

**MINUTES OF CAUCUS MEETING HELD ON JANUARY 28, 2019**

1. Roll Call: Commissioners Dabal, Susino, Giacomarro, Puzio, Ribaudo and Quilles present.
2. William Ketchen presents budget. See Transcript for verbatim record.
3. Motion to close by Commissioner Dabal. Second by Commissioner Ribaudo. All Commissioners present in favor.

1 THE HOUSING AUTHORITY  
2 OF THE CITY OF GARFIELD  
3 BERGEN COUNTY, NEW JERSEY

4 Monday, January 28, 2019  
5 Commencing at 6:15 p.m.

6 CAUCUS MEETING

7 COMMISSIONERS PRESENT:

8 NOEL QUILES, CHAIRMAN

9 EDWARD J. DABAL

10 RICHARD GIACOMARRO

11 EDWARD PUZIO

12 ROSEMARIE RIBAUDO

13 JUDITH SUSINO

14  
15 ALSO PRESENT:

16  
17 MICHAEL P. DE MARCO, ESQ.  
18 HOUSING AUTHORITY ATTORNEY

19 MARGARET A. FIORE  
20 OFFICE MANAGER

21  
22 MARY MC KAY  
23 Certified Court Reporter  
24 Certified Realtime Court Reporter  
25 Registered Professional Reporter  
13-10 Fairclough Place  
Fair Lawn, New Jersey 07410  
(201) 796-4701

1           Notice of the time, date and place of this  
2 meeting has been provided at least 48 hours in advance  
3 by publication in The Record and by posting a notice of  
4 this meeting on the community bulletin board at the  
5 Garfield Housing Authority and Garfield City Hall.

6           MR. KATCHEN: So tonight is consideration of  
7 two resolutions with regards to the budget. The first  
8 one is for the State of New Jersey budget, which is  
9 all-encompassing. It includes the budget for the  
10 buildings. It includes your capital budget.

11           As we all know, and we discussed this before,  
12 as a result of the Transparency Act that the  
13 legislature approved about five years ago, this budget  
14 has flip-flopped from principally financial, a little  
15 bit of informational; to now it's principally  
16 informational and a little bit of informational. So  
17 there's stuff in there about accrued vacation and sick  
18 time. If you had a shared services agreement, which  
19 you don't. If you had debt service. Salaries,  
20 retirees.

21           I mean, when they change this form of budget,  
22 we're required to include, if any of the board members,  
23 and you see that and you've given us the information,  
24 have a pension, work for the town, work for the county,  
25 work for the Delaware Bridge Authority, et cetera, that

1 that salary needs to be included. And to their credit,  
2 the state, they check. They do a search on that data  
3 universe, the Asbury Park Press site, AAP, data  
4 universe, to verify that. If there's travel, if  
5 there's meal costs, we have to identify that.

6 One of the first things they go to is, did  
7 you complete last year and submit your financial  
8 disclosure form? I hope everybody did here, because if  
9 they didn't, then we'll hear about it and they won't  
10 authorize the approval of the budget. You probably  
11 would have heard anyway, because it's the city clerk's  
12 responsibility to let you know that.

13 This budget financially, on Resolution  
14 2019-01, reflects \$3,567,316 in revenue. Your two  
15 biggest sources of revenue are your tenant rents, which  
16 is based on your December rent roll for tenants, and  
17 your 2018 actual funding from HUD prorated at  
18 92 percent. Now, we have not gotten 100 percent of our  
19 HUD subsidy since the first year of the Obama  
20 administration. This year -- '18, I should say, they  
21 raised the level of funding to 93 percent. We  
22 anticipate that amount to be in '19 to be approximately  
23 the same; 92, 93 percent. And the tenant rents are  
24 based on an occupancy level of -- I believe I used  
25 98 percent. 98 percent.

1                   So your total tenant rental is anticipated to  
2     be 2,427,930.

3                   CHAIRMAN QUILES: That's what we have -- I'm  
4     sorry, Mr. Katchen. That's what we have coming in  
5     yearly?

6                   MR. KATCHEN: Yes, yes, yes. Yeah. A lot.  
7     It's like 220 -- it's just under 220,000 a month.  
8     That's the gross. That's the gross. To the extent you  
9     don't get paid and we go to court and don't collect and  
10    we have to write it off, obviously that ends up falling  
11    through as an expense.

12                  The insurance premiums this year are up. One  
13    of the things that the state requires is that we do a  
14    comparison of the current year's budget to the proposed  
15    budget. And the three categories that required some  
16    description or additional narrative, HUD operating  
17    subsidy is higher because based on utilities last year.  
18    Late charges and prorations are budgeted lower because  
19    we expect less money for the congregate housing  
20    program.

21                  Interestingly enough, your health benefits  
22    are lower, because with the implementation of a  
23    Medicare-related plan for retirees, even though none of  
24    the retirees are paying anything towards their own  
25    health insurance, the state's plan has given rise to a

1 dramatic reduction in the retiree health insurance  
2 premiums. And also I heard from a lot of the retirees  
3 the plan isn't as good as it was before. That's what  
4 I've heard.

5 But it's resulted in a dramatic cut to the  
6 extent of -- let's see what that number looks like.  
7 Yes. This year your retiree health insurance premiums  
8 were budgeted at \$117,540 for nine retirees. Next  
9 year, for eight retirees, it's budgeted 59,351.

10 CHAIRMAN QUILES: So that's added. That's  
11 adding eight or taking away one?

12 MR. KATCHEN: No, no, taking away one. So  
13 half. It's whatever the state has done in order to  
14 marry the retiree benefits with Medicare. And the  
15 whole cost of it is, not to give better benefits to  
16 retirees, but to cut the cost to the state.

17 Your regular health insurance premiums are up  
18 two percent for '19 over '18. So insurance premiums  
19 are up 12 percent. With the JIF, it's been a long time  
20 since the JIF increased their insurance premiums, but  
21 as a result of some catastrophic claims, they had no  
22 choice. They had tremendous losses last year. So most  
23 authorities saw an 11 percent increase. Some saw  
24 upwards of 20 percent if they had piggybacked worker's  
25 comp and casualty losses.

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1           That's not your case. But your premiums are  
2 up -- I'll tell you right away. Your premiums are only  
3 up 3.6 percent, which is, you know, to the benefit of  
4 your staff. Keeping the claims under control.

5           CHAIRMAN QUILES: Would you say this is in  
6 reference more so to worker's comp?

7           MR. KATCHEN: That's a combination of  
8 worker's comp and building, public officials liability  
9 and general liability. They're all wrapped in there.

10          CHAIRMAN QUILES: So even if we don't have  
11 any issues during the period of the year, we still get  
12 an increase?

13          MR. KATCHEN: Well, worker's comp goes up by  
14 virtue of salary increases. And they did put through a  
15 blanket increase for all other insurance coverages, but  
16 some less than others. Obviously, yours is lower. But  
17 your premiums are still substantially lower than if you  
18 went into the private market.

19          We will not get a dividend this year. They  
20 discontinued indefinitely the insurance dividends that  
21 they paid at year end because there's not enough money  
22 to pay it. I mean, it's great coverage. You can't get  
23 better coverage than the JIF, but it's caught up to  
24 them some with claims.

25          So this budget, 2019-01, in my opinion, is

1 conservative.

2 One other thing I'd like to bring to your  
3 attention that the state will go to is the surplus  
4 section. So --

5 CHAIRMAN QUILES: I'm sorry, Mr. Katchen.  
6 Can you just carry us with you here? Let us know what  
7 page you're at.

8 MR. KATCHEN: Yes. Page F8. Frank 8.

9 CHAIRMAN QUILES: You said Frank 8?

10 MR. KATCHEN: Yes.

11 Now, the state's going to look at that  
12 because they're going to want to make sure you have  
13 adequate surplus. If you don't, then they're going to  
14 come back and ask for a corrective action plan. Well,  
15 it's projected that at the end of next year your  
16 surplus will be in excess of 1.1 million. So you guys  
17 are healthy, you're stable. And unless we encounter  
18 some dramatic reductions in HUD funding, I would expect  
19 that we'll continue to be north of a million dollars in  
20 surplus.

21 Capital, we've budgeted the same as this  
22 previous year; 575,000. But you won't know what your  
23 capital is going to be until -- with the shutdown, it  
24 may not be until August or September. When they get  
25 around to distributing that money. But this past year



1 was a record year because -- in terms of the funding.  
2 They authorized more than they have in a long time.  
3 They went from 1.8 billion to 2.3 billion nationwide.  
4 So I'm hoping they appropriate the same amount of  
5 money.

6 So that's Resolution 2019-01. If you guys  
7 elect to approve this tonight, it has to be mailed  
8 tomorrow, because the state needs to have it in their  
9 hands by the 31st.

10 CHAIRMAN QUILES: And if we chose not to?

11 MR. KATCHEN: Then next month the only  
12 difference is that we consider a late filing  
13 resolution. Because the local authorities Fiscal  
14 Affair Act says it should be considered 60 days or more  
15 before the start of the fiscal year.

16 MS. FIORE: How does that get -- regular  
17 mail?

18 MR. KATCHEN: Regular mail. To Paul Ewert.  
19 If you don't see it there, just give me a call  
20 tomorrow.

21 But, remember, this is the first bite of the  
22 apple. This is approval. After the state scrubs it --  
23 because you really don't get a HUD review anymore.  
24 Because you guys are not troubled, so HUD does not look  
25 line item by line item. The only thing they look at is

1 that you did -- and that's Resolution 2019-02 -- is  
2 that you did consider a form of HUD budget, which is  
3 more detailed on the building side than the state  
4 budget.

5 And that budget is identical to the state  
6 budget in terms of the financials, except that this  
7 budget, 2019-02, does not take into consideration the  
8 capital budget like the state budget does. So if you  
9 look at 2019-01's budget, the one column for operations  
10 is identical to what's on 2019-02. You have a salary  
11 page. You have all other administrative expenses.

12 You know, one of the things that you guys  
13 have done with the antennas is you've stabilized your  
14 other revenue source, because that goes right to the  
15 bottom line. HUD used to recapture that money, but now  
16 it goes to the bottom line.

17 CHAIRMAN QUILES: So now when those checks  
18 come in, they come in to us?

19 MR. KATCHEN: Yes. And it doesn't reduce any  
20 source of HUD funding.

21 CHAIRMAN QUILES: And we have, what, three  
22 companies up there?

23 MR. KATCHEN: Two.

24 CHAIRMAN QUILES: That increased every year,  
25 correct?

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1 MR. KATCHEN: I think it's just under 60,000.

2 MR. DE MARCO: They have CPI increases.

3 MR. KATCHEN: The only source of revenue you  
4 collect that reduces your HUD funding is the excess  
5 utility charges to the tenant. So for air  
6 conditioners, other appliances, fans, that -- since it  
7 causes a utility cost and since HUD technically funds  
8 your utilities at 100 percent, HUD takes that money  
9 back. But the other side of it is, you can't reduce  
10 those costs to the tenants, because HUD regulations  
11 require that you implement excess utilities for  
12 anything over and above your base refrigerator and your  
13 other appliances.

14 So if anybody has any questions.

15 MR. PUZIO: Yes. Last year we had a deficit  
16 of about 68,000 or 58,000.

17 MR. KATCHEN: Your budgeted deficit for the  
18 current year was 134,795. 134,795. This year you  
19 project a surplus of 54,295. Now, the biggest part of  
20 that is retirements. Colleen retired, so her salary is  
21 no longer in this budget. Coupled with the cut in the  
22 health benefits. Those two items have pretty much --  
23 they represent the largest change in your expenses. To  
24 go from a projected loss to a projected -- projected  
25 surplus next year.

1 MR. PUZIO: What was that final figure, 150?

2 MR. KATCHEN: 54,296. Last year -- current  
3 year is a projected deficit of 134,795.

4 Anybody have --

5 MS. FIORE: I just have a question. I'm  
6 sorry. Does this get mailed as well?

7 MR. KATCHEN: The top resolution, if  
8 approved, goes to Sharon Smith at HUD. Only the  
9 resolution. Not the budget. And this budget --

10 MS. FIORE: Hold on.

11 MR. KATCHEN: Sure.

12 MS. FIORE: Okay. And the state?

13 MR. KATCHEN: And the state budget, if  
14 approved, goes to Paul Ewert, E-W-E-R-T.

15 MS. FIORE: With the resolution as well?

16 MR. KATCHEN: The whole budget. The whole  
17 budget.

18 MS. FIORE: But and the resolution?

19 MR. KATCHEN: Two copies. Correct.

20 MS. FIORE: Two copies?

21 MR. KATCHEN: Yes.

22 And they're pretty quick about acting on  
23 this. They have 45 days once they receive, but they've  
24 been turning these around in 30 days. It's pretty  
25 amazing. They have five people down at the state, and

1 they have to look at housing authority, utility  
2 authority, water districts, fire districts, all other  
3 budgets. And they do a great job.

4 MS. FIORE: And this should go out tomorrow  
5 as well for Sharon Smith?

6 MR. KATCHEN: That one is no hurry, but --

7 MS. FIORE: And that's regular mail?

8 MR. KATCHEN: Yes.

9 CHAIRMAN QUILES: When did we get all this  
10 information?

11 MR. KATCHEN: About ten days ago.

12 CHAIRMAN QUILES: The reason I'm bringing it  
13 up, Mr. Katchen, please understand why. The one thing  
14 I hate to do is to sign off on something, all within  
15 the last 30 minutes we just got this information,  
16 without us having the opportunity to review anything  
17 here.

18 Now, if it's been here a week, I think we  
19 should have taken the initiative and said, you know  
20 what, let me mail this out to the commissioners ahead  
21 of time. That way, if we have questions, we can  
22 address them properly.

23 But as of tonight, I'm only going to speak  
24 for myself, I will be voting no on this. I need time  
25 to review it. I'm not going to sign something without

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1 knowing what I'm saying. It makes no sense to me.

2 MS. RIBAUDO: This was discussed last year  
3 too.

4 CHAIRMAN QUILES: Yes. And it was discussed  
5 with the audit also. I remember it. It wasn't just  
6 the audit, it was this also. The idea that this is  
7 given to us today and we're going to sign off on it  
8 makes no sense. I'm sorry. I'm voting no on it. I'm  
9 just speaking for myself. So excuse me.

10 I'm sorry, sir, you can continue.

11 MR. KATCHEN: No, that's it. If anybody has  
12 any other questions.

13 MR. PUZIO: I'd like to say something too.

14 CHAIRMAN QUILES: Please.

15 MR. PUZIO: I was on the board of ed for  
16 21 years. We had the same situation every year.  
17 There's a time limit where this has to go in, otherwise  
18 you're looking for some serious trouble.

19 CHAIRMAN QUILES: This is why saying I'm only  
20 speaking for myself.

21 MR. PUZIO: And what we have to do is listen  
22 to what he had to say and we have to digest the best we  
23 can. And he's our expert in this area, and I have  
24 confidence in him.

25 CHAIRMAN QUILES: Fair enough.

1 MS. RIBAUDO: Fair enough.

2 MR. GIACOMARRO: You need a resolution? I  
3 make a resolution it passes.

4 MS. FIORE: Where is the resolution?

5 MR. DE MARCO: That will be at the public  
6 meeting.

7 MR. GIACOMARRO: Oh, I'm sorry.

8 MR. DE MARCO: That's okay.

9 MR. KATCHEN: If there's no other questions,  
10 thank you.

11 MR. DE MARCO: Nothing else for the caucus?

12 MS. FIORE: No.

13 MR. DE MARCO: So we make a motion to close  
14 the caucus.

15 MR. DABAL: Make the motion.

16 MS. RIBAUDO: I'll second.

17 MR. DE MARCO: Moved by Puzio, seconded by  
18 Ribaud. I'm sorry. Dabal and Ribaud.

19 MS. FIORE: Motion to close.

20 MR. DABAL: Yes.

21 MS. RIBAUDO: Oh, yes.

22 MS. SUSINO: Yes.

23 MR. GIACOMARRO: Yes.

24 MR. PUZIO: Yes.

25 MS. BARCKETT: Absent.

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CHAIRMAN QUILES: Yes.



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