanda DelBene, Stephanie Lom and Marion Masnick. Also in attendance were Craig Marshall, CFO and Teri O'Connor, Administrator.

HOWELL BOE

Motion by Commissioner Barham, seconded by Commissioner Melnick to adopt Resolution 19-47 "Approval of Trustee Invoice for MCIA Revenue Bonds, Series 2009 (Howell Township BOE Refunding Project)."

ROLL CALL

Commissioners Nicastro, Barham, Melnick, Buontempo and Chairman Gatto voted in the affirmative.

ASBURY PARK

Motion by Commissioner Barham, seconded by Commissioner Buontempo to adopt Resolution 19-48, "Approval of Trustee Invoice for MCIA Wastewater Treatment Facilities Lease Revenue Refunding Bonds, Series 2014A (Asbury Park Project)"

ROLL CALL

Commissioners Nicastro, Barham, Melnick, Buontempo and Chairman Gatto voted in the affirmative.

Motion by Commissioner Barham, seconded by Commissioner Buontempo to adopt Resolution 19-49, "Approval of Trustee Invoice for MCIA Wastewater Treatment Facilities Lease Revenue Refunding Bonds, Series 2014B (Asbury Park Project)"

ROLL CALL

Commissioners Nicastro, Barham, Melnick, Buontempo and Chairman Gatto voted in the affirmative

POOLED LOAN FINANCING

Motion by Commissioner Barham, seconded by Commissioner Melnick to adopt Resolution 19-50, "Authorizing the Submission of a Proposed Project Financing to the Local Finance Board for a Loan Bond Program."

John Draikiwicz – this is for the December Pooled to be heard at the November meeting of the LFB.

Heather Litzebauer – There are 13 interested participants for just above \$155 million. Our largest financing ever.

Amanda DelBene – This just shows where the market is right now. We have hit historic lows and most entities are taking advantage of it.

ROLL CALL

Commissioners Nicastro, Barham, Melnick, Buontempo and Chairman Gatto voted in the affirmative

MISSCELLANEOUS BILLS

Motion by Commissioner Nicastro, seconded by Commissioner Barham to adopt Resolution 19-46, "Payment of Miscellaneous Bills in the amount of \$911.17.

ROLL CALL

Commissioners Nicastro, Barham, Melnick, Buontempo and Chairman Gatto voted in the affirmative

FMERA

Chairman discussed a summary (attached) of what has occurred with FMERA since the meeting of September 12th. For lack of a better term, FMERA balked after they were here. I did receive a call from the Governor's office asking us to reconsider some items. I think it wasn't an overly aggressive call it was asking to please reconsider based on certain things. I made certain representations or relayed certain representations that occurred at that meeting that the

representative was not aware of. Subsequent to that there were many meetings, Dennis and John spent at least 2 weekends working with FMERA at my request based on the request of the Governor's office and there were 3 open items. This memo, I wanted to summarize what occurred in the 2 or 3 weeks since we last met so you are all on the same ending page.

Dennis Collins – I think John's memo, which we prepared jointly and reviewed with Rich, outlined the terms. Simplistically though the Authority gave certain authority with respect to modifications to the Loan Agreement primarily centering around consent to further debt as well as consent to the taking down the additional \$2.5 million of the EDA loan. We were able to negotiate under the direction of the Chairman what we perceived to be exactly what authority the Authority gave us. We're happy we reached this result. There was a period of time where we did not believe an agreement could be reached and John's memo outlines the fact that we have obtained the required consent of the Authority to (1) any additional financing under the EDA – but as the Chairman did at that meeting we committed to hearing them out when they make that application; with respect to the EDA draw down because we already know the terms and conditions we agreed to hear them out when they make such a request at the next regularly scheduled meeting. The language the Authority balked at with reasonable consent is not in the agreement. It simply says it requires our consent to proceed. We're hopeful that we performed as directed by the Authority and the Chairman soft played a little bit his role but we hope we got to the spot where you wanted us to be.

John Draikiwicz - There was no wavering. You may remember your stance was fairly strong at the last meeting and even though Dennis and I wanted to help get the deal done Rich directed us make sure what is written stays written and there was no desire to move from what was stated. That steadfast approach resulted in basically just a statement in the document that there were appeased with. We're here them at our next regularly scheduled meeting would have been the case anyway. So they backed down at the end which was terrific. There were 2 other little minor things that were clarifications that were in here that really were not consequential to the transaction as well. The primary one was consent as Dennis relayed. The next step here from FMERA's perspective is to have a meeting to authorize the documents which they did not do back in September. They have a Special Meeting called for tomorrow. I've been informed by their attorney – outside counsel Robert Tuteur to vote on the agreement as is which they received earlier this week. There is no further action required by the Authority except this informative letter to make sure that you are ok with it but if so, FMERA will act tomorrow.

Dennis Collins – the Authority should be aware that we would expect them to make a request on the EDA loan relatively quickly because based on their financials they're going to assert that they need the money probably in the February time frame but John and I plan to speak to our other financial professionals so now we can give you a more full report with respect to their financial condition. I will also note for the record that I met with David Nuse on Monday over at the Fort to finalize the project reporting schedule that they'll have to update periodically on their projects. The form will be attached to the Loan Agreement. I expect that within the next week we will have a first full reporting of the status of their projects. It does focus primarily on the Phase 2 projects but they have been updating some of their financial projections as we move towards the end of what we call the term reimbursement where the principal comes due and we can talk about that privately or in executive session if need be.

Chairman – In layman's terms that will also give us the ability to monitor project by project if we wanted to monitor it. Why: It will actually show you – the last sheet that we saw which was 2 months ago – this Excel spread sheet. There's 2 closings anticipated for the end of October. Let's just say theoretically they come here in December we will have had the spread sheet from them say from October that said you anticipated 2 closings in October and the properties are identified Property A & B, what happened? So we don't get in to a situation where we are 2 years down the road and a developer for whatever reason terminates, moves, falls apart and we're saying, hey, where's the pay down?

The other thing I'd like to bring to your attention – I know in the course of last month the fact that came up which was always a concern of mine and I think the percentage is 87%, but on their Phase 1 equity or loan to value, do it.

Dennis Collins – One of the issues that was really most important to us was secondary financing. At some point during a meeting and you're my clients and you're going to hear it clearly is that they have leveraged themselves on their Phase 1 property whereby 87% of the closing proceeds are pledged to others. Their anticipated purchase prices would historically have been modified based site conditions, unknown conditions and smart developers who can leverage a closing to get a little bit of an edge. That creates a concern based on their existing financial condition there's really not much room for any further financing other than the EDA loan without affecting our collateral. That's why we have an absolute consent rate on any further debt occurring and that's going to be – I think the Chair put great fear in the Director of FMERA on that issue.

Chairman – that's been my biggest concern since day 1 and maybe not articulated properly – loan to value or loan to equity. The project as a whole or Phase 2 as we're more concerned but I can see now a spillage from Phase 1 – the possibility of spillage from Phase 1 if they basically can't borrow against Phase 1. Any way, it's not an issue now, I would consider it a concern. It's been a concern. It's probably more to the front now and I think you guys handled it well.

James Draikiwicz – The one thing to note, if I may, if you take a half step back, this all started in April or so of this year. In terms of our statement to FMERA we're going to be a little more aggressive in terms of monitoring. During the course of this 6 months the Loan Agreement was modified to tighten it up but also the tone has been set. They know now that there is director review of what's going on and the reporting that we're going to be doing is now required in the Loan Agreement is going to be a big step to make sure we know on a quarterly basis exactly where they stand. The tone for next year is already known. I think we start the negotiation in January on the one year Note April of 2020. This again was a 5 year contemplation for everybody and the bullet is going to hit in 2021. Part of the discussion will be starting again in 2020. Just note that. Under the Chairman and Authority great direction in getting them focused on what's going on in terms of property sales but next year will also be important when we start negotiating on the new Loan Agreement probably early like April 2020.

Dennis Collins – Because that will be the last Note renewal when the term expires for the principal, there will probably be slight modifications to that Loan Agreement because you have to anticipate that the principal is coming due at the end and there will be decisions to be made by us and the Freeholders.

Comm. Buontempo – You said 87% of the proceeds are already

Dennis Collins – On Phase 1, not ours. 87% of their Phase 1 proceeds based on their projections as to value are pledged to others. Meaning other debt service, Federal Government – don't expect them to generate – if we get a little extra money on the \$3million in the bank over it, son't expect that will ever happen.

John Draikiwicz – This Note at \$23,750,000 there is going to be minimal pay down. We don't have the number yet, but it's not going to be a lot if the sales didn't occur. It will be close to \$23,000,000 that's outstanding already.

Comm. Barham – Just appears to me being on this board for 10 months and dealing with these FMERA folks that nothing seems to be going in the right direction. 87% is not good. Continually borrowing money is not good. They're not paying down, all they are doing is paying the interest. I just think that we have to be every vigilant and advise the Freeholders of our thoughts and opinions so we protect the County and that AAA rating. I've got to be honest with you after talking with them last meeting they just seem very cavalier about our concerns about the bond rating of this County.

Dennis Collins – I truly believe for the first time having dealt with FMERA not only here but in various constituent municipalities – Tinton falls and Eatontown – the Authority got some required disclosure of information that I really didn't think we would get from FMERA based on my previous dealings. You absolutely got their attention and it made my job and John's much easier.

Chairman – Asked the Administrator if the Freeholders would like an update from the Authority on FMERA. Answer was yes, Exec. Session on December 2, 2019.

BOND COUNSEL

No further report

FINANCIAL ADVISOR

Heather Litzebauer – Capital Equip Lease will be priced on October 16th and that will close October 31. FMERA transaction will price on October 29 and close November 13.

UNDERWRITER

No further repsort

GENERAL COUNSEL

No further report

PUBLIC PORTION

None

ADJOURNMENT

Motion to adjourn at 9:31am by Commissioner Buontempo, seconded by Commissioner Barham. All in favor.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Marion Masnick".

Marion Masnick, Secretary