HUDSON COUNTY IMPROVEMENT AUTHORITY

IN THE MATTER OF: TRANSCRIPT OF
THE REGULAR MONTHLY MEETING: PROCEEDINGS

WEDNESDAY, NOVEMBER 9, 2016
830 BERGEN AVENUE, 9TH FLOOR
JERSEY CITY, NEW JERSEY 07306
COMMENCING AT 5:35 P.M.

BOARD MEMBERS:

FRANK PESTANA, CHAIRMAN
JAMES DORAN, VICE CHAIRMAN (ABSENT)
STEPHEN J. GALLO, TREASURER
FRANK LORENZO, SECRETARY
MARTIN T. MARTINETTI, COMMISSIONER (ABSENT)
FRED M. BADO, COMMISSIONER
JOHN PENEDA, COMMISSIONER (ABSENT)
NICHOLAS GOLDSACK, COMMISSIONER (ABSENT)
JEFFREY DUBLIN, COMMISSIONER

APPEARANCES:

NORMAN M. GUERRA, CHIEF EXECUTIVE OFFICER
KURT CHERRY, EXECUTIVE DIRECTOR/CFO
MICHAEL O'CONNOR, ESQ.
CARMEN LOZANO, EXECUTIVE ASSISTANT/ASSISTANT
SECRETARY TO THE BOARD

SHARON PALMER
CERTIFIED SHORTHAND REPORTER
R.J. O'CONNELL ASSOCIATES,
P.O. BOX 277
CEDAR GROVE, NEW JERSEY 07009
(973) 239-7252
ALSO PRESENT:

AMIT JAIN, VISION MEDIA
BAKARI LEE, ESQ. (McMANVON SCOTLAND & BAUMANN)
MARY-ELLEN GILPIN, FICIA
ELIZABETH RAMOS, EXECUTIVE ASSISTANT
JAMES POLICASTRO, FICIA
JAY DaDOMENICO, TMA

CHAIRMAN PESTANA: Thank you.
Carmen, would you call the roll please.

MS. LOZANO: Commissioner Bado.

COMMISSIONER BADO: Present.

MS. LOZANO: Commissioner Doran. Not present.

Commissioner Dublin.

COMMISSIONER DUBLIN: Here.

MS. LOZANO: Commissioner Gallo.

COMMISSIONER GALLO: Here.

MS. LOZANO: Commissioner Goldsack.

Not present.

Commissioner Lorenzo.

COMMISSIONER LORENZO: Here.

MS. LOZANO: Commissioner Martinetti.

Not present.

Commissioner Peneda. Not present.

Chairman Pestana.

CHAIRMAN PESTANA: Here.

MS. LOZANO: We have a quorum with five board members present, four not present.

CHAIRMAN PESTANA: At this time I would like a motion for approval of the minutes from the October 12th meeting.

COMMISSIONER LORENZO: Motion.

COMMISSIONER GALLO: Second.

CHAIRMAN PESTANA: Motion by Commissioner Lorenzo and seconded by Commissioner Gallo.

MS. LOZANO: Commissioner Bado.

COMMISSIONER BADO: Yes.

MS. LOZANO: Commissioner Dublin.

COMMISSIONER DUBLIN: Yes.

MS. LOZANO: Commissioner Gallo.

COMMISSIONER GALLO: Yes.

MS. LOZANO: Commissioner Lorenzo.

COMMISSIONER LORENZO: Yes.

MS. LOZANO: Chairman Pestana.

CHAIRMAN PESTANA: Yes.

MS. LOZANO: The minutes of the October 12th, 2016 meeting passes in the affirmative by five board members voting yes, four not present.

CHAIRMAN PESTANA: At this time we would take comments from the public on anything on the agenda.

(No response)

CHAIRMAN PESTANA: Seeing none the public portion is now closed.

Mr. Guerra.
MR. GUERRA: Yes. Resolution item four, Resolution 11-2016-4 of the Hudson County Improvement Authority authorizing payment of certain costs and expenses of the Authority for the month of November 2016.

CHAIRMAN PESTANA: Do we have a motion on this?

COMMISSIONER LORENZO: Motion.

COMMISSIONER GALLO: Second.

CHAIRMAN PESTANA: Motion by Commissioner Lorenzo and seconded by Commissioner Gallo.

MS. LOZANO: Commissioner Bado.

COMMISSIONER BADO: Yes.

MS. LOZANO: Commissioner Dublin.

COMMISSIONER DUBLIN: Yes.

MS. LOZANO: Commissioner Gallo.

COMMISSIONER GALLO: Yes.

MS. LOZANO: Commissioner Lorenzo.

COMMISSIONER LORENZO: Yes.

MS. LOZANO: Chairman Pestana.

CHAIRMAN PESTANA: Yes.

MS. LOZANO: Resolution 11-2016-4 passes in the affirmative by five board members voting yes, four not present.

they did submit a proposal for those services, they met with Ted Domuracki, who is our construction manager for the project, and Remington is going to assign Douglas Schairer, a licensed site remediation professional, to provide those services through December of 2017. So the contract is for a fourteen month period in an amount not to exceed $160,000. Under the old LSRP it was averaging about 11 to $14,000 a month. So the resolution before you authorizes this agreement.

CHAIRMAN PESTANA: Any questions?

(No response)

CHAIRMAN PESTANA: Do we have a motion?

COMMISSIONER GALLO: I'll move it.

CHAIRMAN PESTANA: Motion by Commissioner Gallo.

COMMISSIONER LORENZO: Second.

CHAIRMAN PESTANA: Second by Commissioner Lorenzo.

MS. LOZANO: Commissioner Bado.

COMMISSIONER BADO: Yes.

MS. LOZANO: Commissioner Dublin.

COMMISSIONER DUBLIN: Yes.

MS. LOZANO: Commissioner Gallo.

MR. GUERRA: Item five, Resolution 11-2016-5 of the Hudson County Improvement Authority authorizing an agreement with Remington, Vernick & Arango for LSRP services. As you know, on behalf of the County, the Authority has been serving as the entity for the development and construction of the new high tech school. The Hudson County Schools of Technology is in the process of seeking to replace their LSRP record of the project. The school LSRP had been retained early on in the project when they were doing all of the planning and preliminary work before the project was switched over to us. Going forward, the school has requested that the Authority, as owner of the project, retain the services of an LSRP. Back in November, as we will be doing this November, November of 2015, the Authority did advertise for such services, and at that time we did qualify Remington, Vernick & Arango. We had not given them a contract because we didn't have any work at that time. What we're proposing is that that firm,

COMMISSIONER GALLO: Yes.

MS. LOZANO: Commissioner Lorenzo.

COMMISSIONER LORENZO: Yes.

MS. LOZANO: Chairman Pestana.

CHAIRMAN PESTANA: Yes.

MS. LOZANO: Resolution 11-2016-5 passes in the affirmative by five board members voting yes, four not present.

MR. GUERRA: Item six, Resolution 11-2016-6 of the Hudson County Improvement Authority establishing a policy for purchasing of Authority property no longer needed for Authority purposes at a public sale. As you know, over the years we would typically advertise for the auctioning of vehicles that we feel have reached their useful life. It is counsel's opinion that a policy be establish which eliminates the appearance of a conflict of interest or to be criticized or have someone question our ethical practices or policies, therefore, the resolution before you calls for, as a matter of policy, that no active employee or presently sitting commissioner of the HCIA or any immediate family members shall be permitted to participate as a buyer in a public
sale or auction of vehicles. So counsel, Bill
Netchert, had felt that this would be something
good for the Authority to do.
I believe that the County has something
similar to this.
COMMISSIONER LORENZO: I would like to
ask that it be tabled.
CHAIRMAN PESTANA: Actually I think
that is a good idea to have this resolution --
MR. GUERRA: Counsel felt it would. I
understand the reason for it.
If you want to table it for further
discussion until next meeting, we can. It's not
that we need it tonight. If you want to have a
discussion with the full board present we can do
that.
CHAIRMAN PESTANA: Why don't we do
that.
MR. GUERRA: We can table it to the
next meeting when Billy will be here and he'll go
into detail on it.
COMMISSIONER DUBLIN: So this policy
now eliminates commissioners and employees from
purchase.
MR. GUERRA: I was going to bid --
we do advertise in the paper, but it would
eliminate me as an employee, you as a
commissioner, or family member of mine or family
member of a commissioner. That's how I understand
it now.
COMMISSIONER LORENZO: That's a public
auction and it's open to everybody.
MR. GUERRA: I guess.
COMMISSIONER LORENZO: I don't see why
you should exclude anyone.
COMMISSIONER DUBLIN: When I was at the
Incinerator Authority we had the same policy that
if you worked there, you could not purchase or a
family member couldn't purchase --
MR. GUERRA: The concern is that
somebody could be criticized that you have some
inside knowledge of the condition of the vehicle,
and things of that nature.
For tonight let's table it and then
we'll have a discussion for the next meeting. And
then, Frank, feel free, when Billy is back, you
can have the conversation with Bill and he'll give
you his thoughts on the matter.
CHAIRMAN PESTANA: So so we'll table
this one until further notice.

MR. GUERRA: Okay.
As to item seven, we're tabling that,
Mr. Cherry. This is the adoption of the Budget.
Kurt, do you want to explain why we're
tabling it tonight.
MR. CHERRY: Commissioners the reason
that we're recommending that you table this is
that the Division needs to approve the Budget
prior to final adoption.
The Division did get back to me with
some review notes, which I took care of.
And then today, when I was down in
Trenton, they indicated that there was something
else that they needed to talk about, which is an
adjustment to net assets related to solid waste.
I was not able to address their
concerns today in time for them to give us
approval to finally adopt.
My recommendation is to table this
resolution until our December meeting.
MR. GUERRA: Okay.
CHAIRMAN PESTANA: There is no major
issue with what they were asking you to do, right?
MR. CHERRY: No.
CHAIRMAN PESTANA: Okay.

So we'll table resolution seven as
well.
MR. CHERRY: Yes.
MR. GUERRA: Item eight, Resolution
11-2016-8 of the Hudson County Improvement
Authority authorizing execution of an agreement
with Gaeta Recycling company, Inc. for material
recovery services to accept and recycle solid
waste generated within Hudson County in accordance
with the Hudson County District Solid Waste
Management Plan.
Gaeta Recycling had submitted an
application seeking to enter into such an
agreement, thereby permitting them to accept what
we call non-processible waste, not processible
Type 10 waste, which is dry recyclable waste or
bulky waste or C and D waste, which is Type 13.
As with other MRFs, we do enter into
agreement with them, and the percentage of that
residual has to go to our designated facility.
They will be required to tip at their -- they
can't tip at their facility, and have the option
of either loading that residual in trucks, taking
it to our facility, or paying us that percentage
that's agreed upon and just paying the Authority
directly covering our debt service and admin
component of the debt fee.
So the resolution before you authorizes
the execution of an agreement between Gaeta
Recycling and the Authority.
All of these recycling facilities,
which are known as recovery facilities, we pretty
much have agreements with just about all of them
now.
This is a very small facility and the
percentage, and we’re going to visit the facility
again, but it’s probably or a residual that’s
going to be a little higher than most because it’s
not a highly automated system.
CHAIRMAN PESTANA: Are there any
questions on this resolution?
(No response).
CHAIRMAN PESTANA: Are there any
motions?
COMMISSIONER LORENZO: Motion.
CHAIRMAN PESTANA: Is there a second.
COMMISSIONER GALLO: Second.
CHAIRMAN PESTANA: Motion by
Commissioner Lorenzo and seconded by Commissioner
Gallo.

MS. LOZANO: Commissioner Bado.
COMMISSIONER BADO: Yes.
MS. LOZANO: Commissioner Dublin.
COMMISSIONER DUBLIN: Yes.
MS. LOZANO: Commissioner Gallo.
COMMISSIONER GALLO: Yes.
MS. LOZANO: Commissioner Lorenzo.
COMMISSIONER LORENZO: Yes.
MS. LOZANO: Chairman Pestana.
CHAIRMAN PESTANA: Yes.
MS. LOZANO: Resolution 11-2016-8
passes in the affirmative by five board members
voting yes, four not present.
MR. GUERRA: Item nine, Resolution
11-2016-9 of the Hudson County Improvement
Authority authorizing amendment to the Hudson
County District Solid Waste Management Plan by
administrative action for inclusion of a second
extension of the Solid Waste Disposal Agreement
with the New Jersey Sports and Exposition
Authority for the provision of non-processible
waste disposal services at the Keegan Landfill.
If you remember back in April of 2014
the DEP had approved our disposal agreement for
the disposal of Type 13 waste at the Keegan
Landfill through June 30th, 2016.
In anticipation of that facility’s
permit to expire the Authority had gone out to bid
for disposal services and awarded a contract to
Waste Management.
While the contract was being reviewed
by the DEP the Sports Authority notified us that
they intended to acquire the property of the
Keegan Landfill through condemnation proceedings.
The Sports Authority filed condemnation
action in Superior Court and was successful at
that time, which allowed the facility to continue
to accept waste.
At that time this Board approved an
extension agreement with the Sports Authority for
a period of six months, which comes up for or will
expire December 20th, 2016.
Since then there has been various
actions on both sides, the Town of Kearny and the
Sports Authority, relating to the condemnation and
the renewal of the operating permit is still
pending.
We believe at this point another
extension is needed because, again, they have not
received their final permit, however, the State
does permit them to continue operating.
Therefore, before you is a resolution
authorizing a second extension to the disposal
agreement for a period of six months, and
hopefully during this six months it will be worked
out whether they will be open going forward or
they have to close.
CHAIRMAN PESTANA: Are there any
questions?
(No response)
CHAIRMAN PESTANA: Are there any
motions?
COMMISSIONER GALLO: Motion.
CHAIRMAN PESTANA: Motion by
Commissioner Gallo.
COMMISSIONER DUBLIN: Second.
CHAIRMAN PESTANA: Second by
Commissioner Dublin.
MS. LOZANO: Commissioner Bado.
COMMISSIONER BADO: Yes.
MS. LOZANO: Commissioner Dublin.
COMMISSIONER DUBLIN: Yes.
MS. LOZANO: Commissioner Gallo.
MS. LOZANO: Commissioner Lorenzo.
COMMISSIONER LORENZO: Yes.
MS. LOZANO: Chairman Pestana.
CHAIRMAN PESTANA: Yes.
MS. LOZANO: Resolution 11-2016-9
passes in the affirmative by five board members
voting yes, four not present.
MR. GUERRA: Item 10, Resolution
11-2016-10 authorizing the issuance of Red Bull
Arena Settlement Bonds, Series 2016, of the Hudson
County Improvement Authority and determining other
matters related thereto.
I know the transaction had been
discussed at a previous meeting.
With us tonight is Bakari Lee from
McManimon & Scotland.
What I do know is today the application
was actually accepted and approved by the Local
Finance Board and we did receive positive findings
on it.
I would like to turn this over to
Bakari Lee and he can discuss the transaction with
you.
MR. LEE: Thank you, Norman.
Good evening, commissioners.
As you may recall, I was here before

you previously for a resolution making application
to the Local Finance Board in connection with the
issuance by the Improvement Authority of the Red
Bull Arena Settlement Bonds. The same transaction
I'll highlight briefly.
Essentially, as you may recall, there
was litigation between Red Bull and the Town of
Harrison regarding the tax assessor's
determination that Red Bull was required to pay
real property taxes on its interest - it's
ownership of the stadium.
Back in 2006, when Red Bull's
predecessor, the Town of Harrison, Harrison
Redevelopment Agency, and the Improvement
Authority constructed the transaction, the
understanding or belief among the parties was that
the facility would not be subject to real property
taxation.
Subsequent to that, the Town of
Harrison's tax assessor, who is separate from the
Town of Harrison, determined that real estate
taxes, real property taxes were applicable to the
stadium and levied taxes against Red Bull as a
result.
Red Bull filed a complaint with the tax
court regarding the same. They were unsuccessful.
They appealed. They were unsuccessful again. And
then they petitioned the Supreme Court of the
State of New Jersey for cert to have the case
held.
At that point the parties came
together and negotiated a settlement of the
litigation, the tax issues. That transaction
contemplates transfer of the land, the dirt upon
which the stadium is built, to the Improvement
Authority and by Harrison Redevelopment Agency.
The transfer by Red Bull of fee simple
ownership in the stadium is also to the
Improvement Authority, so the Improvement
Authority would be the owner of the dirt under the
stadium and the stadium itself.
The Improvement Authority then would
enter into a lease agreement with Red Bull for a
triple net lease agreement with Red Bull for their
ongoing use and operation of the facility. Red
Bull would be required to pay any maintenance,
insurance, so on and so forth.
Part of the transaction, or the
settlement I should say, contemplates the issuance
of these bonds that you have before you in the
form of a general bond resolution and supplemental
resolution.
The structure of the bond issuance
would be a taxable private placement of the bonds
with a Red Bull affiliate entity. So, in short,
what that means is that Red Bull would either
designate or create a single purpose entity. That
entity would buy the bond. And Red Bull, under
the lease agreement would pay the debt service for
the bonds. So in essence, Red Bull is paying its
own debt service.
The purpose of this structure is to
provide additional security to Red Bull, in the
form of leasehold mortgages and fee mortgages, and
to provide Red Bull, with a position as a bond
holder, with a secured interest in the stadium.
Their concern throughout has always
been we spent $200 million to build the stadium
and now, unanticipated by us previously, we have
to convey it to another entity.
So what they're seeking to do is to
have as many mechanisms as possible in order to
insure their ongoing interest in the stadium,
their secured interest in the stadium. And these
bonds, and the presentation and approval before

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the Local Finance Board, was part of that.

Another thing that they have sought to
do is have as many regulatory approvals as
possible in order to get any party that could
potentially have a say on this to agree that this
transaction is sound.

The County Executive has executed a
Pre-Approval Certificate authorizing this body to
adapt the bond resolutions. The Local Finance
Board today rendered positive findings in favor of
this transaction. And the County Board of Chosen
Freeholders, at their caucus meeting today, heard
a Section 56 resolution, an approving resolution,
related to the transaction and indicated their
approval of it.

That's essentially the transaction.

We would look to close sometime around
the middle of December.

CHAIRMAN PESTANA: Thank you, Bakari.
Norman.

MR. GUERRA: Do you want me to read 11
into the record and you can vote on both
resolutions?

CHAIRMAN PESTANA: Yes.

MR. GUERRA: Item 11, Supplement

Resolution 11-2016-11 authorizing the issuance of
not to exceed $2 million Red Bull Settlement
Bonds, Series 2016, of the Hudson County
Improvement Authority and determining various
other matters in connection therewith.

So you want to call for a motion on
both resolutions, items 10 and 11.

CHAIRMAN PESTANA: Are there any
questions or motions on Resolutions 10 and 11?

(No response)

CHAIRMAN PESTANA: Hearing none.

Any motions?

COMMISSIONER LORENZO: Motion.

CHAIRMAN PESTANA: Motion by

Commissioner Lorenzo.

COMMISSIONER GALLO: Second.

CHAIRMAN PESTANA: This is for 10 and

11.

MR. GUERRA: Yes.

CHAIRMAN PESTANA: Seconded by

Commissioner Gallo.

This is on Resolutions 10 and 11.

MS. LOZANO: Commissioner Bado.

COMMISSIONER BADO: Yes.

MS. LOZANO: Commissioner Dublin.
CERTIFICATION

I, Sharon Palmer, C.C.R., License Number X100796, a Certified Court Reporter of the State of New Jersey, do hereby certify that the foregoing is a true and accurate transcript of my stenographic notes of the within proceedings to the best of my knowledge and ability.

Sharon Palmer, C.C.R.

Dated: November 11, 2016