(The meeting commences at 5:36 p.m.)

CHAIRMAN PESTANA: Call the meeting to order. Please rise for the salute to the flag.

(Pledge of Allegiance was recited.)

CHAIRMAN PESTANA: Call the roll, please.

MS. RAMOS: Commissioner Bado.

COMMISSIONER BADO: Present.

MS. RAMOS: Commissioner Deliabella.

COMMISSIONER DELIABELLA: Present.

MS. RAMOS: Commissioner Doran.

COMMISSIONER DORAN: Present.

MS. RAMOS: Commissioner Dublin.

COMMISSIONER DUBLIN: Present.

MS. RAMOS: Commissioner Goldsack.

COMMISSIONER GOLDSACK: Present.


COMMISSIONER PENEDA: Present.

MS. RAMOS: Chairman Pestaña.

CHAIRMAN PESTANA: Here.

MS. RAMOS: Chairman, we have a quorum with seven board members present, two not present.

CHAIRMAN PESTANA: Mr. Netchert.

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COMMISSIONER BADO: Present.
MS. RAMOS: Commissioner Dellabella.
COMMISSIONER DELABELLA: Abstain.
MS. RAMOS: Commissioner Doran.
COMMISSIONER DORAN: Abstain.
MS. RAMOS: Commissioner Dublin.
COMMISSIONER DUBLIN: Yes.
MS. RAMOS: Commissioner Goldsack.
COMMISSIONER GOLDSACK: Yes.
MS. RAMOS: Commissioner Peneda.
COMMISSIONER PENEDA: Yes.
MS. RAMOS: Chairman Pestana.
CHAIRMAN PESTANA: Yes.
MS. RAMOS: The minutes of July 10th, 2019 regular board meeting approved with five board members voting yes, two abstentions, two not present.
MR. GUERRA: Item number 4 --
CHAIRMAN PESTANA: Hold on, comments from the public first.
MR. GUERRA: Sorry, jumped the gun.
CHAIRMAN PESTANA: Comments from the public? Seeing none, the public portion is now closed.
MR. GUERRA: Sorry about that. Item number 4, resolution number 7-2019-4SBM of the Hudson County Improvement Authority authorizing the award of a contract for the provision of disposal services for all non-processible solid waste types 13, (including 13c), 23 and 27 generated within Hudson County.
As you're aware, with the closing of the Keegan Landfill and the continued litigation surrounding its future, we had to advertise for solid waste disposal services. On July 17th, we did accept bids from Advanced Enterprises Recycling, Inc., and also known as Dart, and Waste Management, Inc. Waste Management submitted a bid of $78 per ton. Advanced Enterprises submitted a bid of $79.36 a ton.
Waste Management proposed the use of three waste transfer facilities, one of them is in the northern part of the county, in Fairview on Broad Avenue on 1&9.
CHAIRMAN PESTANA: Fairview, that's Bergen County.
MR. GUERRA: Well, it's Bergen -- but in the northern -- I'm sorry, it's the close to northern Hudson, very close to North Bergen. The second one is Julia Street Transfer Station in R.J. O'CONNELL ASSOCIATES, INC. (973) 239-7252

Elizabeth, and the fourth one is Front Street Transfer Station in Elizabeth. So there are three transfer stations that would handle the waste.
Advanced Enterprises proposed the use of their Dart facility, which is in Essex County on Doremus Avenue. Bids were reviewed by both our consultant engineer for costs and technical compliance and Kevin Conte, our special counsel on solid waste matters, reviewed it for administrative and legal compliance.
As a result of their review, Waste Management, Inc., was deemed the lowest responsible bidder. It's anticipated that this contract would run for an 11-month period. The intent is to have this end when the contract that we have in place for the type 10 municipal waste ends so we can combine both types of waste in one bid document and rebid the whole system at that time.
The resolution before you authorizes the award of the contract to Waste Management, Inc. And, again, this for what's -- let me explain what the 13, 13c. The 13 is bulky waste, your furniture, your big items; 13c is demolition waste; 23 is, I believe, animal waste; and 27 is more like a grit and types of soil, that's 27 waste.
Again, most of this waste is permitted to go to material recovery facilities, which some towns do. I know Jersey City takes it to a material recovery facility, and some of the other towns. So there's not a lot. It's estimated -- I think last year we brought in to Keegan maybe 40,000 tons. But if you compare that to our type 10 municipal waste, that's 400,000 tons. So this is a very small part of our system, but we need to do this to preserve waste flow going forward of this type of waste.
CHAIRMAN PESTANA: Are all three waste management facilities taking all --
MR. GUERRA: Well, we'll sit with the towns. I know the towns in the north would love to go to Fairview, it's the easiest spot for them. And I believe Bayonne right now is going to a material facility in Jersey City. Jersey City goes to a material recovery facility I believe in North Bergen.
So again a lot of this weight -- some of this is actually from the private sector who may choose to do to this versus go to a MRF. Secaucus...
I'm not sure where Secaucus goes with theirs, could be Allegro, right there.

COMMISSIONER GOLDSACK: Probably.

MR. GUERRA: And those MRFs, we have contracts with them where we do get the residual, which is a good thing because we get paid with the residual. Instead of them double handling it, loading it in the trailer and sending it to our designated facility, which in this case would be one of these, they basically write us a check on an agreed upon percentage for our debt service, and admin fee. So that's how we negotiated higher percentages on the residual and that's been working out well for us, so...

CHAIRMAN PESTANA: Any other questions?

Any motions?

COMMISSIONER DORAN: Motion to approve.

COMMISSIONER PENEDA: I'll second it.

CHAIRMAN PESTANA: Motion by Commissioner Doran, second by Commissioner Peneda.

MS. RAMOS: Commissioner Bado.

COMMISSIONER BADO: Yes.

MS. RAMOS: Commissioner Dellabella.

COMMISSIONER DELABELLA: Yes.

COMMISSIONER GOLDSACK: Motion.

COMMISSIONER DORAN: Second.

CHAIRMAN PESTANA: Motion by Commissioner Goldsack, second by Commissioner Doran.

MS. RAMOS: Commissioner Bado.

COMMISSIONER BADO: Yes.

MS. RAMOS: Commissioner Dellabella.

COMMISSIONER DELABELLA: Yes.

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COMMISSIONER DORAN: Yes.

MS. RAMOS: Commissioner Dublin.

COMMISSIONER DUBLIN: Yes.

MS. RAMOS: Commissioner Goldsack.

COMMISSIONER GOLDSACK: Yes.

MS. RAMOS: Commissioner Peneda.

COMMISSIONER PENEDA: Yes.

MS. RAMOS: Chairman Pestana.

CHAIRMAN PESTANA: Yes.

MS. RAMOS: Resolution No. 7-2019-4SBM passes in the affirmative with seven board members voting yes, two not present.

MR. GUERRA: Item No. 5, Resolution No. 7-2019-5SBM of the Hudson County Improvement Authority recommending to the Hudson County District Solid Waste Management Plan modifying the terms consistent with the award of a contract for the provisions of disposal services for all non-processible solid waste 13, 13c, 20, and 27 generated within Hudson County.

Again, this is part of the process. Now being we awarded the contract to Waste Management and those three facilities, Waste Management and those facilities have become our designated facilities and must be included in the Hudson

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MS. RAMOS: Commissioner Doran.

COMMISSIONER DORAN: Yes.

MS. RAMOS: Commissioner Dublin.

COMMISSIONER DUBLIN: Yes.

MS. RAMOS: Commissioner Goldsack.

COMMISSIONER GOLDSACK: Yes.

MS. RAMOS: Commissioner Peneda.

COMMISSIONER PENEDA: Yes.

MS. RAMOS: Chairman Pestana.

CHAIRMAN PESTANA: Yes.

MS. RAMOS: Resolution No. 7-2019-5SBM passes in the affirmative with seven board members voting yes, two not present.

MR. GUERRA: Item No. 6, Resolution No. 7-2019-6SBM of the Hudson County Improvement Authority making application to the Local Finance Board pursuant to N.J.S.A. 40A:5A-6.

The resolution before you relates to the project financing for the following towns through our pool note program:

City of Union City, approximately $29,125,000; Township of Weehawken, approximately $16,582,000; and the City of Bayonne, approximately $6,725,000; and the Weehawken Parking Authority $13,150,000. The total

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financing amount is approximate the $67,582,000. 

CHAIRMAN PESTANA: Questions? Any
motions?

COMMISSIONER GOLDSACK: Motion.

COMMISSIONER DELLELLA: Second.

CHAIRMAN PESTANA: Motion by
Commissioner Goldsack, second by Commissioner
Dellabella.

MS. RAMOS: Commissioner Bado.

COMMISSIONER BADO: Yes.

MS. RAMOS: Commissioner Dellabella.

COMMISSIONER DELLELLA: Yes.

MS. RAMOS: Commissioner Doran.

COMMISSIONER DORAN: Yes.

MS. RAMOS: Commissioner Dublin.

COMMISSIONER DUBLIN: Yes.

MS. RAMOS: Commissioner Goldsack.

COMMISSIONER GOLDSACK: Yes.

MS. RAMOS: Commissioner Peneda.

COMMISSIONER PENDA: Yes.

MS. RAMOS: Chairmain Pestana.

CHAIRMAN PESTANA: Yes.

MS. RAMOS: Resolution 7-2019-6SBM
passes in the affirmative, seven board voting yes,
two not present.

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we get a payment for that. And it will allow
enough time, and there's enough flexibility in
there for them to vacate the site, once we get
closer to finalizing the deal with the Morris
Company.

So the resolution before you authorizes
a month-to-month lease until that happens because
we're still generating revenue from that.

CHAIRMAN PESTANA: Any questions?

MR. NETCHERT: The reason it's important
to us is that Great Lakes is a publicly traded
company. For them to pay us, they need a
document, so for them to pay us the rent arrears
that have taken place since December of '18, they
need an official action and document for them to
pay.

MR. GUERRA: To mail the check.

MR. NETCHERT: Which is why we're
anxious to get it because we're already seven
months worth of check on the way.

COMMISSIONER GOLDSACK: How much is the
original --

MR. GUERRA: They're a little slow in
paying, but they do --

MR. NETCHERT: They pay a ground lease

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MR. GUERRA: Item No. 7, Resolution No.
7-2019-7SBM of the Hudson County Improvement
Authority authorizing the short-term extension of
a lease agreement with Great Lakes Dredge and Dock
Company.

As you are aware, we had entered into
the initial lease agreement with Great Lakes
Dredge and Dock back in 2004 for the purpose of
processing dredge materials. Over time, there
were amendments to the initial lease. The last
amendment, known as the fourth amendment, expired
back in December 31st, 2018. Since then, we've,
as you may be aware, negotiated -- you are aware,
negotiated our settlement with New Jersey Transit.
The declaration of taking has been filed and the
transfer of title for a portion of the Copper
site. We also continue to make progress as we
continue to work diligently with the Morris
Company. But before you is a resolution that
modifies and extends the terms of the original
lease. So what we're thinking is a short-term
extension, month-to-month, with Great Lakes to
continue bringing in the dredge material,
processing it, paying us a lease payment. None of
the material stays on-site, it goes off-site, but

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payment of $25,000 per month. And we receive
a dollar per cubic yard for every cubic yard --

MR. GUERRA: And per cubic yard, it's a
dollar a cubic yard and we bill them every six
months for that. And that material goes off-site,
so we do generate some revenue from that.

CHAIRMAN PESTANA: Any other questions?

Anybody have a motion?

COMMISSIONER PENDA: I'll make the
motion.

COMMISSIONER DORAN: Second.

CHAIRMAN PESTANA: Motion by
Commissioner Peneda. Second by Commissioner
Doran.

MS. RAMOS: Commissioner Bado.

COMMISSIONER BADO: Yes.

MS. RAMOS: Commissioner Dellabella.

COMMISSIONER DELLELLA: Yes.

MS. RAMOS: Commissioner Doran.

COMMISSIONER DORAN: Yes.

MS. RAMOS: Commissioner Dublin.

COMMISSIONER DUBLIN: Yes.

MS. RAMOS: Commissioner Goldsack.

COMMISSIONER GOLDSACK: Yes.

MS. RAMOS: Commissioner Peneda.

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COMMISSIONER PENEDA: Yes.
MS. RAMOS: Chairman Pestana.

CHAIRMAN PESTANA: Yes.

MS. RAMOS: Resolution 7-2019-7SBM passes in the affirmative, seven members voting yes, two not present.

MR. GUERRA: Item No. 8, resolution No. 7-2019-8SBM of the Hudson County Improvement Authority accepting the calendar year audit for the period ended December 31st, 2018, prepared by Donohue, Gironda, Doria and Tomkins in accordance with the provisions of N.J.S.A. 40A:5A-15, and N.J.S.A. 40A:5A-17.

With us tonight is one of the partners in the firm, Mauricio Canto who can summarize the results of the audit.

MR. CANTO: Thank you, Executive Director. Good evening, Chairman, members of the Board of Commissioners. I'm here to present the comprehensive annual financial report.

What I'd like present these reports -- when I present these reports, I like to present first the financial aspect. And then I'll go into the internal controls and compliance aspect of the audit. What I'd like to turn your attention to is the statement of changes in net position, which would be page 26 of the report. Now, the change in net position in 2017 was $8.9 million, while this year it was $8.5 million. Now, something that was interesting that happened this year, similar to what happened three years ago, government auditing standards board, we pronounce is GASB, or we shorten it to GASB. They actually released a new pronouncement, GASB 75 which -- let me backtrack a little bit.

In 2016, they released GASB 68, which required authorities to disclose their pension liability. And that actually created a restatement of prior years and gave a hit in the liability to the Authority, close to $16 million back in 2016. And something similar again happened this year for this year's audit. For implementing 2000 -- actually, going back to 2016, it's called other post-employment benefits liability. So I'll do it this year, just to explain to everyone that the -- we shorten it, we call the acronym OPEB. The OPEB liability is basically a snapshot of what your retirees are going to cost in the future or basically what it would cost if everybody retired today.

So it's a good thing, where it's nationwide, the State of New Jersey actually reported it for the entire state and itemized it by government entity, actually disclosing how many employees each entity has and based on life expectancies, healthcare costs projections, and the discount rate for investments for -- just the inflation for currency, they come up with this figure of what's going to cost for your retirees in the future. It ends up being $16 million for the Authority for 2016. So you could see on the bottom of the statement, there was a restatement -- there was a prior adjustment to recognize other post-employment benefits of $16 million.

So now with that given, the net position went into a negative or into a deficit of $43 million. And then later on in 2018, it's at $35 million. It's quite interesting because the number is going to go up and down because it's not an exact science, it's not done by accountants, it's done by an actuary. It has all those variables in place and it fluctuates, goes up and down.

They actually have -- they require us to disclose in our notes to the financial statements how much this liability would go up if the discount rate goes up or down one point or if the healthcare trend rate goes up or down one point. And it's quite substantial, the difference. So these things are going to happen from year to year. So there are going to be fluctuations. But it is good for commissioners or the director of a board to understand that for every employee that's hired, there is a liability or legacy cost into the future. And so that's what this GASB is trying to disclose to the end user.

COMMISSIONER GOLDSACK: Excuse me. What was the age that they used as far as the actuarial?

MR. CANTO: The age?

COMMISSIONER GOLDSACK: As far as retirement, health benefits. I mean there was one point in time, I recall, when they started this craziness that they were using the age of 100.

MR. CANTO: Oh, life expectancy.

COMMISSIONER GOLDSACK: Yes.

MR. CANTO: Let me see real quick, I'm not sure if they do disclose that.

COMMISSIONER GOLDSACK: Very optimistic.

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MR. CANTO: I believe it's on page 95, it has the 93 actuarial assumptions.

COMMISSIONER GOLDSACK: 93, we're down.

COMMISSIONER DELLABELLA: Still a good run.

COMMISSIONER GOLDSACK: Since the landfill.

MR. GUERRA: We'll make that. Might still be sitting here because there will be no money to receive from a pension.

MR. CANTO: I will have that ready for you next time.

COMMISSIONER GOLDSACK: That's fine.

MR. CANTO: But that is not disclosed in here. They give a much more detailed actuarial report, we're only required to report a few portions of that report. That is actually just --

COMMISSIONER GOLDSACK: What concerns me is the fact we had to reclassify. I mean normally something like this, which has such a financial impact, the future financial impact, wouldn't it be a footnote, instead of a --

MR. CANTO: Well, they refer to all these different studies that are done that the actuaries refer to. It's not exactly our specialty, but they refer to it as RP-2006 headcount weighted healthy annuitant male/female mortality table with fully generational improvement projections from the central year using MP-2017 scale. And it goes into that, using -- for lack of a better term, their lingo, referring to these reports that are industry standards, we don't get too much into that.

But we do get into the inflation rate, what the different assumptions for salary increases the next five years, investment rate of returns is expected, and the healthcare trend rate, which they expect is between 5.8 to 5.9.

That is how much the healthcare cost is going increase each year, so things of that nature.

COMMISSIONER GOLDSACK: Okay.

MR. GUERRA: No retiring.

COMMISSIONER DELLABELLA: Work until 93.

MR. CANTO: So based on that, I'd like to also -- exhibit 8 on page 26, I like to explain that your change in net position, that's like a business term, to say your net income was $8.5 million, but if you take out what the additional expense was for pension, because of the actuary report and the additional other post-employment benefits expense was, because of the actuarial report your net income was actually $9.1 million in comparison to prior year, which was $10.2 million. So slight decrease, but it's still excellent numbers.

And it appears that the Authority has chipped away at their deficit they had from the $33 million write off that was done a few years ago. And projections -- it appears that the net position now, without a pension and OPEB liability is about $9 million. So if the authority is able to generate another $9 million in income, net income, next year, they should finally get out of that deficit that they've been in.

CHAIRMAN PESTANA: Anybody else have any questions?

MR. CANTO: Let me go through the -- if I may, Chairman, a few things about the report. As far as the financial statements, you have an unmodified opinion, that means that the financial statements are fairly stated. We didn't find any issues with them, we don't have any reportable matters to disclose regarding internal controls or compliance regarding the financial statements.

And then there's a second part to the audit which is called the single audit, which is basically if you have $750,000 in grant expenditures, required to have an audit just for the grants. So your TMA program has over $750,000 in federal grants. We did a single audit for that. And that also -- we did not have any findings for the compliance or internal control aspect of that single audit.

The finance department, in our opinion, continues to do an excellent job in recordkeeping and compliance with the State of New Jersey regulations and federal regulations, when it comes to grants. So I just wanted to give credibility to Kurt Cherry and the controller Policastro, finance department. In our opinion, they do an excellent job because it just shows that, because we don't have any findings, this is not the normal trend we have or what we usually do. Don't usually see -- my apologies, we usually don't have reports where there aren't any audit findings over so many years. But they run a very tight ship here and just wanted to disclose that to you in the formal presentation.
COMMISSIONER GOLDSACK: So no prior year
findings or current year findings?
MR. CANTO: That's correct.
COMMISSIONER GOLDSACK: Job well done,
Kurt.
Mr. cherry: Thank you.
Mr. CANTO: Any questions?
CHAIRMAN PESTANA: Thank you.
COMMISSIONER DORAN: Make sure you sign
the form.
MS. RAMOS: I have it, yes.
CHAIRMAN PESTANA: No further questions?
Do we have any motions?
COMMISSIONER DELLABELLA: Motion.
COMMISSIONER DORAN: Second.
CHAIRMAN PESTANA: Motion by
Commissioner Della bella. Second by Commissioner
Doran.
MS. RAMOS: Commissioner Bado.
COMMISSIONER BADO: Yes.
MS. RAMOS: Commissioner Della Bella.
COMMISSIONER DELLABELLA: Yes.
MS. RAMOS: Commissioner Doran.
COMMISSIONER DORAN: Yes.
MS. RAMOS: Commissioner Dublin.

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COMMISSIONER DUBLIN: Yes.
MS. RAMOS: Commissioner Goldsack.
COMMISSIONER GOLDSACK: Yes.
MS. RAMOS: Commissioner Peneda.
COMMISSIONER PENDED: Yes.
MS. RAMOS: Chairman Pestana.
CHAIRMAN PESTANA: Yes.
MS. RAMOS: Resolution 7-2019-8BM
passes in the affirmative, seven board members
voting yes, two not present.
MR. GUERRA: Chairman and the
commissioners could have the month of August off.
CHAIRMAN PESTANA: Thank you.
MR. NETCHERT: Commissioners, the plan
probably is to send out the August bills for
telephone vote. And then reaffirm at the
September meeting.
CHAIRMAN PESTANA: There's no personnel
matters.
MR. GUERRA: Unless -- there's nothing
else, Chairman. Unless something pops up between
now and then, you never know.
CHAIRMAN PESTANA: We have a motion to
adjourn?
COMMISSIONER DORAN: Motion.

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CERTIFICATE

I hereby certify that the foregoing is a
true and accurate transcript of the testimony and
proceedings as taken stenographically by me at the
time, place, and on the date hereinbefore set
forth.

[Signature]

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