

1 STATE OF NEW JERSEY  
2 DEPARTMENT OF COMMUNITY AFFAIRS  
3 DIVISION OF LOCAL GOVERNMENT SERVICES  
4 LOCAL FINANCE BOARD  
5 \_\_\_\_\_

6 IN RE:

7  
8 LOCAL FINANCE BOARD  
9 HOBOKEN  
10 \_\_\_\_\_

11  
12 Department of Community Affairs  
13 101 South Broad Street  
14 Trenton, New Jersey 08625-0803  
15 Wednesday, June 11, 2008  
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18  
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1 B E F O R E:

2

3 RICHARD F. TURNER, Chairperson

4 PATRICIA PARKIN MCNAMARA,

5 Executive Secretary

6 JULIE CAVANAGH, Deputy Attorney General

7 TED LIGHT, Board Member

8 JAMIE FOX, Board Member

9 LIZETTE DELGADO, Board Member

10 JOHN H. EWING, Board Member

11

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

13

14 EMMA SALAY

15

16 I N D E X

17 A P P L I C A T I O N P A G E

18 City Council Members of the City of 3

19 Hoboken

20 Adjournment 47

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22

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1 (At which time those wishing to  
2 testify who are not attorneys were sworn in.)

3 MR. TURNER: The next item on the  
4 agenda is City Council Members of the City of  
5 Hoboken, Appeal of Director's Decision. First I  
6 would call Dr. Jacobucci. You're on.

7 MS. JACOBUCCI: Thank you. The  
8 reason we're here today is that certain Hoboken  
9 council members have appealed a decision, and the  
10 decision was of a letter I wrote on May 28, 2008  
11 to the council president and to all the council  
12 members. Up to this point, we had not had an  
13 adopted budget from the city. The fourth quarter  
14 tax levy had not been set. It was my information  
15 that the budget was introduced in November of  
16 2007, and as you know, that makes it the council  
17 budget, so I wrote a letter to the council  
18 president.

19 "As of this date I have not received  
20 the city's FY 2008 adopted budget of your  
21 municipality. The delay in the adoption of your  
22 budget has exceeded any reasonable period. We  
23 also note that there are items of revenue in the  
24 budget that have not yet been resolved to the  
25 satisfaction of the Division. The failure to

4

1 adopt your FY 2008 budget also places the  
2 Township in financial jeopardy and may negatively  
3 affect your bond ratings. Accordingly, pursuant  
4 to N.J.S.A. 52:27BB-18, you are hereby directed  
5 to adopt your budget no later than June 6, 2008.

6 Failure to comply with the Local  
7 Budget Law or with this directive may subject  
8 your municipality and officials to penalties  
9 under New Jersey Statutes. Under the provisions  
10 of N.J.S.A. 40A:4-84, an order of the Director  
11 shall be binding on the governing body. If the  
12 governing body fails or refuses to comply with  
13 the directive, the members of the governing body  
14 who willfully fail or refuse to comply shall each  
15 be subject to a personal penalty of \$25 for each  
16 day after the date fixed for final action that  
17 failure or refusal to comply continues.

18 If the City of Hoboken fails to  
19 adopt a budget consistent with our approval  
20 according to the statutes, the Director of Local  
21 Government Services also has the authority,  
22 pursuant to N.J.S.A. 40A:4-17(b), to establish  
23 the amount to be raised by taxation and  
24 thereafter notify the Hudson County Board of  
25 Taxation of such amount.

5

1           If you choose to appeal this  
2 directive, you must notify the Local Finance  
3 Board within ten days, in writing, and request a  
4 hearing. Any such application to the Board must  
5 give adequate explanation for the delay. Members  
6 of my staff and I are available to assist the  
7 City of Hoboken in properly preparing your budget  
8 for adoption to meet the applicable New Jersey  
9 Statutes."

10           This letter was faxed on this date.  
11 Between that date and the deadline date of June  
12 6th 2008, it is my understanding that council had  
13 at least three meetings. The budget was still  
14 not adopted nor any amendments or Cap waivers  
15 were accepted upon at that time. On June 6th at  
16 approximately 6:30 p.m., we were faxed a letter  
17 from certain council members who wished to  
18 exercise their right to appeal, as stated in the  
19 letter of May 28th, and I think you all have a  
20 copy of the appeal that was faxed so that's the  
21 basis, as I understand it, of the appeal, Mr.  
22 Chairman.

23           MR. TURNER: Thank you very much.  
24 We have a letter from Elizabeth Mason dated June  
25 6th 2008. Miss Mason wrote the letter on behalf

6

1 of herself and four other council people, so why  
2 don't you all introduce yourselves.

3 MS. CASTELLANO: I'm Theresa  
4 Castellano. I'm the first board councilwoman, my  
5 4th term.

6 MR. CUNNINGHAM: City councilman  
7 Peter Cunningham, 5th Ward.

8 MS. MASON: Beth Mason, 2nd Ward.

9 MR. RUSSO: Michael Russo, 3rd Ward  
10 Councilman.

11 MS. ZIMMER: Dawn Zimmer, 4th Ward.

12 MR. TURNER: We're going to ask  
13 everybody to keep their comments short to the  
14 Chair. Miss Mason, since it's your letter, maybe  
15 you would want to go first. This hearing is  
16 restricted to an appeal of the Director's  
17 letter. That's the only item that's before us  
18 today.

19 MS. MASON: First, Mr. Chairman, if  
20 you would like me to add, in addition to the  
21 signatures on that letter there, Councilwoman  
22 LaBruno had sent an email in response to all who  
23 actually sign on as well, and at the time  
24 Councilman Russo --

25 MR. TURNER: To make it clear, the

7

1 letter is signed by you on behalf of Theresa

2 Castellano. Do you agree?

3 MS. MASON: Yes.

4 MR. TURNER: Who is not here?

5 MS. MASON: There was also Terry  
6 LaBruno who also sent an email.

7 MS. JACOBUCCI: And I did get that.

8 MR. TURNER: And then just for the  
9 record --

10 MS. MASON: Councilman Russo and  
11 Councilwoman Zimmer who both now are here.

12 MR. TURNER: That's all nine?

13 MS. MASON: That's eight.

14 MR. RUSSO: We are here for exactly  
15 that purpose.

16 MR. ZIMMER: I had some concerns  
17 with the letter and I do feel that we need the  
18 state involved.

19 MR. TURNER: The letter appeals the  
20 Director's decision. You're in concurrence with  
21 the intent of the letter?

22 MS. ZIMMER: Yes.

23 MS. MASON: Thank you very much for  
24 letting us be here. I wanted to let you know  
25 from the outset that we are looking for guidance.

8

1 It's not about a hand out or a bail out from the  
2 state. We've come to you today because there are  
3 many questions surrounding our city's financial  
4 problems which have been growing worse over time.  
5 We've come to you to try to work out a solution  
6 that will not put us back here in 10 months.

7           It has been communicated to us by  
8 corporation council that the state will quote,  
9 "take over," and that was actually done in the  
10 May 28th 2008 memo to all members of the council,  
11 and it actually says cannot adopt a legally valid  
12 budget and DCA will take over. My constituents,  
13 and my council colleagues can speak for  
14 themselves, I believe my constituents believe  
15 this to be a good thing and that you will come in  
16 and, quote, "fix our problems."

17           In my conversations I do not believe  
18 this to be the case. I question whether the  
19 Local Finance Board has the time and the manpower  
20 to come in and straighten out Hoboken's problems.  
21 Therefore one of our key questions is what will  
22 you do? What type of help can you offer us as we  
23 wrangle with the financial challenges that are  
24 likely given the region's economic situation to  
25 continue.



9

1           Secondly, and more importantly,  
2 given 2008 is over, what I would recommend we do  
3 now is to begin grappling with the budget for '09  
4 that begins in just three weeks. It is my belief  
5 that together the council, the state and the  
6 mayor can indeed solve the fiscal problems in  
7 Hoboken that we have that have been a long time  
8 in the making, but is likely to require outside  
9 assistance. To solve those problems, however, we  
10 need help from the state by acquiring the correct  
11 and honest financial numbers from the city  
12 administration without us filing legal action  
13 with this body.

14           MR. TURNER: The appeal deals with  
15 the current budget. There is no discussion on  
16 the 2009 budget. Only the Director's order of  
17 2008.

18           MS. MASON: With all due regard to  
19 the chairperson, I am asking, and I think we all  
20 would be in the same boat, is we do not actually,  
21 at this point, know what our real financial  
22 situation is in terms of the actual expenditures  
23 and receipts for even '08 as we stand here.  
24 Would everyone concur with that?

25           MR. TURNER: You have to design that

10

1 in some version of the appeal. Has everyone seen  
2 the Director's letter?

3 COUNCIL MEMBERS: Yes.

4 MR. TURNER: The Director's letter  
5 says you must do a budget by June 6th 2008 or the  
6 state will take action. Now, whether it's a  
7 direct quote from your city attorney or not, the  
8 action can be done in many ways. It has to be  
9 designed by the state but this says if you don't  
10 take budget action, if you don't take budget  
11 action, the state will take some form of action  
12 under state law so that's what you're addressing.

13 MR. RUSSO: If I may interrupt, I  
14 think you need a little history on what happened  
15 with this budget.

16 MR. TURNER: Councilman Russo, I  
17 believe everybody is aware of the history. Right  
18 now it's June the 11th. I'm making a statement.  
19 Don't interrupt, please. Right now it's June  
20 11th. The Director's letter deals strictly with  
21 adopting the municipal budget, and she's ordered  
22 it be done by a certain date or the state will  
23 take action. You're appealing that action.  
24 Without the history, the only thing that would  
25 offset that action is if the city did something.

11

1 MR. RUSSO: We don't know what the  
2 true numbers are. We don't know what the true  
3 numbers are. I'll say that again. We were  
4 presented with a budget in November. About three  
5 weeks ago we found that every number in that  
6 budget was misleading, so how can this council  
7 make a decision on a budget that we have no idea  
8 what the real numbers are?

9 MR. TURNER: It's been reported to  
10 us that a budget amendment had been formulated  
11 and not introduced I believe, so there must be  
12 some semblance of where the situation is  
13 vis-a-vis -- and that was reported to us a month  
14 ago.

15 MR. CUNNINGHAM: Chairman, if I may  
16 interrupt for a moment. That amended budget, we  
17 were told by the administration it was passed by  
18 a majority of the council, was sent to Trenton  
19 for approval and that it was actually rejected  
20 back to the city of Hoboken because it was not on  
21 the right sized paper. That's what we were told.  
22 I am totally --

23 MR. TURNER: Was the amendment  
24 introduced?

25 MR. CUNNINGHAM: Yes.

12

1 MR. TURNER: It was sent to Trenton?

2 MR. CUNNINGHAM: Yes.

3 MR. TURNER: And the amendment was  
4 sent back for what reason?

5 MR. CUNNINGHAM: Because it was not  
6 on the right sized paper. That's the reason we  
7 were given. It was publically given.

8 (At which time Judy Tripodi was  
9 sworn in.)

10 MS. TRIPODI: That's the most absurd  
11 thing I have ever heard in my life. First of  
12 all, the Division would never make a statement  
13 like that.

14 (At which time Tina Zappichi was  
15 sworn in.)

16 MS. ZAPPICHI: A budget amendment  
17 was introduced. We have two introduced budget  
18 amendments that were reviewed. There was  
19 supposed to be a third budget amendment that we  
20 reviewed that was never introduced.

21 MR. TURNER: You received a draft of  
22 that?

23 MS. ZAPPICHI: We received a draft  
24 of the third amendment.

25 MR. TURNER: What we've been

13

1 informed of was that there was a revenue deletion  
2 and obviously expenditure increases. And that  
3 third amendment would address that?

4 MS. ZAPPICHI: Yes.

5 MR. TURNER: So the question is was  
6 there a third amendment proposed to the governing  
7 body.

8 MR. RUSSO: When the administration  
9 presented a third amendment to the governing  
10 body, we asked for a very simple request. We  
11 asked for the budget numbers to be attested to  
12 and sworn by all the directors, the mayor, the  
13 CFO and the financial officer because we've now  
14 gone through this process since November, and  
15 every time we looked at the budget, the numbers  
16 have changed.

17 MR. TURNER: You're missing  
18 something. You're all missing something. The  
19 director issued a letter that says obviously  
20 Hoboken is not moving to adopt a budget. You  
21 have to have a budget. There's no ifs, ands or  
22 buts. There are many budgets -- a lot of you sat  
23 in the room today. You saw municipality after  
24 municipality come forward and make hard decisions  
25 on if they want to exceed the Cap appropriations

14

1 or exceed the Cap levy because they didn't want  
2 to cut services, or some cut services.

3           They make these hard decisions. I  
4 believe, putting aside maybe Camden, you're the  
5 last municipality to have approval to adopt a  
6 budget. Hoboken is the last municipality. No  
7 one has a budget, there is no one in the world  
8 that will ever say to you that any budget  
9 introduced at any point in time is the total  
10 accurate number of where they are. That's why  
11 you have provisions. You have emergency  
12 provisions, you have provisions for reserves, all  
13 kinds of provisions that deal with that.

14           You're down to June 11th and you  
15 have no fourth quarter taxes go out. You have no  
16 budget amendment introduced. You have not passed  
17 on a Cap levy to even deal with some of those  
18 issues, and the only audit the Director deals  
19 with is if Hoboken is not going to do it and you  
20 have no time to do it, the State has to do  
21 something. That's what you're appealing. So do  
22 you have a plan to do something?

23           MR. RUSSO: We fully understand  
24 that, however, again, I can't stress this point  
25 enough. When we, the Council, put provisions in

15

1 place to safeguard this budget process, they were  
2 ignored by the administration. We put in a  
3 spending freeze, we put in a hiring freeze. We  
4 asked the administration to remove employees that  
5 do not live in the city of Hoboken that are not  
6 supposed to be hired by the city of Hoboken. We  
7 asked all of these things and we got absolutely  
8 no satisfaction when we asked of them.

9 MS. CASTELLANO: Those freezes were  
10 not only ignored, they were violated. They hired  
11 people under the freezes. They spent under a  
12 spending freeze.

13 MR. RUSSO: They spent beyond  
14 emergency appropriations until our budget was  
15 adopted.

16 MR. TURNER: You missed the point on  
17 what municipalities do. Most of them adopt a  
18 budget much earlier than this and then the  
19 council has control over any emergencies that  
20 come forward or any over expenditures that may  
21 take place after that fact. Again, you haven't  
22 even adopted the basic document. What is your  
23 plan? If you're appealing the Director's  
24 decision you have to have a plan. What's your  
25 plan? We'll take as base that there's been

16

1 misinformation, wrong information, whatever, we  
2 have no idea what the facts are on that. We'll  
3 take that as a base. The city still has to adopt  
4 a budget. It's been in the council's hands since  
5 November. By law it's the council's budget.  
6 What's your plan, in order to offset the  
7 Director's order, to do now?

8 MR. RUSSO: By law we also can't  
9 vote on a budget that's underfunded.

10 MR. TURNER: Councilman, by law you  
11 never know at any one point in time exactly if  
12 that's the case unless it's a gross error, but  
13 you know the number and you've known the number  
14 for a while, according to the information we have  
15 from the Division.

16 MS. CASTELLANO: That's not true.

17 MR. TURNER: Three or four weeks.  
18 You have a third amendment that's floating  
19 around. Again, what is your plan? You have to  
20 have a plan, guys. If you don't have a plan, the  
21 state has no choice then to do something.

22 MS. MASON: What is the something  
23 you're suggesting?

24 MR. TURNER: From what Tina said,  
25 the third amendment was proposed and not



17

1 introduced. The number we're told is 10 or 11  
2 million dollars or something.

3 MS. CASTELLANO: 7.7.

4 MR. TURNER: Was that presented to  
5 the council?

6 MR. RUSSO: It was removed from the  
7 agenda after our Cap waiver vote failed.

8 MR. TURNER: I understand. Was it  
9 presented to the council, the third amendment?

10 MS. MASON: Not in that way, no.

11 MR. TURNER: Was the council told  
12 the third amendment is necessary?

13 MS. MASON: After we didn't pass the  
14 Cap waiver, the answer was no.

15 MR. TURNER: It was on the agenda,  
16 correct?

17 MS. MASON: Yes.

18 MR. TURNER: That's presenting it to  
19 the council, guys. Now, the question would be,  
20 did you ask for this specific document? I have  
21 no idea what the details are. We don't have any  
22 ideas. You had a third amendment. You had a Cap  
23 waiver that would implement that, one or two Cap  
24 waivers, I'm not sure what the staff is saying,  
25 one Cap waiver or two Cap waivers. One for

18

1 appropriations, one for expenditures. When was  
2 that agenda presented to you with the third  
3 budget amendment? Three weeks ago?

4 MR. RUSSO: Two weeks ago.

5 MR. TURNER: You could have had a  
6 budget by now. Listen to what I'm saying.

7 MR. RUSSO: You're asking us to do  
8 exactly what we swore not to do. When we take  
9 our oath we're there to protect the taxpayers of  
10 Hoboken and you're asking us to vote on a budget  
11 that we don't know anything about.

12 MR. TURNER: You can't have a budget  
13 since November and know nothing about it. You've  
14 had a third amendment three or four weeks ago.  
15 It is exactly what you're responsible to do.  
16 You're responsible for saying and implementing  
17 the best budget based on the best information you  
18 have and taken the necessary information. If  
19 that's proven wrong by June 30th, it's not your  
20 fault because that's the budget presented to you,  
21 but you have to have a budget.

22 And if there is over expenditures,  
23 then whoever is responsible for the over  
24 expenditures has to answer that question. If  
25 there's an emergency presented then you have to

19

1 deal with the emergency, but you can't say we're  
2 never sure of the final number so we'll never  
3 have a budget.

4 MR. RUSSO: The Attorney General can  
5 correct me if I'm wrong, but if the council  
6 willfully votes on a budget that's underfunded  
7 we're now committing a crime.

8 MR. TURNER: That's not the  
9 question, and you direct your questions to me.  
10 The question before this board is if the  
11 administration says this third amendment is the  
12 amendment, then you're not willfully or knowingly  
13 doing anything wrong, and if you do, then you  
14 have the authority to amend it if you know it's  
15 wrong and add to it or subtract from it. You  
16 have to have a budget.

17 Everyone in the state does it. 565  
18 municipalities now have a budget. The only city  
19 that does not is Hoboken. When would you expect  
20 to get the fourth quarter tax bills out? Fourth  
21 quarter tax bills are not out. The money can't  
22 even be in until probably after June 30th. When  
23 would you expect to do that?

24 MR. FOX: What are the options? If  
25 the budget's not passed, the state has to take

20

1 over?

2 MS. JACOBUCCI: That's one of the  
3 options. We set the levy at whatever we think.

4 MR. FOX: And then the state would  
5 make all the decisions on levies?

6 MS. JACOBUCCI: The state can set  
7 the levy. The state can set the budget next  
8 year. It can go under state supervision or it  
9 can go under state take over.

10 MR. TURNER: I've been in this  
11 business 34 years --

12 MR. LIGHT: I would assume if the  
13 state has to, in answering the questions you  
14 have, the state would then take control.

15 MS. JACOBUCCI: Yes.

16 MR. TURNER: I think you're  
17 personally close to that. You're personally  
18 close to having the state take away the council's  
19 powers and the administration's powers on  
20 financial matters.

21 MR. CUNNINGHAM: Clearly in the last  
22 couple of weeks, months, with the directives that  
23 have come out of the city council, city  
24 administration and their blatant disregard, we  
25 have no powers as it stands now.

21

1 MS. EWING: Have you seen the copy  
2 of the letter the state has sent?

3 MR. CUNNINGHAM: Yes.

4 MR. EWING: I thought you said  
5 earlier you hadn't seen any copies of the letter.

6 MR. TURNER: They're talking about  
7 the budget amendment, Senator. Let's get back to  
8 the basics here. The Director has said either do  
9 a budget yourselves, the city of Hoboken, not  
10 just the five of you, or the state will take  
11 action. It could be a variety of forms of  
12 action, they have not zeroed in on one yet.  
13 You're appealing the Director's decision. Your  
14 appeal has to be based on we will do something,  
15 not just that we're never sure of the facts,  
16 therefore, we'll never do anything. What's your  
17 plan?

18 MS. MASON: With regard to the  
19 letter that came to us, one of the first pieces  
20 is what is it that you would do or help us do to  
21 come to a resolution?

22 MS. JACOBUCCI: You've had the  
23 budget since November. The horse is out of the  
24 barn. You know, this letter was sent May 28th.  
25 We don't hear anything from Hoboken council

22

1 until 6:30 on June 6th. You had three meetings  
2 in between there. This isn't the first time  
3 something like this has happened in Hoboken.

4 In my opinion you're aggregating  
5 your duty, and one of the councilman is talking  
6 about his duty is towards the residents. The  
7 fourth quarter tax bills aren't out. What duty  
8 does that give you, or what duty has that  
9 impinged upon? I don't think you're doing your  
10 duty because there is so much internal fighting  
11 within Hoboken that nothing is getting done so  
12 you're asking us, help us.

13 MR. RUSSO: With all due respect,  
14 we're not only asking you now to help us but we  
15 have been down here asking the state controller's  
16 office to help us as well. They have copies of  
17 all our documents. We've been asking, not just  
18 now and not just since this appeal letter has  
19 come in, but we've been asking for months.

20 MS. JACOBUCCI: But you're not a  
21 first year councilman. You know how the process  
22 works.

23 MR. RUSSO: I do know how the  
24 process works, I agree.

25 MS. JACOBUCCI: Once that budget is

23

1 given to you in November, it's council's budget,  
2 so why haven't you done any amendments?

3 MS. CASTELLANO: We did.

4 MS. JACOBUCCI: Did you have budget  
5 hearings?

6 MR. RUSSO: We had four open public  
7 meetings.

8 MS. JACOBUCCI: No, you didn't let  
9 me finish. Budget hearings with the directors  
10 that you're supposed to do with the directors so  
11 you know what they want and you know what they  
12 need.

13 MR. CUNNINGHAM: Statutorily we did  
14 not have the directors hearings.

15 MR. TURNER: You have a lot of  
16 authority to bring any administration. We're not  
17 commenting on whether an individual council  
18 person or administration is good or bad or right  
19 or wrong, but you have the authority to bring  
20 them to task in many ways. What you don't have  
21 the authority to do is to ignore the adoption of  
22 a budget and ignore the sending out of tax bills.

23 Somebody has to pay the bills.  
24 Unless you make that decision like the Governor  
25 did of shutting down the city. You're spending

24

1 and you're not raising the revenue. You're  
2 spending and you haven't stopped the process.  
3 Sooner or later somebody has got to say we're not  
4 going to approve a darn thing until we bring this  
5 under control, and if you don't do it --

6 MR. RUSSO: We did that and the  
7 money was spent anyway.

8 MR. TURNER: Payrolls went out,  
9 everything went out. No one can issue a payroll  
10 without your approval.

11 MR. RUSSO: Mayor, with all due  
12 respect, the administration did in fact do that.

13 MR. TURNER: You had to authorize  
14 payroll, salaries and wages.

15 MR. RUSSO: We stopped some.

16 MR. TURNER: You stopped some, but  
17 you authorized the bulk of the salaries and  
18 wages.

19 MR. RUSSO: What about the expenses  
20 and O and E?

21 MR. TURNER: That's what you look at  
22 when it's June 30th when you have a budget. If  
23 June 30 comes and you've been misled or it's  
24 underfunded, that's when you ask those questions,  
25 but within the last seven months this should have



25

1 been enough information to adopt the budget based  
2 on that point in time.

3 MR. RUSSO: There were amendments  
4 sent down to Trenton.

5 MR. TURNER: The last amendment  
6 wasn't, guys. That was a month ago. I'll bring  
7 it back to this.

8 MR. RUSSO: I understand that, but  
9 all the numbers changed in the last three weeks.

10 MR. TURNER: Councilman, if you did  
11 not do the last amendment and the two waivers,  
12 the Director said she would do what's necessary.  
13 You're here on that appeal. What's your plan?

14 MR. LIGHT: It sounds to me, reading  
15 between the lines and listening to what I'm  
16 listening to is that you have problems with the  
17 administration. You have problems with the  
18 administration. You can't bring them here to the  
19 Finance Board and ask them to resolve them for  
20 you because that's not our responsibility to do  
21 that.

22 It's your responsibility through  
23 council attorney and so forth to resolve those  
24 differences with the administration, but you as a  
25 council, according to, I guess you're under the

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1 Faulkner Act, you have the responsibility to  
2 adopt a budget. By not adopting that budget,  
3 that's not going to resolve the problems you have  
4 with the administration by forcing action here at  
5 the Finance Board.

6           Because the only thing that the  
7 local director can do then is declare you're in  
8 default of your responsibilities and have the  
9 state take over your responsibilities for you.  
10 If you want that, that's up to you. I still  
11 don't see how that's going to resolve your  
12 differences with the administration.

13           MR. TURNER: And in a general sense,  
14 there is different levels of responsibility. As  
15 Commissioner Fox said, she can strike the tax  
16 levy, she may decide what level of tax rate she  
17 can strike and or more likely, if there's any  
18 municipality that does not seem to be undertaking  
19 their fiduciary responsibilities, the state can  
20 move to take over that municipality under direct  
21 supervision which negates neither the council,  
22 when it comes to finances, and negates the  
23 administration, and do never assume that they  
24 can't do it. They've done it in many  
25 municipalities with tremendous budget problems

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1 bigger than Hoboken's, so if they decide they  
2 have to go down that path, they're not only able  
3 to do it, they will do it.

4 MS. ZIMMER: Well, maybe that's what  
5 we need to do because we're here. We didn't want  
6 to pass that Cap waiver because they're going to  
7 do the same old tricks again that's brought us  
8 here. They said, Steve Kleinman said during the  
9 meeting, well, we're going to pull a rabbit out  
10 of a hat, and I heard Mayor Roberts going around  
11 to all the local banks trying to borrow the money  
12 again and this borrowing, borrowing, borrowing is  
13 what got us here.

14 Quite frankly, the state, three  
15 years ago said you guys have to pass the  
16 temporary appropriations and now we borrow to the  
17 hills against this garage. It's getting us to  
18 exactly the same place, and I will admit, and I'm  
19 a newcomer to this. I've never been through this  
20 budget process before and my mistake was  
21 believing the administration as far as the  
22 numbers they give.

23 MR. TURNER: I don't think you  
24 appreciate what's it like.

25 MS. ZIMMER: They admitted during

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1 the meeting that they presented us with an  
2 underfunded budget. They admitted moving the  
3 healthcare expenses from year to year based on a  
4 political situation. I did an OBRA request and I  
5 have the back up that I just got today. We want  
6 to avoid this situation again and we need the  
7 State to help us. I didn't sign onto the letter  
8 because I feel we need --

9 MR. TURNER: You're missing the  
10 point.

11 MS. ZIMMER: They just told us two  
12 weeks ago.

13 MR. TURNER: No, no, no. Three or  
14 four weeks ago you got the final amendment, you  
15 could have moved on that, at least had a budget  
16 and still followed up with other things. You  
17 need a budget. You can't be so afraid of the  
18 world not to have a budget.

19 MR. LIGHT: Mr. Chairman, as I see  
20 it, they're utilizing this to try to resolve the  
21 problems with the administration and that's not  
22 the method to resolve your problems. If you feel  
23 you can't resolve the problems, as council you  
24 have a responsibility to adopt the budget. If  
25 you don't do that then the state is going to take

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1 that over and the council is going to be in  
2 default. You have an attorney.

3 MS. MASON: We actually don't.

4 MR. LIGHT: Well, you were appointed  
5 an attorney as a council, and I'd get advice from  
6 them as to how you can solve your differences.

7 MS. CASTELLANO: How do we move  
8 forward with an administration that has lied to  
9 us right down to the letter? 11.7 in the hole.

10 MR. LIGHT: We're not sitting here  
11 as a judge and jury.

12 MS. CASTELLANO: I understand that,  
13 but we almost want to appeal to a third party  
14 because we have no power with this  
15 administration.

16 MR. TURNER: In the last three or  
17 four weeks when you've gotten information that  
18 the Division thought was credible and people  
19 thought were credible, that was the time to at  
20 least act on that. If it was wrong, if it wasn't  
21 100 percent, but you know on June 30th and then  
22 the same answers will follow. Trenton is not  
23 going to go away once your budget is adopted.

24 MS. ZIMMER: They weren't going to  
25 tell us what they were going to do. They were

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1 going to come in with a Cap waiver and then -- we  
2 wanted to know exactly what the plan was.

3 MR. TURNER: Did you discuss the  
4 third budget amendment?

5 MS. ZIMMER: No.

6 MR. TURNER: It was in your  
7 authority to discuss it.

8 MS. CASTELLANO: They ignore us.

9 MR. TURNER: They can't ignore you,  
10 guys. Everybody stop and listen. We have a  
11 council that is saying they cannot, with the  
12 administration, run the city. That's probably,  
13 I've been in this business 34 years, guys, I do  
14 not believe you do not have the legal authority  
15 to figure out a way to deal with this.

16 MR. FOX: If you're the majority of  
17 the council --

18 MR. TURNER: According to them,  
19 eight of the nine.

20 MR. FOX: A lot of people have done  
21 budgets. Senator Ewing and I have been on  
22 opposite sides in the past and passed state  
23 budgets, but somehow they get done. You have  
24 eight of nine, pass a budget.

25 MR. TURNER: The fear is that, gee,

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1 there may be a wrong number someplace. That's  
2 not how budgets work. There may always be a  
3 wrong number. You get the best information, so  
4 if three weeks ago you had it, just bear with me,  
5 if you had it three weeks ago, that's the time  
6 for the council to move. What's your appeal?  
7 What's your plan? It comes back to that, guys.  
8 You don't want the Director to do it. What do  
9 you want done?

10 MS. MASON: May I ask a question?  
11 One, you say we have our own attorney. Can we  
12 actually get our own attorney without the  
13 corporation council?

14 MR. TURNER: I don't know. We're  
15 not going to get involved in that. We're not  
16 here for that.

17 MS. MASON: Second question then is  
18 if we struck a budget, and I'm going to pick a  
19 number, 87 million dollars, which is obviously  
20 less than where we are now, we can do that,  
21 right?

22 MR. TURNER: No, because you know  
23 better now. Go back to Councilman Russo. You  
24 now know there is a third budget amendment, and I  
25 do not believe in all honestly, that no one knows

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1 that third budget amendment is out there. If the  
2 Division knows it and the board was told about  
3 it, there's a third budget amendment that needs  
4 10 to 12 million dollars, you know it now so once  
5 you knew it, you can't negate it.

6 If you had adopted the budget,  
7 hypothetically, in January and you found out  
8 later there's over expenditures, that's not the  
9 council's fault because you weren't told. You  
10 might have been misled. You know it now.

11 MR. CUNNINGHAM: Mr. Chairman, what  
12 I don't understand is there was a budget  
13 amendment sent down in March that was approved by  
14 a majority of this council. What happened to it?  
15 Because that could have been the basis of being  
16 approved.

17 MR. TURNER: My understanding is  
18 that amendment fell apart because of a 3.6  
19 million revenue issue that wasn't fulfilled and  
20 for the latter follow up on additional  
21 expenditures. I think a lot of the hang up was  
22 on the revenue verification.

23 MR. FOX: Director, educate me on  
24 what the councilman just said.

25 MR. TURNER: The March budget, why



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1 it wasn't approved.

2 MS. ZAPPICHI: It was basically a  
3 revenue problem, not an expenditure problem,  
4 revenue back up.

5 MR. TURNER: Sale of asset?

6 MS. ZAPPICHI: Yeah. The revenue  
7 amendment was not rejected. It was just not  
8 approved because we still had not approved  
9 documentation.

10 MR. TURNER: Let's take that  
11 example. Now, Council, I'll answer what you  
12 should have done. You asked the question, I'll  
13 tell you what you should have done. They'll  
14 leave it at three six and adopt the budget or try  
15 and come up with another three six in revenues or  
16 in March cut the budgets if you knew there was  
17 three six in question.

18 And I would wager a good number of  
19 you called down there routinely and you would  
20 have been told that the three six is not  
21 documented, and if it's not documented, you have  
22 three choices, cut the budget three six, raise  
23 the taxes three six or get the documentation for  
24 the three six, or you have a fourth choice, come  
25 up with another revenue. It's simple. You could

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1 have done it then.

2 MR. LIGHT: You're passed the point.

3 The year is over.

4 MR. RUSSO: That's a point I'd like  
5 to build on. We fund the city's finances through  
6 temporary emergency appropriations before we pass  
7 our final budget.

8 MR. LIGHT: But you tried to take,  
9 what you're calling, a lack of responsibility on  
10 the part of the administration and you're making  
11 it your problem whereas if you had adopted the  
12 budget and they violated the budget, it would  
13 have been their problem.

14 MR. TURNER: You could have adopted  
15 it in March.

16 MR. RUSSO: I agree with that, but  
17 they also violated the expenditures over and  
18 above the amount that we already allocated.

19 MR. TURNER: We know that and that's  
20 the third amendment, but Councilman, go back to  
21 the March example. No one knew that, and it  
22 happens. Say no one knew it, you delete the  
23 three six, or whatever the revenue problems are,  
24 you adopt the budget. If you find out there's  
25 problems later on, you deal with it through

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1 emergencies or over expenditures or no  
2 expenditures, the Director is on your tail and  
3 the municipality in no time at all come July 1,  
4 or whenever the financial thing is filed. That's  
5 how the process works.

6 MR. RUSSO: From this point on, and  
7 they did spend over and above those emergency  
8 temporary appropriations, what is the action?

9 MR. TURNER: We're not dealing with  
10 that. No, Ted, no.

11 MR. LIGHT: I have a right to speak.

12 MR. TURNER: I'm not going to have  
13 you --

14 MR. LIGHT: All I'm saying is we're  
15 not going to advise you on that.

16 MR. TURNER: We're not here for that  
17 today. You're appealing the Director. What is  
18 your plan to adopt the budget?

19 MR. LIGHT: You need to contact an  
20 attorney for that.

21 MR. TURNER: It's very simple, guys.  
22 What's your plan?

23 MS. CASTELLANO: We thought we were  
24 coming here for some help.

25 MS. JACOBUCCI: The appeal is not

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1 for help.

2 MS. CASTELLANO: I got it. I  
3 understand that.

4 MR. TURNER: You can set up a  
5 meeting any time on that stuff. The Director  
6 said, adopt a budget or the Division will. You  
7 appealed that decision. To appeal that decision,  
8 you need a plan again for the tenth time. You  
9 need a plan.

10 MR. LIGHT: I'm ready to make a  
11 motion, if I may.

12 MR. TURNER: Let's just verify for  
13 the record whether they have -- any plan?  
14 Nothing?

15 MS. CASTELLANO: No.

16 MR. TURNER: Any comments from  
17 anybody else?

18 MR. CUNNINGHAM: I like the idea of  
19 this functional analysis that I heard from the  
20 city of Camden. That's the kind of stuff that I  
21 would like to see the state step in and provide.

22 MR. TURNER: With all due respect,  
23 Camden is a whole different ball game. Camden is  
24 the second poorest city in the state of New  
25 Jersey. They are under tremendous state control.

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1 They cannot make a local decision on anything.

2 That's a whole different ball game. That's a  
3 unique situation. Don't even go there.

4 MS. ZIMMER: We now have a business  
5 administrator who resigned I think because he was  
6 asked to cover up certain things and now he  
7 doesn't want to answer to us, so now we don't  
8 have a business administrator. Can the state  
9 help us with that?

10 MR. TURNER: That's not the issue  
11 before us, guys. You can set up a separate  
12 meeting any time you want to try to resolve  
13 these. The issue now is a budget and a fourth  
14 quarter tax bill. That's the only issue.

15 MS. ZIMMER: The trust is completely  
16 broken with the administration, and obviously, to  
17 me, it looks like the state is going to be making  
18 the decision. What I would say is that if there  
19 is any way that you can soften the blow for the  
20 taxpayers so that some of it is in the fourth  
21 quarter and it's spread out over next year.

22 MR. TURNER: That's out of order.  
23 The state will have to take whatever action it  
24 deems legal, and also in the interest of the  
25 state, the council will have the responsibility

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1 and the obligation to do that. They could have  
2 done that as early as March. It was not  
3 undertaken because everybody is waiting for that  
4 final revenue number. You're putting on the  
5 table now you have no plan to move forward on the  
6 budget. That's why you're here now, so you're  
7 here on the appeals. I just want to verify.  
8 You're not presenting a plan to negate the  
9 Director's action. There is no plan here to  
10 negate the Director's action on May 28th; is that  
11 correct?

12 MS. CASTELLANO: Yes.

13 MR. TURNER: Anyone else in the  
14 public here to speak? Identify yourself.

15 MR. BUCKMAN: Michael Buckman, 408  
16 Monroe Street.

17 (At which time Mr. Buckman was sworn  
18 in.)

19 MR. BUCKMAN: I'm here to speak  
20 against granting this relief. I think that the  
21 Chair's comment are completely well taken that  
22 the council does have no plan and I think that  
23 that is true. I think it should be pointed out  
24 on the record, however, that they're in a  
25 situation, not of their own making completely.

1           They certainly bear a share of the  
2 responsibility as the administration, as the  
3 Local Finance Board because one of the elements  
4 the council can use to control a rogue  
5 administration, which it's been in for years, is  
6 to withhold emergency temporary appropriations,  
7 and when that was tried three years ago, there  
8 was some problems there. I'm not going to get  
9 into those details. Right now they have two  
10 choices.

11           They can either sit here with no  
12 plan or they can adopt a plan that ratifies  
13 illegal activities which are taking place in this  
14 administration because when the 8 million dollars  
15 in over spending was disclosed at a meeting three  
16 weeks ago, the council lost its ability to pass  
17 the budget that had been proposed since November.

18           Now, the fact that they took six  
19 months to do it is unconscionable. I stood at  
20 every council meeting and said they should pass  
21 it, but at this point, they have only the choice  
22 of standing here with no plan or asking for a Cap  
23 waiver which they have no basis to ask for  
24 because they don't have surplus and because they  
25 don't have asset sale, and in so doing, if that

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1 waiver were granted out of the goodness of your  
2 heart, ratifying 8 million dollars in secret over  
3 spending by this administration, which was  
4 disclosed three meetings ago, and that's not  
5 something that makes any sense either.

6 MR. TURNER: Two minutes.

7 MR. BUCKMAN: Thank you. So what I  
8 would argue is that they have no choices, and  
9 while they've done a lot of things wrong, the  
10 fact that they have no plan today is not  
11 necessarily against them. What needs to happen,  
12 honestly from the point of view of someone who's  
13 been watching this, is the budget that was  
14 introduced in November with the additional  
15 revenue to cover the 3 million and change  
16 shortfall has to be imposed, and the eight  
17 million dollar short over expenditure has to be  
18 recognized as an illegal over expenditure and  
19 someone needs to be appointed, and I think the  
20 council is prepared to do it, to take over city  
21 finances.

22 We can't have the business  
23 administrator resign and continue to work as the  
24 purchasing agent when the reason that the eight  
25 million dollar over expenditure was because the.



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1 purchasing agent sat on 8 million dollars and did  
2 not encumber the funds. There have been bad  
3 things going on here.

4 MR. TURNER: We're here on the  
5 appeal.

6 MR. BUCKMAN: I'm done. I think you  
7 should deny the appeal.

8 MR. TURNER: Council have anything  
9 else to say? Board members?

10 MS. JACOBUCCI: I just want to make  
11 a note that in the letter, not only did it talk  
12 about the deadline for adopting a budget, it  
13 talked about the 25 dollars a day fine per board  
14 member in failure to adopt a budget until such  
15 time it was adopted, so that's also on the table.

16 MR. LIGHT: First of all, not an  
17 easy situation to resolve. These are the types  
18 of things that this board doesn't like to sit and  
19 hear unfortunately, but it's part of our  
20 responsibility. The question before us, as the  
21 Chair said, is the question of the Director's  
22 letter and I see no testimony that would cause  
23 this board to say that we would reverse the  
24 Director's decision. On the other hand, I see  
25 testimony that we should affirm the Director's

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1 decision.

2           The budget, and the budget year is  
3 almost over, should have been adopted. It  
4 certainly wasn't adopted by the June 6th deadline  
5 which is past now, and therefore I will make a  
6 motion that we affirm the Director's letter and  
7 the decision as it was issued and encourage the  
8 present council who is here to take steps to try  
9 to conform to this even though they're after the  
10 date by say Monday.

11           MR. TURNER: What you want to do is  
12 deny the appeal.

13           MR. LIGHT: Deny the appeal.

14           MR. TURNER: Your motion is to deny  
15 the appeal? Is that what you're saying?

16           MR. LIGHT: My motion is to deny the  
17 appeal and affirm the letter that was issued by  
18 the Director on May 28th.

19           MR. TURNER: So you want to affirm  
20 the Director's decision. Is that a yes?

21           MR. LIGHT: Yes, and deny the  
22 appeal.

23           MR. TURNER: Is there a second on  
24 that?

25           MS. DELGADO: I'll second it.

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- 1 MR. TURNER: Miss Delgado seconds.  
2 Roll call. Yes to deny the appeal and to affirm  
3 the Director's decision.  
4 MR. EWING: Can I ask a question?  
5 MR. TURNER: Yes, sir.  
6 MR. EWING: You didn't get an answer  
7 to the letter?  
8 MS. MASON: Which letter, sir?  
9 MR. EWING: Or you got letters  
10 telling you to do something and you didn't?  
11 MS. MASON: We got one letter.  
12 MR. TURNER: When was the first  
13 letter dated?  
14 MS. JACOBUCCI: May 28th.  
15 MR. EWING: And you got an answer to  
16 it?  
17 MS. MASON: This was our answer.  
18 MR. TURNER: This is their answer.  
19 Their answer is the appeal of the Director. Roll  
20 call.  
21 MS. MCNAMARA: Miss Delgado.  
22 MS. DELGADO: Yes.  
23 MS. MCNAMARA: Mr. Fox.  
24 MR. FOX: Yes.  
25 MS. MCNAMARA: Mr. Light.

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1 MR. LIGHT: Yes.

2 MS. MCNAMARA: Mr. Turner.

3 MR. TURNER: Yes.

4 MS. MCNAMARA: Mr. Ewing.

5 MR. EWING: Yes.

6 MR. TURNER: Now, it will take the

7 Division till Monday to get their plan together.

8 If anybody in Hoboken decides to do anything

9 between now and Monday, take back their

10 situation, you have between now and Monday to do

11 it. We're not granting your appeal. We're not

12 giving you more time, but it will take a few days

13 for the Division to respond which still gives

14 somewhat of a door open for Hoboken if they wish

15 to go forward and take responsibility for its

16 budget.

17 MR. RUSSO: Mr. Chairman, before we

18 adjourn, I would like to ask what the process is

19 to set up a meeting so we can discuss a lot of

20 the issues that were brought up at this meeting.

21 MR. TURNER: I think that will be

22 done after our budget. They have a lot of work

23 to do, and I want to say this, and this is not

24 directed to any individual whether it's the

25 council person or the administration. This

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1 staff, from the director on down, spends a lot of  
2 time with municipalities that are sorely in need.  
3       You used Camden as an example. Go  
4 to Camden. It is sorely in need. They have  
5 spent more time on Hoboken, on the city of  
6 Hoboken in the last month than they have had to  
7 deal with Camden or Irvington or Paterson, or any  
8 of the hard pressed cities in the state and  
9 that's strictly a lack of will and a lack of  
10 getting the job done, and there's many ways to do  
11 it.

12       And we can't tell you here how to do  
13 it, but it's really unconscionable the amount of  
14 time that they spent on the city of Hoboken when  
15 they have so many cities that are really hard  
16 pressed against the wall and have no place to go.  
17 You heard the testimony. Town after town said  
18 we'll raise taxes for services or we'll cut  
19 services, you know, this is just -- where you go  
20 in the future is going to be dependant on the  
21 Division.

22       MR. CUNNINGHAM: Mr. Chairman,  
23 perhaps Camden was a poor example to use in  
24 relation to our situation.

25       MR. TURNER: I appreciate that.

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1           MR. CUNNINGHAM: However, Hamilton  
2 Township here in Mercer County had also applied  
3 for some degree of state supervision. I don't  
4 know exactly how that played out, but, again, I'd  
5 like to put the emphasis on the functional  
6 analysis and some of the things we have tried to  
7 press this administration to do. Again, it's not  
8 an excuse, but these are some of the issues that  
9 have kept us at somewhat of an impasse.

10           MR. TURNER: The order will be some  
11 form of tax rate, some form of budget, getting  
12 those tax bills out and then there will be time  
13 to see where everybody goes from there, but  
14 again, if there's any movement locally, they  
15 won't be making a decision until Monday.

16           MR. LIGHT: That situation with  
17 Hamilton was a much different situation and they  
18 were not put on state supervision, or were they?

19           MR. TURNER: Limited.

20           MR. LIGHT: Mr. Chairman, before you  
21 close the meeting, the letter does also call for,  
22 as per the statute allows, a 25 dollar a day fine  
23 to each of the council people for not accepting  
24 the responsibility of adopting the budget.

25           MR. TURNER: The Director went into

1 that. Thank you all. Motion to adjourn.

2 MS. DELGADO: Second.

3 MR. TURNER: All in favor?

4 BOARD MEMBERS: Aye.

5 (At which time the Hoboken

6 Application was adjourned at 4:12 p.m.)

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