

SPECIAL MEETING OF COUNCIL

Monday, February 9, 2004 at 6:00 P.M.

The Special Meeting of Mayor and Council was held, Monday February 9, 2004 at the hour of 6:00 p.m., Mayor Ingemi presiding.

ROLL CALL

Councilpersons answering roll call were: Bertino, Chiofalo, Clark, Morano. Absent: Olivo and S. Lewis.

PRESENT ALSO

Angela Maione Costigan, Town Solicitor

Rob Scharle, CFO

Ron Ianoale, McManimon & Scotland

PLEDGE OF ALLEGIANCE

MAYOR'S STATEMENT

This meeting has been properly posted on the bulletin board reserved for such notices on the first floor of the Town Hall and mailed to two newspapers pursuant to law. Please familiarize yourselves with the fire exit drawing to the rear of the Council Chambers. Also, there is to be no smoking in the Town Hall at any time.

REASON FOR MEETING

To discuss and possible act on refunding prior USRD (FMHA) funding and P&F Early Retirement Incentive Program.

Robert Scharle, CFO

Mr. Scharle advised Mayor and Council concerning the savings that the Town of Hammonton will benefit by Mayor and Council refinancing the P&F Early Retirement Incentive Program and the FMHA. Approximate savings 4 million dollars over the life of refinancing.

Mayor Ingemi stated that this savings will take place over a certain amount of time and the Town will not benefit from the savings in one years time.

Councilperson Morano questioned cost of issuance?

Mr. Ianoale responded \$150,000 to \$200,000. The application needs to be forwarded by next Wednesday to DCA. Mr. Ianoale further advised Mayor and Council on the entire financing process. He advised by shortening the years of payment, the town is saving on interest payments.

### Commerce Representatives

Melissa Zinni and Christopher Kelm of Commerce Capital Markets arrived and began a presentation to Mayor and Council concerning their proposed savings plan. Charts were handed out to those present.

Over the life savings would be 1.5 million dollar on ERI refinancing

Councilperson Bertino questioned what are the taxpayers going to save in payments per year? Does this put the Town in a better position for bonding the new town hall project?

Mr. Ianoale responded you are increasing your net debt annual savings to taxpayers is slight.

Mr. Scharle stated you are shortening your payments years from 2033 to 2017.

Councilperson Morano questioned will this affect our bonding for our new town hall?

Mr. Scharle responded, no.

Councilperson Bertino questioned management fees involved?

Mr. Ianoale responded yes, the only annual fee the Town must incur is \$1,000 - \$2,000 (escrow service).

Councilperson Chiofalo questioned as interest rates rise, will the Town be earning more interest?

Mr. Ianoale responded, no.

Ms. Zinni also advised Mayor and Council that they will be paying toward bond from today through 2009. The bonds then disappear after 2009 for one FmHA loan.

Councilperson Chiofalo questioned the time frame?

Mr. Kelm responded, if Mayor and Council adopt the two proposed resolutions this evening and introduce the two proposed ordinances this evening, they will submit application by February 19 and will hopefully get the financing started by March of this year.

Mr. Ianoale further advised he will not bill Town if this transaction does not occur. He reviewed McManimon & Scotland fee of approximately \$35,000.00 and further reviewed other fees that would be billed to the Town.

A discussion was held concerning bond ratings, Hammonton's being A1 which is very good.

Councilperson Morano questioned could our rating change with the building of a new town hall?

Mr. Kelm stated, yes.

Municipal Bond insurance also discussed.

Refer to chart of savings inserted into minutes, summary as follows:

PV Savings for refunding of ERI liability = 47.042% or \$381,698.

PV Savings for refunding of FmHA loans = 5.238% or \$456,133.

(FmHA now referred to as USRD)

#### RESOLUTIONS

#### #R32-2004 Appointing Commerce Capital Markets as Underwriter

RESOLUTION APPOINTING COMMERCE CAPITAL MARKETS,  
INC., AS UNDERWRITER FOR THE SALE OF REFUNDING  
BONDS BY THE TOWN OF HAMMONTON

WHEREAS, there exists a need for specialized investment banking services in connection with the authorization and the issuance of municipal refunding bonds by the Town of Hammonton, in the County of Atlantic (the "Town"), a body corporate of the State of New Jersey, including the review and compilation of financial and demographic information of the Town; obtaining the appropriate credit enhancements for the refunding bonds; structuring the various terms and conditions associated with the refunding bonds in order to maximize the interest savings; and general advice to the Town about the various financial aspects of the refinancing; and

WHEREAS, such underwriting services can be provided only by a recognized investment banking firm specializing in public finance, and the firm of Commerce Capital Markets, Inc., Cherry Hill, New Jersey is so recognized by the financial community; and

WHEREAS, funds are or will be available for this purpose;

BE IT RESOLVED BY THE TOWN OF HAMMONTON IN THE COUNTY OF ATLANTIC, NEW JERSEY AS FOLLOWS:

1. The firm of Commerce Capital Markets, Inc. is hereby retained to provide specialized underwriting services necessary in connection with the authorization and the issuance of refunding bonds by the Town in accordance with a Proposal submitted to the Town (the "Proposal").

2. The Proposal is awarded without competitive bidding in accordance with N.J.S.A. 40A:2-59, which allows the Town to sell its refunding bonds on a negotiated basis.

3. A copy of this resolution as well as the Proposal shall be placed on file with the Clerk of the Town.

#R33-2004 Making Application to Local Finance Board

RESOLUTION OF THE TOWN OF HAMMONTON, IN THE COUNTY OF ATLANTIC, NEW JERSEY MAKING APPLICATION TO THE LOCAL FINANCE BOARD PURSUANT TO N.J.S.A. 40A:2-51 ET SEQ.

**WHEREAS**, the Town of Hammonton, in the County of Atlantic, New Jersey (the "Town") desires to make application to the Local Finance Board for its review and approval of two proposed refunding bond ordinances in connection with (1) the issuance of refunding bonds in an amount not to exceed \$1,000,000 to retire certain unfunded liabilities of the Town incurred by the State's pension system in accordance with P.L. 2002, chapter 42, (2) the issuance of refunding bonds in an amount not to exceed \$18,000,000 in order to refund (a) General Obligation Bonds issued by the Town in the original principal amount of \$8,576,000 dated July 1, 2001, and (b) the General Obligation Bonds Issued to the Farmers Home Administration or its Successor Agencies, including the United States Department of Agriculture Rural Development Program, dated December 1, 1993 in the original principal amount of \$3,267,700, dated June 30, 1998 in the original principal amount of \$3,180,000, and dated January 26, 2001 in the Original Principal Amount of \$700,000 and Refunding Bonds Issued to the Farmers Home Administration or its Successor Agencies, including the United States Department of Agriculture Rural Development Program, dated December 1, 1993 in the original principal amount of \$2,386,900

**WHEREAS**, the Town believes that:

(a) it is in the public interest to accomplish such purpose;

(b) the purpose is for the health, the welfare, the convenience or the betterment of the inhabitants of the Town;

(c) the amounts to be expended for the purpose are not unreasonable or exorbitant;

(d) the proposal 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 TOWN COUNCIL OF THE TOWN OF HAMMONTON, IN THE COUNTY OF ATLANTIC, NEW JERSEY AS FOLLOWS:**

**Section 1.** The application to the Local Finance Board is hereby approved, and the Town's Bond Counsel and Underwriter, along with other representatives of the Town, are hereby authorized to prepare such application and to represent the Town in matters pertaining thereto.

**Section 2.** The Clerk of the Town is hereby directed to prepare and to file a copy of the proposed refunding bond ordinance with the Local Finance Board as part of such application.

**Section 3.** The Local Finance Board is hereby respectfully requested to consider such application and to record its findings, recommendations and approvals as provided by the applicable New Jersey Statute.

Motion by Councilperson Chiofalo, seconded by Councilperson Bertino, resolutions numbered 32 through 33 be adopted.

ROLL CALL - Yeas: Bertino, Chiofalo, Clark, Morano,  
and Mayor Ingemi.

Nays: None.

Absent: Olivo and S. Lewis.

Mayor Ingemi declared the motion carried.

#### ORDINANCES

##### Ordinance #2-2004 Refunding Pensions Liabilities

REFUNDING BOND ORDINANCE OF THE TOWN OF HAMMONTON, IN THE COUNTY OF ATLANTIC, NEW JERSEY PROVIDING FOR THE REFUNDING OF CERTAIN UNFUNDED PENSION LIABILITIES OF THE TOWN, APPROPRIATING \$1,000,000 THEREFOR AND AUTHORIZING THE ISSUANCE OF \$1,000,000 REFUNDING ERI BONDS OF THE TOWN FOR FINANCING THE COST THEREOF.

WHEREAS, in accordance with P.L. 1993, C. 99, the Town adopted an early retirement incentive program (the "1993 PFRS ERI Program") for eligible employees covered by the Police and Firemen Retirement System (the "PFRS") and as a result created an unfunded liability within PFRS which would be retired by annual payments to PFRS through the year 2033; and

WHEREAS, P.L. 2002, c. 42, was enacted to permit local units who participated in the 1993 PFRS ERI Program to sell Refunding ERI Bonds in accordance with the Local Bond Law, N.J.S.A. 40A:2-1 et. seq., to retire the present value of the liabilities attributable to the 1993 PFRS ERI Program; and

WHEREAS, the present value of the Town's liability for the 1993 PFRS ERI Program has been established by the New Jersey Division of Pensions and Benefits (the "Town's ERI Liability"); and

WHEREAS, the Town now wishes to authorize the issuance of refunding bonds to retire the Town's ERI Liability.

NOW THEREFORE BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF HAMMONTON, IN THE COUNTY OF ATLANTIC, NEW JERSEY (not less than two-thirds of all members thereof affirmatively concurring) AS FOLLOWS:

Section 1. The Town of Hammonton, in the County of Atlantic, New Jersey is hereby authorized to refund all of the Town's ERI Liability.

Section 2. In order to finance the retirement of the Town's ERI Liability described in Section 1 hereof and to pay all related costs associated therewith, an amount not exceeding \$1,000,000 is hereby appropriated therefore and negotiable refunding bonds (the "Refunding ERI Bonds") are hereby authorized to be issued in the aggregate principal amount not to exceed \$1,000,000 pursuant to the Local Bond Law of the State of New Jersey.

Section 3. The Town desires to provide for the retirement of the Town's ERI Liability in order to provide for substantial annual savings as a result of lower interest rates available in the bond market.

Section 4. An aggregate amount not exceeding \$75,000 for items of expense listed in and permitted under N.J.S.A. 40A:2-51(b) has been included in the aggregate principal amount of Refunding ERI Bonds authorized herein.

Section 5. The Supplemental Debt Statement required by the Local Bond Law has been duly prepared and filed in the office of the Clerk, and a complete executed duplicate thereof has been filed in the office of the Director of the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey. Such statement shows that the gross debt of the Town as defined in the Local Bond Law is increased by the authorization of the Refunding ERI Bonds and notes provided in this refunding bond ordinance by \$1,000,000, but that the net debt of the Town determined as provided in the Local Bond Law is not increased by this refunding bond ordinance. The obligations authorized herein will be within all debt limitations prescribed by that Law.

Section 6. A certified copy of this refunding bond ordinance as adopted on first reading should be filed with the Director of the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey prior to final adoption.

Section 7. This bond ordinance shall take effect 20 days after the first publication thereof after final adoption, as provided by the Local Bond Law, provided that the consent of the Local Finance Board has been endorsed upon a certified copy of this ordinance as finally adopted.

Motion by Councilperson Bertino, seconded by Councilperson Morano, the ordinance be taken up and pass first reading.

ROLL CALL - Yeas: Bertino, Chiofalo, Clark, Morano,  
and Mayor Ingemi.

Nays: None.

Absent: Olivo and S. Lewis.

Mayor Ingemi declared the motion carried.

Motion by Councilperson Chiofalo, seconded by Councilperson Bertino, the ordinance be given legal publication and notice that a hearing will be held on 2/23/04. Motion carried.

Ordinance #3-2004 Farmers Home Administration

REFUNDING BOND ORDINANCE OF THE TOWN OF HAMMONTON, IN THE COUNTY OF ATLANTIC, NEW JERSEY, PROVIDING FOR THE REFUNDING OF (1) ALL OR A PORTION OF THE OUTSTANDING GENERAL OBLIGATION BONDS OF THE TOWN, DATED JULY 1, 2001, ISSUED IN THE ORIGINAL PRINCIPAL AMOUNT OF \$8,576,000;(2) THE GENERAL OBLIGATION BONDS ISSUED TO THE FARMERS HOME ADMINISTRATION OR ITS SUCCESSOR AGENCIES, DATED DECEMBER 1, 1993 IN THE ORIGINAL PRINCIPAL AMOUNT OF \$3,267,700, DATED JUNE 30, 1998 IN THE ORIGINAL PRINCIPAL AMOUNT OF \$3,180,000, AND DATED JANUARY 26, 2001 IN THE ORIGINAL PRINCIPAL AMOUNT OF \$700,000, AND THE REFUNDING BOND ISSUED TO THE FARMERS HOME ADMINISTRATION OR ITS SUCCESSOR AGENCIES DATED DECEMBER 1, 1993 IN THE ORIGINAL PRINCIPAL AMOUNT OF \$2,386,900; APPROPRIATING NOT TO EXCEED \$18,000,000 THEREFOR AND AUTHORIZING THE ISSUANCE OF AN AMOUNT NOT TO EXCEED \$18,000,000 REFUNDING BONDS TO PROVIDE FOR SUCH REFUNDING

BE IT ORDAINED BY THE TOWN OF HAMMONTON IN THE COUNTY OF ATLANTIC, NEW JERSEY (not less than two-thirds of all members thereof affirmatively concurring) AS FOLLOWS:

Section 1. The Town of Hammonton, in the County of Atlantic, New Jersey (the "Town") is hereby authorized to refund all, or a portion of, the following outstanding bonds sold and issued to the *United States of America, Farmers Home Administration*, or its successor agencies: (i) the general obligation bond dated as of December 1, 1993 in the original principal amount of \$3,267,700; (ii) the refunding bond dated as of December 1, 1993 in the original principal amount of \$2,386,900; (iii) the general obligation bond dated as of June 30, 1998 in the original principal Amount of \$3,180,000; and (iv) the general obligation bond dated as of January 26, 2001 in the original principal amount of \$700,000 (collectively, the "USRD Bonds"). The USRD Bonds are callable at the option of the Town, at any time, at a redemption price equal to the par amount of such USRD Bonds, plus unpaid accrued interest, if any, to the redemption date.

Section 2. The Town is also authorized to refund all, or a portion, of the outstanding principal amount of the \$8,576,000 of General Obligation Bonds, dated as of July 1, 2001 (the "2001 Bonds"). The 2001 Bonds maturing on or after July 1, 2010 may be redeemed in whole, on any date, or in part, on any interest payment date, at the option of the Town, on or after July 1, 2009, at par, plus accrued interest, if any, to the

date fixed for redemption. (The 2001 Bonds and the USRD Bonds are sometimes collectively referred to herein as the "Refunded Bonds.")

Section 3. In order to finance the cost of the purpose described in Sections 1 and 2 hereof, negotiable refunding bonds (the "Refunding Bonds") are hereby authorized to be issued in the aggregate principal amount not to exceed \$18,000,000 pursuant to the Local Bond Law of the State of New Jersey.

Section 4. An aggregate amount not exceeding \$275,000 for items of expense listed in and permitted under N.J.S.A. 40A:2-51(b) has been included in the aggregate principal amount of Refunding Bonds authorized herein.

Section 5. A certified copy of this refunding bond ordinance as adopted on first reading has been filed with the Director of the Division of Local Government Services in the Department of Community Affairs of the State of New Jersey prior to final adoption, together with a complete statement in the form prescribed by the Director and signed by the Chief Financial Officer of the Town as to the indebtedness to be financed by the issuance of the Refunding Bonds authorized herein. Such statement shows that the gross debt of the Town as defined in the Local Bond Law is increased by the authorization of the refunding bonds and notes provided in this refunding bond ordinance by \$18,000,000, and that an amount representing the obligations to be refunded will be deductible from gross debt. The obligations authorized herein will be within all debt limitations prescribed by the Local Bond Law.

Section 6. The purpose of the refunding is to incur an interest cost savings for the Town.

Section 7. This bond ordinance shall take effect immediately after final adoption, provided that the consent of the Local Finance Board has been endorsed upon a certified copy of this ordinance as finally adopted.

Motion by Councilperson Clark, seconded by Councilperson Morano, the ordinance be taken up and pass first reading.

ROLL CALL - Yeas: Bertino, Chiofalo, Clark, Morano,

and Mayor Ingemi.

Nays: None.

Absent: Olivo and S. Lewis.

Mayor Ingemi declared the motion carried.

Motion by Councilperson Chiofalo, seconded by Councilperson Bertino, the ordinance be given legal publication and notice that a hearing will be held on 2/23/04. Motion carried.

#### PUBLIC HEARD

#### Gabe Donio - Gazette

Mr. Donio questioned is the local finance board the same board that handles ethics complaints?

Mr. Ianoale responded, yes.

ADJOURN

Motion by Councilperson Clark, seconded by Councilperson Chiofalo, the meeting be adjourned. Motion carried.

Susanne Oddo, Town Clerk/Adm.