

NEW JERSEY ECONOMIC DEVELOPMENT AUTHORITY

February 9, 2016

MINUTES OF THE MEETING

Members of the Authority present: Al Koepe, Chairman; Commissioner Richard Badolato of the Department of Banking and Insurance; Peter Simon representing Acting State Treasurer Ford M. Scudder; Colleen Kokas representing the Commissioner of the Department of Environmental Protection; Jeffrey Stoller representing Commissioner Hal Wirths of the Department of Labor and Workforce Development; Public Members: Joseph McNamara, Vice Chairman; Larry Downes, Charles Sarlo, David Huber, Fred B. Dumont; and Harold Imperatore, Third Alternate Public Member.

Members Present via conference call: Massiel Medina Ferrara, Public Member; Patrick Delle Cava, First Alternate Public Member; William J. Albanese, Sr., Second Alternate Public Member; Rodney Sadler, Non-Voting Member.

Absent: Public Member Philip B. Alagia.

Also present: Melissa Orsen, Chief Executive Officer of the Authority; Timothy Lizura, President and Chief Operating Officer; Gabriel Chacon, Deputy Attorney General; Michael Collins, Governor's Authorities' Unit; and staff.

Chairman Koepe called the meeting to order at 10 a.m.

Pursuant to the Internal Revenue Code of 1986, Ms. Orsen 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, Ms. Orsen 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.

MINUTES OF AUTHORITY MEETING

The next item of business was the approval of the January 12, 2016 meeting minutes. A motion was made to approve the minutes by Mr. Huber and seconded by Mr. Albanese, and was approved by the 13 voting members present.

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

CHIEF EXECUTIVE OFFICER'S MONTHLY REPORT TO THE BOARD

INCENTIVE PROGRAMS

Economic Redevelopment and Growth Grant Program

ITEM: Glassboro A-3 Urban Renewal, LLC APPL.#41303
REQUEST: To approve the application of Glassboro A-3 Urban Renewal, LLC for a project located in Glassboro Borough, Gloucester County for the issuance of tax credits. The recommendation is to award 30% of actual eligible costs, not to exceed \$30,128,874 in tax credits, based on the budget submitted.
MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. Downes **AYES:** 13
RESOLUTION ATTACHED AND MARKED EXHIBIT: 1

Mr. Sarlo entered the meeting at this time.

ITEM: Glassboro A-4 Urban Renewal, LLC APPL.#41304
REQUEST: To approve the application of Glassboro A-4 Urban Renewal, LLC for a project located in Glassboro Borough, Gloucester County for the issuance of tax credits. The recommendation is to award 30% of actual eligible costs, not to exceed \$20,846,602 in tax credits, based on the budget submitted.
MOTION TO APPROVE: Mr. Stoller **SECOND:** Commissioner Badolato **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 2

Grow New Jersey Assistance Program

ITEM: Ferrero U.S.A., Inc. APPL.#42019
REQUEST: To approve the finding of jobs at risk.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 3

ITEM: Ferrero U.S.A., Inc. APPL.#42019
REQUEST: To approve the application of Ferrero U.S.A., Inc. for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Parsippany-Troy Hills, NJ. Project location of Parsippany-Troy Hills, in Morris County qualifies as a Priority Area under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The estimated annual award is \$342,000 for a 10-year term.
MOTION TO APPROVE: Mr. Downes **SECOND:** Mr. McNamara **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 4

ITEM: Intex Millwork Solutions, LLC APPL.#41862
REQUEST: To approve the finding of jobs at risk.
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Stoller **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 5

ITEM: Intex Millwork Solutions, LLC

APPL.#41862

REQUEST: To approve the application of Intex Millwork Solutions, LLC for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Millville City, NJ. Project location of Millville City, in Cumberland County qualifies as a Distressed Municipality under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Capital Investment in Excess of Minimum (non-Mega), Jobs with Salary in Excess of County Average, Targeted Industry of Manufacturing and 2007 Revit. Index>465 in Cumberland County. The estimated annual award is \$286,074 for a 10-year term.

MOTION TO APPROVE: Mr. Huber **SECOND:** Ms. Kokas **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 6

ITEM: Red Hat, Inc.

APPL.#41998

REQUEST: To approve the application of Red Hat, Inc. for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Mahwah, NJ. Project location of Mahwah, in Bergen County qualifies as a Priority Area under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Jobs with Salary in Excess of County Average and Targeted Industry of Technology. The estimated annual award is \$187,500 for a 10-year term.

MOTION TO APPROVE: Mr. Downes **SECOND:** Ms. Kokas **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 7

ITEM: Sysco Guest Supply, LLC

APPL.#41819

REQUEST: To approve the finding of jobs at risk.

MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Downes **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 8

ITEM: Sysco Guest Supply, LLC

APPL.#41819

REQUEST: To approve the application of Sysco Guest Supply, LLC for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Somerset, NJ. Project location of Somerset, in Somerset County qualifies as a Priority Area under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The estimated annual award is \$286,500 for a 10-year term.

MOTION TO APPROVE: Mr. Huber **SECOND:** Mr. Imperatore **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 9

ITEM: W&W Jewelers Inc.

APPL.#41823

REQUEST: To approve the application of W&W Jewelers Inc. for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Jersey City, NJ. Project location of Jersey City, in Hudson County qualifies as an Urban Transit HUB Municipality under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Deep Poverty Pocket, Transit Oriented Development, Capital Investment in Excess of Minimum (non-Mega), and Targeted Industry of Manufacturing. The estimated annual award is \$540,000 for a 10-year term.

MOTION TO APPROVE: Mr. Downes **SECOND:** Commissioner Badolato **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT:10

ITEM: World Business Lenders, LLC APPL.#42005
REQUEST: To approve the application of World Business Lenders, LLC, for tax credits under the Grow New Jersey Assistance Program to encourage the applicant to make a capital investment and locate in Jersey City, NJ. Project location of Jersey City, in Hudson County qualifies as an Urban Transit HUB Municipality under N.J.S.A. 34:1B-242 et seq and the program's rules, N.J.A.C. 19:31-18. The project is eligible, pursuant to the statute, for bonus increases to the tax credit award for Transit Oriented Development and Targeted Industry of Finance. The estimated annual award is \$1,687,500 for a 10-year term.

MOTION TO APPROVE: Mr. Stoller **SECOND:** Mr. McNamara **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 11

Grow New Jersey Assistance Program Modifications

ITEM: Capintec, Inc. APPL.#41249
REQUEST: To approve the modification request for location.
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 12

BOND PROJECTS

ITEM: Jelt Realty, Inc. APPL.#41708
LOCATION: Camden City, Camden County
PROCEEDS FOR: Construction
FINANCING: \$3,150,000 Tax-exempt bond
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Huber **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 13
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

Combination Preliminary and Bond Resolutions

ITEM: Springpoint at Denville, Inc APPL.#42145
LOCATION: Denville Twp., Morris County
PROCEEDS FOR: Acquisition
FINANCING: \$25,000,000 Tax-exempt bond
MOTION TO APPROVE: Mr. Stoller **SECOND:** Ms. Kokas **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 14
PUBLIC HEARING: Yes
PUBLIC COMMENT: None

ITEM: Uncommon Properties VII, LLC APPL.#42143
LOCATION: Newark City, Essex County
PROCEEDS FOR: Renovation of Existing Building
FINANCING: \$41,300,000 Qualified School Construction Bonds
MOTION TO APPROVE: Commissioner Badolato **SECOND:** Mr. Imperatore **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 15

LOANS/GRANTS/GUARANTEES

Petroleum Underground Storage Tank Program

FOR INFORMATION ONLY: PUST and HDSRF Program Funding Status

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

PROJECT: Luis Pacheco APPL.#40970
LOCATION: Jersey City, Hudson County
PROCEEDS FOR: Upgrade, Closure, Remediation
FINANCING: \$167,301
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Stoller **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 16

Hazardous Discharge Site Remediation Fund Program

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

PROJECT: City of Newark (Maas & Waldstein Co. East Parcel) APPL.#41143
LOCATION: Newark, Essex County
PROCEEDS FOR: Remedial Investigation
FINANCING: \$135,873
MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Huber **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 17

OFFICE OF RECOVERY

Stronger New Jersey Business Loan Program

PROJECT: The Dutchman's Brau Haus Inc. APPL.#40729
LOCATION: Stafford Twp., Ocean County
PROCEEDS FOR: Construction
FINANCING: \$2,046,402
MOTION TO APPROVE: Mr. Dumont **SECOND:** Mr. Stoller **AYES:** 14
RESOLUTION ATTACHED AND MARKED EXHIBIT: 18

Stronger New Jersey Grant Program (Appeals)

ITEM: Mapeople LLC - 53650

REQUEST: To approve the Hearing Officer's recommendation to uphold the declination of the Stronger NJ Business Grant application for Mapeople LLC.

MOTION TO APPROVE: Ms. Kokas **SECOND:** Mr. Downes **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 19

BOARD MEMORANDUMS

ITEM: Business Employment Incentive Program ("BEIP) Policy and Staff Delegations

REQUEST: Create a delegation to allow staff to shorten the term of BEIP agreements in certain circumstances and authorize staff to approve these matters.

MOTION TO APPROVE: Mrs. Kokas **SECOND:** Mr. Downes **AYES:** 14

RESOLUTION ATTACHED AND MARKED EXHIBIT: 20

FOR INFORMATION ONLY: Projects Approved Under Delegated Authority

Premier Lender Program:

PSC Floturn Properties LLC (P41336)

Small Business Fund Program:

Bradco Management LLC (P42004)

Stronger NJ Business Loan Program:

A.C. Stern Drive, LLC (P41358)

Balderas Brothers, Inc. DBA Tavolo Pronto (P41759 & P41760)

Casey Loundy LLC (P38560 & P40005)

Christopher's Foreign Car Parts (P41476 & P41477)

Del-Cas, Inc. DBA Bob's Bay Mariba (P41656)

Homes of Distinction Real Estate, LLC (P41716)

FOR INFORMATION ONLY: Technology and Life Sciences – Delegated Authority Approvals for 4th Quarter 2015

PUBLIC COMMENT

Charles Wowkanech, President, New Jersey State AFL-CIO addressed the Board regarding concerns about Deep Foods, a company approved for financing from the EDA. He stated that Deep Foods has engaged in retaliatory tactics against their employees for efforts to attempt to unionize.

He then introduced Garret O'Connor, an organizer with the Retail, Wholesale, and Department Store Union (RWDSU) to provide further input. Those comments are attached to this document.

In response to the presentation, Chairman Koeppe stated that employee rights are an ongoing issue and that partnering with the State's workforce is part of the EDA's core value system. He stated that EDA monitors closely all project and job creation information and that staff's oversight is extremely objective and the scrutiny is deep. He also stated that Deep Foods has not received any disbursements to date. He then asked Deputy Attorney General Gabriel Chacon to look in to the proposed recommendations to claw back benefits from a legal and legislative analysis.

Charles Whelan, a Trenton resident, addressed the Board regarding the project taking place at the former Roebling complex in Trenton. His concern is that taxpayer money is being used for a project that is hiring workers from out of state.

Board member Fred Dumont remarked that he shared the same concern.

Chairman Koeppe stated that the issues brought before the board would be part of a continuing dialogue and feedback on the EDA's administration of programs, and would not be ignored.

Director Kathleen Coviello provided an overview on the Angel Investor Tax Credit Program.

There being no further business, on a motion by Commissioner Richard Badolato, and seconded by Mr. Downes, 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.



Erin Gold, Director, Governance & Communications
Assistant Secretary

Statement from Garrett O'Connor, Organizer Retail, Wholesale, and Department Store Union to the New Jersey Economic Development Authority, February 4th, 2016

Good morning and thank you to the members of the board for providing this opportunity to speak.

My name is Garrett O'Connor and I am an Organizer with the Retail, Wholesale, and Department Store Union (RWDSU). My comment is oriented toward ensuring the Economic Development Authority is not swept into labor disputes due to the irresponsibility of grant and subsidy recipients. When the NJEDA takes action to create jobs, we are sure that the intention is to create good jobs, and I'm here today to urge the EDA to consider implementing clawback mechanisms with future grantees that ensure that at a bare minimum, grantees respect workers' rights and follow the law.

In 2012, the NJEDA issued a \$26.9 million grant Deep Foods, the nation's largest Indian food manufacturer, in Union NJ to expand its operations and create jobs. As the Organizer on an active union drive at Deep Foods it is important to us to know the size of the workforce. Our understanding is that Deep Foods was meant to create 175 jobs above and beyond the 275 jobs that existed in 2012. If that is indeed the case, it seems Deep Foods has made little progress in reaching that goal, and we ask that the EDA request that Deep Foods account for its job creation progress. Yet while we have questions on whether Deep Foods has met its obligations on job creation, we wanted to let the Authority know that the National Labor Relations Board recently ruled that Deep Foods has committed widespread violations of its workers' rights to organize and bargain collectively in the past half year. The EDA should have mechanisms that require employers like Deep Foods to account for violations of labor law committed by EDA subsidy recipients.

The Board's findings situate Deep foods among the most reckless employers in the state when it comes to workers' rights. Deep Foods management was found to have engaged in illegal surveillance, threats, intimidation, isolation, and coercion throughout the organizing process initiated by its workers in May of 2015. Deep Foods fired senior workers with clean disciplinary records in flagrant violation of the National Labor Relations Act, and is now refusing to reinstate the workers despite the Labor Board's decision. We are sure that had this ruling come prior to the EDA's decision to subsidize Deep Foods the Authority would have thought differently in lending support to Deep Foods's expansion. It is precisely for this reason that we urge the Authority to explore making clawback provisions for major labor violations. Clawback procedures ought to be considered in cases of wage theft, human trafficking, workplace violence, health and safety violations, and *illegal* union-busting activity, like the widespread threats, intimidation, and coercion found to be occurring at Deep Foods. These types of labor law violations are unacceptable to the Labor Board, and should not be permitted by grantees under the auspices of the New Jersey Economic Development Authority. Instituting clawback measures in the case of major violations will discourage the type of blatant disregard for labor rights exhibited by Deep Foods, and will insure that the true vision and mission of the EDA are followed and respected.

Please strongly consider calling Deep Foods before this Board to account for its progress on job creation and to address the widespread violations of workers' rights they've committed since becoming NJEDA subsidy recipient. For your consideration, I have copies of the NLRB's complaint against Deep Foods for each board member to examine. Thank you for your time and attention.