

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

February 16, 2011

MINUTES OF THE SPECIAL MEETING

Members of the Authority present: Al Koepp, Chairman; John Hutchison representing the Lt. Governor's office; Steve Petrecca representing the State Treasurer; Michele Siekerka representing the Commissioner of the Department of Environment Protection; Public Members Joseph McNamara, Vice Chairman; Tim Carden, Richard Tolson, Laurence Downes, and Raymond Burke, First Alternate Public Member.

Present via conference call: Commissioner Harold Wirths representing the Department of Labor and Workforce Development; Nancy Graves representing the Commissioner of the Department of Banking and Insurance; Public Members: Marjorie Perry, Charles Sarlo, Steve Plofker, Elliot M. Kosoffsky, Second Alternate Public Member; and Kevin Brown, Third Alternate Public Member.

Absent: Public Member Rodney Sadler, Non-Voting Member.

Also present: Caren Franzini, Chief Executive Officer of the Authority; Bette Renaud, Deputy Attorney General; Brandon Minde, Assistant Counsel, Governor's Authorities' Unit and guests.

Chairman Koepp called the meeting to order at 9 a.m.

In accordance with the Open Public Meetings Act, Ms. Franzini announced that notice of this meeting has been sent to the *Star Ledger* and the *Trenton Times* at least 48 hours prior to the meeting, and that a meeting notice has been duly posted on the Secretary of State's bulletin board at the State House.

INCENTIVE PROGRAMS

URBAN TRANSIT HUB TAX CREDIT PROGRAM

Chairman Koepp stated that following Hartz Mountain's request to address the Board regarding the Panasonic application at the February 8th meeting, the Board elected to stay the resolution and ask for additional legal counsel from our attorney. He asked CEO Franzini to summarize the Panasonic project memo.

Ms. Franzini stated that we're here today because Panasonic Corporation came to the EDA several months ago to apply for an incentive under the Urban Transit Hub Tax Credit Program.

It is our understanding that this interest in the Program was based on the pending expiration of Panasonic's lease in Secaucus and the necessary location decision making that Panasonic was undertaking in expectation of the end of the company's lease obligation in 2013.

Ms. Franzini added that staff reviewed and confirmed the project for threshold eligibility, as we normally do, and then began to drill down into the material facts of the application, as certified by the CEO of Panasonic.

Ms. Franzini added that the Board has been presented with the details of the application twice before. Additionally, the Incentive Committee, chaired by Larry Downes, met Monday to review further staff analysis that was requested by the Board at its last meeting.

Ms. Franzini added that Panasonic is seeking program benefits as a tenant in the proposed project in Newark where they are considering locating approximately 800 full time employees currently operating from Secaucus. The project developer, Matrix Development Group and SJP Properties are the owners and developers of a property located at 2 Riverfront Center where they propose to construct a new facility totaling 410,000 sq. ft. of which 250,000 will be leased to Panasonic for use as office space under a 15 year lease with renewal options. As the company represents they will employ a minimum of 250 employees at this site, and having met other eligibility requirements, staff is recommending a tax credit award in the amount of \$102,408,062.

She noted that at our last meeting, the Board asked us to look at two areas – 1) the representation by the company that the Secaucus jobs are “at risk” of being moved out of state; and 2) the use of a 20 year timeframe in the net benefit calculation.

Ms. Franzini gave overview of an “AT RISK REVIEW” stating the EDA application requires applicants to provide a breakdown of jobs by category as well as the number and type of existing “at risk” jobs; existing not “at risk” jobs; net new jobs, and number of construction jobs. If the applicant identifies jobs “at risk”, the applicant is further required to provide documentation that demonstrates the material facts of the “at risk” characterization.

She noted that the CEO of Panasonic has provided certification to the EDA, which form was developed by the EDA and modeled after the disclosure requirements of Sarbanes – Oxley, that the company has the ability to accommodate its Secaucus operations at other sites outside of the State of NJ. Staff has reviewed the information presented on these alternative sites in Atlanta, Chicago, and California where Panasonic represents that they have current operations and the ability to expand or acquire additional space at substantial cost savings. Panasonic is also considering New York. Staff has reviewed the economic analysis presented by the applicant that details the cost differential between these alternative locations that indicates significant cost savings were the company to move out of state. The company did not acknowledge, and staff reviews did not reveal any facts that would tie the company’s existing NJ jobs to NJ, i.e. union contracts, NJ regulated entities or services, specialized labor force needs, or stranded assets. National news media reports have also reflected the company’s interest in other locations out of state.

She stated that as previously discussed, the Board adopted guidelines at its June 2010 regarding the treatment of “at risk” jobs in the calculation of net benefits. As Panasonic has certified that 806 jobs are at risk, these jobs were factored as new jobs in the analysis. Pursuant to the members’ suggestion at the last meeting, staff reconsidered the timeframe for the net benefits calculation that was initially 20 years and for its recommendation today, provided a new analysis that utilizes a timeframe of 11.25 years (75% of the proposed initial 15 year lease term). Staff had used the 20 year timeframe as the proposed lease is to be 15 years plus two five year renewal options, and per our rules, 20 years is the maximum term for the analysis. The new timeframe and net benefit analysis did not impact the recommended award of \$102,408,062.

EXECUTIVE SESSION

The next item was to adjourn the public session of the meeting and enter into Executive Session to seek additional legal advice on the Hartz presentation.

**MOTION TO APPROVE: Mr. McNamara SECOND: Mr. Carden AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1**

It was noted that Charles Sarlo had abstained from the vote on the project during the last meeting, but participated in the general legal discussion in Executive Session and would do so again in this Executive Session.

The Board returned to Public Session.

Lieutenant Governor Kim Gaudagno entered the meeting.

Chairman Koepp acknowledged the verbal and written comments of Hartz Mountain which were received prior to today's meeting. The issues raised by Hartz led to a review by the Office of the Attorney General that examined whether the EDA has the authority to interpret and implement the law, and whether the EDA acted appropriately to utilize the concept of at risk jobs in our calculation of the net benefit. He noted that after a lengthy discussion of the legal issues in Executive Session, he was satisfied the Board and staff had acted within the law. He asked any members of the Board for comment.

Larry Downes, Chairman of the Audit Committee noted that the committee had now reviewed the application three times. In performing the review the committee went through its usual process that examined staff's assessment and due diligence on the project facts. In the last committee meeting, the members reviewed the changes summarized by Caren Franzini earlier in the meeting with regards to the net benefit term. The committee felt that the project will provide a very strong economic benefit to the state and the members were comfortable referring the project to the board for its approval of staff's recommendation.

Tim Carden stated that as a member of the committee he too was satisfied with the rigor of the staff and committee review of both the program implementation and the Panasonic project. The last committee discussion in particular strengthened the committee's understanding of the program history, implementation and staff review process.

Joe McNamara also acknowledged the in depth review that was undertaken and noted that the extent of understanding will be useful in how we implement the broad variety of programs the EDA administers.

The next item was action on staff's recommendation to approve:

PROJECT: Panasonic Corporation of North America

LOCATION: Newark/Essex Cty.

MAX AMOUNT OF TAX CREDITS: Estimated at \$102,408,062

**MOTION TO APPROVE: Mr. Downes SECOND: Mr. Carden AYES: 15
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2**

Mr. Sarlo abstained because SJP Properties is co-developer of the project, has a business relationship with his firm.

PUBLIC COMMENT

Alan Magrini, SVP, Land Use and Development, Hartz Mountain Industries, Inc., addressed the Board. He objected to the decision not to give the public opportunity to comment prior to the board's voting on the item.

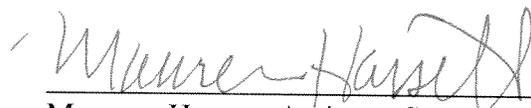
Lieutenant Governor Kim Gaudagno stated that she was here in three roles, as Acting Governor, Lt. Governor and Secretary of the State. She was here on behalf of the Governor to applaud the EDA and its action to approve the application. She stated that the last year has been very tough on New Jersey's economy and we have seen a flight of wealth of approximately \$70 billion. There is nothing more important than keeping NJ jobs in New Jersey. She is confident of EDA's rational and thoroughness in approving the Panasonic application. EDA's action today sends a strong signal.

She stated that these companies can go anywhere in the United States as well as the world and what the EDA is doing is sending a loud vote of confidence stating the NJ is open for business again. She thanked the EDA on behalf of the Governor.

She also thanked Hartz Mountain for bringing their issues to our attention and noted that Hartz Mountain is a valuable entity in NJ. The State will work as hard to bring a new tenant to the Panasonic space in Secaucus as they have worked to keep Panasonic in New Jersey. She said that she has met with the Mayor of Secaucus and she has met with Hartz Mountain. She concluded saying that she hopes we can all work together and her office will work to ensure that Hartz Mountain's building is filled to capacity and residents of Secaucus will benefit.

There being no further business, on a motion by Mr. Carden, and seconded by Mr. Hutchison, the meeting was adjourned at 10 a.m.

Certification: The foregoing and attachments represent a true and complete summary of the actions taken by the New Jersey Economic Development Authority at its meeting.



Maureen Hassett, Assistant Secretary