

SALEM COUNTY BOARD OF CHOSEN FREEHOLDERS
SPECIAL MEETING MINUTES
AUGUST 28, 2012
6:00 PM

The meeting was called to order by Director Acton: Pledge of Allegiance was followed by prayer offered by Freeholder Vanderslice.

Director Acton stated that adequate notice pursuant to the Open Public Meetings Act has been given of this meeting.

On Roll Call, the following Freeholders were present: Deputy Director Laury, Freeholders Cross, Vanderslice, Ware, Bobbitt, Timberman and Acton.

John Ober, Chair of the Salem County Improvement Authority officially opened their meeting as well, noting proper advertisement. On Roll Call, Salem County Improvement Authority members present were: Lew Schneider, Peter Voros and John Ober. Michael Burke and Ron Howard were absent.

John Ober and Debby Turner Fox went over the first items that have to do with the charges back and forth with the Freeholder Board and the Improvement Authority bill payments. There are two invoices that are open. Improvement Authority problem is the State of New Jersey will not let them adopt their budget until those payments are made or they have a certification from the Chief Financial Officer that they will be paid, (stale receivables). The Authority met with Admin committee and thought they had this all ironed out and were going to enter into a memorandum of understanding which never was entered into but the details were in that document.

Debby Turner Fox referenced her memo of understanding for payment of health benefits of nursing home retirees They have been fronting the money for the payments of the retirees and then being reimbursed by the county and the timing of the payments is lagging. At this time July and August payments have not been made

CFO Wright noted that Debby is correct July payment has not been made nor August. They have been paid 57,154.15 for past payments. Haven't brought to the freeholders for approval because we haven't received funds that we were expecting per the agreement. We understand the \$233,000 and change represent 5% of the surplus and cannot be paid to the County until the budget is certified by the State. However the \$850,000 which is part of the 1.1 million is on the books as a liability for the Improvement Authority and has nothing to do with their current budget being approved.

Debby stated that the Division of Local Government will not allow them to move forward in adopting any of their three division budgets until the 2011 County Correctional Facility bond administration payment of 20,000 per year is made and we have also anticipated the revenue from 2012 bond administration 20,000. Until they have a payment with a voucher that is signed off by the county or certification.

Payments of 250,000 and 850,000 cannot be made until they adoption of Improvement Authority Budget because they were not in the temporary budget.

John Ober stated that this could have been done several months ago if this was cleared up if the memorandum that was sent to the County Administrator was signed. I believe we could have used that memorandum of understanding to support their budget.

Debby Turner Fox noted the 5% of the operating budget is also in line for payment. There are three separate checks for Freeholder Board when the budget is adopted.

To adopt our budget, will call a special meeting to adopt our budget and send it to the State the minute they approve our budget we are authorized to spend so we can cut the checks and send them.

Motion was made by Deputy Director Laury that all Bills involving the Improvement Authority be approved and paid, seconded by Freeholder Vanderslice. The motion was carried by a hand vote of 7/0.

Debby Turner Fox noted Medicaid is doing an audit on the rates and receivables of years 2006 2007 time period. This is when the county owned the nursing home. The State subsequently did an audit for 2008 2009 when the Improvement Authority owned the nursing home. Medicaid has made a final adjustment it started out at about half million dollars. The adjustments to the owners (Golden Rehabilitation Center), \$61,840.36 has been withheld from their receivables for the 2006 calendar year. We have gone through our sales agreement and government consolidation agreement with the Freeholder Board and determined it is not the obligation of the Salem County Improvement Authority because we did not operate the nursing home at that time. We will provide that information over to Freeholders.

John Ober read the following Mission and Record of Accomplishment:

The Salem County Board of Chosen Freeholders established the Salem County Improvement Authority (SCIA) on January 7, 1976 under the County Improvement Authorities Law 40:37A-44 as an independent and self-sustaining public entity. The purpose of the Authority, as listed in the resolution creating the SCIA, is to provide for the orderly development of lands and facilities, to spur redevelopment of deteriorated areas, to encourage commercial and industrial development and create jobs for residents of the state, and particularly residents of Salem County.

The County of Salem's ability to assist developers with projects is limited by state statute. The County can only finance projects for county-owned facilities and equipment. The Salem County Improvement Authority has been granted powers by the state to provide conduit bond financing for a wide variety of projects including convention and conference facilities, public facilities, airports and marine terminals, redevelopment projects, affordable housing, sports, recreation and entertainment facilities and projects undertaken by non-profit entities.

The Salem County Improvement Authority plays a key role in improving the quality of life for residents of Salem County. The Authority has financed over \$60 million dollars in major projects such as the County Correctional Facility, Friends Home, Salem Community College Gas to Glass Facility and the Finlaw Building that houses state offices, have created new jobs and/or tax flow to the County and local governments, while also significantly reducing the expenses associated with financing these projects. The Salem County Improvement Authority also operates and is currently expanding a state-of-the-art solid waste processing and resource recovery facility; arranged for the sale of the former County nursing home to a private experienced operator; financed several key projects with tax-exempt bonds; markets Salem County and various financing programs and incentives to prospective business and industry; helps arrange financing and incentives for existing and new companies and oversees the development of a major business park within the county.

The Salem County Improvement Authority has been involved in Economic Development projects that have created or retained over 1,088 jobs for Salem County residents. Projects that the Authority worked directly on have generated over \$1,068,969.00 in annual taxes to the County of Salem and local governments.

SCIA has worked directly with New Jersey Economic Development Authority (NJEDA) and a major Salem County existing manufacturing firm to secure a Business Retention and Relocation Assistance Grant (BRRAG) in excess of \$1,000,000 for business retention and additional new employee hires. Most recently, SCIA has worked with the Cooperative Business Assistance Corporation to secure several Small Business Administration MicroLoans for Salem County businesses. Additionally, there have been 5 contracts issued for job training of new employees that are funded thru the Salem County One Stop Career Center and Cumberland-Salem Workforce Investment Board. Furthermore, SCIA was instrumental in the creation of the New Jersey Energy Sales Tax exemption Program which has saved Salem County manufacturing firms hundreds of thousands of dollars.

The Authority is currently working with several major business prospects that have expressed interest in either expanding their operations or locating new facilities within Salem County. This is very promising during these challenging economic times. Our active, door-to-door, personal outreach program has been well received and as a result of this activity. The Salem County Improvement Authority receives referrals from Local Township officials, Regional Economic Development Associates and private developers to inquire about the programs available through Salem County Improvement Authority.

Debby Turner Fox outlined where the employee job figures come from; Friends Village project 218 positions created, Anchor Glass 348 jobs retained, Goya Foods over 100 positions, Berkowitz 160 positions, Mullica Hill Grp 133 positions and Finlaw Bldg 130 positions. These projects generated about 1.1 million dollars in tax revenue.

Improvement Authority has the ability to waive the traditional 5 percent for any public entity and compile into bulk issues to obtain significantly lower rates on bond issues. The bond issues that SCIA has done are County Capital Improvement and Project \$9.8 million, County College Project Part A \$3.6 million, County Glass Blowing Project Part B \$2 million, Correctional Facility and Court House Annex Project \$3.7 million, City Guaranteed Revenue Bond-Finlaw State Building \$19.5 million, and Friends Home Project \$22.4 million.

SCIA has funds that are dedicated for closure of the landfill but can lend that money to other governmental agencies with state approval. Beginning of this year were getting around 4 percent or somewhere in that range but now getting $\frac{1}{2}$ percent, $\frac{3}{4}$ percent maybe 1 so you're paying 3 we're getting $\frac{1}{2}$.

John Ober stated three year economic development plan which was adopted in 2008. It's being used a guide for economic development activity some success and some failure. It's time to update that plan and will be working on that shortly. Are obligated to do that because all took an oath of office to fill the obligation.

Pete Voros stated this board is tasked to help the tax payers and we're trying to look to help them anyway we can and the Freeholder Board but what we can't have is a couple situations that came across one was in the newspaper and one was in your minutes on economic development there was a statement made now this board we're volunteers not Debby but everybody else on the board are volunteers we were accused of stealing, criminally stealing \$11 million. That's not acceptable. Statements like that in your minutes unless it's true and you file charges against us. If we are doing something wrong we would like you to come tell us about it we don't like reading the paper a freeholder said we're mismanaging and saying we need to be disband instead of coming to us and saying this is what's wrong. We want to help you and don't want to work against you but you can't go on record saying we criminally stole money to the newspaper and say just generally we're mismanaging.

Freeholder Ware economic development mechanism is in place look at all they projects they have done through the last 5, 6 10 years and look forward to working with them not against them we can't let personalities enter into this we are all in this for the betterment of Salem County.

Mr. Ober stated that all that we do is without tax payers money. One exception about three years ago you gave us \$150,000 for tourism it was used for tourism and we gave some money back as a trade that's the only money since I've been on the Improvement Authority. I don't know of any tax payers money that came to the Improvement Authority but on the other hand I know of quite a bit of Improvement Authority money that has gone into County projects never to be repaid, never asked to be repaid.

Freeholder Timberman I recognize all the projects that we have given or put to the Improvement Authority and for the most part the Improvement Authority has risen to the challenges of doing economic development in the times when it was very difficult. I know that we weren't getting it done in the county we didn't have all the pieces to do economic development and why replicated so I commend all these projects.

Freeholder Bobbitt I think they've done an excellent job the Improvement Authority was inactive as everybody said Mr. Ober, Debby, Pete, Jim have a good group out there a good core of people they're moving the county forward, they're doing economic development and it would be my suggestion Freeholder Vanderslice would like to get a 15 man committee together I don't think we need a 15 man committee I think we need our ad hoc committee whoever that's going to be Freeholder Vanderslice, Ben and myself let us join forces with this group to move Salem County forward we don't need to go against them let's get in there and go to work with them. They have all the tools all we have to do is get on board the engines there let's get on board.

Freeholder Cross have a question from one of the resolutions that was passed last night 2012-94 resolution authorizing transfer of funds its transferring Solid Waste Division Operating from Solid Waste

Division Operating \$3.5 million to the Capital Construction Reserves there's a typo and it says \$350,000 but I assume that's 3.5 and then from the Solid Waste Operating \$1.5 million to Equipment Reserves \$1.5 million. My question the two accounts are they newly formed and two to both CFO's is this, will this affect the account from which the 5 percent that is owed Salem County.

John Ober: the answer to that is no.

Debby Turner-Fox stated reason for funding reserve account is for next phase of the expansion of the landfill. Have to start planning ahead for new cells and equipment.

Deputy Director Laury had concerns about SCIA's audit findings and hiring Petroni to do an additional audit. Mr. Ober explained the three areas of concern in the audit findings which were late journal entries which has been corrected, tax distribution which the PTC was calculating incorrectly which has been corrected and failure to bid on contracts at the nursing home. Petroni was engaged to find out what the nursing home cost SCIA from start to finish and report will be available in a couple of weeks.

Freeholder Vanderslice gave an overview of his research on the history of economic development and expressed concerns that about the audit not being a complete, thorough certified audit after reading the following statement from the audit "there can be no assurance that all deficiencies significant deficiencies or material deficiencies have been identified."

Director Acton discussed reasoning behind lack of confidence and trust of the Freeholder Board in SCIA, complaints from constituents regarding odors, negotiating contract rates and unpaid bills the county received.

Debby Turner-Fox explained that the invoices and bills if not collected upon would have become audit findings and certain individuals as per adopted resolution can negotiate contract rates based on certain criteria for the Improvement Authority and the Solid Waste Division.

Freeholder Timberman recognized Melinda Williams.

Lew Schneider expressed that an auditing firm should be great on detail and the first thing he got from Bowman was sent to an address where he's never lived and the opening sentence in stated of the Salem Count Improvement Authority, if they can't get count and county right he's suspect of everything that follows.

Deputy Director Laury motioned to adjourn and seconded by Freeholder Timberman and carried by hand vote 7/0 at 7:23 pm.

Respectfully submitted,

Earl R. Gage
Clerk of the Board