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STATE OF NEW JERSEY
NEW JERSEY COMMERCE & ECONOMIC
GROWTH & TOURISM COMMISSION

IN RE: NEW JERSEY URBAN :
ENTERPRISE ZONE :
AUTHORITY PUBLIC MEETING :
(March 14, 2007 agenda meeting) :

Transcript of proceedings taken on March
14, 2007 at 11:55 a.m. at the Mary Roebling
Building, 20 West State Street, 2nd Floor,
Conference Room #218, Trenton, New Jersey, 08625.

1 A P P E A R A N C E

2 BOARD MEMBERS:

- 3 James A. Carey, Governor's Authority Unit
4 Ambar Abelar, Public Member
5 Ana Montero, Labor & Workforce Designee
6 Linda Lenox, UEZ Staff
7 Kathleen Kube, Chairwoman Designee
8 Edward Pillsbury, DAG
9 Donna Pearson, Public Member
10 Michelle Richardson, DCA Designee
11 Lewis Hurd, Public Member
12 Lopa Kolluri, Treasury Designee

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1 MS. KUBE: We are going to call to
2 order the March meeting, and today is Wednesday,
3 March 14. I am going to ask Linda to read the
4 notice of public meeting and take roll call.

5 MS. LENOX: Okay. In compliance with
6 the Open Public Meetings Act, at least 48 hours
7 notice of this meeting was sent by way of the
8 Secretary of State to the following newspapers: The
9 Star Ledger, the Trenton Times, the Trentonian, the
10 Courier Post, the Atlantic City Press, the Asbury
11 Park Press and the Bergen Record. Now we will have
12 roll call. Ana Montero, Labor and Workforce.

13 MS. MONTERO: Present.

14 MS. LENOX: Michelle Richardson,
15 Community Affairs.

16 MS. RICHARDSON: Present.

17 MS. LENOX: Lopa Kolluri, Treasury.

18 MS. KOLLURI: Present.

19 MS. LENOX: Public member Ambar Abelar.

20 MR. ABELAR: Here.

21 MS. LENOX: Public member Donna
22 Pearson.

23 MS. PEARSON: Present.

24 MS. LENOX: Public member Lewis Hurd.

25 MR. HURD: Here.

1 MS. LENOX: Chairwoman Kathleen Kube.

2 MS. KUBE: Here.

3 MS. LENOX: We have a quorum.

4 MS. KUBE: Next item for new business,
5 Bayonne's request for \$461,052 for fire fighter
6 phase one. And Terrance Malloy is with us today.
7 Good morning.

8 MR. MALLOY: Good morning. With us is
9 our fire director Patrick Boyle.

10 MS. KUBE: Good morning, thank you for
11 coming.

12 MR. BOYLE: Good morning.

13 MR. MALLOY: This project proposes to
14 hire 12 new fire fighters in Bayonne, and they will
15 be stationed at our former military ocean terminal.

16 For the Board members not familiar
17 with Bayonne, this was a military base that formerly
18 was turned over to the city in 2001, and it's over
19 400 acres on a peninsula that jets out to New York
20 Harbor. It is probably the most prized undeveloped
21 piece of property at this point on the East Coast.
22 And I just want to welcome any Board member as a
23 group or individually, any time somebody wants a
24 tour of the facility, or Bayonne in general, just
25 give me a call and I will be happy to arrange it.

1 We finally have made a great deal of
2 progress, we have been doing a lot of infrastructure
3 work on the facility infrastructure, 45 million
4 dollars of improvements on the site. We received
5 numerous federal grants totaling over 20 million
6 dollar improvements to the site, and the site's now
7 ready, essentially, for development. There is still
8 a lot of work to be done, but we have signed initial
9 contracts for development on the site. Once built
10 out the site will have 6,700 residential units, 1.5
11 million square feet of office space, and 345,000
12 square feet of retail space, which should create a
13 total of about 500 new jobs.

14 In terms of value as vacant land the
15 site's worth approximately 500 million dollars,
16 built out the estimate would be two billion dollars
17 as tax ratables coming to the city once built out.
18 Obviously it is going to be a very long process to
19 build out, we're probably talking a minimum of ten
20 years, and quite possibly depending upon the
21 economic cycle even longer than that. But
22 construction is set to begin, hopefully, this spring
23 will be a ground breaking on residential units.

24 In the meantime, the site has been
25 used by Royal Caribbean as a cruise port. And

1 shockingly to many of us in Bayonne, Bayonne is now
2 the third busiest cruise port on the East Coast.
3 Thousands of people are now coming into town, and
4 this is certainly an industry we want to continue to
5 have on the base. And as we try to promote the base
6 in terms of economic activity, it's important that
7 the infrastructure is in place to support it. And
8 part of the infrastructure is maintaining a
9 firehouse on the base that would be open 365 days a
10 year, 24 hours a day, and essentially be there to
11 meet the needs of developments.

12 One of the major issues when you have
13 major development construction going on is that a
14 great deal of the site becomes actually hazardous,
15 not only to the public, but to those working on the
16 site. The facility at the base will also house our
17 search and rescue team. So as construction is
18 taking place the response time on any potential call
19 will be minimal. Which is very important, obviously
20 if you have a tragedy where a piece of equipment
21 falls on someone the quick response time is what's
22 essential to minimize the damage to that
23 individual.

24 All these fire fighters will also be
25 EMT trained, so they will be able to respond to

1 those medical emergencies once they are on the
2 scene. While the city may use fire fighters from
3 other houses to keep this open, none of these 12
4 fire fighters will be used to keep other fire
5 companies open within the city, so these individuals
6 will be dedicated to the zone.

7 Part of their responsibility will also
8 include responding to retail development, which we
9 now have on Route 440, which is just outside of the
10 base, which currently houses business such as
11 Houlihan's, Staples, a movie theater, AJ Wright.
12 And part of the responsibility will also be to
13 respond to our industrial area, which we also have
14 members, including IMTT, which is the largest
15 employer in the City of Bayonne.

16 The total project for UEZ funds is
17 461,000, the total expense of the project in the
18 first year is 658,000, including the cost of hiring
19 the 12 firemen. Essentially we're looking for
20 funding on the first year of 70 percent of the total
21 cost.

22 MS. KUBE: Thank you, Terrance. May I
23 have a motion, please.

24 MS. PEARSON: So moved.

25 MS. KUBE: Motion by Ms. Pearson.

1 Second?

2 MR. HURD: Second.

3 MS. KUBE: Second by Mr. Hurd. Any
4 questions, comments or concerns?

5 MS. MONTERO: I have a question. And
6 this question the answer to it will in no way
7 influence my decision, it's strictly a
8 for-your-information question. Can you just
9 describe you have approximately 177 fire fighters,
10 is that what I saw?

11 MR. BOYLE: Yes, right now.

12 MS. MONTERO: And you plan to hire 12
13 more?

14 MR. BOYLE: Yes.

15 MS. MONTERO: What's your general
16 demographic breakdown of your fire fighters right
17 now?

18 MR. BOYLE: I believe that there are of
19 the 177 we have 8 Hispanic fire fighters, and 2
20 black fire fighters.

21 MS. MONTERO: Females?

22 MR. BOYLE: No females. They have been
23 on a list, but they have never scored high enough on
24 the list to get hired up to this point.

25 MS. MONTERO: Thank you.

1 MR. BOYLE: But we have an extensive
2 recruitment program.

3 MS. MONTERO: Thanks.

4 MR. MALLOY: I should point out on that
5 a few years ago the City was subject to an NAACP
6 suit, we thought we were doing a job of recruiting
7 minorities before that, we now make an effort for
8 recruiting for minorities, including minority
9 targeted newspapers and such. Thank you.

10 MS. MONTERO: Thank you.

11 MR. ABELAR: Would you be coming back
12 for more funds next year?

13 MR. MALLOY: Yes.

14 MR. ABELAR: This is an early budget?

15 MR. MALLOY: Correct.

16 MS. KUBE: Any other questions,
17 comments or concerns? Hearing none, all in favor
18 please signify by saying aye. Opposed? Any
19 abstentions?

20 (All in favor, no opposed)

21 MS. KUBE: Motion carries.

22 Congratulations. Thank you for coming.

23 MR. MALLOY: Thank you.

24 MR. BOYLE: Thank you.

25 MS. KUBE: Next is Hillside's request

1 for two million dollars for revolving pool loan
2 program phase one. And Yves Auboury is here with us
3 today. Good morning.

4 MR. AUBOURY: Yes, good morning. My
5 name is Yves Auboury, I am the coordinator for
6 Hillside. With me this morning I have Councilman
7 Kulish, he is the chairman of finance. I have Kraig
8 Dowd, lawyer for the city, for the township. I have
9 Maureen Tinen, she is the president of the Union
10 County Economic Development Corporation. And Joe
11 Espinosa is the president of Pecaso Lighting.

12 MS. KUBE: It would be good if you have
13 cards if you could leave them with the court
14 reporter.

15 MR. AUBOURY: My presentation this
16 morning is two million dollars revolving loan
17 program, and it is a program that I have been
18 fighting for for years, and hopefully you guys will
19 approve it. This program was a program for three
20 years, 2007 to 2010, we are asking for two million
21 dollars for three tiers. One tier is for 5,000 to
22 35,000. Tier two is 35,000 to \$100,000. And we are
23 going to have three rates, 1 to 35 months at 2.5; 36
24 to 59 months at 5 percent; 60 months to 84 months at
25 7.5; and any loans over 100,000 would be on the

1 basis of the request, and we will make some
2 accommodation to the committee and then to the
3 underwriter if we consider it or not.

4 The breakdown is \$1,962,505 for
5 marketing, \$1,500 for legal fees for the closing,
6 and 17,500 for cost for the UCEDC will be doing the
7 underwriting for us. We don't have any procedures
8 in place because it's customary to get the
9 procedures for the loan. Once we get the approval
10 this is what we will pay UCEDC for. And a copy will
11 be forwarded to the UEZ office.

12 MS. KUBE: I am sure there is
13 questions, can I have a motion, please.

14 MS. PEARSON: I will move it.

15 MS. RICHARDSON: Second.

16 MS. KUBE: A motion by Ms. Pearson,
17 second by Ms. Richardson. Question, comments,
18 concerns?

19 MR. ABELAR: If I may. The prime rate
20 at this point is 8.25 percent as of March 9, that's
21 the prime rate in the United States. I think this
22 is much, much lower than what is sold for in the
23 private sector, and I know the Authority wants to be
24 competitive. Now I particularly myself my modest
25 opinion is the government is not in the business to

1 compete with the banks for loans. I think this is
2 very low, very low rate, below prime, below the
3 discount rate. And so I have my concerns on this,
4 how this money is distributed. And so we are
5 putting the money first and then we will see the
6 needs of the community. It seems to me a
7 non-creative way to put money in the market, it's
8 public money.

9 MR. AUBOURY: Sure.

10 MR. ABELAR: But here's my concern.

11 MR. AUBOURY: I can answer you too.

12 MS. PEARSON: It's his opinion.

13 MR. AUBOURY: One of the problems you
14 see you heard before, one zone the loan program and
15 because they were not competitive the money didn't
16 go out. In our case we consult with Vineland, Mount
17 Holly and Elizabeth, all those three are very
18 effective projects in towns with their loan program,
19 I consulted with them. We really sat down ourselves
20 with the finance and the UCEDC, and we even got
21 feedback saying it was too low. But the rate market
22 goes up and down, you don't go higher than what the
23 market is now. And then when the market goes lower
24 and then you're stuck with the money. You really
25 need to attract small business in your town. And in

1 order for you to attract small business, you have to
2 give them some incentive, a lower rate where they
3 cannot get it at a bank, they can come to the UEZ
4 and create jobs and get a lower rate. That's most
5 of the incentive of the program, create jobs,
6 attract business. I've got businesses coming from
7 New York, the first question they ask, do you have
8 any loan program? I don't have loan program, we
9 give them grant because we have to help them to come
10 to the township. So it's either you get the grant
11 creating loans at a low rate to attract them still.

12 Like Mr. Espinosa, ask him how much
13 money, I cannot give you a grant, but I can work
14 with a loan with you. Now that 2.5 or 7 because if
15 you take \$500,000, for example, it's not going to be
16 for three years, it's going to be long term, it's
17 going to be at 7 percent, which is pretty
18 competitive. So, therefore, I will keep him in my
19 town and he will create jobs for the people, and his
20 business will create more incentive for the UEZ to
21 get more money back.

22 MR. ABELAR: I understand your logic.

23 MS. PEARSON: Excuse me, Madam Chair,
24 again we're debating philosophical differences here,
25 it has nothing to do with the program.

1 MS. KUBE: This is why we're here,
2 we're here to create economic activity for these
3 businesses.

4 MS. PEARSON: Exactly.

5 MS. KUBE: This is why you're on this
6 Board.

7 MR. ABELAR: That's correct, that's my
8 honest opinion.

9 MS. KUBE: Well I don't want to talk
10 about it no more.

11 MR. ESPINOSA: Excuse me.

12 MR. PILLSBURY: Is there any other
13 point?

14 MS. KUBE: Is there any other point you
15 want to make?

16 MR. ABELAR: Yes. As a member of the
17 private sector who comes to this Commission I have
18 my honest opinion. The Legislature thought that
19 bringing a private member of the public as the
20 private sector to this Commission will add
21 something. And of course the majority of the people
22 in this room, being that I'm in the public sector,
23 seems that I am out of place, but this is what the
24 Legislature wants.

25 MS. KUBE: Do you have another point to

1 make a new point?

2 MR. ABELAR: No, no.

3 MS. KUBE: Okay. Anybody else have
4 questions, comments? Ms. Richardson.

5 MS. RICHARDSON: I'm looking at the
6 draft proposal.

7 MR. AUBOURY: With the UCEDC, yes.

8 MS. RICHARDSON: Yes. And I just want
9 to clarify, there's a point here where it says
10 request of 35,000, and below will be referred for
11 consideration under UCEDC's microline program. But
12 elsewhere in the package it seemed as though loans
13 coming funded below that level would be funded by
14 the two million, so I'm not sure where the small
15 loans will be funded.

16 MR. AUBOURY: No, they will be funded
17 by the 1.26 million dollars. When you go to the
18 vendor to negotiate you need to show the board that
19 you're really coming off the loan based on your talk
20 with the vendor. In my case when I talk to the
21 vendor, which is the UCEDC, they come in the
22 business with you, show me your draft. I can show
23 you what will be my draft, and how much money you
24 will charge for the business. So this is just a
25 draft.

1 MS. RICHARDSON: Okay.

2 MR. AUBOURY: We negotiate the numbers,
3 we negotiate what we want, and I go back and forth
4 with the Chair, where I as executive director for
5 the UEZ I will be really in touch with the project
6 coming in, rectify them, talk to the State to see
7 the eligible taxation before we even send it to
8 them.

9 MS. RICHARDSON: This is not accurate?

10 MR. AUBOURY: It's not final yet.

11 MS. RICHARDSON: Okay.

12 MS. TINEN: I just wanted to add that
13 sometimes a loan becomes more attractive when you
14 share risk. And if a loan under \$35,000 comes in
15 that the UEZ is not comfortable with, or we are not
16 comfortable with, we would be sharing those loans,
17 we might co-lend to them to reduce our respective
18 risk.

19 MS. RICHARDSON: Under the same terms
20 and conditions of what you're showing here in terms
21 of rates?

22 MR. AUBOURY: Yes. So if I give 75,
23 they will come out 75.

24 MS. RICHARDSON: At the same rate?

25 MS. TINEN: If UEZ is making a loan the

1 loan would be their rate.

2 MS. RICHARDSON: Okay.

3 MS. TINEN: If we are making the loan
4 it would be our rate. And if we are both making the
5 loan we are cutting it in half, so to speak, we
6 would lend out and it would be a blended rate.

7 MS. RICHARDSON: The other confirmation
8 is that this is in part a microlending program, so
9 you are looking at businesses who may not be
10 bankable.

11 MR. AUBOURY: Yes, that's one of the
12 issues too in the small businesses.

13 MS. RICHARDSON: And that's one of the
14 reasons behind the way you're pricing the loans?

15 MR. AUBOURY: Exactly.

16 MS. RICHARDSON: But you're always
17 looking at cash flow, and you're always considering
18 your standard bank underwriting approaches.

19 MS. AUBOURY: That's why we brought
20 them on board.

21 MS. TINEN: The difference between a
22 community lender and the bank is the bank's goal is
23 to serve their investors and make a profit, and the
24 community lenders goal is to make sure the business
25 not only opens, pays the loan back, but grows. And

1 the reduced interest rate helps improve the cash
2 flow of the business, which increases their odds of
3 staying in business, and that's the UEZ's primary
4 goal.

5 MS. RICHARDSON: Final question,
6 sorry.

7 MR. AUBOURY: Sure.

8 MS. RICHARDSON: By in this
9 collaboration are you also providing the businesses
10 with a certain level of hand holding so that they
11 get stronger and perhaps at some point they can go
12 to a commercial bank, is that also part of what
13 you're considering?

14 MR. AUBOURY: Something we discussed
15 during our prior negotiation, and there was going to
16 be a cost added to that. I told Maureen I don't
17 think I feel comfortable coming to you guys spending
18 \$35,000 more doing that. So what we will do while
19 promoting the program we refer them to UCEDC to
20 provide that service at their own cost. And we will
21 have some work structure doing the marketing that we
22 can do with the business also to explain to them
23 what we're doing.

24 MR. ABELAR: There was a gentleman that
25 wants to talk.

1 MS. KUBE: Is there someone else who
2 wanted to speak?

3 MR. ESPINOSA: I'm Joe Espinosa, I'm
4 from Pecaso Lighting. We are a good example of how
5 you guys helped us. We came from New York, we were
6 brought in from Hillside, they gave us a hundred
7 thousand dollar loan to move into Hillside. We took
8 a building that was vacant for almost three years on
9 a major highway, and without your help we would
10 never be able to accomplish where we are today. And
11 today I'm here to ask for you guys to lend us a half
12 a million dollars so we can create a retail
13 environment in our building that will generate close
14 to \$200,000 in UEZ monies a year. So, you know,
15 this low percent, this interest at 2 percent or 3
16 percent helps our cash flow be able to do that.

17 It's important for businesses to have
18 that available to them in order to grow, especially
19 when you have states like North Carolina, Virginia,
20 offering businesses all sorts of packages to move
21 out of the state. So it's important to keep this
22 low interest money. That's it.

23 MR. AUBOURY: Thank you.

24 MS. MONTERO: I just wanted to make one
25 comment.

1 MS. KUBE: Sure.

2 MS. MONTERO: And that is when you
3 started explaining how you came about with your
4 program you talked about the fact that you
5 collaborated with other partners throughout the
6 State to see what it is that they're doing well, so
7 I commend you on that.

8 MR. AUBOURY: Thank you.

9 MS. MONTERO: And I suggest that you
10 continue to do that in order to ensure the success
11 of your program.

12 MR. AUBOURY: Yes, thank you.

13 MS. MONTERO: Collaborate with your
14 partners. No sense in reinventing the wheel. And
15 make sure that money gets out.

16 MR. KULISH: That was a direct order
17 from the finance.

18 MS. KUBE: Can you identify yourself?

19 MR. KULISH: John Kulish, Chairman of
20 the Finance Committee and Councilman in Hillside.

21 MS. KUBE: Okay, thank you for coming.
22 Any other questions, comments, concerns? Hearing
23 none, all in favor please signify by saying aye. Any
24 opposed?

25 MR. ABELAR: Yes, I am opposed.

1 MS. KUBE: One opposed by Mr. Abelar.

2 Any abstentions? Motion carries.

3 MR. AUBOURY: Thank you very much.

4 MS. KUBE: Next agenda item is Orange's
5 request for \$239,657 for UEZ police project phase
6 nine.

7 MR. MAYES: This is police director
8 Aric Webster, A-R-I-C. This is Orange's request for
9 year nine of our policing project, \$239,657. At the
10 current time we have seven police officers, we
11 intend on staying with those seven. Three of the
12 police officers are directly dedicated to our train
13 station, and the other four police officers will
14 makeup a foot patrol that will patrol the UEZ area.

15 MS. KUBE: Thank you, Marty. Can I
16 have a motion, please.

17 MS. PEARSON: So moved.

18 MR. HURD: Second.

19 MS. KUBE: Motion by Ms. Pearson,
20 second by Mr. Hurd. Any questions, comments or
21 concerns from the Authority?

22 MS. MONTERO: I will ask the same
23 question that I asked before.

24 MS. KUBE: Okay, that's fine.

25 MS. MONTERO: Which will in no way

1 influence, I have to say that caveat, the vote.

2 MS. KUBE: Okay.

3 MS. MONTERO: What's the demographic
4 breakdown of the Orange Township Police officers
5 currently?

6 MR. WEBSTER: I would say approximately
7 65 percent African-American, about 30 percent white,
8 and the other 5 percent would be Hispanic.

9 MS. MONTERO: Women?

10 MR. WEBSTER: Women, it would be
11 approximately I'd say 20 percent.

12 MR. MAYES: A lot of women officers.

13 MR. WEBSTER: Yes, we do.

14 MS. MONTERO: Thank you.

15 MR. WEBSTER: All right.

16 MS. KUBE: Any other questions?

17 Hearing none, all in favor please signify by saying
18 aye. Any opposed? Any abstentions?

19 (All in favor, no opposed)

20 MS. KUBE: Motion carries.

21 Congratulations. Next items we'll take separately
22 from Pleasantville, first one is \$68,035 for UEZA
23 01-54, railroad improvement project increasing the
24 project from \$541,083 to \$609,118, and Roger Tees is
25 with us.

1 MR. TEES: Thank you very much, Madam
2 Chair. And good afternoon, everyone. The railroad
3 improvement project began in the year 2001, it was
4 an ambitious program to upgrade a freight rail line
5 that runs through Pleasantville connecting with the
6 NJ Transit line that goes into Atlantic City. The
7 primary reason was that we have a number probably
8 six to eight industrial users of the railroad of the
9 freight rail services, and those companies have
10 increased their use of freight rail as they have
11 been continued to be successful in the Pleasantville
12 UEZ.

13 In addition, as part of our city
14 center redevelopment initiative we are anticipating
15 creating a passenger rail service, either a bus
16 rapid transit or a diesel trolley service to go from
17 Pleasantville into Atlantic City. And hopefully as
18 we rebuild our city to bring people from Atlantic
19 City to Pleasantville to enjoy the amenities we will
20 have in the near future.

21 This project is being done under a
22 joint funding of the New Jersey Department of
23 Transportation Bureau of Freight Services and the
24 UEZ, primarily the DOT has been the major funding
25 source for these improvements.

1 Where we got stuck in the summer of
2 2006 was the extension of a spur from the main stem
3 into an industrial park in Pleasantville. The
4 problems are that it is crossing over a county
5 road. There was a request for additional
6 signalization and safety requirements that are not
7 normally required for freight rail operations. And
8 as your packet included a work group of the
9 businesses, DOT railroad construction, which does
10 the work, and the City of Pleasantville has been
11 trying to find ways to fund this additional money.
12 DOT finally announced that it did come up with its
13 share, which would be 90 percent of the anticipated
14 cost of 685,350, and the UEZ would make for 68,035.
15 This will allow us to complete the rail spur into a
16 building supply business and a stone recycling
17 business, one of the largest in the County of
18 Atlantic, and to continue this economic growth for
19 those two businesses.

20 MS. KUBE: Thank you, Roger. May I
21 have a motion, please.

22 MS. RICHARDSON: So moved.

23 MS. KUBE: Motion by Ms. Richardson.
24 Second?

25 MS. KOLLURI: Second.

1 MS. KUBE: Second by Ms. Kolluri. Any
2 questions, comments or concerns from members of the
3 Authority? Hearing none, all in favor please
4 signify by saying aye. Any opposed? Any
5 abstentions?

6 (All in favor, no opposed)

7 MS. KUBE: Motion carries. Next item
8 is \$30,739 for UEZA 05-41, city center redevelopment
9 study, increasing the project from \$137,860 to
10 \$168,599. Roger.

11 MR. TEES: Madam Chair, thank you.
12 This project again began in 2004, it was the initial
13 investigation and the writing of a redevelopment
14 plan for four blocks of the downtown area of
15 Pleasantville. As this process continued through
16 the area in need of redevelopment investigation, the
17 declaration of the area in need of redevelopment,
18 the writing of a plan and going through the various
19 public process, be it planning board hearing, city
20 council hearings, community outreach meetings,
21 changes had to be made to the plan. In fact, we
22 actually on the recommendation of the public both
23 UEZ member businesses, residents, and property
24 owners, we added a fairly large segment of the
25 downtown to the established area that we had already

1 been working on.

2 As we have again moved this through
3 the process we are now at a point where we want to
4 release the request for proposals to the development
5 community. However, because of the additional cost
6 of meeting the public's demands for changes and
7 amendments we came up short on funds to be able to
8 do this outreach, as the backup shows you. We are
9 not going to be satisfied with just testing the
10 Atlantic City Press to see what local developers may
11 want to come in and build 30 acres of the new
12 downtown literally from the ground up. So we would
13 be reaching out in a national search using two of
14 the bigger papers, of course the New York Times and
15 the Wall Street Journal, regional papers such as the
16 Philadelphia Inquirer and the Atlantic City Press,
17 which is the city's legal newspaper. This process
18 would be to allow us to do that outreach to make the
19 appropriate copies.

20 This is a document, of which I've
21 brought several, this is the redevelopment plan
22 itself, the redevelopment plan that was amended is
23 about the same size, and the investigation is about
24 the same size. To photocopy and distribute 118
25 pages of this document and the maps is not a cheap

1 proposal. So this amendment will allow us to have
2 the funds to do the appropriate advertising and
3 marketing to do the appropriate copies we require.

4 We have a mailing list right now of
5 about 96 firms that we have identified over the
6 course of years who have an interest in getting a
7 copy of this, and we need to get this on the
8 street. The goal is to have these developers return
9 in July with their proposals, and by the end of this
10 calendar year having a developer or developers
11 designated and begin in 2008 the process of
12 rebuilding our central business district.

13 MS. KUBE: Thank you, Roger. May I have
14 a motion, please.

15 MS. RICHARDSON: So moved.

16 MS. KUBE: Motion by Ms. Richardson.

17 Second?

18 MR. HURD: Second.

19 MS. KUBE: By Mr. Hurd. Any

20 questions?

21 MR. ABELAR: No.

22 MS. KUBE: Comments or concerns?

23 MS. RICHARDSON: On the third page the
24 first bullet, so these funds are also used for the
25 attorney negotiating the purchase of specific

1 properties?

2 MR. TEES: That was being done, the
3 answer is yes. In the current project as we began
4 the redevelopment process property owners came to us
5 and said, since we are going to be in an area in
6 need of redevelopment and at some point we are going
7 to need those properties, they wanted to sell them
8 now. We have actually acquired four properties
9 using either second generation funds, that was the
10 primary use for properties in the redevelopment area
11 already. Now we have a UEZ project, the city center
12 property acquisition project, which budgeted for
13 three acquisitions. So the city has been
14 negotiating and acquiring properties within the
15 redevelopment area through voluntary sales right
16 now.

17 MS. RICHARDSON: So the legal cost
18 associated with those discussions are a part of
19 this?

20 MR. TEES: Yeah, they have always been
21 a part of this particular project. What will
22 happen, this will be the last amendment for this
23 project, because in June you will be asked to
24 consider the city center redevelopment plan phase
25 two project, which will be the implementation of the

1 redevelopment plan from the point of the
2 redevelopers responses through designation and
3 redeveloper, through the end, property acquisition,
4 demolition, and all of the other things that will go
5 into building the downtown that will be a totally
6 separate project.

7 MS. MONTERO: I have one question.

8 MS. KUBE: Sure.

9 MS. MONTERO: The original request, the
10 original award was 137, is that correct?

11 MS. KUBE: Yes.

12 MR. TEES: The original project was
13 \$42,242.

14 MS. KUBE: Right.

15 MR. TEES: And the reason that changed
16 over the course of the last two years is as we first
17 did the investigation, had it declared in need of
18 redevelopment and went through the public hearing
19 process, we had to bifurcate the plan, because this
20 actually includes two elements of the redevelopment
21 law. There is a three-block area that's been
22 declared in need of redevelopment under the State
23 Redevelopment and Housing Law. There is another one
24 in a half block area that's been declared in need of
25 rehabilitation. The difference between the two is

1 eminent domain and condemnation is an instrument in
2 a redevelopment area, but not in a rehabilitation
3 area. But for the purposes of redevelopment, all of
4 the area has been, you know, is targeted for this
5 process. So because we had to separate first and
6 work on the redevelopment side and then through
7 additional public hearings, the community wanted to
8 add another block and a half of the downtown to the
9 redevelopment area, we had to go through the formal
10 investigation, the declaration, the hearings, amend
11 the plan, which had to go through the planning board
12 process and city council process, and it was adopted
13 by ordinance March 5th at its meeting.

14 MS. MONTERO: Right. And I didn't see
15 your original proposal, but I'm assuming it included
16 cost for the plan, for actual distribution of the
17 plan, as well as marketing of the plan?

18 MR. TEES: Sure. Now in the original
19 application--

20 MS. MONTERO: It wasn't included
21 before? I guess that's what I am trying to figure
22 out. I don't understand how the delay in the
23 process actually increased marketing cost or
24 distribution of a plan, because I guess I didn't see
25 the original one. I would assume you already had

1 marketing costs and distribution of the plan in the
2 original?

3 MR. TEES: Now in fact the original
4 project says this project will not refund
5 solicitations and negotiations. Although that
6 element of the project could be amended at some
7 later time. It was the intent in the beginning to
8 do the redevelopment investigation to get that
9 approved, to write a redevelopment plan for that
10 area. But once we started involving the public in
11 the process and they responded it required
12 additional city planner time, engineering time,
13 there is all those professional services that are
14 used to effectuate a redevelopment designation to be
15 increased.

16 Also, as I said, the side benefit to
17 this was as property owners realized we were doing
18 this, they came to us for voluntary acquisition of
19 their properties. So we were able to use this to
20 also firm up those negotiations. And then we wrote
21 a separate project to actually acquire three of the
22 sites, and we used a second generation fund project
23 to acquire four or more sites.

24 MS. MONTERO: I'm still not clear, I'm
25 sorry. In your last proposal did you request money

1 for redevelopment for the actual plan for copies of
2 the plan?

3 MR. TEES: Yes, yes. But not for the
4 purposes of distribution to the development
5 community. This was for planning board copies, city
6 council copies, internal copies.

7 MS. MONTERO: That clarifies for me.
8 And the marketing, did you also request for
9 marketing?

10 MR. TEES: No, because that would have
11 been part of the RFP process.

12 MS. MONTERO: Thank you, that's what my
13 question was.

14 MR. TEES: All right.

15 MS. KUBE: Any other questions?
16 Hearing none, all in favor please signify by saying
17 aye. Any opposed? Any abstentions?

18 (All in favor, no opposed)

19 MS. KUBE: Motion carries.

20 Congratulations, Roger.

21 MR. TEES: Thank you.

22 MS. KUBE: Next item is Roselle's
23 request for \$70,712 for Comcast phase two. Harry
24 Wyatt.

25 MR. WYATT: Good morning again.

1 MR. PILLSBURY: Now it's good
2 afternoon.

3 MR. WYATT: Again, I'm Harry Wyatt,
4 this is Roselle's request for \$70,712 for Comcast
5 phase two. Phase one at this point is actually
6 complete, and phase two has come about as a result.
7 Phase one incorporated commercials, advertising the
8 UEZ over Comcast local air waves. And it required
9 or brought about such response such as, well, those
10 look really nice, and the UEZ looks really nice, I
11 wonder if I could actually do the same for my
12 business. But on secondhand, I probably won't,
13 because commercials are very expensive.

14 Phase two is a plan to actually help
15 with the cost of those commercials. And we have
16 many mom and pop stores within the Roselle community
17 in our municipality, and as a result, cost was a
18 major factor for them. And this program actually
19 defers this cost tremendously. In fact, it puts
20 pretty much the only cost that a business has is the
21 production cost. And depending on how elaborate
22 they'd like their commercials to be, those costs
23 range from 500 to \$2,000, and that's pretty much
24 about it. The remainder of the commercial air time
25 is absorbed through this particular project.

1 I am pretty excited about this. This
2 project actually gives them an opportunity to be
3 viewed not only on the regular networks, but BET,
4 TNT, Lifetime, and MTV, and many of the major
5 channels that they actually have, as well the NBA
6 package, because at that time it will run from April
7 2008 to the end of the year December, which is
8 approximately 3,800 commercials. And in that time
9 of course the NBA playoffs start around May and goes
10 through June, around April and goes through June, so
11 of course the commercials will air during that time
12 as well. And obviously these type of venues we feel
13 will bring in great type of business through
14 marketing.

15 MS. KUBE: Thank you. May I have a
16 motion.

17 MR. HURD: So moved.

18 MS. RICHARDSON: Second.

19 MS. KUBE: Motion by Mr. Hurd, second
20 by Ms. Richardson. Any questions?

21 MR. ABELAR: No.

22 MS. KUBE: Comments, concerns?

23 MS. MONTERO: Do you find out how they
24 found out about your program? Like, how do you
25 determine whether your marketing strategy is a good

1 one?

2 MR. WYATT: Whether or not how do you
3 track, I guess, is your question?

4 MS. MONTERO: Yes. Do you ask
5 individuals, how did you hear about us?

6 MR. WYATT: Basically that's how it's
7 going to work. We wanted to work with the
8 business. Once you sign up and produce your
9 commercial you are going to need to track what it is
10 how people actually came to you. And we hope to be
11 able to get a more favorable response from these
12 businesses so we can actually tell how much bang for
13 our buck we got with this program.

14 MS. MONTERO: Good.

15 MS. KUBE: Okay, any other questions?
16 Hearing none, all in favor please signify by saying
17 aye. Any opposed? Any abstentions?

18 (All in favor, no opposed)

19 MS. KUBE: Motion carries.

20 Congratulations.

21 MR. WYATT: Thank you.

22 MS. KUBE: Next item is Union City's
23 request for \$319,360 for business recruitment and
24 marketing project phase seven. And the UEZ
25 coordinator is ill today, and Larry Weinstein is

1 here as Chairman of the UEZ Board to do the
2 presentation for Union City.

3 MR. WEINSTEIN: Thank you.

4 MS. KUBE: Good morning.

5 MR. WEINSTEIN: Good morning, good
6 afternoon. My name is Larry Weinstein, and I am here
7 to seek approval for \$319,360 for the business
8 recruitment and marketing project. This proposal
9 seeks to renew funding for the continuation of the
10 Union City's UEZ business recruitment and marketing
11 plan starting in 1999.

12 This year's program will continue to
13 developing and aggressively promote the Union City
14 enterprise zone as a center of commerce and a retail
15 shopping entertainment area, particularly in Spanish
16 speaking communities. The project and figures in
17 this proposal are similar to previous marketing
18 programs.

19 Through this accomplishment we
20 developed a clean-up Union City campaign, we
21 improved media recognition of the zone through the
22 following avenues, print ads, and local, state and
23 out of state newspapers, TV advertisements, develop
24 a UEZ newsletter, both English and Spanish, with
25 information regarding advantages of joining the UEZ

1 program. We developed a web site, we also
2 distributed UEZ shopping guides to promote Union
3 City as an exciting and active business community.
4 And developed a Taste of Union City event that was
5 attended by hundreds of people in an effort to
6 promote local restaurants, bakeries and businesses.

7 Through the marketing campaign we hope
8 to continue to foster economic growth through
9 relocation or expansion of businesses currently in
10 the zone. Additionally it will continue to generate
11 awareness of the benefits to eligible businesses and
12 consumers. Thank you.

13 MS. KUBE: Okay, thank you, Larry. May
14 we have a motion, please.

15 MS. RICHARDSON: So moved.

16 MS. PEARSON: Second.

17 MS. KUBE: Motion by Ms. Richard,
18 second by Ms. Pearson. Any questions, comments?

19 MS. KOLLURI: I have a question.

20 MS. KUBE: Ms. Kolluri.

21 MS. KOLLURI: Thank you. Phase seven
22 of the marketing campaign, and I am just curious as
23 to, you know, the whole idea of the marketing
24 campaign is to lead to more economic activity, more
25 jobs, location of businesses. Have you at all

1 looked at how you actually measure that and how you
2 impact?

3 MR. WEINSTEIN: Yeah.

4 MS. KOLLURI: Are there any activities,
5 jobs, businesses that have been created that can be
6 linked specifically to the marketing campaign?

7 MR. WEINSTEIN: Well we definitely
8 surveyed the business community, and we have open
9 lines of communication with all of the merchants
10 within the town. We also have an aggressive UEZ
11 board that are very hands-on. I am a merchant also
12 within the UEZ zone, so I could give you firsthand
13 knowledge on how this advertisement does improve the
14 business district by attracting more people to the
15 area. Obviously the more people, shoppers that come
16 to the area improve sales. And as a result of
17 increased sales it also increases employment.

18 MS. KOLLURI: How long is the marketing
19 campaign? This is phase seven, right?

20 MR. WEINSTEIN: Correct.

21 MS. KOLLURI: So this has been ongoing?

22 MR. WEINSTEIN: It's been going on for
23 the last seven years, correct.

24 MS. KOLLURI: Thanks.

25 MS. KUBE: Any other questions?

1 MR. ABELAR: Just one. I'm just seeing
2 in this page that you submitted here a lady by the
3 name of Amelda Weinstein.

4 MR. WEINSTEIN: Correct, that's my
5 wife.

6 MS. KUBE: Any other questions,
7 comments or concerns? Hearing none, all in favor
8 please signify by saying aye. Any opposed? Any
9 abstentions?

10 (All in favor, no opposed)

11 MS. KUBE: Motion carries.
12 Congratulations.

13 MR. WEINSTEIN: Thank you very much.

14 MS. KUBE: The next item is agenda item
15 nine, Vineland's request for \$3,510,000 for economic
16 development loan to BASB, LLC. And Jim Lelli is
17 here. Good morning.

18 MR. LELLI: Good morning, folks. I was
19 going to wear a shirt I'm the end of the line, but
20 Kathy wouldn't let me wear it. The first request
21 that Vineland has is for \$3,510,000 for an economic
22 development loan to BASB, LLC. This is a
23 distribution center, it is going to be the second
24 largest distribution center in Vineland, and the
25 third largest building in the city. Two great

1 tenants, one is the Burberry clothes from England,
2 who's going to occupy about 200,000 square feet, and
3 Pierce Felps Dodge is the other company that's going
4 to do that.

5 MS. KUBE: Okay. Do we have a motion,
6 please.

7 MS. RICHARDSON: So moved.

8 MS. KUBE: Motion by Ms. Richardson.

9 Second?

10 MR. HURD: Second.

11 MS. KUBE: Second by Mr. Hurd. Any
12 questions?

13 MS. RICHARDSON: I have a question.
14 How many jobs are going to be created?

15 MR. LELLI: Well we used based on the
16 size of what they're doing we believe that it's
17 somewhere around 55 jobs. Although we have not--
18 Burberry has not approached the city for any
19 benefits, so I have been unable to contact them, for
20 some reason. Unfortunately to them they lost their
21 attempt, their chance to get a BEIP award because
22 they already went into a lease with the company
23 before they started, so they never came to us to
24 propose that, so we're guessing 53 jobs or 55 jobs.
25 When this company applied for their planning permit

1 the parking spaces indicated that's probably the
2 number of jobs.

3 MS. RICHARDSON: The reason I'm asking
4 is on page three, help me understand the context, on
5 page three I saw 105 jobs, so how do I reconcile the
6 two pages, page three versus page six?

7 MR. LELLI: There is another, they used
8 a formula for that 53.

9 MS. RICHARDSON: For the 105? There is
10 105 jobs, 80 from Burberry, 25.

11 MS. KUBE: Pierce Felps.

12 MR. LELLI: Pierce Felps I knew about,
13 but again, we estimated number of jobs from
14 Burberry, because all I could go by was the planning
15 board's approval of parking spaces for the people
16 who are going to work there.

17 MS. KUBE: So there could be more than
18 the 55?

19 MR. LELLI: There could be more, I
20 actually thought it was a hundred. I remember
21 talking to the manager of the project for BASB, and
22 he thought there was going to be about a hundred
23 jobs there. What's more interesting is the fact
24 that they are going to put a racking system in there
25 to handle 1,800,000 mens suits for distribution

1 throughout the East Coast here, which is a fantastic
2 operation. So we are very happy to have a company
3 like that come in and add to the jobs in Vineland.
4 Again Cumberland County has the highest unemployment
5 rate in the State, so any jobs are a plus for us.
6 And also we also have the lowest per capita income
7 in the State, so jobs make that important too.

8 MS. KOLLURI: Is there any other
9 financing that's going into helping construct the
10 warehouse?

11 MR. LELLI: Oh, yes, Bank of America
12 has the first position mortgage, and we're taking
13 the second position mortgage. Our mortgage is 5
14 percent fixed for 20 years.

15 MS. KOLLURI: So Bank of America is
16 doing the construction loan?

17 MR. LELLI: Bank of America is doing
18 the construction loan.

19 MR. HURD: Do you know how much?

20 MR. LELLI: Or maybe Sun Bank is. See,
21 the owner of BASB is also the chairman of the board
22 of Sun National Bank, so Sun might be doing the
23 construction financing, and Bank of America and us
24 will do the permit financing.

25 MS. KOLLURI: Bank of America is doing

1 the permit financing?

2 MR. LELLI: Probably, yeah.

3 MR. HURD: Yeah.

4 MS. RICHARDSON: The UEZ loan principal
5 plus interest it will amortize?

6 MR. LELLI: Yes, over a 20-year period.

7 MS. RICHARDSON: Principal plus
8 interest being paid?

9 MR. LELLI: Yes, ma'am.

10 MS. KUBE: Any other questions?

11 MR. ABELAR: I have a comment.

12 MS. KUBE: Yes.

13 MR. ABELAR: These are public monies to
14 be loaned to a private institution for profit well
15 below prime rate. And I don't think it's
16 appropriate to be loaning in this fashion to a
17 private institution, that's my personal opinion.

18 MR. LELLI: That's fine.

19 MS. KUBE: Thank you.

20 MR. LELLI: Allow me to respond to
21 you. Among the most and for the City of Vineland
22 and for me personally, as Kathy will tell you, one
23 of the most important things is that we put this
24 money, this UEZ money into a revolving loan fund.
25 And because we're going to have that forever and

1 ever to do economic development, the fund now
2 stands, and I am proud of this, at about 55 million
3 dollars. We had ten years of experience, the cash
4 flow from the revolving loan fund is almost equal to
5 the sales tax revenue we get from the State, that's
6 how far it's progressed. And as soon as we get cut
7 by that one-third in 2008, the revolving loan fund
8 will supplant that. Again, the loans are only one
9 of the eight permitted categories in the legislation
10 that allow you to keep the money, otherwise you're
11 spending capital improvements are great, but, you
12 know, we support firemen, we support policemen, we
13 do all those improvements also. So this is only one
14 of those categories where you're going to be able to
15 have it when it's all said and done.

16 And finally, at a 5 percent interest
17 rate for us who this is in a 501(c)3 corporation,
18 because it's the enterprise development corporation
19 of Vineland, Millville, so we don't have no cost of
20 funds, so we make 5 percent, that's 500 basis
21 points. We pay no income taxes, so we are actually
22 more profitable than any of the banks. Any of the
23 banks would love to make the spread that we make on
24 our money, and at that rate.

25 And finally, those low interest rates

1 fix for a period of time allow the company or the
2 property owner, because we don't give real estate
3 tax abatement over a 20 year period and, you know,
4 as the surrounding states do. So to do that, to
5 offset that we have to offer a lower interest rate
6 on our loans so that it equals what they would have
7 gained by real estate tax abatement, and that's the
8 reason why we do that. It's just economic
9 development plus. And, you know, in New Jersey at
10 the moment the real estate tax situation is not the
11 best in the world, and there's the economic
12 incentives here in New Jersey, we rank way low. If I
13 read all of the latest trade magazines New Jersey is
14 down in the last quarter percentile. So we have to
15 go the extra mile to attract companies and get back
16 to an economic level where we need to be for
17 southern New Jersey and Cumberland County in
18 particular.

19 MR. ABELAR: I understand your point.

20 MS. KUBE: Thank you.

21 MS. MONTERO: I just have one last
22 comment. To the extent you can, please ensure that
23 there is collaboration with these companies and the
24 local One Stop, you mentioned the unemployment
25 rate.

1 MR. LELLI: Done, they sit right here,
2 we go to meetings, they are right next to me.

3 MS. KOLLURI: What is the timeline?
4 When are they due to break ground?

5 MR. LELLI: It's going to start I think
6 the C of O will be issued in April, and they are
7 putting in their rack system now in the big
8 building. And I don't know about Pierce Felps, I
9 know they're just bringing in their inventory supply
10 for distribution in the area, but I think it's ready
11 to go April one, or the end of April, somewhere in
12 there.

13 MS. KUBE: Any other questions?
14 Hearing none, all in favor please signify by saying
15 aye. Any opposed? Any abstentions?

16 MR. ABELAR: I'm opposed.

17 MS. PEARSON: Abstention.

18 MS. KUBE: One oppose by Mr. Abelar,
19 one abstention by Ms. Pearson. Motion carries.

20 MR. PILLSBURY: I'm curious, the
21 abstention is because of a conflict of interest, or
22 just not able to decide?

23 MS. PEARSON: Conflict.

24 MS. KUBE: Okay, next we have three
25 second generation fund projects from Vineland, and

1 we will take them separately. First one is for
2 \$1,027,190 for economic development loan to
3 Cumberland Cape Atlantic YMCA. Now, underneath all
4 of this paper is a revised version of the project.
5 Do you need to take a minute to look for it?
6 Because we put it out in front of your places this
7 morning.

8 MR. LELLI: And I want to thank
9 everybody for working with me to get this in the
10 proper format.

11 MS. KUBE: Well Ms. Richardson she
12 brought some things to our attention, and we were
13 able to work it through Ed Pillsbury there through
14 Mr. Carey's office. If everybody has found their
15 project, Jim, if you want to start your
16 presentation.

17 MR. LELLI: All right. This loan to
18 the YMCA for \$1,027,190 is a little unusual in that
19 the Y was going to do an expansion through a fund
20 raising program and institute this new family
21 program, which is very exciting for us in the city.
22 And during the course of the investigation they get
23 a correspondence from CREDA from Atlantic City
24 offering to, of course they owe them about \$750,000
25 on a previous loan that the CREDA made to the YMCA,

1 they offered them a one third debt reduction if they
2 would pay the loan off right away. So in effect
3 it's like being able to give the YMCA a gift of
4 \$250,000, and it doesn't cost anybody anything.

5 So that got put into the mix, and we
6 combined it so that it would be also they really
7 weren't ready to get started with this program, but
8 now that this came along, and the opportunity to do
9 this debt reduction for them that window is open
10 now, and we don't know how long it is going to be
11 open. So we put it together, and the project.

12 And the other half of the source of
13 funds is a fund raising effort by the YMCA board,
14 which is a group of volunteers, and a great group of
15 people. So the breakout as the family fitness
16 center remodeling equipment is about 1,027,190, we
17 repay CREDA a half a million to save 250,000. And
18 there was some other debt restructuring in there
19 that they owed a local bank. So we agreed to do
20 1,027,190, of which 500,000 would go to repay CREDA,
21 and the other 527,000 would go towards the
22 remodeling and the new equipment and the remodeling
23 for the family fit program. And the Y would raise
24 the 750, pay off the other debt to the other local
25 bank and leaving the City of Vineland with a first

1 mortgage of \$1,027,190 in the program.

2 MS. KUBE: Thank you, Jim. May I have
3 a motion, please.

4 MS. PEARSON: So moved.

5 MS. RICHARDSON: Second.

6 MS. KUBE: Motion by Ms. Pearson,
7 second by Ms. Richardson. Any questions?

8 MR. ABELAR: No.

9 MS. KUBE: Comments or concerns?

10 MS. RICHARDSON: Actually a question.

11 MS. KUBE: Ms. Richardson.

12 MS. RICHARDSON: So you're explaining
13 that CREDA actually approached the Y?

14 MR. LELLI: Yes.

15 MS. RICHARDSON: Offering to--

16 MR. LELLI: The Y wasn't the only one,
17 I understand. I have not talked about the Y with
18 CREDA, but I understand they are doing some kind of
19 a program to raise funds down there and offer some
20 debt reductions to a number of their people, which
21 surprised me, but that's the first time I have ever
22 saw that kind of an offer.

23 MS. RICHARDSON: Did the Y ever
24 consider approaching CREDA to renegotiate the terms
25 of the remaining debt outstanding to ease cash

1 flow? Was that ever a question?

2 MR. LELLI: No, it was CREDA approached
3 them. CREDA approached the Y, and the Y was moving
4 along in a general pattern.

5 MS. RICHARDSON: I understand.

6 MR. LELLI: This offer triggered this
7 whole project.

8 MS. RICHARDSON: Right. But there
9 wasn't an opportunity to see if the remaining
10 outstanding could be renegotiated extending the
11 terms reducing the balance?

12 MR. LELLI: No. It was possible, but
13 our program the city's revolving loan program would
14 lower their cash flow even greater. Once the fund
15 raising takes place they'll pay out the other bank,
16 they will gain, I forget how much their cash flow
17 will be increased, better than if it was CREDA. But
18 CREDA was not in the mood to renegotiate, they
19 wanted to get the loan paid off.

20 MS. RICHARDSON: Oh, so that wasn't an
21 option?

22 MR. LELLI: It really wasn't an option.

23 MS. RICHARDSON: Okay.

24 MS. KUBE: Any other questions?

25 Hearing none, all in favor please signify by saying

1 aye. Any opposed? Any abstentions?

2 (All in favor, no opposed)

3 MS. KUBE: Motion carries. Next item
4 is \$208,500 for economic development loan to Pray
5 for Me, LLC. Jim.

6 MR. LELLI: The name still gets me.

7 MS. PEARSON: Is it a church?

8 MR. LELLI: No, it's not a church. I
9 don't know where they got it from. As our senior
10 lender working with the program I never got to meet
11 these people, I don't know either. Anyhow, this is
12 a standard economic development loan for a company
13 that's expanding their business as a locally owned
14 company, European Auto Specialists, Inc. is the
15 name, and they've been successful over the years,
16 and they got a chance to do this expansion. Delsey
17 Drive in Vineland is a real hot spot now for
18 economic development and businesses coming in, and
19 they decided to take advantage of that. So this,
20 again, we're just doing the one-third loan of the
21 whole project. Our piece will be \$208,500, it's 20
22 years, 5 percent fixed rate for 20 years for that.

23 MS. KUBE: May we have a motion,
24 please.

25 MR. HURD: So moved.

1 MS. KUBE: Motion by Mr. Hurd, second.

2 MS. PEARSON: Second.

3 MS. KUBE: Second by Ms. Pearson. Any
4 questions?

5 MS. RICHARDSON: Just some
6 clarification. The relationship between this
7 company and the lessee, what is the relationship
8 between the two?

9 MR. LELLI: The LLC papers the owners
10 are the people that operate the European Auto
11 Specialist, Inc. they just formed a separate. Most
12 of the deals now for tax purposes they use an LLC to
13 own the property and they lease from the LLC so
14 their money goes and that lease payment goes to set
15 off the rents and pay back the loan.

16 MS. RICHARDSON: Both entities are
17 members of the zone?

18 MR. LELLI: Yes, they have to be.

19 MS. RICHARDSON: And between the two
20 entities how many jobs will be created?

21 MR. LELLI: Just two new full-time
22 jobs. The other benefits are obviously another real
23 estate tax flow for the City, and also an income for
24 the revolving loan.

25 MS. RICHARDSON: And the last question

1 I have is when you look at the bank terms and UEZ
2 terms they're very different in terms of the term of
3 the loan?

4 MR. LELLI: Our standard program is a 5
5 percent fixed for up to 20 years. I think the banks
6 use a balloon, but we're prepared, we need companies
7 to appreciate, and it's another incentive that when
8 they have a fixed cost for 20 years they can do
9 their budgeting. When you do a balloon you're
10 subject to whatever the interest rates are at the
11 time the balloon comes due, which is either 5 or 10
12 years. Most banks use a 20 year payout with a 5
13 year balloon. And as you can see right now the
14 whole turmoil of the market with the subprime, all
15 these loans are coming due and the adjustable rate
16 mortgages are going sky-high. That's the perfect
17 example of why fixed rate for businesses protects
18 the businesses and allows them to plan better.

19 MS. RICHARDSON: You were explaining
20 before that you don't have pilots so you tend to
21 give the longer loan terms as a perk, is that the
22 thinking with this one as well?

23 MR. LELLI: Yeah, it's our standard
24 program. Again, it's more beneficial too. The
25 other part is again to get that money into the

1 revolving loan fund as part of the principal is of
2 key importance to the city. The city administration
3 has really put a priority on that, and tries to keep
4 most of our money in the loan program. So we're
5 looking forward to the five percent interest rate
6 payments cash flow every month. The rest of it
7 makes it just steady to keep the loan where it is.
8 Right now we have to make still almost eight million
9 dollars in new loans just to keep even with what we
10 have.

11 So again, the loan program is most
12 important, and the key part of what the city wants
13 to do. Because again, when the lights go out on the
14 UEZ the city wants to have some program and funds
15 available to offset the costs, which they will not
16 get anymore from the UEZ program, and also to
17 provide a source of income for economic development
18 in the future.

19 MS. KUBE: Any other questions?
20 Hearing none, all in favor please signify by saying
21 aye. Any opposed?

22 MR. ABELAR: Opposed.

23 MS. KUBE: One opposition by Mr.
24 Abelar. Any abstentions? Motion carries. Next
25 item is \$30,000 for economic development loan to

1 European Auto Specialists. Jim.

2 MR. LELLI: Yes. This is the equipment
3 loan that goes inside the building we just talked
4 about. And there is a typo, this is a 10-year loan,
5 because we only do 10-year loans for equipment, not
6 20. I'm sorry about that.

7 MS. KUBE: Ms. Richardson caught that.

8 MR. LELLI: I knew you did, you are
9 good.

10 MS. KUBE: She caught it.

11 MR. LELLI: Go ahead.

12 MS. KUBE: I need you to correct that
13 in there in the proposal.

14 MR. LELLI: Pardon?

15 MS. KUBE: I'll need that correction in
16 the proposal.

17 MR. LELLI: Yeah, I will send you a
18 corrected copy.

19 MS. KUBE: Okay. May I have a motion,
20 please.

21 MS. PEARSON: So moved.

22 MS. KUBE: Motion by Ms. Pearson.

23 Second?

24 MR. HURD: Second.

25 MS. KUBE: Second by Mr. Hurd. Any

1 questions? Hearing none, all in favor please
2 signify by saying aye. Any abstentions?

3 MR. ABELAR: Opposed.

4 MS. KUBE: One opposition by Mr.
5 Abelar. Okay, we will move onto the consent.

6 MR. LELLI: I would like to say one
7 other thing while I'm here, for the record. You
8 know, we get a loan application in Vineland and we
9 spend a lot of time analyzing that loan, hours and
10 hours and hours and going through all of the
11 approvals and presentations. And then we come to a
12 board, I hand you a piece of paper, say, here,
13 approve this, trust me, and in five minutes you are
14 suppose to make a decision about what took us 20
15 hours, you know, a lot of hours to do. So your
16 input is really appreciated, because it helps us
17 form when we do the narratives for these we want to
18 make sure we include what concerns each of you. So,
19 Kathy, don't change the Board members, I have to
20 train this new group so that we can do that.

21 But again, I want to thank you, and
22 the public just has to understand that. But it's
23 the same thing to go to city council, and I told
24 them the very same thing. I says, here I go, and
25 here it is, we did all this work, we think it's

1 okay, they look at it for ten minutes at a city
2 council meeting and have to vote in public to vote
3 for it. And there's a lot of trust in that, and I
4 appreciate that. Thank you.

5 MS. KUBE: Okay, thank you.

6 MS. RICHARDSON: Thank you very much.

7 MS. KUBE: Thank you, Jim.

8 MS. KUBE: Okay, consent agenda,
9 consent agenda items 11 through 13, one motion.

10 MS. RICHARDSON: I have one question.

11 MS. KUBE: Okay, is it a particular
12 one?

13 MS. RICHARDSON: Yes, it's actually a
14 generic question.

15 MS. KUBE: Okay.

16 MS. RICHARDSON: But it is on a
17 specific transaction and it's on Hillside, so can I
18 ask a generic question?

19 MS. KUBE: Let me take one motion for
20 agenda items 12 and 13, if I can, first. Okay, I
21 need a motion for item 11.

22 MS. PEARSON: So moved.

23 MR. ABELAR: Second.

24 MS. KUBE: Motion by Ms. Pearson,
25 second by Mr. Abelar. Yves, please come up.

1 MS. RICHARDSON: This company is moving
2 from New York?

3 MR. AUBOURY: Yes, out of the Bronx.

4 MS. RICHARDSON: So I know the check
5 for tax compliance in New Jersey, but what about
6 when a company is moving from another state, do we
7 also look at that, do we care? How does that work?

8 MS. KUBE: I know that we're just
9 collecting clearance through the Treasury.

10 MS. RICHARDSON: For New Jersey?

11 MS. KUBE: Yes.

12 MR. AUBOURY: I want to give you a
13 little heads-up on this company. They were chartered
14 to me six months ago, they went inside, they are
15 crazy about that building, it is Kosher Food New
16 Jersey, they are going to create 14 new jobs in the
17 township. And the guy is really happy about the
18 town, and he likes Hillside because of the highways,
19 78, 22 and the Parkway, and he cannot wait. And the
20 Chair has an e-mail from him, because we have an
21 issue of taxation, he is spending money to renovate
22 the building, \$25,000 is nothing compared to what
23 he's spending to move to New Jersey.

24 MS. KUBE: Thank you, Yves, thank you.
25 Okay.

1 MR. ABELAR: Well we have to vote on
2 number 11.

3 MS. KUBE: There is a motion, all in
4 favor please signify by saying aye.

5 MR. ABELAR: What are we voting?

6 MR. HURD: On 11.

7 MS. KUBE: On agenda item 11, Hillside.

8 MR. ABELAR: All right.

9 MS. KUBE: All in favor please signify
10 by saying aye. Opposed.

11 MR. ABELAR: I oppose.

12 MS. KUBE: One opposition by Mr.
13 Abelar.

14 MR. ABELAR: I don't know the result.

15 MS. PEARSON: We have to withdraw the
16 motion and start over.

17 MR. PILLSBURY: No, you can move
18 something for a vote and then vote against it, he
19 can call the question for a vote.

20 MR. ABELAR: All right.

21 MS. KUBE: Okay, okay, we're good.

22 MR. HURD: Yes.

23 MS. KUBE: Okay, one opposition by Mr.
24 Abelar. Any abstentions?

25 MS. RICHARDSON: From 11?

1 MS. KUBE: Yes. So motion carries on
2 agenda item 11. Okay, agenda items 12 and 13 I am
3 going to take as one motion.

4 MR. HURD: So moved.

5 MS. PEARSON: Second.

6 MS. KUBE: So moved by Mr. Hurd, second
7 by Ms. Pearson.

8 MS. RICHARDSON: Recused.

9 MS. KUBE: Recusal by Ms. Richardson on
10 the Jersey City contract amendments. Any questions,
11 comments or concerns? Hearing none all in favor
12 please signify by saying aye. Any opposed? Any
13 abstentions?

14 (All in favor, no opposed, Ms.
15 Richardson recused)

16 MS. KUBE: Motion carries. Under old
17 business, do any of the Commissioners have any
18 questions or want to say something?

19 MS. PEARSON: Just a general comment.
20 We are all entitled to our opinions on the Board.

21 MR. ABELAR: I'm sorry?

22 MS. PEARSON: We're all entitled to our
23 opinions on the Board, and I think we all feel
24 freely enough to go over them, and a lot of them are
25 well founded, well formulated based on what we

1 believe. But I just want to state for the record
2 that our personal opinions are not necessarily the
3 opinions of the entire Board. So I just wanted to
4 state that for the record.

5 MS. KUBE: Yes. And Mr. Ed kept me in
6 check here too, he said everyone is entitled to say
7 their opinion once.

8 MS. PEARSON: Once.

9 MS. KUBE: Once.

10 MS. MONTERO: Once per agenda item,
11 right?

12 MS. KUBE: And am I right?

13 MR. PILLSBURY: Yes.

14 MS. KUBE: Any comments from the
15 public?

16 MR. ABELAR: New business. You're on
17 old business.

18 MS. KUBE: We're under old business.
19 Open to the public. Did you have something you
20 wanted to say?

21 MR. ABELAR: New business, I can't say
22 it now?

23 MS. KUBE: Okay.

24 MR. ABELAR: The television station
25 MSNBC decided to leave Secaucus, New Jersey after

1 being granted several million dollars in grants, as
2 we do here, and after being given generous loans, as
3 we do here. And MSNBC is leaving 425 jobs, and that
4 is an example why loans below prime and of course
5 grants to business for relocation are a mirage, they
6 don't exist. Business go where business is good,
7 not where public money taxpayers monies are given
8 away. And therefore I want to bring this to the
9 attention--

10 MS. KUBE: You are heard.

11 MR. ABELAR:-- to vote for grants and
12 loan.

13 MS. KOLLURI: Can I? The B program
14 that's a grant that the State has, there was a whole
15 penalty package that was put together, so there are
16 ways if you have grant loan programs there are ways
17 structured so a company can be penalized for leaving
18 the state.

19 MR. ABELAR: And the B program is
20 based, as I understand it, it is a package that
21 gives a grant based on taxes on unemployment taxes,
22 that is for leaving, that is the nature of the
23 grant, which is quite different of the outright
24 taxpayers money that any person in the private
25 sector cringes, as I do.

1 MS. KUBE: We know you do.

2 MR. ABELAR: To provide for profit
3 institutions.

4 MS. KUBE: Thank you very much. Ms.
5 Richardson?

6 MS. RICHARDSON: Just a follow-up on
7 the comment, and I really wish I had pulled it out
8 and had it on top, there is indeed a transaction in
9 this package that anticipates the event of what
10 happens if a company should leave the zone, and it
11 talks about some system of penalties and repayment.
12 So even within this program within the zones they
13 anticipate and they have dealt with it.

14 MS. KUBE: Yeah, I agree, I think that
15 there are a number of zones that have those
16 penalties.

17 MR. ABELAR: Just a brief comment.

18 MS. KUBE: Yes.

19 MR. ABELAR: I don't agree at all with
20 this business of being competitive with banks, the
21 government is not in the business of being
22 competitive with anybody, banks at this point in
23 which the private sector or the market is flooded
24 with private funds, and that's why the interest
25 rates are so low.

1 MS. KUBE: Okay. Thank you very much.

2 Anybody else have any comments? Hearing none.

3 MR. PILLSBURY: Make sure we completed
4 the public part.

5 MS. KUBE: Oh, yes, the public part,
6 whoever is left at this point. Does anybody have
7 any comments to make? Cathy.

8 MS. SHAW: I do. I'm Kathleen Shaw,
9 I'm representing the Borough of Carteret. And these
10 comments are not reflecting the Borough of
11 Carteret's, they're reflecting the last 20 years of
12 my career life working in the private sector trying
13 to make business grow in urban centers of New
14 Jersey. And it is extremely challenging for the
15 private sector to put together the exact mix of
16 marketing, special loans strategies so that these
17 urban centers can grow. So I just want to put that
18 comment in the record, that from a trench woman, and
19 you can put that right in there, because that's
20 where I have worked in the private sector, it is
21 extremely challenging. So I think each zone, I'm
22 newest on the zone, I have only been involved with
23 this for two months, however, I have had my trench
24 years, so I am very seasoned. I think it's
25 incumbent on every zone to put good management

1 practices together between the governing body and
2 the zone authority to make things happen. That's
3 the challenge to compete with what we're faced with
4 in the surrounding regional area. So I just wanted
5 to put that down for the record.

6 MS. KUBE: Thank you, Cathy. Any other
7 comments? Okay, hearing none may I have a motion,
8 please.

9 MR. HURD: So moved.

10 MS. PEARSON: For what?

11 MR. HURD: To adjourn.

12 MS. KUBE: Motion by Mr. Hurd.

13 MS. PEARSON: Second.

14 MS. KUBE: Second by Ms. Pearson. All
15 in favor signify by saying aye. Opposed?

16 (All in favor, no opposed)

17 (Adjourned at 1:05 p.m.)

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