

ESSEX COUNTY
IMPROVEMENT AUTHORITY
ESSEX COUNTY, NEW JERSEY

REGULAR BOARD MEETING :
: TRANSCRIPT OF RECORDED
: PROCEEDINGS
:
:

27 Wright Way
Fairfield, New Jersey

Tuesday, May 22, 2018
Commencing at 5:00 p.m.

M E M B E R S P R E S E N T:

COMMISSIONER GERARD M. SPIESBACH,
COMMISSIONER JACQUELINE YUSTEIN
COMMISSIONER RONALD J. BROWN, Vice Chairman
COMMISSIONER STEVEN H. KLINGHOFFER, Chairman

M E M B E R S A B S E N T:

COMMISSIONER MARK S. DUNEC
COMMISSIONER CLIFFORD ROSS
COMMISSIONER CARLA A. STANZIALE

A L S O P R E S E N T:

STEVEN C. ROTHER, Executive Director
NIA H. GILL, ESQ., General Counsel
LUCY SAPINSKI, Director of Operations
CLYDE L. OTIS, III, ESQ., Director of Development/
Assistant General Counsel
THOMAS GOMEZ, Airport Manager
BETSY WILLIAMSON, Administrative Assistant
JOSEPH J. FACCONI, Samuel Klein & Company
GERARD STANKIEWICZ, Samuel Klein & Company

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1 MS. DILLON: On the record.

2 CHAIRMAN KLINGHOFFER: Okay.

3 Notice was duly given by regular mail,
4 electronic mail and facsimile to the Essex County
5 Executive, the Essex County Clerk, and the Clerk
6 of the Board of Chosen Freeholders, Freeholder
7 President Gill, the News Editor of The Herald
8 News, the News Editor of The Star-Ledger, and
9 notice was posted on the bulletin board in the
10 Office of the Essex County Improvement Authority,
11 stating the time, date, and location of this
12 Regular Board Meeting.

13

14 **ROLL CALL:**

15

16 CHAIRMAN KLINGHOFFER: Roll call, please.

17 MS. SAPINSKI: Commissioner Brown?

18 VICE CHAIRMAN BROWN: Here.

19 MS. SAPINSKI: Commissioner Spiesbach?

20 COMMISSIONER SPIESBACH: Here.

21 MS. SAPINSKI: Commissioner Yustein?

22 COMMISSIONER YUSTEIN: Here.

23 MS. SAPINSKI: Chairman Klinghoffer?

24 CHAIRMAN KLINGHOFFER: Here.

25

1 **PUBLIC COMMENTS:**

2

3 CHAIRMAN KLINGHOFFER: Do we have any
4 comments from the public?

5 Seeing none.

6

7 (Whereupon, the Board discussed and took
8 action on the following item:

9 **ACCEPTANCE OF MINUTES**

10 RESOLUTION NO. 18-19 - April 24, 2018
11 Regular Board Meeting and Executive Session.)

12

13 CHAIRMAN KLINGHOFFER: We'll move on to
14 Acceptance of Minutes.

15 Is there a motion to accept the minutes of
16 April 24th?

17 VICE CHAIRMAN BROWN: Move it.

18 COMMISSIONER SPIESBACH: Second.

19 COMMISSIONER YUSTEIN: Second.

20 MS. SAPINSKI: Commissioner Brown?

21 VICE CHAIRMAN BROWN: Yes.

22 MS. SAPINSKI: Commissioner Spiesbach?

23 COMMISSIONER SPIESBACH: Yes.

24 MS. SAPINSKI: Commissioner Yustein?

25 COMMISSIONER YUSTEIN: Yes.

1 MS. SAPINSKI: Chairman Klinghoffer?

2 CHAIRMAN KLINGHOFFER: Yes.

3 I understand we're going to hold Executive
4 Session to the end of the meeting.

5 MR. ROTHER: That's correct.

6

7 (Whereupon, the Board discussed the
8 following item:

9 **ADMINISTRATIVE**

10 1. RESOLUTION NO. 18-084 - RESOLUTION
11 AUTHORIZING ACCEPTANCE OF THE AUTHORITY'S REPORT
12 OF AUDIT FOR THE YEAR ENDED DECEMBER 31, 2017.)
13

14 CHAIRMAN KLINGHOFFER: And do you want to
15 handle the -- well, how do you want to handle the
16 Auditor's Report?

17 MR. ROTHER: We'd like to handle that
18 upfront.

19 MS. SAPINSKI: Well, we're still waiting.

20 MR. ROTHER: But we're still waiting for --

21 MS. SAPINSKI: Gerry.

22 MR. ROTHER: -- Gerry. Gerry's not here,
23 yet.

24 CHAIRMAN KLINGHOFFER: Oh, yeah.

25 MR. ROTHER: So, as soon as he comes in, if

1 we could --

2 CHAIRMAN KLINGHOFFER: We'll hold number --

3 we'll hold number one and just --

4 MR. ROTHER: Yup. Yup.

5

6 (Whereupon, the Board discussed and took

7 action on the following items:

8 **ADMINISTRATIVE**

9 **2.** RESOLUTION NO. 18-085 - RESOLUTION
10 AUTHORIZING PAYMENT TO AUDIO-DIGITAL
11 TRANSCRIPTION SERVICES, LLC FOR TRANSCRIPTION OF
12 BOARD MEETING ON 4-24-18; and

13 **3.** RESOLUTION NO. 18-086 - RESOLUTION RATIFYING
14 PAYMENT OF RECURRING BILLS (BILL LIST); and

15 **4.** RESOLUTION NO. 18-087 - RESOLUTION RATIFYING
16 PAYMENT IN THE AMOUNT OF \$4,410.00 TO HAWKINS,
17 DELAFIELD & WOOD, LLP FOR LEGAL SERVICES RENDERED
18 IN CONNECTION WITH THE IRS AUDIT OF THE
19 \$12,480,000.00 RECOVERY ECONOMIC DEVELOPMENT
20 BONDS, SERIES 2010.)

21

22 CHAIRMAN KLINGHOFFER: We'll move 2 --

23 MR. ROTHER: Yup.

24 CHAIRMAN KLINGHOFFER: -- 2 through 4.

25 MR. ROTHER: Okay.

1 CHAIRMAN KLINGHOFFER: Someone like to move
2 2 through 4?

3 VICE CHAIRMAN BROWN: Move it.

4 COMMISSIONER YUSTEIN: Second.

5 MS. SAPINSKI: Commissioner Brown?

6 VICE CHAIRMAN BROWN: Yes.

7 MS. SAPINSKI: Commissioner Spiesbach?

8 COMMISSIONER SPIESBACH: Yes.

9 MS. SAPINSKI: Commissioner Yustein?

10 COMMISSIONER YUSTEIN: Yes.

11 MS. SAPINSKI: Chairman Klinghoffer?

12 CHAIRMAN KLINGHOFFER: Yes.

13

14 (Whereupon, the Board discussed and took
15 action on the following item:

16 **NEWARK PROPERTY ACQUISITION PROJECT**

17 **5.** RESOLUTION NO. 18-088- RESOLUTION RATIFYING
18 PAYMENT IN THE AMOUNT OF \$1,078.91 TO CHIESA,
19 SHAHINIAN & GIANTOMASI, PC FOR LEGAL SERVICES
20 RENDERED IN THE MONTH OF MARCH 2018.)

21

22 CHAIRMAN KLINGHOFFER: Newark Property
23 Acquisition Project.

24 Would anybody like to move item number 5?

25 VICE CHAIRMAN BROWN: Move it.

1 COMMISSIONER SPIESBACH: Second.

2 MS. SAPINSKI: Commissioner Brown?

3 VICE CHAIRMAN BROWN: Yes.

4 MS. SAPINSKI: Commissioner Spiesbach?

5 COMMISSIONER SPIESBACH: Yes.

6 MS. SAPINSKI: Commissioner Yustein?

7 COMMISSIONER YUSTEIN: Yes.

8 MS. SAPINSKI: Chairman Klinghoffer?

9 CHAIRMAN KLINGHOFFER: Yes.

10

11 (Whereupon, the Board discussed and took
12 action on the following items:

13 **CORRECTIONAL FACILITY/CELANESE/ENVIRONMENTAL**

14 **EXPOSURE**

15 *ALL EXPENSES PAID FROM ECIA OPERATIONS ACCOUNT*

16 **6.** RESOLUTION NO. 18-089 - RESOLUTION
17 AUTHORIZING PAYMENT IN THE AMOUNT OF \$46,813.79
18 TO BUCHANAN, INGERSOLL & ROONEY, PC FOR LEGAL
19 SERVICES RENDERED IN THE MONTH OF APRIL 2018; and

20 **7.** RESOLUTION NO. 18-090 - RESOLUTION RATIFYING
21 PAYMENT IN THE AMOUNT OF \$1,642.50 TO BUCHANAN,
22 INGERSOLL & ROONEY, PC FOR SERVICES RENDERED BY
23 HYDROGEOLOGIC, INC.)

24

25 CHAIRMAN KLINGHOFFER: Item 6 and 7 are

1 Correctional Facility.

2 Someone like to move them?

3 COMMISSIONER SPIESBACH: Move.

4 VICE CHAIRMAN BROWN: Second.

5 MS. SAPINSKI: Commissioner Brown?

6 VICE CHAIRMAN BROWN: Yes.

7 MS. SAPINSKI: Commissioner Spiesbach?

8 COMMISSIONER SPIESBACH: Yes.

9 MS. SAPINSKI: Commissioner Yustein?

10 COMMISSIONER YUSTEIN: Yes.

11 MS. SAPINSKI: Chairman Klinghoffer?

12 CHAIRMAN KLINGHOFFER: Yes.

13

14 (Whereupon, the Board discussed and took

15 action on the following items:

16 **AIRPORT**

17 **8.** RESOLUTION NO. 18-091 - RESOLUTION

18 AUTHORIZING PAYMENT IN THE AMOUNT OF \$1,624.00 TO

19 SECURITY101 FOR SECURITY EQUIPMENT REPAIRS NOT

20 COVER BY MAINTENANCE AGREEMENT; and

21 **9.** RESOLUTION NO. 18-092 - RESOLUTION

22 AUTHORIZING PAYMENT IN THE AMOUNT OF \$2,833.71 TO

23 VERNER-CADBY FORD FOR AIRPORT VEHICLE REPAIRS;

24 and

25 **10.** RESOLUTION NO. 18-093 - RESOLUTION RATIFYING

1 PAYMENT IN THE AMOUNT OF \$1,350.00 TO JAMES
2 ISABEL FOR WELDING SERVICES; and

3 **11.** RESOLUTION NO. 18-094 - RESOLUTION ACCEPTING
4 A PROPOSAL FROM HAITZ ELECTRIC COMPANY IN THE
5 AMOUNT NOT TO EXCEED \$14,800.00 FOR ELECTRIC
6 REPAIRS AT BUILDING/HANGAR M; and

7 **12.** RESOLUTION NO. 18-095 - RESOLUTION
8 AUTHORIZING PAYMENT TO CARLOPIKING CONSTRUCTION
9 IN THE AMOUNT OF \$4,900.00 FOR GARAGE DOOR
10 REPAIRS; and

11 **OBSTRUCTION REMOVAL PROJECT**

12 ***PROJECT FUNDED:***

13 ***ECIA/AIRPORT 100%***

14 **13.** RESOLUTION NO. 18-096 - RESOLUTION
15 AUTHORIZING PAYMENT TO JOHN J. CURLEY, LLC IN THE
16 AMOUNT OF \$1,680.00 FOR LEGAL SERVICES RENDERED
17 IN THE MONTH OF APRIL 2018; and

18 **14.** RESOLUTION NO. 18-097 - RESOLUTION
19 AUTHORIZING PAYMENT TO C & S ENGINEERS, INC., IN
20 THE AMOUNT OF \$2,061.20 FOR ENGINEERING SERVICES
21 RENDERED THROUGH MARCH 30, 2018; and

22 **ENVIRONMENTAL PROJECTS - HANGAR 1 AND HANGAR 3**

23 ***PROJECT FUNDED:***

24 ***AIRPORT-100%***

25 **15.** RESOLUTION NO. 18-098 - RESOLUTION

1 AUTHORIZING PAYMENT TO H2M ASSOCIATES, INC., IN
2 THE AMOUNT OF \$10,517.97 FOR ENGINEERING
3 SERVICES, SITE REMEDIATION AT HANGAR 1 AREA; and
4 **16.** RESOLUTION NO. 18-099 - RESOLUTION
5 AUTHORIZING PAYMENT TO H2M ASSOCIATES INC., IN
6 THE AMOUNT OF \$2,675.50 FOR ENGINEERING SERVICES,
7 SITE REMEDIATION AT HANGAR 3 AREA.)

8
9 CHAIRMAN KLINGHOFFER: Airport and
10 associated projects, 8 through 16.

11 Would anybody like to move that?

12 COMMISSIONER YUSTEIN: Move it.

13 VICE CHAIRMAN BROWN: Second.

14 MS. SAPINSKI: Commissioner Brown?

15 VICE CHAIRMAN BROWN: Yes.

16 MS. SAPINSKI: Commissioner Spiesbach?

17 COMMISSIONER SPIESBACH: Yes.

18 MS. SAPINSKI: Commissioner Yustein?

19 COMMISSIONER YUSTEIN: Yes.

20 MS. SAPINSKI: Chairman Klinghoffer?

21 CHAIRMAN KLINGHOFFER: Yes.

22

23 (Whereupon, the Board discussed and took
24 action on the following items:

25 **MARINA BAY**

1 **17.** RESOLUTION NO. 18-100 - RESOLUTION
2 AUTHORIZING AN AGREEMENT WITH PEARLMAN & MIRANDA,
3 LLC IN THE AMOUNT NOT TO EXCEED \$10,000.00 FOR
4 LEGAL ASSISTANCE WITH REGARDS TO MARINA BAY BONDS
5 ISSUES; and

6 **18.** RESOLUTION NO. 18-101 - RESOLUTION
7 AUTHORIZING PAYMENT IN THE AMOUNT OF \$7,654.19 TO
8 PEARLMAN & MIRANDA, LLC FOR SERVICES RENDERED
9 THROUGH APRIL 30, 2018.)

10

11 CHAIRMAN KLINGHOFFER: Marina Bay.

12 Seventeen and 18.

13 Would someone like to move them?

14 MR. ROTHER: Yeah, and that's the end. I
15 don't think we're going to have any more work
16 from Steve Pearlman.

17 MR. OTIS: Yeah.

18 MR. ROTHER: I think that's pretty done.
19 Right?

20 MR. OTIS: It should be. Yes.

21 MR. ROTHER: Yeah. Okay.

22 CHAIRMAN KLINGHOFFER: So, we're moving?

23 VICE CHAIRMAN BROWN: I'll move it.

24 CHAIRMAN KLINGHOFFER: Is there a --

25 COMMISSIONER YUSTEIN: Second.

1 MS. SAPINSKI: Commissioner Brown?

2 VICE CHAIRMAN BROWN: Yes.

3 MS. SAPINSKI: Commissioner Spiesbach?

4 COMMISSIONER SPIESBACH: Yes.

5 MS. SAPINSKI: Commissioner Yustein?

6 COMMISSIONER YUSTEIN: Yes.

7 MS. SAPINSKI: Chairman Klinghoffer?

8 CHAIRMAN KLINGHOFFER: Yes.

9 MR. OTIS: I'm sorry. I would add I -- I
10 -- as you just said that --

11 MR. ROTHER: Yeah.

12 MS. DILLON: Just step -- step forward?

13 MR. OTIS: We just --

14 MS. DILLON: Thank you.

15 MR. OTIS: Sure. Clyde Otis, for the
16 record.

17 MS. DILLON: Thank you.

18 MR. OTIS: As you just said that, we just
19 received the order from Marina Bay.

20 MR. ROTHER: Really?

21 MR. OTIS: Yeah.

22 MR. ROTHER: Yeah. Interesting. Okay.

23 MR. OTIS: I just opened it now.

24 MR. ROTHER: All right.

25 Well, that --

1 We're all going to hear this in Executive
2 Session here --

3 CHAIRMAN KLINGHOFFER: Okay.

4 MR. ROTHER: -- shortly. Okay.

5 CHAIRMAN KLINGHOFFER: Okay. We might as
6 well finish up the last few items --

7 MR. ROTHER: Yes.

8 CHAIRMAN KLINGHOFFER: -- before we go back
9 to the auditor.

10 MR. ROTHER: Yes. Sure.

11

12 (Whereupon, the Board discussed and took
13 action on the following items:

14 **SPORTSPLEX COMPLEX - GARAGE**

15 **19.** RESOLUTION NO. 18-102 - RESOLUTION
16 AUTHORIZING PAYMENT TO PPMG, LLC IN THE AMOUNT OF
17 \$3,660.00 FOR SNOW/ICE REMOVAL; and

18 **20.** RESOLUTION NO. 18-103 - RESOLUTION
19 AUTHORIZING PAYMENT TO SPEEDY SEWER, DRAIN &
20 PLUMBING SERVICE IN THE AMOUNT OF \$778.00 FOR
21 WATER HEATER REPAIRS.)

22

23 CHAIRMAN KLINGHOFFER: Items 19 and 20.

24 COMMISSIONER YUSTEIN: Move it.

25 VICE CHAIRMAN BROWN: Second.

1 MS. SAPINSKI: Commissioner Brown?

2 VICE CHAIRMAN BROWN: Yes.

3 MS. SAPINSKI: Commissioner Spiesbach?

4 COMMISSIONER SPIESBACH: Yes.

5 MS. SAPINSKI: Commissioner Yustein?

6 COMMISSIONER YUSTEIN: Yes.

7 MS. SAPINSKI: Chairman Klinghoffer?

8 CHAIRMAN KLINGHOFFER: Yes.

9

10 (Whereupon, the Board discussed and took
11 action on the following items:

12 **JUROR PARKING FACILITY**

13 **21.** RESOLUTION NO. 18-104 - RESOLUTION
14 AUTHORIZING PAYMENT IN THE AMOUNT OF \$1,533.00 TO
15 PRECISION TECHNOLOGY SOLUTIONS FOR EQUIPMENT
16 REPAIRS NOT COVER BY THE ANNUAL MAINTENANCE
17 AGREEMENT; and

18 **22.** RESOLUTION NO. 18-105 - RESOLUTION
19 ACCEPTING A PROPOSAL IN THE AMOUNT NOT TO EXCEED
20 \$5,800.00 FROM PRECISION TECHNOLOGY SOLUTIONS FOR
21 A NEW SERVER AND SCANNET UPGRADE FOR PARKING
22 EQUIPMENT.)

23

24 CHAIRMAN KLINGHOFFER: Items 21 and 22.

25 Juror Parking Facility.

1 COMMISSIONER SPIESBACH: I'll move.

2 COMMISSIONER YUSTEIN: Second.

3 MS. SAPINSKI: Commissioner Brown?

4 VICE CHAIRMAN BROWN: Yes.

5 MS. SAPINSKI: Commissioner Spiesbach?

6 COMMISSIONER SPIESBACH: Yes.

7 MS. SAPINSKI: Commissioner Yustein?

8 COMMISSIONER YUSTEIN: Yes.

9 MS. SAPINSKI: Chairman Klinghoffer?

10 CHAIRMAN KLINGHOFFER: Yes.

11

12 (Whereupon, the Board discussed and took
13 action on the following item:

14 **FINANCE**

15 **23.** RESOLUTION NO. 18-106 - RESOLUTION

16 AUTHORIZING PAYMENT OF CHARGES AND EXPENSES OF
17 THE AUTHORITY'S \$150,000,000.00 POOLED GOVERNMENT
18 LOAN PROGRAM, SERIES 1986

19 **PAYMENTS DUE OTHERS FOR PGLP SERVICES**

20 GALLEROS KOH, LLP \$2,000.00

21 FINANCIAL CONSULTANT

22 MAY 2018

23 ECIA \$5,000.00

24 REIMBURSEMENT FEE.)

25

1 CHAIRMAN KLINGHOFFER: And item 23.

2 VICE CHAIRMAN BROWN: Move it.

3 COMMISSIONER SPIESBACH: Second.

4 MS. SAPINSKI: Commissioner Brown?

5 VICE CHAIRMAN BROWN: Yes.

6 MS. SAPINSKI: Commissioner Spiesbach?

7 COMMISSIONER SPIESBACH: Yes.

8 MS. SAPINSKI: Commissioner Yustein?

9 COMMISSIONER YUSTEIN: Yes.

10 MS. SAPINSKI: Chairman Klinghoffer?

11 CHAIRMAN KLINGHOFFER: Yes.

12

13 (Whereupon, the Board discussed and took
14 action on the following item:

15 **ADMINISTRATIVE**

16 **1.** RESOLUTION NO. 18-084 - RESOLUTION
17 AUTHORIZING ACCEPTANCE OF THE AUTHORITY'S REPORT
18 OF AUDIT FOR THE YEAR ENDED DECEMBER 31, 2017.)

19

20 CHAIRMAN KLINGHOFFER: And now we go back
21 to item number 1, the Auditor's Report.

22 Welcome.

23 MR. ROTHER: Good evening.

24 CHAIRMAN KLINGHOFFER: Debbie, you want
25 them on the record? Names?

1 MS. DILLON: Yes, please.

2 Name for the record.

3 MR. STANKIEWICZ: Gerry Stankiewicz.

4 MR. FACCONA: Joe Faccone.

5 MR. STANKIEWICZ: May we have the floor?

6 Okay.

7 CHAIRMAN KLINGHOFFER: It's all yours.

8 MR. STANKIEWICZ: Thank you.

9 We're here this evening to -- to present
10 the audit for the calendar year ended December
11 31st, 2017.

12 Our -- primarily, our field work for the
13 audit was performed between February 15th and --
14 on and off between February 15th and April 15th.
15 When we -- we were able to get here, we were
16 auditing the various components of your entity in
17 -- in phases.

18 For example -- you know, we would run
19 samples on payroll and we would audit the
20 payroll. We would audit the payroll for
21 compliance with the fact that their salaries are
22 authorized, are paid properly, that the payroll
23 taxes were paid timely. Okay. That the proper
24 budget categories were charged.

25 We would then switch over to the

1 expenditures. We audited those items. And in
2 the expenditure area of the audits, we -- there's
3 four major things in expenditures.

4 A, are they properly documented; B, are
5 they charged to the right account code; C, are
6 they charged to the correct fiscal year; and most
7 important, was there any problems with the Local
8 Public Contracts Law?

9 In all four of those categories, we had no
10 exceptions and no problems.

11 Revenues.

12 Yeah, revenues, we had revenues coming in
13 from several different places. We were able to
14 spend some time going through the parking deck
15 revenues, with the various stubs and daily cash
16 receipts. So, we run a sample of those.

17 We also did some work with regards to the
18 fuel and with regards to the hangars, and the
19 landing fees.

20 So, we got good results from everything.

21 Most important aspect of the audit, and
22 this is all standard, and I look at it as old
23 fashioned auditing, and that is records as
24 presented were presented properly, meaning -- you
25 know, the -- the various runs, trial balances,

1 general ledgers, revenue reports, expenditure
2 reports, payroll reports were all presented to us
3 in proper fashion that, and in such a way so that
4 it enhanced us doing our audit procedures, as
5 well as the other component of what we do is the
6 accounting procedures.

7 You know, you have a firm that handles the
8 accounting. We're very happy with their work.
9 They presented everything properly. And most
10 important, as I was starting to say, the cash on
11 the general ledgers in all -- the several funds
12 that you have were in agreement with the bank
13 reconciliations.

14 And the old expression still applies, no
15 matter how sophisticated accounting gets, no
16 matter how fancy the computers gets, and no
17 matter what constraints the auditing industry,
18 cash is king and your cash, as presented, tied to
19 the supporting documents.

20 MR. FACCONI: All our cash.

21 MR. STANKIEWICZ: Right. That's correct.

22 So, now, we have several funds that we look
23 at. Obviously, as you're aware -- you know, we
24 did work in your restricted funds, which is
25 primarily the various bond issues that you've

1 done on behalf of the participants. Again, we
2 have no problems with those.

3 Again, it's cash in and cash out. We
4 verified that the cash came in. We verified that
5 it went out to the proper agencies, which
6 primarily is, in most cases, this depository
7 trust agency, which is really a clearing house
8 for bond proceeds and for bond payback.

9 So, that all worked very nicely.

10 Another fund that we looked at, which I
11 know we've had many hours of discussion on, is
12 your -- your PGLP, your 1986 pool of money. That
13 pool of money, again, administered properly,
14 records were presented properly, we were
15 comfortable that the sufficient amount of money
16 was billed out to the participants, and that the
17 money that was owed to the banks was paid.

18 I believe that fund expires late July of
19 '26. So, it has a few years left. And in my
20 mind, actually, as I look at it, from -- from the
21 clients I work, it's a good deal, I think, for
22 anybody, but unfortunately, it's a little late in
23 the game.

24 MR. ROTHER: Game.

25 MR. STANKIEWICZ: Unless somebody wants

1 five year money.

2 MR. ROTHER: Right.

3 MR. STANKIEWICZ: Or six year money. But
4 it's to me, it's a good deal. So, that worked
5 out nicely.

6 Now, we have this rather extensive report
7 that we prepared. And in this report, we have
8 actually, there's really two items that belong to
9 us, and those are the opinions.

10 The financial statements and the financial
11 records, and the notes in the financial
12 statement, and all the statistics, they're
13 actually yours. Okay. And they're presented to
14 us. We merely put them in report format, after
15 we do our audit and -- you know, maybe do a
16 couple adjusting entries.

17 But just so you know, like you hear about
18 adjusting journal entries. There were no journal
19 entries that we did that were like auditing
20 journals, like -- like we found an error. Okay.
21 That was not the case. Couple report -- they're
22 called -- we call them report format entries. We
23 format the -- the trial balances so that they can
24 conform into the audit report. But there was no
25 audit adjustments, like we found a boo-boo. That

1 -- that we didn't have. Okay.

2 This report is here. It's kind of expanded
3 to -- there's -- there's a section in here called
4 Management Discussion and Analysis. And we
5 decided this year, after a little prompting from
6 the State, to expand the Management Discussion
7 and Analysis to be a little more informative.

8 Basically, what it does is it converts the
9 back section of the audit, which is the Notes to
10 the Financial Statement and the Financial
11 Statements, it converts it to more English and
12 more user friendly for the public and for
13 Commissioners to read.

14 We have information in here, sort of side-
15 by-side data on the various funds. Primarily,
16 your -- your -- you call it proprietary funds,
17 which are the development assistance fund, the
18 airport fund, the juror parking, and the two
19 sportsplex funds.

20 So, it -- it kind of puts them side-by-
21 side, gives the reader a little more useful
22 information, and we kind of threw some highlights
23 in about -- you know, what's going on with these
24 particular funds.

25 And then, we also put information in here

1 on your fixed assets and on your debt, and also a
2 little side-by-side comparison, even though it
3 really doesn't mean anything, of your restricted
4 funds.

5 I mean, your restricted funds is merely --
6 again, cash in and cash out. So, we have all
7 that information in here.

8 So, our opinion, based on what we've done,
9 expresses what's called an unmodified opinion,
10 meaning it's not modified because of some
11 exception to generally accepted accounting
12 principles. Okay.

13 So, it used to be called a clean opinion,
14 an unqualified opinion. So, we have is -- an
15 unmodified opinion.

16 I do want to point a couple things out,
17 though, if you have a few minutes.

18 You're going to see somewhere in the report
19 -- let me see, we have -- and this is, of course,
20 it comes up everywhere and I -- yeah, everywhere
21 I go, I just say, you know what? Even though
22 it's deliriously boring, if someone -- it would
23 be actually page 25. Okay. There's a couple
24 little things in here that you just need to know
25 about, in the event you're walking down the

1 street one day, and someone says, hey, what's all
2 that stuff at ECIA? Okay.

3 If you go page -- let's flip -- let's
4 actually flip to 26. Okay. You're going to see
5 Invested in Capital Assets of 19 million bucks.

6 MR. FACCONI: On the bottom.

7 MR. STANKIEWICZ: Bottom left hand corner.
8 Okay. That is not a pool of money that we have.
9 Okay.

10 What it represents is -- a little
11 accounting knowledge, it represents the net book
12 value of your assets. So, we buy assets with our
13 money, with FAA money, with our own money through
14 development assistance. Okay. We purchase them,
15 and every year, we depreciate them.

16 So, you take the purchase price, less the
17 depreciation that you've accumulated over the
18 years, that's called net book value.

19 So, every now and then, I'll get a call,
20 hey, you guys got 19 million bucks. Not here,
21 but other clients. We don't have 19 million in
22 cash there. Okay. That's just the net book
23 value of the assets.

24 We do have various fund balances, though,
25 in our accounts here. And one of the other

1 things we review is the parking accounting. I
2 mean, the parking accounting. Obviously, the
3 parking fund really has no equity. It basically
4 gets split, County, ECIA and other funds. So,
5 that -- that fund works itself out.

6 That formula and those agreements, we --
7 we've verified those, as well. But I wanted to
8 make sure you knew that.

9 And the other thing that's in here, which
10 is kind of comical on the same page, our net
11 pension obligation. Everyone hears about pension
12 -- you know, every Sunday in The Star-Ledger,
13 they're talking about the pension, the pension,
14 the pension.

15 Well, our obligation, based on our
16 employees that work here now, and assuming they
17 would work through retirement, and assuming
18 inflation, assuming discount rates, a lot of
19 assumptions. Okay.

20 MR. ROTHER: And life expectancy.

21 MR. STANKIEWICZ: Yeah. Mortality rate,
22 all kinds of factors.

23 And by the way, this number is from June
24 30th of '17. They only measure it once a year,
25 and they measure it as of June 30th.

1 Our obligation, at that point in time, was
2 3.6 million.

3 Now, interest rates have changed. It
4 changes daily. It's like a floating number. If
5 you look last year, number was 3.8 million. This
6 year, it's 3.6. It's not like things have gotten
7 better, it's just that the actuarial assumptions
8 have changed.

9 So, it's not an immediate obligation. It's
10 important to know that. If someone says, hey,
11 what is this? It's not an immediate number. But
12 is a -- it is a measurable and determinable
13 number. And is really designed from several
14 years ago, people were sitting in a room
15 somewhere and saying hey, in government agencies,
16 the big ones, what are we on the hook for, for
17 our retirees? We really don't know that number.

18 We know we get a bill for health benefits.
19 We know we get a pension bill, but what's going
20 on with the people who are going to leave in 2019
21 or '20?

22 Well, so they came up with this thing
23 called Governmental Accounting Standards Board
24 number 68. It's a number they assign to measuring
25 pension obligation of entities.

1 Every town in the country, every school
2 board, every authority, every district that's
3 required to report under what's called GAAP,
4 because some places, they're not required to --
5 okay -- is required to have this number in here.

6 Now, all it is is an early warning signal
7 that, hey, this is what you're on the hook for.
8 It could change every hour, as the interest rates
9 change. But they only measure it once a year.

10 And we use June 30th, '17, there is no
11 other numbers available. Under -- under the
12 accounting rules, you can't use a number that's
13 more than 360 days old. So, we're allowed to use
14 the June 30th, '17 number for our December 31st,
15 '17 year end. Okay.

16 So, I wanted to point those two things out
17 because it's a little misleading to look at
18 these. But --

19 CHAIRMAN KLINGHOFFER: You pointed out last
20 year, also, the same thing.

21 MR. FACCONI: Right.

22 MR. STANKIEWICZ: Well, yeah. You know
23 why? Because then I -- because look, I --

24 CHAIRMAN KLINGHOFFER: I don't know why.

25 MR. STANKIEWICZ: I do some authorities

1 | where -- that there's like panic, because oh, my
2 | God, it's -- you know, I don't -- I don't live
3 | around here, but it's front page in Asbury Park,
4 | because hey, such and such, they're on the hook
5 | for five -- it's a theoretical number. Okay.
6 | It's based on actuarial assumption.

7 | So, we point that out so that it doesn't
8 | wreak havoc in our -- in our clients. So --

9 | MR. FACCONO: And every year, we get it at
10 | the last minute, so that's why it's --

11 | MR. STANKIEWICZ: Yes.

12 | MR. FACCONO: -- always like --

13 | MR. STANKIEWICZ: Yes. But your report was
14 | actually due April 30th. The numbers were not
15 | released until maybe five minutes to four on
16 | April 30th. So, we needed a few minutes -- a few
17 | days to sort of go through it and to --

18 | MR. FACCONO: Right.

19 | MR. STANKIEWICZ: -- clean up the report.
20 | And then, we did have an exit conference with
21 | management, which was Lucy and Steve. And to go
22 | over whatever findings we had, which by the way,
23 | were none. Okay.

24 | But we do have to give that opportunity for
25 | management to look at the report, make comments

1 before it's issued to the public. And I believe
2 our financial consultant, Nora, was here, as
3 well, for that.

4 MR. FACCONA: Yes.

5 MR. STANKIEWICZ: And well, just a side
6 note. We were very happy with the records that
7 they gave us and we were especially happy, in all
8 honesty, with Mr. Rolly. I don't know his last
9 name, but his name is Rolly. Very happy with
10 him.

11 MR. FACCONA: He works for the accounting
12 firm --

13 MR. STANKIEWICZ: Yeah.

14 MR. FACCONA: Very good.

15 MR. STANKIEWICZ: And I do want to say this
16 too -- anybody not in this room that doesn't deal
17 directly with the finances, like any department
18 -- everyone was cooperative. Okay. And that --
19 we appreciate that. Helps our job go easier.

20 MR. FACCONA: Continue to look forward, if
21 you look at the book, or you have any questions
22 in the -- you know, next, call Lucy and we'll --

23 MR. STANKIEWICZ: Yeah. But basically we
24 have our standard --

25 CHAIRMAN KLINGHOFFER: I just want to see

1 | if anybody has any questions.

2 | MR. STANKIEWICZ: Right.

3 | MR. FACCONA: Yeah.

4 | MR. STANKIEWICZ: Just so you know, look,
5 | the -- we have -- we -- the back section of the
6 | report kind of -- it's required. You know, we
7 | make a statement, like mostly positives.

8 | Obviously, you know, payroll was
9 | administered properly, expenditures were proper,
10 | compliance with the Public Contracts Law was all
11 | proper.

12 | We also want to emphasize another thing,
13 | too, that every now and then it doesn't hurt to
14 | review procedures. Okay. It helps in the event
15 | of a sudden change in personnel.

16 | MR. ROTHER: Um hum.

17 | MR. STANKIEWICZ: Okay.

18 | MR. ROTHER: Um hum.

19 | MR. STANKIEWICZ: A transition. Okay. And

20 | --

21 | MR. ROTHER: Yeah.

22 | MR. STANKIEWICZ: It helps, also, to keep
23 | people on their toes, to know that someone is
24 | looking, other than us.

25 | MR. ROTHER: Um hum.

1 MR. STANKIEWICZ: Because the other problem
2 we -- that has changed in the industry is, it's
3 better that you find it than we find it.

4 MR. ROTHER: Sure. Of course.

5 MR. STANKIEWICZ: Okay? Because that means
6 something slipped through, and that your internal
7 controls, maybe there was a breakdown. Okay.

8 It had -- would have to be something big.
9 Okay?

10 So, yeah, we put that in there, in the
11 report, only to emphasize that it's important
12 that management keep an eye on things. And every
13 now and then, maybe you do flip through things
14 and do a little own -- own -- did a little work
15 and looked at stuff, just keep everybody honest
16 and --

17 MR. FACCONO: And like last year, there's
18 no single audit.

19 MR. STANKIEWICZ: That's correct. We were
20 --

21 MR. FACCONO: There's a plateau for --

22 MR. STANKIEWICZ: Yeah.

23 MR. FACCONO: -- for audit for fixed --
24 federal programs. The plateau is what, 750,000?

25 MR. STANKIEWICZ: Seven hundred fifty

1 thousand dollars in total.

2 MR. FACCONA: Once you reach those
3 expenditures, the federal programs, then you have
4 to have it. Another section to report.

5 We didn't have those kind of expenditures,
6 so --

7 MR. STANKIEWICZ: Right. But -- but I'll
8 say this. Okay.

9 We did flip through the federal program
10 folders, and they're very well maintained. And
11 if a federal auditor ever showed up here, all she
12 would have to do is say, here you go. Everything
13 is in this folder. Okay. So, even though we
14 weren't required to do a single audit, we kind of
15 did a little extra look. Just make sure that
16 every -- everything is there, in the event an
17 auditor shows up.

18 Now, if you're only spending a couple
19 hundred grand, they probably don't show up. You
20 just have to mail them copies of the invoices.
21 But the files are maintained properly. So, we're
22 very happy.

23 So, in the end, we have an unmodified
24 opinion. And we have no comments or
25 recommendations of a nature that needed action by

1 the Board.

2 The Board's not required to do a Plan of
3 Action because there were no comments and
4 recommendations that needed that. And the only
5 thing you're required to do is to vote on the
6 fact that you have at least read the report and
7 sign an Affidavit, so --

8 MR. FACCONE: And publish the synopsis
9 which --

10 MR. STANKIEWICZ: Yes.

11 MR. FACCONE: -- is in today's paper and
12 Lucy --

13 MR. STANKIEWICZ: It was.

14 MR. FACCONE: -- put it in. It cost you
15 \$640.00.

16 MR. STANKIEWICZ: The synopsis was six
17 hundred bucks.

18 MR. FACCONE: Six hundred forty.

19 MR. STANKIEWICZ: Was that much?

20 MR. FACCONE: Yeah. It's in today's paper.

21 CHAIRMAN KLINGHOFFER: Anybody have any
22 questions?

23 MR. ROTHER: On a somewhat related note --
24 you know, we didn't have that federal audit but
25 we did have an IRS audit, which we passed.

1 MR. STANKIEWICZ: The -- that was on the
2 Bloomfield deal.

3 CHAIRMAN KLINGHOFFER: Yeah. Exactly.

4 MR. STANKIEWICZ: Okay. Well --

5 MR. FACCONE: Right. Yes.

6 MR. STANKIEWICZ: You see, that's not a
7 normal IRS audit.

8 MR. ROTHER: No, I know that.

9 MR. STANKIEWICZ: Okay. That's --

10 MR. ROTHER: I understand.

11 MR. STANKIEWICZ: That's real stuff.

12 MR. ROTHER: Yup.

13 MR. STANKIEWICZ: Okay.

14 CHAIRMAN KLINGHOFFER: It's real stuff.

15 MR. STANKIEWICZ: Oh, yeah -- you know,
16 that's not like looking at your charitable --

17 MR. ROTHER: No.

18 MR. STANKIEWICZ: -- what she gave to Saint
19 Rose Church. No.

20 So, that worked out okay? Those usually
21 do.

22 MR. ROTHER: It did. It did. It did.

23 MR. STANKIEWICZ: They ask for a lot of
24 stuff and --

25 MR. ROTHER: And they did.

1 MR. STANKIEWICZ: -- they take a long time.

2 MR. ROTHER: They did. They did.

3 MR. STANKIEWICZ: Well, you know what
4 happened? When they enacted the arbitrage rules,
5 congress just passed it, but it took them ten
6 years to figure out what to do.

7 MR. ROTHER: Yeah. Now, they have people
8 who know the arbitrage.

9 MR. STANKIEWICZ: Now they have people who
10 know -- they know what to ask for.

11 MR. ROTHER: Yeah. Yeah.

12 MR. STANKIEWICZ: They never --

13 MS. DILLON: One at a time, please.

14 MR. ROTHER: Yeah.

15 MR. STANKIEWICZ: Sorry.

16 They never knew what to do, even though
17 they passed the law. So now, they have a whole
18 crew of people and I'm sure our president will
19 decrease the number of people there, so --

20 MR. ROTHER: Well, it wasn't -- it was not
21 an arbitrage issue but --

22 MR. STANKIEWICZ: No, it wasn't?

23 MR. ROTHER: No. No. No.

24 It was -- it was on a bond issue where the
25 -- the federal government actually contributed to

1 the debt service payment.

2 MR. STANKIEWICZ: Oh, the subsidized one.

3 Yeah.

4 MR. ROTHER: Yeah.

5 Subsidized interest. And it would have
6 meant we would have to give back interest that
7 was contributed by the federal government.

8 We -- we cleared it.

9 MR. STANKIEWICZ: That's good.

10 So, we're all set.

11 Any questions? We're here.

12 CHAIRMAN KLINGHOFFER: Is there a motion to
13 accept the audit?

14 COMMISSIONER SPIESBACH: Motion to accept.

15 COMMISSIONER YUSTEIN: Second.

16 MS. SAPINSKI: Commissioner Brown?

17 VICE CHAIRMAN BROWN: Yes.

18 MS. SAPINSKI: Commissioner Spiesbach?

19 COMMISSIONER SPIESBACH: Yes.

20 MS. SAPINSKI: Commissioner Yustein?

21 COMMISSIONER YUSTEIN: Yes.

22 MS. SAPINSKI: Chairman Klinghoffer?

23 CHAIRMAN KLINGHOFFER: Yes.

24 Thank you very much, gentlemen.

25 MR. FACCONI: Thank you.

1 MR. ROTHER: Thank you.

2 Thank you.

3 MR. STANKIEWICZ: Okay. Good seeing you
4 again.

5 CHAIRMAN KLINGHOFFER: Good to see you.

6 MR. STANKIEWICZ: Have a nice holiday
7 weekend.

8 CHAIRMAN KLINGHOFFER: Thank you.

9 COMMISSIONER YUSTEIN: You, too.

10 MR. STANKIEWICZ: Thank you.

11 Bye-bye.

12 COMMISSIONER YUSTEIN: Take care.

13 MR. FACCONI: Take care.

14 MR. STANKIEWICZ: Bye, now.

15 (Whereupon, there was a pause in the
16 proceedings.)

17 CHAIRMAN KLINGHOFFER: What's the rationale
18 for going into Executive?

19 MR. ROTHER: Basically --

20 CHAIRMAN KLINGHOFFER: What's the rationale
21 for going into Executive Session?

22 MR. ROTHER: Contract negotiation and
23 litigation.

24 CHAIRMAN KLINGHOFFER: Is there a motion to
25 go into Executive Session?

1 COMMISSIONER SPIESBACH: Move to go to
2 Executive.

3 COMMISSIONER YUSTEIN: Second.

4 MS. SAPINSKI: Commissioner Brown?

5 VICE CHAIRMAN BROWN: Yes.

6 MS. SAPINSKI: Commissioner Spiesbach?

7 COMMISSIONER SPIESBACH: Yes.

8 MS. SAPINSKI: Commissioner Yustein?

9 COMMISSIONER YUSTEIN: Yes.

10 MS. SAPINSKI: Chairman Klinghoffer?

11 CHAIRMAN KLINGHOFFER: Yes.

12

13 (Whereupon, the Board moved to Executive
14 Session at 5:21 p.m., Resolution No. 18-107.)

15

16 (Whereupon, the Board returned to Open
17 Session at 6:16 p.m., Resolution No. 18-20.)

18

19 MS. DILLON: Okay.

20 On the record.

21 CHAIRMAN KLINGHOFFER: Motion to adjourn?

22 VICE CHAIRMAN BROWN: Move it.

23 COMMISSIONER YUSTEIN: Second.

24 MS. SAPINSKI: Commissioner Brown?

25 VICE CHAIRMAN BROWN: Yes.

1 MS. SAPINSKI: Commissioner Spiesbach?

2 COMMISSIONER SPIESBACH: Yes.

3 MS. SAPINSKI: Commissioner Yustein?

4 COMMISSIONER YUSTEIN: Yes.

5 MS. SAPINSKI: Chairman Klinghoffer?

6 CHAIRMAN KLINGHOFFER: Yes.

7 MR. ROTHER: Okay.

8 Thank you.

9 Thank you all.

10

11 (Whereupon, the proceedings were concluded

12 at 6:17 p.m., Resolution No. 18-21.)

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1 STATE OF NEW JERSEY :

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3 COUNTY OF ESSEX :

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6 I, DEBRA A. KASZNIAK, assigned transcriber,
7 do hereby affirm that the foregoing is a true and
8 accurate transcript of the REGULAR BOARD MEETING
9 of the ESSEX COUNTY IMPROVEMENT AUTHORITY heard
10 on Tuesday, May 22, 2018 and digitally recorded.

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25 Monitored and proofread by: Deborah Dillon