

Bond Case Briefs

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BONDS - NEW JERSEY

Wisniewski v. Murphy

Superior Court of New Jersey, Appellate Division - May 10, 2018 - A.3d - 2018 WL 2140665

State legislator filed an action and order to show cause against New Jersey Economic Development Authority (NJEDA), State Capitol Joint Management Commission (JMC), Governor, Department of Treasury, and Treasurer, seeking injunctive relief and a declaration that the agencies' resolutions to finance the restoration of the capitol complex were invalid.

The Superior Court granted defendants' motion to dismiss. Legislator appealed, and the appeal was consolidated with his appeals from final agency decisions.

The Superior Court, Appellate Division, held that:

- The Appellate Division would address the merits of legislator's technically moot challenge;
- Issuance of bonds to finance renovation did not violate state constitution's debt limitation clause; and
- Final decisions to finance renovation did not exceed agencies' authority.

State legislator's technically moot challenge to decisions by two state agencies to finance comprehensive renovation of state capitol complex was of substantial importance, likely to reoccur in the future, and capable of evading review, and thus Appellate Division would address merits of challenge; even though substantial renovation of complex was unlikely to occur again in foreseeable future, legislator filed complaint day after bond resolution passed, but sale of bonds occurred on same day resolution was passed, and sale of bonds immediately after passing resolution was likely to reoccur in sale of bonds for other state agencies.

Issuance of bonds to finance comprehensive renovation of state capitol complex did not violate state constitution's debt limitation clause, where debt was assumed by New Jersey Economic Development Authority (NJEDA), an independent authority, bonds were used to fund capital expenditures, bonds stated on their face State would not be indebted, and NJEDA had separate source of revenue in form of rental payments through a lease and leaseback transaction to pay the debt.

Final decisions to finance, through the issuance of \$300 million in bonds which were to be repaid with rental payments, comprehensive renovation of state capitol complex by State Capitol Joint Management Commission (JMC) and New Jersey Economic Development Authority (NJEDA) did not exceed agencies' authority; JMC acted within its delegated authority by approving renovation of the capitol complex, acquiring funds to accomplish renovation was implied power of JMC, and entering lease agreements that would generate rental payments was consistent with JMC's responsibility to maintain, preserve, and improve capitol complex.