SPECIAL MEETING

OF THE MUNICIPAL COUNCIL OF THE CITY OF BAYONNE, IN THE COUNTY OF HUDSON, NEW JERSEY, HELD IN THE COUNCIL CHAMBER, MUNICIPAL BUILDING, 630 AVENUE C, ON WEDNESDAY, JULY 6, 2016.

The Council met at 6:04 P.M.

The Council President Nadrowski announced: "I would like to advise all those present that notice of this special meeting of the Municipal Council of the City of Bayonne of July 6, 2016 has been provided to the public in accordance with the provisions of the Open Public Meetings Act of the State of New Jersey. Notice of time and place of was posted and filed with the City Clerk, and was forwarded to the Jersey Journal and the Star Ledger by on June 30, 2016."

The Special Meeting of the Municipal Council of the City of Bayonne is now in session.

The Clerk called the roll.

Present were: Council Members Cotter, Gullace, La Pelusa, Perez and Nadrowski.

The Council President led the Pledge of Allegiance.

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01. Council President Nadrowski moved that the following communication be received and filed, seconded by Council Member Perez, which motion was adopted.

June 28, 2016

Robert F. Sloan, Municipal Clerk
City of Bayonne
630 Avenue C
Bayonne, NJ 07002

Re: Call for Special Meeting of City Council

Mr. Sloan:

I hereby call for a Special Meeting of the Bayonne City Council for Wednesday, July 6, 2016 at 6:00 p.m. The purpose of the meeting will be to conduct a closed session discussion pertaining to contract negotiations relating to Port Authority revenues. Formal action may be taken upon the return to open session in connection the aforementioned subject matter.

Very truly yours,
James Davis
Mayor

Yeas - Council Members Cotter, Gullace, LaPelusa, Perez and President Nadrowski.

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02. At 6:05 P.M., Council Member Perez moved the following resolution, seconded by Council President Nadrowski, which was read by the Clerk and adopted.

WHEREAS, pursuant to N.J.S.A. 10:4-12(a) the Municipal Council must conduct its meetings in open view of the public at all times, subject to the provisions of N.J.S.A. 10:4-12(b); and

WHEREAS, pursuant to N.J.S.A. 10:4-12(b)(7), the Municipal Council may exclude the public from that portion of a meeting wherein the Municipal Council discusses any pending or anticipated litigation or contract negotiation; and

WHEREAS, it is now necessary to review certain options and the legal implications and ramifications thereof in connection with Port Authority revenues; and

WHEREAS, the city's legal and negotiating positions and might be compromised by a public discussion of same at the current time; and

WHEREAS, the Municipal Council now deems it necessary to convene in a closed session in order to discuss the aforesaid Port Authority revenues; and

WHEREAS, it is the intention of the Municipal Council to keep reasonably comprehensible minutes of this closed session meeting pursuant to N.J.S.A. 10:4-14 and to make said minutes available to the general public after the finalization of the issues involved; now, therefore, be it

RESOLVED, that the Municipal Council shall now recess to a closed session in order to discuss the matters set forth above; and be it further

RESOLVED, that the Municipal Council shall reconvene to a public session at the conclusion of the closed session.

Yeas - Council Members Cotter, Gullace, LaPelusa, Perez and President Nadrowski.

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At 7:15 P.M., Council President Nadrowski motioned to reconvene, seconded by Council Member Gullace, which motion was adopted.

Yeas - Council Members Cotter, Gullace, LaPelusa, Perez and President Nadrowski.

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Michael Hanley of NW Financial Group, the city's financial advisors, explained the nature of the proposed financial arrangement and the resolution authorizing bond counsel, the Law Director and NW Financial to put the final package together.

03. Council Member Perez moved that the following resolution, seconded by Council Member Cotter, which was read by the Clerk and adopted.

RESOLUTION OF THE CITY OF BAYONNE, IN THE COUNTY OF HUDSON, STATE OF NEW JERSEY AUTHORIZING NEGOTIATION AND EXECUTION OF A LETTER OF INTENT AND EXECUTION AND DELIVERY OF ALL DOCUMENTS NECESSARY TO CARRY OUT THE TRANSACTION IN CONNECTION WITH THE ASSIGNMENT OF CERTAIN PAYMENTS DUE TO THE CITY FROM THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY

WHEREAS, pursuant to the provisions of the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the "Redevelopment Law"), the Bayonne Local Redevelopment Agency (the "BLRA") sold certain property located on the Peninsula at Bayonne Harbor (the "Property") to the Port Authority of New York and New Jersey (the "Port Authority"); and

WHEREAS, the purchase price for the Property is paid by the Port Authority to the City of Bayonne, in the County of Hudson, State of New Jersey (the "City") (as successor in interest to the BLRA), in installments; such remaining installments being due to the City on June 1 in each of the years 2017 through 2033, inclusive (the "Port Authority Payments"); and

WHEREAS, the Port Authority Payments are a general obligation of the Port Authority; and

WHEREAS, pursuant to Section 2.1(d) of the deed for the Property (the "Deed"), the City, at its sole discretion, has the right to assign all or any portion of the Port Authority Payments to any third party; and

WHEREAS, pursuant to Section 2.1(c) of the Deed, the Port Authority has the right, subject to the conditions set forth in such section, to pay to the City the entirety of the then remaining Port Authority Payments at one time, subject to a discount factor (the "Prepayment"); and

WHEREAS, the City's Financial Advisor, NW Financial Group, LLC, Hoboken, New Jersey (the "Financial Advisor"), has undertaken a process to determine if a third party would be willing to pay for the assignment and/or sale of the City's rights to all or a portion of the Port Authority Payments and/or the Port Authority would be willing to provide a Prepayment for all or a portion of the Port Authority Payments; and

WHEREAS, on May 18, 2016, the City Council adopted a resolution entitled, "RESOLUTION OF THE CITY OF BAYONNE, IN THE COUNTY OF HUDSON, NEW JERSEY AUTHORIZING NEGOTIATIONS FOR THE ASSIGNMENT, SALE AND/OR PREPAYMENT OF CERTAIN PAYMENTS DUE TO THE CITY FROM THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY", authorizing and directing the Mayor and Business Administrator to commence negotiations with one or more third parties for the assignment and/or sale of the City's rights to all or a portion of the Port Authority Payments and/or with the Port Authority for the Prepayment of all or a portion of the Port Authority Payments; and

WHEREAS, the City's Financial Advisor, on behalf of the Mayor and Business Administrator, commenced negotiations with one or more third parties for the assignment and/or sale of the City's rights to all or a portion of the Port Authority Payments and/or with the Port Authority for the Prepayment of all or a portion of the Port Authority Payments; and

WHEREAS, as a result of said negotiations, the City's Financial Advisor has received consideration from several entities for this transaction and has received the proposed Term Sheet dated June 28, 2016, as revised June 29, 2016, prepared by Benecke Economics, together with the accompanying financing summary prepared by William Blair & Company (collectively attached hereto as Exhibit A, the "Term Sheet"), providing the terms of each of three financing alternatives, each of which permit the City to assign the City's rights to all or a portion of the Port Authority Payments to the Group (as such term is defined in the Term Sheet) (the "Assignment"); and

WHEREAS, Michael I. Hanley, a principal of the City's Financial Advisor was present and made a presentation at this meeting and the City's Financial Advisor recommended that the City approve the attached Term Sheet and Letter of Intent to Engage (in the form attached hereto as Exhibit B, the "Letter of Intent") and undertake further negotiations of the Term Sheet and Letter of Intent and other documents necessary to close the transaction, for the reasons placed on the record at this meeting and to memorialize the terms of this transaction concerning the Assignment of the Port Authority Payments; and

WHEREAS, the City's CFO also provided input and insight at this meeting as to the financial benefits and/or detriments associated with each of the options presented; and

WHEREAS, upon such recommendations from the Financial Advisor and CFO, the City hereby desires to memorialize the terms of the Term Sheet by execution of the Letter of Intent and to deliver same to Blue Circle Equity Advisors, LLC, on behalf of the Group;

NOW THEREFOR BE IT RESOLVED BY THE CITY OF BAYONNE, IN THE COUNTY OF HUDSON, STATE OF NEW JERSEY as follows:

Section 1. The recitals to this resolution are incorporated as if set forth in full herein.

Section 2. The Letter of Intent and the Term Sheet are each hereby approved in the form presented at this meeting with such changes, insertions, deletions or omissions as shall hereafter be approved by the Mayor and Business Administrator of the City, in consultation with and advice from the City's Financial Advisor, Law Director and Bond Counsel concerning same. The Mayor and Business Administrator of the City, and each of their written designees (collectively, the "Authorized Officers"), are each hereby authorized and directed to execute the Letter of Intent and approve the final form of the Term Sheet, selecting one of the financing alternatives set forth in the Term Sheet that best satisfies the financial and budgetary objectives of the City in assigning the Port Authority Payments, subject to the prior consultation with and advice from the City's Financial Advisor, Law Director and Bond Counsel, and to deliver the Letter of Intent to Blue Circle Equity Advisors, LLC, on behalf of the Group. The execution by such Authorized Officers of the Letter of Intent and Term Sheet with such changes, insertions, deletions or omissions as shall be approved by the Mayor and Business Administrator of the City, in consultation with and advice from the City's Financial Advisor, Law Director and Bond Counsel concerning same, shall be conclusive evidence of the approval of such changes, insertions, deletions or omissions.

Section 3. Any Authorized Officers be, and each of them hereby is, authorized and directed to execute and deliver any and all documents, certificates, agreements and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out of the transactions contemplated by this resolution and to effect the consummation of the transaction contemplated hereby. The execution by such Authorized Officers of any such documents, certificates, agreements and instruments, with such changes, insertions or omissions as shall be approved by any Authorized Officers, in consultation with and advice from the City's Financial Advisor, Law Director and Bond Counsel concerning same, shall be conclusive evidence of the approval of such documents, certificates, agreements and instruments, with such changes, insertions or omissions and no further ratification or other action by the City shall be required with respect thereto.

Section 4. This resolution shall take effect in accordance with applicable law.

Yeas - Council Members Cotter, Gullace, LaPelusa, Perez and President Nadrowski.

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At 7:30 P.M. Council President Nadrowski motion to adjourn, seconded by Council Member Perez, which motion was adopted.

Yeas - Council Members Cotter, Gullace, LaPelusa, Perez and President Nadrowski.

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President – Sharon A. Nadrowski

Clerk – Robert F. Sloan