

STATE OF NEW JERSEY  
SECAUCUS HOUSING AUTHORITY  
700 COUNTY AVENUE  
SECAUCUS, NEW JERSEY  
**SPECIAL MEETING**

April 7, 2016

This is a condensed transcription of the taped minutes as taken on Thursday, April 7, 2016 at Kroll Heights, 700 County Road, Secaucus, New Jersey.

Chairman Harper welcomed everyone and called the meeting to order at 7:00 P.M.

**ROLL CALL**

Present: Michael Harper  
Vice-Chairman Michael Schlemm  
Treasurer Richard Fairman  
Commissioner Patricia Mondadori

Also Present: Executive Director Christopher Marra  
James Burke, Esq., Counsel to the Authority  
Francis Borin, Esq., Special Counsel to the Housing Authority  
Lisa Petrosky, NW Financial RAD Finance Consultant  
Diane Scriveri, Executive VP, Chief Lending Officer, Bogota Savings Bank

Absent: Commissioner Roger Adriaenssens  
Commissioner Frances Jodice  
Commissioner Michael Grecco

**OPEN PUBLIC MEETINGS ACT**

**“Adequate notice of this meeting, as required by the Open Public Meetings Act, has been provided by the filing of a Special Meeting Notice with the Municipal Clerk, the posting of said notice on the official bulletin board in the Municipal Government Center, and delivery of same to the Jersey Journal and Secaucus Homes News on April 7, 2016. This body wishes to advise you that, in**

**accordance with N.J.S.A. 26:3D(1), et seq. (Smoking in Public Buildings), smoking is prohibited while this body is in open or closed session.”**

## **FLAG SALUTE**

### **RESOLUTION 2016-14 APPROVAL OF TERMS AND CONDITIONS OF FINANCING PROPOSAL AND AUTHORIZATION TO EXECUTE A COMMITMENT IN CONNECTION WITH RENTAL ASSISTANCE DEMONSTRATION PROGRAM CONVERSION**

ED Marra stated that on tonight's agenda are two resolutions for the Board's consideration they both have to do with the Rental Assistance Demonstration Program. The first one is RESOLUTION 2016-14 APPROVAL OF TERMS AND CONDITIONS OF FINANCING PROPOSAL AND AUTHORIZATION TO EXECUTE A COMMITMENT IN CONNECTION WITH RENTAL ASSISTANCE DEMONSTRATION PROGRAM CONVERSION.

That resolution I wrote a draft and Mr. Borin was kind enough to correct it and attached to that is a Term Sheet. For two of the commissioners that were not on the Finance Committee Lisa Petrosky is going to start this conversation on how we got here tonight.

Lisa Petrosky stated that we had representatives from Lakeland Bank and Bogota Saving Bank (BSB) meet with Finance Committee (Commissioners Fairman and Harpers). We discussed different points of the transaction and keeping the business with Bogota Savings Bank. We also discussed the possibility of BSB coming back with a different offer with a shorter term. The initial offer was fixed for 15 years and then adjusting out afterwards. BSB came back with a different offer, similar to the terms offered by Lakeland Bank. I have given you a spreadsheet with showing what the Lakeland Bank offer is 3.25% and BSB their rate is at 3.5%. The Lakeland Bank offer has a collar of 3.5% over that 3.35% meaning it would top out at 6.75% over the last ten years of the loan. BSB's collar is 6%. So while over the first ten years of the loan Lakeland Bank has a more attractive rate and BSB has a more attractive over the last ten years. BSB rate is based on prime rate. Lakeland Bank's rate is based on the Federal Home Loan Bank Rate over 10 years.

We looked over the worst case scenarios for 20 years for each bank. We anticipate the loan being paid off in 12 years. We are hoping not to hit too many years of the higher rate. Based on Idea that your vacancy bad debt is based on \$100,000 and around here it is about \$3,000. So that extra money can go to prepay the loan. BSB has no pre-payment penalty at all. Lakeland Bank has set parameters on their prepayment penalty. You can only pay up to 10% of the loan each year.

Lisa continued, I have also given you a term sheet from BSB that outlines this transaction. They are also willing to hold this rate until October 30, 2016. The idea is the faster we get this into HUD, the faster we get it back. Because of HUD's timelines and the way they are structuring new Section 8 contracts you really need to close by November 30, we are really looking to close this by October. Once it gets in, HUD has 30 days to review and once we get the restructuring commitment back we have 30 days to sign it. We do not really want to take those 30 days.

Because of the funding mechanism we really want to close as soon as possible to get those Section 8 contract rents hitting on us January 1.

Does anyone have any contracts?

Commissioner Dick Fairman stated I do have a couple of questions. He noted that we would like to support the incumbent for a lot of reasons, the profile of your firm, your community bank role, size of the transaction and everything along those lines. There are two or three items on my mind that I would like to have a general discussion about tonight.

One item is the concern that we have of the calendar being able to get this thing closed within the dateline that you are holding us to. I think you been in enough meetings with us hopefully and you know the quality of our paper and all of these things. We want to close as fast as possible. The October 31 causes me to really be concern and I would like to talk about the possibility of extending the closing date to December 31. We don't really know how it is going to go out there, but we are incentive to get there.

The Second thing is from a fiduciary responsibility, I am concerned about the rate differential that continues to exist between your firm and the other presentation. While I appreciate you coming down and being more competitive on that, I would like to ask in view of what is going on in the economy and what has gone on in just the last week since we me, the ten year note is under 1.7 today.

Diane Scriveri, Executive VP, Chief Lending Officer, BSB responded, if I could just jump in for one second, I kind of anticipated this questions coming up tonight. I can't sit here and say that I can come back here with a better rate, the date perhaps, but this is time sensitive. We are in a position that we are holding on to something that might change by a ½ percent by the end of the year. I would have to come back to you on these two matters.

Commissioner Dick Fairman: The two things I would ask the bank to consider is extending that date out to December 31 and I think you see the commitment of the board and we do not want to see the number to be a difference of a quarter point off the other transaction. Is there any flexibility to split that difference if you will that BSB can come in a 3.38%, that way the optics of 3.5% to 3.25%...

Diane Scriveri, Executive VP, Chief Lending Officer, BSB responded, yes I see that...

Commissioner Michael Schlemm stated my thinking was we are anticipating we can pay it off in 12 years, but taking the higher interest rate up front, we pay a little bit more than we would want to, but will not be paying on the backend. I know that on our end, we will get the paperwork out, it is the HUD we do not know about and we have little or no control over that matter.

Commissioner Dick Fairman stated, particularly with rates having dropped as much as what they dropped to me it makes our ask more legitimate to ask of you.

Diane Scriveri, Executive VP, Chief Lending Officer, BSB- If it were tomorrow, I could do it. I can't say tonight we would be willing to do that. The date, perhaps yes, but the rate – I don't know.

Commissioner Richard Fairman: When do you think you would be able to?

Diane Scriveri, Executive VP, Chief Lending Officer, BSB – So tomorrow I can tell you about the rate and the date, but I can't tell you right now about it.

Commissioner Richard Fairman – They are the two larger commercial issues that I have. Not to dwell on this, but you did agree to hold the paper and not sell it absent monetary default.

Commissioner Michael Schlemm So having said that do we move forward with this and then... what do we do now

Commissioner Fairman then suggested that we could approve the resolution, contingent on the date and the rate of 3.38% and hopefully the firm could come back and support it, that way then we are done. Otherwise we would have to come back. Commissioner Fairman turning to SHA Counsel James Burke asked, Can we do what I just said?

James Burke, Esq. responded: yes, because you are being specific asking for X and Y. In addition, its states that if the bank does not agree, then you will have to come back.

Commissioner Michael Schlemm stated that if that is the case, then I will make a motion to move the resolution. It was seconded by Commissioner Fairman.

Chairperson Michael Harper asked called all those in favor say aye. The resolution passed unanimously 4 to 0 (See vote below)

#### RESOLUTION 2016-14

#### APPROVAL OF TERMS AND CONDITIONS OF FINANCING PROPOSAL AND AUTHORIZATION TO EXECUTE A COMMITMENT IN CONNECTION WITH RENTAL ASSISTANCE DEMONSTRATION PROGRAM CONVERSION

**WHEREAS**, in 2013, the Housing Authority of the Town of Secaucus (the "Authority") applied to the U.S. Department of Housing & Urban Development ("HUD") to convert its 275 public housing units located at 777 Fifth Street (otherwise known as The Elms), 700 County Avenue (otherwise known as Kroll Heights), and 600 County Avenue (otherwise known as Improveduto Towers)(collectively, the "RAD Sites"), to Section 8 units under the Rental Assistance Demonstration ("RAD") Program; and

**WHEREAS**, HUD approved the Authority's application for RAD conversion, and the Authority thereafter commenced to undertake the Financing Plan Milestone Phase of the RAD Program; and

**WHEREAS**, the RAD conversion, and the accompanying rehabilitation program at each of the RAD Sites, requires significant financial resources not made available to the Authority in the Public Housing Program, but made available under the RAD Program; and

**WHEREAS**, on March 3, 2016, the Authority’s financial advisor, NW Financial, LLC (“NW”), issued a Request for Proposals (“RFP”) for financing proposals from lenders interested in providing construction and permanent financing for the RAD Sites; and

**WHEREAS**, NW sent the RFP to ten (10) lenders, and the Authority published notice of the RFP in its authorized newspapers and on its website; and

**WHEREAS**, the Authority received financing proposals from three (3) lenders; and

**WHEREAS**, an evaluation team, comprised of Authority staff, the Authority’s Finance Committee, the Authority’s Fee Accountant, and NW evaluated the financing proposals and conducted interviews of selected lenders; and

**WHEREAS**, the evaluation team is recommending the designation of Bogota Savings Bank (“BSB”) to provide the financing necessary for the Authority to complete the RAD conversion, in accordance with the terms and conditions of the Term Sheet prepared by BSB, attached hereto as Exhibit “A” and made a part hereof;

**NOW THEREFORE BE IT RESOLVED** by the Board of Commissioners of the Housing Authority of the Town of Secaucus as follows:

1. The Term Sheet attached hereto as Exhibit “A” and made a part hereof is hereby approved; and
2. The Authority’s Executive Director is hereby authorized to execute a Commitment Letter with BSB setting forth the terms and conditions of the financing to be provided by BSB in connection with the Authority’s RAD conversion, in accordance with the attached Term Sheet, with any such additional terms and conditions as shall be recommended by NW and the Authority’s Special RAD Counsel;
3. The Chairman, Vice Chairman and/or Executive Director are each authorized to execute all such other documents as are necessary in order to secure the financing required as part of the Authority’s RAD Program conversion.

<b>Commissioners</b>	<b>Ayes</b>	<b>Nays</b>	<b>Absent</b>
Chairman Harper	x		
Vice Chairman Schlemm	x		
Commissioner Adriaensenns			x
Commissioner Fairman	x		
Commissioner Grecco			x
Commissioner Jodice			x
Commissioner Mondadori	x		

## **RESOLUTION 2016-15 MAKING APPLICATION TO THE LOCAL FINANCE BOARD**

### **RESOLUTION OF THE HOUSING AUTHORITY OF THE TOWN OF SECAUCUS, IN THE COUNTY OF HUDSON, NEW JERSEY, MAKING APPLICATION TO THE LOCAL FINANCE BOARD PURSUANT TO N.J.S.A. 40A:12A-29 AND N.J.S.A. 40A:5A-6 IN CONNECTION WITH THE ISSUANCE OF ONE OR MORE SERIES OF HOUSING REVENUE BONDS (RENTAL ASSISTANCE DEMONSTRATION PROJECT), SERIES 2016, AND AUTHORIZING AND APPROVING CERTAIN MATTERS IN CONNECTION THEREWITH.**

Executive Director Marra then stated that the next resolution is more a functionary resolution. This is being done in order to begin the process to apply to the Local Finance Board. ED Marra introduced SHA Special Counsel Francis (Frank) Borin who would explain exact actions this resolution is authorizing.

Frank Borin, Esq.: The transaction contemplates that the Authority will be privately placing a bond with the selected lender and there will be a traditional mortgage and everything else that goes along with that. It is a Tax Exempt Bond, under the Authority's authorizing legislation in order to do that you have to go to the Local Finance Board. This resolution authorizes NW Financial along with our firm to submit an application to the LFB and we are doing that at their May meeting. For concerns about the timing we did not want to wait any longer to wait for HUD to get back to us. This allows us to be ready to go when HUD comes back with their approval.

The total cost for the improvements is \$2,000,000 correct?

Lisa Petrosky – We are contemplating a \$2,000,000 loan.

Frank Borin, Esq. - In this resolution we proposed a \$2.5 million figure, to give us flexibility in case there are additional costs that go along with the transaction that add up or go over the \$2,000,000 so we want the Local Finance Board to authorize us up to \$2.5 million

Lisa Petrosky – We do not think we are going up that high, but we do not want to waste additional time to go back to the Local Finance Board. It is inflated just to get us by. If you need to go up to \$2.5 million, you can, but we are not borrowing everything we could.

Commissioner Fairman – When will you have the final number from HUD?

Lisa Petrosky – What happens is you submit the financing plan to HUD a reviewer looks at it then you start getting back comments. They could say we want you to put something back into your engineer's report. If that happens, we can increase our annual deposit for replacement reserve, which leaves us with less cash flow or we could borrow more. So we have options.

Commissioner Richard Fairman – from a calendar point of view...?

Petrosky – They are saying approximately 30 to 40 days to get something back and this goes on for a couple of weeks. Then they will approve it, once the transaction manager is happy with everything give it to them. They come back to us with the Restructuring Commitment. We have 30 days, after they get the Restructuring Commitment back , then it takes 60 days to closing. We can get done quicker, if we do not use our 30 days. It is a federal document you can not change anything in it.

Commissioner Richard Fairman – For our minutes, why do we have to have bond instrument, as opposed to just the mortgage note instrument?

Frank Borin, Esq. – Basically because of your authorizing legislation provides in terms of your borrowing ability.

Commissioner Richard Fairman – So it is done by law, it requires us to do it that way as opposed to ...

Lisa Petrosky – You are allowed to get a mortgage, but it will cost you 4.5%.

Commissioner Richard Fairman – Thank you.

Lisa Petrosky – Some properties have small loans and it is not worth all the fees, if you have to borrow less than \$1 million.

Chairman Michael Harper asked if there were any other questions. Seeing none he asked for a motion.

Resolution 2016-15 was Moved by Vice Chairman Schlemm and seconded by Treasurer Richard Fairman

## **RESOLUTION 2016-15 MAKING APPLICATION TO THE LOCAL FINANCE BOARD**

RESOLUTION OF THE HOUSING AUTHORITY OF THE TOWN OF SECAUCUS, IN THE COUNTY OF HUDSON, NEW JERSEY, MAKING APPLICATION TO THE LOCAL FINANCE BOARD PURSUANT TO N.J.S.A. 40A:12A-29 AND N.J.S.A. 40A:5A-6 IN CONNECTION WITH THE ISSUANCE OF ONE OR MORE SERIES OF HOUSING REVENUE BONDS (RENTAL ASSISTANCE DEMONSTRATION PROJECT), SERIES 2016, AND AUTHORIZING AND APPROVING CERTAIN MATTERS IN CONNECTION THEREWITH.

**WHEREAS**, the Housing Authority of the Town of Secaucus (the “Authority”) is a public body corporate and politic, constituting an instrumentality of the State of New Jersey (the “State”), created by the Town of Secaucus (the “Town”) pursuant to the provisions of the Housing Authorities Law, Chapter 67 of the Pamphlet Laws of 1950, codified at N.J.S.A. 55:14A-1 *et seq.*, repealed and replaced by the Local Redevelopment and Housing Law, under Chapter 79 of the Pamphlet Laws of 1992, as amended and supplemented, and codified at N.J.S.A. 40A:12A-1 *et seq.* (the “Act”);

**WHEREAS**, the Authority owns and operates residential rental public housing projects, for which it has received approval from the United States Department of Housing and Urban Development (“HUD”) to convert to Authority owned and operated multifamily housing under the Rental Assistance Demonstration program, P.L. 112-55 (2012) (“RAD”), administered by HUD;

**WHEREAS**, the Authority will submit applications for HUD approval of its physical condition assessment (“PCA”) and the Authority’s financing plan;

**WHEREAS**, the Act authorizes the Authority to issue bonds (N.J.S.A. 40A:12A-16(5) and -29);

**WHEREAS**, in furtherance of the purposes of the Act, and in order to comply with requirements of the RAD program, the Authority proposes to issue one or more series of bonds in an aggregate principal amount not to exceed \$2,500,000 (the “Bonds”) and to apply the proceeds of the Bonds (i) to finance capital improvements to the housing projects that are subject to the RAD program, and reserves relating thereto, (ii) to refund existing debt with respect to the housing projects that are subject to the RAD program, and/or (iii) pay costs of issuance in connection therewith (collectively, the “Project”);

**WHEREAS**, the Bonds, when issued, will be special and limited obligations of the Authority, and neither the Town, nor any political subdivision thereof (other than the Authority, but solely to the extent of the trust estate as defined in the Bond Resolution (defined below), will be obligated to pay the principal or redemption price of, or interest on, the Bonds, and neither the faith and credit nor the taxing power of the Town or any political subdivision thereof will be pledged to the payment of the principal or redemption price of, or interest on, the Bonds;

**WHEREAS**, the Bonds will be issued pursuant to the terms of the Act, other applicable law and agreements and a resolution to be adopted by the Authority prior to the issuance of the Bonds (collectively, together with any amendments or supplements, the “Bond Resolution”); and

**WHEREAS**, the Authority’s ability to issue the Bonds requires authorization of certain matters and certain actions to be undertaken by the Authority officials, officers and professionals, including, but not limited to, the preparation and submission of an application to the Local Finance Board, in the Division of Local Government Services, New Jersey Department of Community Affairs (the “Local Finance Board”), and

**WHEREAS**, the Authority desires to conduct a private sale of the Bonds in an aggregate amount not to exceed \$2,500,000 to provide funds to undertake the Project, and desires to make application to the Local Finance Board for (i) the applicable project financing review required pursuant to the provisions of the Local Authorities Fiscal Control Law, specifically N.J.S.A. 40A:5A-6, and (ii) the approval of the private sale of the Bonds pursuant to the Act, specifically N.J.S.A. 40A: 12A-29(a); and

**WHEREAS**, the Authority believes that:

- (a) it is in the public interest to accomplish the Project;
- (b) the Project is for the health, welfare, convenience or betterment of the inhabitants of the Town;
- (c) the amounts to be expended for the Project is not unreasonable or exorbitant; and
- (d) the Project is an efficient and feasible means of providing services for the needs of the inhabitants of the Town and will not create an undue financial burden to be placed upon the Town;

**NOW THEREFORE, BE IT RESOLVED** by the Board of Commissioners of the Housing Authority of the Town of Secaucus, in the County of Hudson, New Jersey, as follows:

Section 1. The preparation and submission of an application to the Local Finance Board (the "Application") is hereby authorized and directed to be made by the Authority's Financial Advisor and Bond Counsel and other officials, officers and professionals of the Authority, including, but not limited to, the Executive Director, Vice Chairman, the Secretary, the Assistant Secretary, the Authority's Auditor, and the Authority's General Counsel, and along with other representatives of the Authority, are each hereby authorized and directed to represent the Authority in matters pertaining to such Application.

Section 2. The Local Finance Board is hereby respectfully requested to consider such Application and to record its findings, recommendations and/or approvals as provided in the applicable New Jersey Statutes.

Section 3. The Authority's Secretary or Assistant Secretary is hereby directed to prepare and file a certified copy of this resolution with the Local Finance Board Application.

Section 4. This Resolution shall take effect immediately.

Recorded Vote

<b>Commissioners</b>	<b>Ayes</b>	<b>Nays</b>	<b>Absent</b>
Chairman Harper	x		
Vice Chairman Schlemm	x		x
Commissioner Adriaenssens			
Commissioner Fairman	x		x
Commissioner Grecco			
Commissioner Jodice			x
Commissioner Mondadori	x		

The foregoing is a true copy of a resolution adopted by the Commissioners of the Housing Authority of the Town of Secaucus in the County of Hudson, New Jersey at a special meeting duly called and held on April 7, 2016.

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Secretary

**Adjournment**

The meeting was adjourned at 7:40 p.m. with a motion from Commissioner Schlemm and a Second from Commissioner Fairman. All voted in favor.

Submitted by  
Christopher Marra