

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

January 16, 2020

MINUTES OF THE MEETING

Members of the Authority present: Chairman Kevin Quinn, Commissioner Robert Asaro - Angelo of Department of Labor and Workforce Development; Commissioner Marlene Caride of the Department of Banking and Insurance; Cathleen Brennan for State Treasurer Elizabeth Muoio; Jane Rosenblatt for Commissioner Catherine McCabe of the Department of Environmental Protection; Public Members: Charles Sarlo, Vice Chairman; Philip Alagia, Virginia Bauer, Fred Dumont, Aisha Glover, Rosemari Hicks, Marcia Marley, and Robert Shimko.

Absent: Public Member Massiel Medina Ferrara.

Also present: Timothy Sullivan, Chief Executive Officer of the Authority; Assistant Attorney General Gabriel Chacon; Stephanie Brown, Governor's Authorities' Unit; and staff.

Mr. Quinn called the meeting to order at 10:00 am.

Pursuant to the Internal Revenue Code of 1986, Mr. Sullivan announced that this was a public hearing and comments are invited on any Private Activity bond projects presented today.

In accordance with the Open Public Meetings Act, Mr. Sullivan 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.

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the December 10, 2019 meeting minutes. A motion was made to approve the minutes by Mr. Dumont, and seconded by Ms. Rosenblatt, and was approved by the 8 voting members present.

Ms. Bauer, Ms. Glover, Ms. Hicks, Ms. Marley, and Mr. Shimko abstained from voting because they were not board members at the time.

The next item of business was the approval of the December 10, 2019 executive session meeting minutes. A motion was made to approve the minutes by Mr. Dumont, and seconded by Ms. Rosenblatt, and was approved by the 8 voting members present.

Ms. Bauer, Ms. Glover, Ms. Hicks, Ms. Marley, and Mr. Shimko abstained from voting because they were not board members at the time.

FOR INFORMATION ONLY: The next item was the presentation of the Chief Executive Officer's Monthly Report to the Board.

AUTHORITY MATTERS

ITEM: Establishment of NJ Brownfields Assistance Center at NJIT

REQUEST: To approve a MOU between NJEDA and NJIT to establish Brownfields Assistance Center, provide \$200,000 in funding, and resources required for establishment of the center.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Ms. Rosenblatt **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

ITEM: Launch of Pilot Grant Program to support Federal i6 Challenge Program

REQUEST: To approve \$300,000 in funding from the Economic Recovery Fund (ERF) to create and implement the NJ i6 Challenge Support Program.

MOTION TO APPROVE: Comm. Caride **SECOND:** Mrs. Marley **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

OFFICE OF ECONOMIC TRANSFORMATION

ITEM: Venture Fund Program Policy Updates

REQUEST: To approve policy updates to the Venture Fund Program to support the Venture Fund Program investments.

MOTION TO APPROVE: Commissioner Angelo **SECOND:** Mr. Dumont **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

ITEM: Activate Ventures II Annex Fund Investment

REQUEST: To approve commitment of 8% aggregate fund commitments, maximum \$800,000 to support growth of technology companies located in New Jersey.

MOTION TO APPROVE: Mr. Alagia **SECOND:** Ms. Brennan **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

BOND PROJECTS

ITEM: 2019 Carryforward Request

REQUEST: Consent to carryforward any unused portion of the State's 2019 Private Activity Bond allocation with the U.S. Department of Treasury.

MOTION TO APPROVE: Ms. Brennan **SECOND:** Commissioner Caride **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

LOANS/GRANTS/GUARANTEES

Hazardous Discharge Site Remediation Fund

ITEM: Summary of NJDEP Hazardous Discharge Site Remediation Fund Program projects approved by the Department of Environmental Protection.

MOTION TO APPROVE: Ms. Rosenblatt **SECOND:** Mr. Alagia **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

PROJECT: Bassam Abouhayla APPL.#00187937
LOCATION: Franklin Township, Somerset County
PROCEEDS FOR: Remedial Investigation
FINANCING: \$111,300 Loan

Petroleum Underground Storage Tank (PUST)

ITEM: Summary of NJDEP Petroleum UST Remediation, Upgrade & Closure Fund Program projects approved by the Department of Environmental Protection.

MOTION TO APPROVE: Ms. Bauer **SECOND:** Ms. Marley **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

PROJECT: Francine C. Cramer APPL.#00188071
LOCATION: Absecon City, Atlantic County
PROCEEDS FOR: Upgrade, Closure, Remedial Action
FINANCING: \$145,490.56 grant

PROJECT: Rutha Lucas APPL.#00188075
LOCATION: Matawan Borough, Monmouth County
PROCEEDS FOR: Upgrade, Closure, Remedial Action
FINANCING: \$134,376.54 grant

REAL ESTATE

ITEM: NJ Bioscience Center Lease Agreement

REQUEST: Approval to execute lease with Apicore for lease space at NJ Bioscience Center and associated documents required

MOTION TO APPROVE: Mr. Dumont **SECOND:** Ms. Bauer **AYES: 13**

RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

BOARD MEMORANDUMS

FOR INFORMATION ONLY: Credit Underwriting Projects Approved Under Delegated Authority

Direct Loan:

PROJECT: Hampton-Clarke, Inc. (PROD-00188053)

LOCATION: Fairfield Borough, Essex County

PROCEEDS FOR: Purchase of equipment

FINANCING: \$137,225 NJEDA Direct Loan

Premier Lender Program:

PROJECT: Noel 130 LLC (PROD-00188124)

LOCATION: Carlstadt Borough, Bergen County

PROCEEDS FOR: Purchase the project property

FINANCING: \$6,000,000 JPMorgan Chase Bank with a \$1,200,000 NJEDA participation

PUBLIC COMMENT

Mr. Lekendrick Shaw, Elected School Board Trustee/Consultant, Jersey City addressed the board regarding the redevelopment/economic development by DEVCO in the City of New Brunswick.

Mr. Charlie Kratovil, New Brunswick Today, addressed the board regarding the implementation of a past project approved under the Urban Transit Hub program, in the City of New Brunswick .

EXECUTIVE SESSION

The next item was to adjourn the public session of the meeting and enter into Executive Session to receive attorney-client advice regarding ongoing legal inquiries.

MOTION TO APPROVE: Mr. Quinn

SECOND: Mr. Dumont

AYES: 13


RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

The Board returned to Public Session.

There being no further business, on a motion by Mr. Quinn, and seconded by Mr. Dumont, the meeting was adjourned at 11:30 am.

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.


Patience Purdy, Program Manager
Marketing & Stakeholder Outreach
Assistant Secretary

Public comments from Charlie Kratovil, New Brunswick Today, at the January 16, 2020 EDA Board Meeting.

This hand was misled by a confusing shell game over the course of ~~2010~~ 2010-2011

- 1 totally unconnected ~~to~~ projects were lumped into the same application
- 2 ~~They~~ were allowed to come back before the board ~~to get a~~ 2nd layer bite
- 3 a commercial building was allowed into the residential program

by playing games, magically removing ~~spots~~ from the project
 I was just at the jobs thing with the Governor yesterday and it was a treat to see some thing like that in ~~the~~ county. I've had a very bad experience with an EDA project in my community and I hope you'll be somewhat lenient with your time limit because I have done a lot of research to bring to your attention in the hopes of improving outcomes as we move forward.

a few facts & some history

Urban Transit Hub Tax Credit Program has two components. The stated goals are different for commercial projects vs. residential projects. The goal of commercial projects is job creation. The goal of the residential program is to build housing near transit ~~stops~~ ^{on the program land}

But by the very nature of the program, development near transit stations, the projects are almost always a mix of uses. But to qualify for residential you have to be at least 50.1% residential in terms of square footage.

The EDA supported a project that failed ~~in~~ ^{with a \$76.6 million + award} ~~in~~ ^{located in} New Brunswick: the freshgrocer supermarket. I lived across the street, I watched them destroy the block, build the new building, I worked there, I was one of 300 people who ~~worked~~ ^{had to work} in this poorly planned, poorly run ~~and~~ ^{conceived} supermarket. They bailed after a year and a half, leaving the landlord, a public entity, holding the bag. They still owe \$1 million in unpaid rent.

The place sat vacant for over a year, then another operator came in, ran a bare bones operation with a small staff and also failed. They owe 3/4 of a million to the parking authority. The space has been vacant for a year. This agency is ~~preparing to do business~~ ^{currently working} with the same developer to ~~construct a massive project right across the street~~ ^{to redevelop}, but there are crucial unanswered questions about this ~~project~~ ^{state}. And those questions must be answered before any additional ~~state~~ ^{state} EDA resources are given to New Brunswick Development Corporation, ~~either a/k/a~~ ^{either a/k/a} ~~DBVCO~~

So first thing I asked about this of the EDA checked upon the ~~operation~~ ^{again a vacant one}. SO the main issue is that the building is not residential. There's no housing. It's a supermarket, a gym with a pool, and a convenience store. ~~with~~ ^{with} 1200 parking spaces. ~~that's also~~ ^{the bulk of the building is parking}

Now there were a myriad of issues involved in getting me the documents I got Jan. 12, 2010 - a \$21.1 million credit granted is for Gateway building.

9/25/09 - a new application is submitted - 109.3 mill investment Gateway 632k qualified business facility- "Demolition and site prep are proceeding and are expected to be completed by mid-Nov"

11.2009 construction begins on Gateway

2/2/2010 - application supplement submitted - adding two projects "being submitted to the NJ EDA for approval under the Urban Transit Hub Tax Credit Program" total amount of credits

sought is \$53.5 million based upon total eligible capital investment of \$267.7 million. Phase I scheduled for 2012 completion

Gateway-58k sf office, 657 parking spaces, 58k sf retail. RU & NBPA, train platform, etc. \$135.6 million

Ferren "730k sf project incorporates market rate housing together with public parking, an urban grocery store, a hospital based fitness and wellness program, basically a gym with a pool - total investment \$114.2 million, 80 unit market rate rental residential project, "modern loft style apartments" a 1639 car parking garage

"The project follows the planning principals of Transit Oriented Development, and it is expected that more than 250 permanent jobs will be created by this project.

Erroneous listing of George + New & Patterson & Kirkpatrick

Arts 128k sf project "much needed affordable housing and retail elements in a project that will provide an essential link between the train station and the downtown corridor."

\$39.4 million

"Together these three buildings provide an important residential anchor for the entire downtown corridor"

"The components of the project have been structured to yield a mix of uses whereby the residential use is the predominant use for the netir project, comprising 51% of the total project with the commercial uses comprising 49%.

3/24/2010 - amended application "combines two previous applications which were submitted into a single project" "comprised of 3 components" Gateway, Arts, Ferren "We previously received approval under the UTHTC program for credits for the Gateway project. We are now seeking to replace that approval with an approval for the overall Transit Village project" The ask is now up to \$55.1 based on \$275.5 million but the numbers included show the old figure of \$267.7 million.

But hey what's seven million between friend?

However Gateway is now at \$138.2 Ferren is at \$128.5, and Arts is \$41.3

5/10/10 Board memo prepared, recommended that they award 55.1 million, 20% of eligible capital investment, *approval unanimously*

September 29, 2010. NBPA goes before planning board of NB in City of New Brunswick. No mention is made of any housing in the Wellness project. I've followed up *and the NBPA Board and E.O. have no recollection of*

In your annual report, EDA touted the job creation from two of the big tax credit programs, UTHTC and ERG. "When completed the 18 projects approved to date are expected to lead the creation of over 5,000 new jobs" in 8 cities/towns naming NB *having ever buy a part of the project*

Documents dated June 6, 2011 show Loan closing projected for just 3 days later and first draw of funds on July 15, 2011

October 18, 2011 - letters were provided formatted exactly the same, except one is on DEVCO letterhead and the other is not. No big deal? But the numbers are different. One has \$231.6 million as the total capital investment, the other \$233 million.

more credits for less investment

Either way, it's a good \$40 million less than what had been promised. And the bad news is broken that the developer will actually be building 79 less units, down from 375 to 296. The entire Wellness project now no longer has housing. But construction was supposedly 75% done on Gateway and 25% done on Wellness EDA. Nope, they're seeking additional millions in tax credits. Up from \$55.1, they believe they are either \$81.1 million or \$81.5 million depending on which set of documents you're looking at. But you know what, these such nice guys they will let the EDA keep 4.4 million. They only want 76.6 million.

"First we eliminated the residential component of Wellness"

A bunch of documents are filed and then on November 9, 2011 a board memo is sent using the higher figures on the letter without the letterhead. The board memo doesn't explicitly state that Wellness no longer has housing.

"As you know the law establishing the UTHTC program was amended earlier this year, changing the formula used to calculate the residential tax credit from 20% to 35% of total eligible investment"

But the most important document is just a single page that shows

epaladino