Committee Meeting

of

SENATE SELECT COMMITTEE
ON ECONOMIC GROWTH STRATEGIES

“The Select Committee will take testimony from invited guests
directly impacted by New Jersey Economic Development Authority tax incentives”

LOCATION: Committee Room 4
State House Annex
Trenton, New Jersey

DATE: November 18, 2019
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Bob Smith, Chair
Senator Dawn Marie Addiego
Senator Nilsa Cruz-Perez
Senator Joseph A. Lagana
Senator Christopher ‘Kip’ Bateman
Senator Declan J. O’Scanlon, Jr.

ALSO PRESENT:

Jenny Kramer, Esq.
Leon J. Sokol, Esq.
Counsels to Senate Majority

Patrick Brennan
Erin H. Clark
Andrew J. Ward
Office of Legislative Services
Committee Aides

Eugene Lepore
Senator Majority
Committee Aide

Christopher Emigholz
Senate Republican
Committee Aide

Meeting Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey
COMMITTEE NOTICE

TO: MEMBERS OF THE SENATE SELECT COMMITTEE ON ECONOMIC GROWTH STRATEGIES

FROM: SENATOR BOB SMITH, CHAIRMAN

SUBJECT: COMMITTEE MEETING - NOVEMBER 18, 2019

The public may address comments and questions to Patrick Brennan, Andrew Ward, Erin Clark, Committee Aide, or make bill status and scheduling inquiries to Kimberly Johnson, Secretary, at 609-847-3840, fax (609)292-0561, or e-mail: OLSAideSEGS@njleg.org. Written and electronic comments, questions and testimony submitted to the committee by the public, as well as recordings and transcripts, if any, of oral testimony, are government records and will be available to the public upon request.

The Senate Select Committee on Economic Growth Strategies will meet on Monday, November 18, 2019 at 10:00 AM in Committee Room 4, 1st Floor, State House Annex, Trenton, New Jersey.

The select committee will take testimony from invited guests directly impacted by New Jersey Economic Development Authority tax incentives.

Issued 11/8/19

For reasonable accommodation of a disability call the telephone number or fax number above, or for persons with hearing loss dial 711 for NJ Relay. The provision of assistive listening devices requires 24 hours’ notice. CART or sign language interpretation requires 5 days’ notice.

For changes in schedule due to snow or other emergencies, see website http://www.njleg.state.nj.us or call 800-792-8630 (toll-free in NJ) or 609-847-3905.
## TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charles Wowkanech</td>
<td>President</td>
<td>2</td>
</tr>
<tr>
<td>Richard T. Smith</td>
<td>President</td>
<td>5</td>
</tr>
<tr>
<td>Clayton Gonzalez</td>
<td>Officer</td>
<td>13</td>
</tr>
<tr>
<td>Sean Brown</td>
<td>Private Citizen</td>
<td>15</td>
</tr>
<tr>
<td>Paymon Rouhanifard</td>
<td>Former Superintendent</td>
<td>18</td>
</tr>
<tr>
<td>George E. Norcross III</td>
<td>Executive Chairman</td>
<td>32</td>
</tr>
<tr>
<td>Rabbi Gedaliah Zlotowitz</td>
<td>Owner and President</td>
<td>72</td>
</tr>
<tr>
<td>W. David Henderson</td>
<td>Principal</td>
<td>74</td>
</tr>
<tr>
<td>Michael Goldstein</td>
<td>Principal</td>
<td>79</td>
</tr>
</tbody>
</table>
## TABLE OF CONTENTS (continued)

<table>
<thead>
<tr>
<th>Name</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ron Beit</td>
<td>84</td>
</tr>
<tr>
<td>President and Chief Executive Officer</td>
<td></td>
</tr>
<tr>
<td>RBH Group, LLC</td>
<td></td>
</tr>
<tr>
<td><strong>APPENDIX:</strong></td>
<td></td>
</tr>
<tr>
<td>Testimony</td>
<td></td>
</tr>
<tr>
<td>submitted by Charles Wowkanec</td>
<td>1x</td>
</tr>
<tr>
<td>Testimony</td>
<td></td>
</tr>
<tr>
<td>submitted by Clayton Gonzalez</td>
<td>6x</td>
</tr>
<tr>
<td>Testimony</td>
<td></td>
</tr>
<tr>
<td>submitted by Paymon Rouhanifard</td>
<td>8x</td>
</tr>
<tr>
<td>Testimony</td>
<td></td>
</tr>
<tr>
<td>submitted by Rabbi Gedaliah Zlotowitz</td>
<td>9x</td>
</tr>
<tr>
<td>Testimony</td>
<td></td>
</tr>
<tr>
<td>submitted by W. David Henderson and Michael Goldstein</td>
<td>10x</td>
</tr>
<tr>
<td>Testimony</td>
<td></td>
</tr>
<tr>
<td>submitted by Ron Beit</td>
<td>14x</td>
</tr>
<tr>
<td>Testimony</td>
<td></td>
</tr>
<tr>
<td>submitted by Joseph Balzano</td>
<td></td>
</tr>
<tr>
<td>Chief Executive Officer</td>
<td></td>
</tr>
<tr>
<td>EMR USA</td>
<td>16x</td>
</tr>
<tr>
<td>Testimony</td>
<td></td>
</tr>
<tr>
<td>submitted by Donald Katz</td>
<td></td>
</tr>
<tr>
<td>Founder and Chief Executive Officer</td>
<td>18x</td>
</tr>
<tr>
<td>Audible</td>
<td></td>
</tr>
</tbody>
</table>
TABLE OF CONTENTS (continued)

APPENDIX (continued)

The following appendix materials are available online only at
https://www.njleg.state.nj.us/legislativepub/pubhearings2019.asp

NFI’s August 21, 2019 Response To
EDA Regarding Task Force Report
Exhibits A through E

The Michaels Organization’s July 26, 2019 Response to EDA
Regarding Task Force Report
Exhibits A through Q

The Cooper Health System
Materials Related to Cooper’s Application
Under the Grow New Jersey Assistance Tax Credit Grant Program
November 18, 2019

Letter, addressed to
New Jersey Economic Development Authority
Dated July 16, 2019
In Response to Task Force Report
With Exhibits A through R
submitted by
Heather A. Steinmiller, Esq.
Managing Director and General Counsel
Conner Strong & Buckelew Companies, LLC

Briefing Materials
Camden Rising, Education and Renaissance Schools, Public Safety
Camden Health and Athletic Association, Camden Community Grant Program
submitted by
Sean Patrick Murphy, Esq.
Senior Vice President and General Counsel
Office of Counsel
The Cooper Health System

pnf:1-91
SENATOR BOB SMITH (Chair): Welcome to our fourth hearing of the Special Committee to review tax incentive programs of the State of New Jersey.

Hopefully, at the end of the process, we’re going to have some insight into that process -- how it might be improved, should we continue it.

And we have, today, a list of speakers who have been involved in the program; and, hopefully, as a part of each of their testimonies, we’d appreciate some comments on how you think New Jersey’s programs would be improved should we decide to continue them.

I will note that for some reason -- I can’t even imagine what it is -- there is a huge turnout today (laughter). And that being said, we run an orderly process. We’ve invited the various individuals to come forward; Senators are going to be able to ask whatever questions they’d like. And you may-- We have a huge audience today; you may like what the speakers say, or dislike what they say, but you’re welcome to be informed, sit there, and listen.

And I don’t think anybody would ever attempt to make a Committee meeting a political spectacle; but be advised that if you want to shout, or boo, or act in a disorderly way, I’m authorizing the State Troopers who are here-- Where are our State Troopers?

UNIDENTIFIED MEMBER OF COMMITTEE: In the back.

SENATOR SMITH: In the corner. I am authorizing our State Troopers -- if anybody behaves in a disorderly way, you can escort them out.

So let there be no doubt.

So that being said, we have a very distinguished panel.
Our first witness is Charles Wowkanech, President of the New Jersey State AFL-CIO.

Mr. Wowkanech.

Oh, and by the way, a good idea.

While Mr. Wowkanech is coming up, let’s take a roll call.

MS. CLARK (Committee Aide): Senator O’Scanlon.

SENATOR O’SCANLON: Here.

MS. CLARK: Senator Bateman. (no response)

Senator Lagana.

SENATOR LAGANA: Here.

MS. CLARK: Senator Cruz-Perez.

SENATOR CRUZ-PEREZ: Present.

MS. CLARK: Senator Addiego.

SENATOR ADDIEGO: Here.

MS. CLARK: Chair Smith.

SENATOR SMITH: And I am also present.

And by the way, I understand that the President of the New Jersey State Conference of the NAACP, Richard Smith, would like to testify with Mr. Wowkanech.

So Mr. Smith, if you would come up as well, we’d appreciate it.

Mr. Wowkanech, take it away.

CHARLES WOJKANECH: Good morning, Mr. Chairman and members of the Committee.

I appreciate the opportunity to testify before you this morning.
I’m honored to represent the working men and women who make up the State of New Jersey AFL-CIO in every sector of our economy throughout New Jersey.

I am grateful for the opportunity to testify in front of this Committee.

At the outset, let me be clear that the New Jersey State AFL-CIO has always supported every tax incentive law, including the Grow program, since their inception.

Mr. Chairman, I know that you have heard from many business leaders, community advocates, and policy experts. I want to provide you the perspective of a person who represents working families in the state.

As a matter of policy, the EDA incentive programs have helped New Jersey compete with other states that are seeking to poach our businesses. Keeping our companies here and helping them grow has helped tens of thousands of working families in this state with their businesses.

Much attention has been directed toward Camden. The City has seen almost $1.4 billion in private capital flow into it due to the tax incentive programs. That, in return, has brought another $1.5 billion in public investments that has targeted everything from parks, to higher education facilities, to K to 12 schools. All these investments have had a direct benefit to thousands of union members and citizens who helped build these public and private buildings.

However, the progress does not stop here. There is a multiplier effect of this investment that further benefits the community, union and non-union alike. This type of economic stimulus reaches into every aspect of the
community, bringing much needed assistance in the form of additional job creation and prosperity.

I know how much the Governor cares about union working families, and I am glad that he does. He has taken many strong steps forward to partner with organized labor on a host of pro-worker polices, and I commend him for that. However, we must now work together to solve these issues surrounding the Economic Opportunity Act. I am here to tell you, as clearly as I can, the Grow and ERG programs have helped our union men and women in the state.

We in the AFL-CIO feel strongly about the positive potential for union-built development via a partnership with the State EDA. In fact, we see this as such a positive opportunity that we invest our own members’ pension money into these projects.

So I would like to give two examples -- one successful partnership, and one partnership that was not as successful -- to highlight our concerns with the expiration of the incentives programs.

For the New Brunswick Performing Arts Center: The phase one portion total project cost was $170 million. The project received $26 million in ERG funding, and the AFL-CIO Housing Investment Trust -- which uses our own members’ money -- contributed $7 million. That project was opened in September, and was built with 100 percent union.

Now, here’s an example of what happened after the Economic Opportunity Act expired. The proposed Brick Church Station project, in East Orange, New Jersey, was designed to be mixed-use development consisting of apartments, commercial space for a federally qualified health center, and an early childhood education center. One hundred twenty of the 641 units
would be affordable housing. The project would also contain 150,000 square feet of retail, anchored by a 75,000-square-foot ShopRite grocery store; and include significant infrastructure investments to link the train station to the downtown’s Main Street and improve access to the existing retail plot.

The project total cost was $438 million, of which the AFL-CIO Investment Trust was poised to invest $246 million. The developer was contemplating whether he should move forward as a 100 percent union prevailing wage project, based on the AFL-CIO investment and the availability of the ERG funding. Once the ERG was in jeopardy, they decided to only move forward using union labor for a portion of the project, rather than the entirety of the project.

Mr. Chairman, you and the Legislature have been thoughtful in examining the incentive programs, and are in the process of determining how it can be improved. We at the AFL-CIO support that. What, in our view, is not acceptable is a state with no tax incentives, because we cannot effectively compete with other states.

As a state, we must ensure that our working men and women have continued opportunities to participate in the economy, and the EDA incentives programs assist us in making that happen, as these examples illustrate.

Thank you, Mr. Chairman.

SENATOR SMITH: Thank you, Mr. Wowkanecch.

Mr. Smith.

RICHARD T. SMITH: Good morning.
I want to take this opportunity to say thanks so very much to Senator Smith and members of the Senate Economic Growth Strategies Committee for inviting me to testify before you this morning.

My name is Richard T. Smith; I bring you greetings from the NAACP New Jersey State Conference, where I serve as the State Conference President; and greetings from the National Board of Directors, where I sit as one of the 64 members.

I say, without hesitation or fear of equivocation, that there is no branding -- none -- more recognizable in the country when it comes to Civil Rights, social justice, and equal opportunity -- none -- like the NAACP. For 110 years, we have been at the forefront in this fight for freedom, justice, and equality.

Unless we’ve been living under a rock, many of us have, almost daily, seen the ongoing debate in regards to tax incentives in New Jersey. We’ve seen the gamesmanship, the political jousting almost to nauseam, and as this debate has been used as a political football.

As citizens, we expect our elected officials to lead. The communities I represent cannot be left to suffer while politicians play politics, stymie legislation or programs. While they play, my folks pay; yes, pay the consequences of our leadership’s inaction.

We are a nonpartisan organization. We have no permanent friends, no permanent enemies, just permanent interests. I, by no means, am an expert on this subject. I wholeheartedly realize that there are counties, cities, communities that companies and corporations may not deem desirable to do business in and, in turn, must be enticed or incentivized to come.
Hundreds of jobs accessible to residents would be non-existent without these incentives; I totally understand that.

However, I believe, as scripture so clearly states, that to whom much is given, much is expected. As a Civil Rights and social justice advocate, I’ve seen firsthand the challenges faced by cities all over the State of New Jersey; challenges faced by residents, faith leaders, businesses, and elected officials, even as they try to pull these cities from the depths of poverty. At no point in this process have I seen any of these individuals lose faith, their sense of hope, and their sense of humanity.

Dr. Martin Luther King Jr. said, “If a man doesn’t have a job or an income, he has neither life nor liberty, nor the possibility for the pursuit of happiness. He merely exists.”

The time is now to develop what I would like to call SOPs, or *Standard Operating Procedures* for these tax incentives: what’s given, what’s expected, and please include a section letting them know that when they set up shop in our cities, one of our 41 Branch Presidents across the state will be knocking on the door to have a conversation about jobs, and we would like for those doors to be open.

There’s no denying that these incentives can put cities on the rise, as it has in Camden. It is only right that we acknowledge and understand the progress that has been made. But what should this ascension look like? The desire must be to create a healthy community, one that is ungentrified, one that is continuously creating and improving the physical and social environment, one that is expanding community resources that enable people to mutually support each other in performing all the functions of life, and in
developing their maximum potential: quality housing, quality education, a good paying job and, of course, safe streets.

Unless working citizens and the poor are able to obtain good jobs and increase their purchasing power, their ability to pump money back into the economy would be sapped of its dynamism. We must create incomes; people must be made consumers by one method or another. We must ensure that the jobs created include a livable wage, not a minimum wage. When states, county, or city officials grant these multi-million dollar tax incentives, there must be an agreement, not a promise, a written agreement for jobs that contain a livable wage, second-chance job opportunities, community reinvestment, affordable housing, and aid for quality education.

When the companies and corporations succeed and rise, so too must the citizens who have lived marginalized lives over the long haul of the years. When employment goes up, crime goes down; more jobs, less recidivism. Let’s fix what needs to be fixed, and concentrate on the positive changes that can be made in the lives of those we serve.

Time does not permit me to stand here -- or sit here, rather -- and catalog all of the dramatic improvements that these incentives have brought. But I see all of these possibilities through the lens of Civil Rights, social justice, and equal opportunity. Improvements to education and public safety are Civil Rights and matters of social justice, not to mention the fact that they are building blocks of a community.

Building a long-term economy is the greatest insurance against poverty. With a strong economy comes access to opportunity for employment.
There is no better social program in this world than a job. Employment training and placement of residents in these cities is a key issue we must continuously focus on. I would hope that in the SOPs we could focus on five employment categories in our continued efforts.

First, are high school graduates who are not ready to go to college; second, are individuals who are looking for fresh opportunities and a new start in life; third, are displaced workers; fourth, are college graduates who are residents in these cities; and finally, those who have been cast aside because they have some sort of criminal record. No particular category is more important than the other.

As you consider the next phase of the tax incentive program, I hope you will make local employment a focal point. The NAACP National Office has just announced a nationwide incentive called the One Million Jobs Campaign, and its focus is implementing Fair Chance hiring which will provide employment opportunities, more specifically, for those who have a blemish on their record. And when we are successful with this initiative, we can transform our communities.

The fact that 30 companies are or have come to Camden, or are expanding their operations in the City is a good sign, and why we feel we need, as the NAACP, to take a hands-on approach. In fact, the NAACP, along with five other nonprofits in the City, have become a part of Camden Works, a program designed specifically to ensure that residents have an opportunity to become gainfully employed in the companies moving into the City. I applaud the progress that has already been made in this regard, and I think this is a good starting point and not the end objective. I think we all agree on that.
Well, we could sit here and tout progress; but let’s let this whole piece be the beginning. Let’s ensure we do more, because the goal must ultimately be prosperity for all. We must all remember that coming together is a beginning, keeping together is progress, and working together is ultimately success.

Thank you, Senator.

SENATOR SMITH: So one comment for Mr. Smith.

We hope to be going forward with new legislation. It would be really helpful if we could include in that legislation some of the things that the NAACP believes to be important to make sure that all segments of our society are eligible for jobs, etc., etc.

So if you have any specific suggestions for the legislation, I would love to see that in writing, all right?

And likewise, from Mr. Wowkanech -- you mentioned that some jobs didn’t end up all prevailing wage. What do we need to put in the legislation to make sure that we do protect our laborers in the State of New Jersey?

You can send in your cards and letters; we’d really appreciate hearing what that would be, all right?

Any questions from Committee members?

Yes, sir, Senator O'Scanlon.

SENATOR O'SCANLON: Just one quick one for both you gentlemen.

You believe these incentives have been successful for Camden.

What do you think about the contention by what seems to be -- and you’ll correct me, because I might be wrong in this perception -- but it
seems to a significant portion of the Camden population-- Folks who are on the ground there contend that the benefits of these incentives haven’t reached the working people of Camden; that they benefitted solely corporate folks, and other folks, and the wealthy.

Is there no basis in that? Is it just a small, politically motivated group that is making those contentions? Or is there some legitimacy?

MR. WOWKANECH: Senator, let me try and answer it this way.

I drove around in Camden 20 years ago; and the crowds that were not working, that were on the streets, and the way the City had looked, in my opinion, was deplorable.

Now, I know in this business it’s hard to make 100 percent of the people happy, 100 percent of the time. And I’m sure there are citizens who are not happy with what’s going on. But I think if you ever took a ride down there yourself -- particularly at night when you see the lights on, the new police force, see all the new buildings-- Is it where we want to be? Absolutely not. But I’ve also worked with our unions that are down in the area and have developed programs to bring the inner city people in and teach them pre-apprenticeships to help them qualify, and take the test, and learn a skill.

So in my book, I don’t know how you put a value on this. I don’t know if you have to crank into the equation what other states are doing for us to be competitive. There are a few things that I’d like to see changed myself. But to answer your question -- I think that’s the best way to answer this -- is everyone 100 percent happy all the time? No. Can we do other
things? Yes. But just by virtue of going down there and seeing what’s going on, it’s really unbelievable.

And I know the focus is much on Camden today. But I want to share with you-- Because we have almost a million members in the state, and they’re not just all in Camden; they’re all around the State of New Jersey. I’ve seen the benefits in Jersey City; I’ve seen the benefits, as well as you have, in Newark, okay? I’ve seen the way the Governor tried to court Amazon; he wanted to give the wealthiest corporation in the world $7 billion. Am I here to criticize him and say he was wrong? I don’t know if I could make that judgement.

I see what’s going on in Atlantic City which, many, many years ago, before the casinos, was kind of like in the same condition Camden was. Now there are 40,000 and 50,000 people who are employed there, and I’m proud to say most of those jobs are union. They have a pension, they have health care, they have an opportunity to access education.

So is everyone happy? I don’t know. But I’ll tell you what -- there’s been a tremendous, tremendous business, not only in Camden, but I think around the state in terms of this type of project. And I think you would recognize that, Senator. You see what New York is doing, you see what Pennsylvania’s doing to steal our companies on a daily basis. We have to come out with something. What that is -- I think this Committee is charged with the great opportunity here to draft something. If people aren’t happy with what’s going on, let’s fix it. And let’s not just fix it for certain people; let’s fix it for the residents and for workers of this state.

Thank you. (applause)
SENATOR SMITH: I’d like the next panel to come forward. The next panel is Officer Clayton Gonzalez, Camden County Police Department; Sean Brown, Camden resident, activist, community organizer, and a former member of the Camden School Board and CEO of DuBois Douglass Strategies; the third member is Paymon Rouhanifard.

Officer Gonzalez, if you would, sir, turn on your microphone. We’d like to hear from you.

OFFICER CLAYTON GONZALEZ: Good morning, Chairman Smith and the members of the Committee.

I want to thank you for your time, for the opportunity to testify before you today.

My name is Clayton Gonzalez, a lifetime Camden resident. I am in Trenton today to talk about, and hopefully to help all understand, the transformation I have experienced firsthand in the City of Camden since 2012.

Around that time, I began working with the Camden State School District, working with families, and engaging the community, and coming into frequent contact with many of our wonderful students. Those years, roughly one in five students dropped out of school, and fewer than half graduated. And in 2012, just three members of the graduating class were deemed as college ready.

I’m sorry to say that when I was growing up in South Camden -- or how some may call it downtown -- things weren’t much better. And those of us who made it through to graduation weren’t faced with prospects any better than the students of 2012.
There was not one collection of corporations or companies interested in moving into the City. In fact, the ones that were benefiting and eager to move into our town, as far as I could tell, were funeral directors and bail bondsmen.

Families like mine were struggling to stay afloat because we couldn’t find work. The struggles pushed a lot of folks to find other ways to make money; and many of the ones I grew up with fell into drug dealing and other illicit pursuits.

For most of my life, Camden has been a City where too many families, children, and students, were left behind; or at least we felt that way. And those who were looking for an honest day’s work found little within our City boundaries.

Just think: In 2012, the City was the nation’s most dangerous. It was a place where every 32 hours someone was being shot. Some of those being shot were people who I knew. It was a place where I wouldn’t let my kids play on a sidewalk, let alone a public park. That was the Camden I grew up in.

I’m here today to tell you that the Camden that I grew up in is not the Camden I live in today. I take pride in our City.

Over the past five years, the schools I worked in have reached unprecedented milestones that, frankly, I never believed possible. Dropout rates are at a record low, graduation rates are at a record high, and test scores up in a meaningful way across the City’s public, Renaissance, and charter schools. Today I’m proud to send my two children into the schools in the City.
If you spend time in Camden, the impact of this law, of the companies that have come into the City, and the jobs they have delivered are impossible to miss. I see it every day, I go into work. When I put on my uniform I can see the difference being made for my City, for my family, and myself. On the beat I see smiling children in the City parks and playing outside of their homes. Their parents talk to me about their new opportunities, and a sense of hope that had not been felt for a very long time in our City.

If nothing else, that’s the thing I want everyone here to take away. My City, where the schools were maligned, the streets were a mess, and where we didn’t think we would ever get any better, is suddenly teeming with hope that this time things are really changing.

I don’t have a lot of experience dealing with corporate tax incentives; honestly, I don’t have any at all. But I spent a lifetime in the City of Camden, and I can tell you that because of these changes I’ve seen in the last five years, I can look at my kids and smile because the future that’s awaiting them is much brighter than the future that awaited me.

I hope our City can live up to the promises I’ve made them, and I hope everyone here can help us get there.

I want to thank the Committee again for this time in allowing me this opportunity to speak before you today.

Thank you, Mr. Chairman and members of the Committee. I hope I can be of help if you have questions.

S E A N   B R O W N:  Good morning, Mr. Chairman and members of the Committee.
As this Committee and the Governor debate what the State of New Jersey should do to support economic development, I would offer my perspective as a small business owner and 17-year advocate for the success of young adults in my beloved community.

I have voluntarily taken on the critical duty to help neighbors, friends, and community members get a job. I volunteer time writing resumes, walking people through online career assessments, giving interview tips, and connecting Camden residents to employers.

Many of Camden’s hardworking families spent years, in some cases generations, hoping for a better future; unaware of imperfect but adequate tools. We need to focus on employment with initiatives like Camden County One-Stop and the new Camden Works.

Last week, as I prepared for this today, I toured the Camden County One-Stop, which is a part of my County’s Workforce Investment Board. It is a hub for job seekers, including a section for young adults to get a skills assessment and take a basic skills test.

Before testifying today, I wanted to have confidence in the system; and after seeing the One-Stop with my own eyes, I can report to you that I do.

But we need to do more than make sure that our families have the tools to realize their dreams, and people are aware of the services.

So as you amend tax credit legislation, you should mandate that a company that locates in the City provides employment to local residents in order to receive incentives. Doing so will formalize the connection between private sector and community, while providing predictability to people of all backgrounds in Camden to participate in a regular functioning economy.
Up until last year, when I was trying to help a young person, to them my good intentions were interpreted as merely words to people who needed cash more than thoughtful advice. Now with Camden Works, I can refer people to actual caseworkers in Camden who can assist our population, our residents, in building a career.

Mr. Chairman, for the free market to work at its best, tax incentives and any other tools designed to lift economies must be regulated, regularly reviewed, and reformed when necessary. So therefore, I ask you to develop new legislation that is inclusive and helps the most vulnerable in our communities.

The Economic Opportunity Act was an incomplete solution to a problem that no one leader, statute, or policy can fix. I call on this Select Committee to make things better. My community just wants a decent job, to be on the pathway to a great career.

Despite deep systemic issues, Camden does have undeniable and demonstrable momentum that must be encouraged to impact the most vulnerable residents. If we look back with the lens of blame, instead of looking forward with sights on reform and prosperity, all momentum will falter. In Camden, companies like American Water, the 76ers, Campbell Soup, the Cooper Foundation, Michaels Development, and a few others have been good corporate citizens and neighbors. They donated, participated, communicated with dozens of organizations to create long-term change.

With the help of Cooper’s Ferry, my friend Rashaan Hornsby, owner of Royal Paper Co., is a signature away from getting what every small business needs: an opportunity to be a vendor. As you know, it takes forms, taxes, fees, and connections to get a big contract. An omission of the
Economic Opportunity Act of 2013 was that it did not have a requirement for local businesses or community benefits. So let’s codify that in statute.

A word of caution. If we subpoena, interrogate, sue, indict, there will be short-term political wins. But that, in itself, does nothing to help the most vulnerable, the weakest, and the powerless who need a united government the most. In fact, it breeds the opposite, ripping apart the delicate balance that can foster the Governor, the Legislature, and local political community leaders to work together to build an economy that works for everyone.

So Mr. Chairman, whatever new legislation comes from knowledge gained in this hearing, I submit that it must address social mobility. The ability for people living in Camden to sustainably increase their personal family and generational income, in the city with the lowest credit score and per capita in the nation -- we must be committed to unity for change.

Thank you.

SENATOR SMITH: Mr. Rouhanifard, former Superintendent of the Camden School District, and Co-Founder and CEO of Propel America.

PAYMON ROUHANIFARD: Good morning, Mr. Chairman and members of the Committee.

My name is Paymon Rouhanifard; as you just heard, I proudly served as the Superintendent in Camden from 2013 to 2018. I now am co-founder and CEO of a nonprofit workforce development organization that helps recent high school graduates between the ages of 18 and 24 find an upwardly mobile first job, by empowering them with the skills, and credentials, and social networks, and experiences they need for those jobs.
So as Officer Gonzalez mentioned, we saw a great deal of improvement in the City, as it relates to education, in that five-year span. And it’s important to note that when I was first appointed, it came on the heels of a State intervention, which led to, certainly, mixed feelings about the role of a State in a city.

And to make a really long story short, I think you can say that, at the outset, there was a demand for change that extended well beyond that change in governance. And there was a great deal of turnover that led to, at times, kind of frenetic and chaotic school policies.

And I know these two gentlemen to my left experienced that in a very significant way. So when I came in, I was the 13th superintendent in 16 years, and I would constantly hear teachers tell us about the whip-lashing changes, and how change was always the constant. And so we aimed to create continuity and bring stability to the District. And by the end of it -- certainly no one would tell you the work is done today in Camden. But we saw very significant improvements in the graduation rate; a decrease in the dropout rate; and test scores, at a systems level, improved steadily in a way you don’t typically see at scale.

And perhaps what we’re most proud of is that we implemented restorative policies inside of schools, and we reduced suspension rates. And we partnered with the Camden County Police Department to do things the right way, and not create a culture of over-discipline.

And the last thing I would add is that there was a physical revitalization of our school districts -- of our school district facilities. When I came in, half of our buildings were constructed before 1928, with nary a dollar of capital improvements invested. And so we had crumbling facilities;
and by the end of it, we had invested $336 million across 12 different sites; and $136 million of that is for Camden High, the Castle on the Hill, a landmark institution in the City.

We went about our work collaboratively; and I worked closely with these two gentlemen, and many others, and held over a hundred town halls to ensure that every voice was heard. It’s not to say every person agreed with us; but we took a community-focused approach and collaborated with political leaders, community leaders, parents, and students alike.

And so I’m so proud to be representing Camden today. I no longer live in the City, but the work we are doing today and the connection to this conversation makes me think about-- A couple of years after I came into the City as Superintendent, there was a report that I believe was generated by CamConnect, a local nonprofit, that said 40 percent of the buildings and lots in the City were vacant at that time. And I don’t think anyone would argue that we should not invest in those empty facilities and empty lots.

And so, for me, tax incentives and investment in a city is a starting point to the conversation; and, really, the work is about the practice itself. And what I mean by that is -- I, with our new organization, we’re operating in four states and we have a site in South Jersey. And I can tell you the business leaders we work with desperately want to hire young adults, Camden residents, into these -- I call them middle-skill jobs; so a certified medical assistant, a pharmacy technician -- really well-paying jobs, between $18 to $25 dollars an hour.

But policy doesn’t just solve that problem; tax incentives don’t just solve that problem. They enable the conditions to solve the problem.
But the work itself is about creating a skilled pipeline of young adults who are trained and have access to training opportunities, have affordable pathways to these jobs. And it’s really hard work, and important work, that won’t ultimately be solved by legislation but, again, is enabled by legislation.

And so, again, I can testify that these employers very much are working to be part of a rising tide that’s lifting all boats, with a focus on young adults in the City.

And thank you again for the opportunity to be here.

SENATOR SMITH: Thank you very much. We do appreciate the insights on Camden issues.

Any questions from members of the Committee?

Senator O’Scanlon.

SENATOR O’SCANLON: I’ll put the same question to you gentlemen that I did the previous testifiers -- there are folks in Camden, on the ground there, community activists, who contend that the rosy picture you’re painting is false; that the actual residents -- working people, unemployed people in Camden -- haven’t benefitted from these programs.

Sounds like you’re in a perfect perspective to answer that; and how do you do so?

MR. BROWN: Yes, thank you, Mr. Chairman; excuse me, thank you, Mr. Member.

SENATOR O’SCANLON: Don’t promote me. (laughter)

MR. BROWN: Mr. O’Scanlon.

I love that question; and the answer -- I think some of it was in my remarks, and I’ll reiterate a few points.
One is, across this nation there’s a skills gap. You can graduate from high school with a diploma, doing everything you were supposed to do, and not be eligible for many jobs that don’t even require, necessarily, a degree. So that’s why I mentioned the One-Stop. We are at a point where there have been omissions, there have been mistakes; but there’s also positive momentum. So we have to bring those things together. A lot of us have done the research, we’re making the connections. We have things in place already. So Camden County One-Stop is in place; Camden Works supplements that with a website and ways to get people closer on the pathway to career.

What we need this Legislature to do is look at these things and then make sure that the money and the resources are there so that there’s enough money to do things like marketing, to do outreach.

I think what may be lost in what Paymon said is that we have a lost decade of an inadequate level of public education, where there were young people, who are now young adults or in their early 30s, who, by no fault of their own, were put into a circumstance where they might not be able to pass basic math and reading tests to qualify to be in the AFL-CIO.

So these things are being corrected; but we do need legislation, and we need good policy, and we need unity in order to take it to the next level. So if a person says, “Hey, you know, I’m 25, and I want to work at such-and-such place, but they’re not hiring for anything I’m qualified for,” that is a legitimate gripe. But the fix to that is, is to make sure this person has, I would say, two parallel paths. The first one is, you need to make some money, and you need to make some money right now; and then you also need
to be on a pathway to get the credentials -- whether it’s at community college, college, a certificate -- on a longer path.

So we are on that pathway, I believe, right now.

SENATOR SMITH: So a follow-up question to Senator O’Scanlon -- Mr. Brown, can you give us specific examples where your One-Stop program has worked with individuals to make things happen?

MR. BROWN: So while I don’t want to claim to be an expert on it -- but my understanding from talking to both young people, One-Stop staff, and some leaders of organizations -- Camden and cities like Newark and Jersey City in the state have programs sometimes supported by AmeriCorps, where you get recruited, you’re in the program. And then, in that program, when you need the next thing-- So when you need the job, they connect you with your local One-Stop to get the career assessment, and you sit down with a counselor who does it.

And again, what we have now is, we’re adding -- I shouldn’t say we, because I don’t really have anything to do with it -- but the community is -- Camden Works is adding case managers. So you basically will have social workers who are taking people through the steps.

I myself signed up for this; I myself signed up for Camden Works when it was first announced. And Friday, coincidentally -- or maybe serendipitously -- when I was preparing for this hearing today, I was actually called by the case manager to see if I needed any specific help in applying and getting jobs. I told her I’m good, but maybe I might need to call her next year.

SENATOR SMITH: Thank you.

OFFICER GONZALEZ: I’d like to add to the Senator.
SENATOR SMITH: Yes, sir.

OFFICER GONZALEZ: So I would say, for example, I am a middle child; and I am the only one who actually graduated on time. Both of my brothers do not hold any qualifications that I would say, in a regular workforce, in a regular work field, can get a good, decent, livable paying job.

They, today, work within the City, at one of these companies that came into the City and provided them the opportunity to not only just qualify them, give them the certifications-- Today they make a wage that-- It’s competitive, all right? They are part of a union, and they also get benefits. That’s just an example of the companies that are coming in that actually do help.

And there are also certain programs, like Hopeworks, that actually partner with certain other businesses, like American Water and Subaru that provide the opportunity for these kids -- who are sometimes dropouts -- to do internships within those companies, and actually give them the opportunity to supplement what might be the educational background, that they might not possess, with experience.

SENATOR SMITH: We have some more questions.

Senator Lagana, and then Senator Addiego.

SENATOR LAGANA: Thank you, Chairman.

I just want to piggyback on Senator O’Scanlon’s question about the specific needs of the residents not being met.

Can you talk a little bit about the unemployment rate, if you have a knowledge of that? What does it look like now, as opposed to 1980, 1990, 2000? Where are we right now, and where are we going -- on that specific topic?
MR. BROWN: So the good news is, the unemployment rate -- a trend that started with President Obama, by the way -- the unemployment rate in this country has been going down since 2009. And when you have big issues like Camden has, we are never able to follow the trend exactly as it is. So unemployment in Camden is higher than it is in surrounding municipalities, but it’s also lower than it’s been in the last 30 years, according to data put out by the Department of Labor. There was an article about this just a few weeks ago.

So with that said, there’s unemployment and there’s underemployment. And in the poorest city in America, obviously we have issues with these things. There are companies that do hire low-skilled people. So if you have nothing but a diploma, there are places that are hiring. The thing comes to, though, are these the right connections? Because these are jobs that are very, very hands-on; it’s a lot of -- it’s hard. You have to have big muscles, you’re pulling stuff at recycling plants and things like that. Which is why we have to have two pathways so that 5, 10 years from now, what people wanted to do when they were 5 years old -- they can truly live their dream and be happy when they go to work every day.

SENATOR SMITH: Senator Addiego.

SENATOR ADDIEGO: Thank you, Chairman.

I guess the Officer could answer this one.

Talk a little bit about the public safety improvements you’ve seen. Because I know, as a parent, I would have had concerns, years ago, raising a family in the City of Camden. Can you talk a little bit about the public safety improvements, if any?
OFFICER GONZALEZ: Well, when it comes to the improvements -- of course, if you have an open field or an abandoned building, there’s obviously a higher chance of criminal activity happening within that building, that empty space. So when you have companies coming in and actually reviving those buildings, and making those buildings workable and livable, it does help decrease the amount of crime that’s happening within that area. And obviously, that trickles -- that same feeling trickles down to surrounding towns.

So again, now that those empty fields are no longer there, of course you have less criminal activity happening, less chance of criminal activity even happening. So it does help, from an officer’s perspective.

I hope that answers your question.

SENATOR ADDIEGO: Thank you.

I think, based on what I’m hearing, I think the three of you could agree that it would have been absolutely disastrous not to have an incentive program. And I think what our goal here is -- I know very few programs in the State of New Jersey that are absolutely perfect. But I think our goal here is to see what we can do to make the next program better.

So based on what I’m hearing -- I just want to see if I’m correct -- I’m hearing that whatever program we come up with, we really need to look at investments as part of that program -- investments in training high school dropouts, or young people, or young adults. Something has to be put towards that and towards marketing. Is that what I’m getting from all of you?

MR. BROWN: Yes. Marketing is a critical part, because the County-- I think in the State of New Jersey, probably across America, we put employment services at the county level, right? So once you’re there,
you’re going to get some good services; you’re going to get some help getting connected with the job. I think tomorrow they have a Census Fair for people who want to work for the Census. The issue is, not necessarily a lot of people know these services are as good as they are, so they haven’t taken advantage of them as they could.

If a company is not prepared to have its own intense training program, I believe that they should at least put money into a fund that then pays for those training programs to go -- whether it’s scholarships, or community college, or whatever. But there has to be money to support the credential requirements to be able to start a job.

And, really, just to answer your previous question, there’s something that hasn’t been discussed yet today that’s very, very important to understand in urban cities in New Jersey, which is drug addiction. Until we get a grip on the fact that people from the suburbs love getting crack cocaine, heroin, or pills in our communities, taking advantage of disadvantaged neighborhoods, we’re not going to be able to get so far, because public safety and drug addiction are interconnected issues.

SENATOR ADDIEGO: So another area, then, that we should be investing in -- and I agree with you -- is the opioid epidemic.

MR. BROWN: Opioid, wet, crack; you know, it has to be all those hard drugs that are being used. But certainly, opioids as well. and not just NARCAN treatment, but making sure that people have a place to go that’s safe and clean; and that we as a community are placing people in our own community, and people who live in other communities are being placed in their communities to get those services, as well, where they live.
SENATOR ADDIEGO: Just to confirm, are all three of you residents of the City of Camden?

OFFICER GONZALEZ: Yes.

MR. ROUHANIFARD: I am not.

SENATOR ADDIEGO: Okay.

All right, thank you.

SENATOR SMITH: Senator Bateman.

SENATOR BATEMAN: Thank you, Mr. Chairman.

First of all, gentlemen, thank you very much for coming down this morning to testify.

Basically, my question is for the Superintendent.

Education is so important; the quality of education. And fortunately, in New Jersey, we have great schools.

How long was your tenure in Camden? How long were you part of the school system?

MR. ROUHANIFARD: Five years.

SENATOR BATEMAN: Five years. And you’re retired from Camden as Superintendent. Are you still in education?

MR. ROUHANIFARD: I still work in education. I mean, I consider what I do now one foot in education, one foot kind of on the workforce side of the business.

SENATOR BATEMAN: During your tenure in Camden, I know that the schools, and grades, and college admissions improved. Did you see a drastic change in those five years? And how does that correlate to the money that was spent by the State and the businesses coming into Camden?
MR. ROUHANIFARD: How do the improvements in the school district correlate to the rest of the City?

SENATOR BATEMAN: Yes. Did you see a drastic improvement when the money was infused into Camden? Did you have programs where you worked with the businesses?

MR. ROUHANIFARD: What I witnessed-- And it’s worth mentioning, I came from New York City and Newark, where -- and I recognize this is a very politicized environment -- but it was particularly tough politically in Newark and in New York City. Big city complex (indiscernible).

What I experienced in Camden was an unbelievably collaborative environment, where the police chief -- who recently retired, John Scott Thompson -- he and I would speak multiple times a week about how we could work together to not only creates Safe Corridors -- so students and families feel safe in the morning, and arrival, and afternoon during dismissal -- but build stronger relationships between the police and schools, and promote events where families are outside interacting with police officers.

And the same goes with our City Council and our Mayor, where every phone call was always returned, and there was just a very functional line of dialogue. And I did not experience that in my other two stops, in New York City and Newark.

And so, yes, I mean, without question it was a rising tide to lift all boats. Is it perfect? No one’s here to tell you it’s perfect; but it’s fundamentally better. And so the City feels safer; you see it in the data. The City looks better; you see it in the data. And there’s a higher quality of education, which is indisputable, when you look at State test scores, graduation rates, and dropout rates.
SENATOR BATEMAN: Thank you.
SENATOR SMITH: Thank you, Senator.
Any other--
Senator, if you would.
SENATOR CRUZ-PEREZ: Yes; good morning, everyone.
Can you explain to me how these new investments in the City have impacted your neighborhood and your family?
MR. BROWN: Yes. I live in the Fairview neighborhood of Camden, which was designed 101 years ago.
The impact on my neighborhood is -- it’s a great question. It’s complex to see because I live on a block -- there are six people who live on my block. And everybody works, who lives on the block; the youngest people live to my left. What I’m able to do is say -- and it’s just reiterating my comments -- and say, “If you or anyone you know needs a job, there is a resource for you. This is how to look it up; these are the people who will help you who are professionals in that process.”
My neighbors to the right are contractors. Because properties are so low in the City, there’s always work for contractors to do, in terms of fixing up properties to get them to be rented or sold.
And then in terms of crime -- I think it’s hard to say because my neighborhood doesn’t really have open-air drug-- It has one open-air drug market; and I don’t know if I can connect the quality of police work in the last month, with more boots-on-the-ground, necessarily with tax incentives. Sometimes I think when people -- I think it’s a jump, because I think it takes so much time for people to find a sustainable job, make adequate income,
and then make the decisions in their lives for them and their children, where you can actually see a demonstrable level of lower crime because of it.

SENATOR CRUZ-PEREZ: Officer Gonzalez.

OFFICER GONZALEZ: I would say we would all agree that a lot of times in inner city, urban schools kids tend to fall out of place because of a missing family member, either their mom or their dad, or-- Mom’s the only provider, but Mom has to work three jobs.

My brother was that person in his family, where he would have to work three jobs, and he has three daughters. So he was absent most of the time. He works in a company -- like I said, today, now, within the City -- that receives these tax incentives. He works one job; he works from 8 to 4, and gets to spend the rest of his afternoon with his family, because he gets paid a good enough wage where he’s living. He’s paying his bills, he doesn’t have to worry about what’s to come tomorrow.

So it does help. It’s helped my family, it’s helped, again, the people who live in the in the City of Camden.

That’s my opinion.

SENATOR SMITH: Any other questions from Senators? (no response)

Thank you very much, gentlemen, for coming in.

Our next witness is Mr. George Norcross III, Executive Chairman, Conner Strong & Buckelew; and Chairman of the Board of Trustees, Cooper University Health Care.

We’d appreciate hearing your particular insight into tax incentive programs.
GEORGE E. NORCROSS III: Thank you.

Let me preface my remarks by thanking NAACP President Richard Smith for leading, along with the Latin American Economic Development Association, The United Way, and several other organizations--

Two weeks ago, it was announced in Camden -- led by President Smith and others -- that they would be leading the Camden Works job training program, which was a program put in place to provide and to supplement that which is provided by the County of Camden, in a way for every resident who desired opportunity -- training and otherwise -- to become part of society in Camden and enjoy the opportunities that would exist in the City of Camden.

Susan Story -- who I think this Committee previously heard from, the President of American Water Company -- and I agreed to fund the millions of dollars that are necessary to underwrite this program over the next four years.

Secondly, I’d like to point out that most of the EDA tax credit awardees in the City of Camden signed a Community Benefit Agreement voluntarily, which was not part of the mandated legislation. Several of the speakers mentioned those are the type of things that should be included in any future legislation.

I, of course, support that; because the most important thing that can happen in a City like Camden, or some of the other challenged cities and communities in our state, is opportunities for employment and, more importantly, for training. That will be a common theme you will continue to hear.
The Community Benefit Agreement, signed by most companies in Camden, is helping provide that funding going forward.

Senator Smith and other members of the Committee, thank you for inviting me to appear here today.

I am the Executive Chairman of Conner Strong & Buckelew, and Chairman of the Board of Trustees of Cooper University Health Care and MD Anderson Cancer Center at Cooper. I am here today to speak for myself, not through lawyers or spokespeople, to defend Camden and to correct many misstatements, mischaracterizations, and outright mistruths that are having a serious negative impact on the revitalization of our City. They need to stop. The residents of Camden and New Jersey deserve better.

I believe I have a unique perspective regarding the State’s tax incentive programs, which is why they were so important to Camden. Nothing would have occurred in Camden without these tax incentive programs. They did precisely what they were designed by the Legislature and the Governor.

I supported the expansion of the tax incentive program in 2013, as did many, many others. I led organizations which applied for and were approved for incentives; recruited other firms to move to Camden; and 16 months ago, with the benefit of the last five years, called for reforms to the program in the Wall Street Journal.

In addition to a copy of my remarks, we have provided each of you with a significant amount of material related to the tax incentive applications of my firm, my partners’ firms, and Cooper University Health Care. We have also provided you with information about the rapid and stunning renaissance Camden is experiencing. I know there’s a lot there, but
I hope you’ll have the opportunity to review these materials. The progress being made is remarkable.

I would like to provide some background on why I have dedicated, in part, the last 10 years of my life to help rebuild the City of Camden, and why I will continue that as long as I am here.

I was born in Camden, in 1956, at Cooper Hospital, the hospital I am proud to Chair this day. My grandparents owned a bakery at 3rd and Kaign Avenue in Camden. My father served on the Cooper Board before me. Our family’s tenure exceeds 40 years of service to Cooper University Health Care that has existed and been the pillar of Camden for over 135 years.

I opened my first business at 514 Cooper Street in a basement office with only a card table, a folding chair, and a phone. Today, Conner Strong is among the largest insurance brokerage and employee benefit consulting firms in the country. It does business in all 50 states, and last year generated over $2.5 billion in business. We have 330 employees who have located in our newly opened Camden national headquarters. I emphasized the word national. When people ask me where your company is located or headquartered, I don’t say Philadelphia, I don’t say Cherry Hill, New Jersey, I proudly now say, “Camden, New Jersey.”

We moved, to Camden, over a hundred professionals who were part of our dual national headquarters for over 15 years. Our company was headquartered, in part, in the city of Philadelphia for over 15 years.

We also have 60 other employees in Central and North Jersey offices that have been in existence for many, many years.

Our offices expand from Atlanta to Boston. And as I said, we do business all over America.
My firm is proudly a corporate resident of the City of Camden; and I personally call Camden my home, where I reside this day.

You’ve heard from others today details about the condition Camden was in just 10 short years ago. But I want to emphasize the dire condition Camden was in just years ago.

Camden has lost 33 percent of its population. It lost 87 percent of its jobs. The City’s per capita income of $13,000 made Camden the poorest city in America. Half of all residents, 25 or older, had less than a high school diploma, more than double the rate statewide. Amazingly, 23 of the 26 lowest-performing schools in the entire State of New Jersey were located in Camden.

Public employee and teachers unions were concerned about the well-being and safety of their members who were working in the City. Seventy percent of Camden’s budget and a majority of its school funding came as funding from the State of New Jersey.

There were several unsuccessful attempted rescues of Camden. The construction of an aquarium and a baseball stadium are among the most well-known. But in 2012, Camden, a city with one of the richest histories of innovation -- the home of the RCA Corporation and manufacturing in our country -- was essentially a ward of the State.

Beginning in the latter part of the Corzine Administration -- under Governor Jon Corzine and Attorney General Anne Milgram, along with leaders at Cooper, other business leaders, community leaders, and religious leaders -- it was time for Camden to take action. It was time to effect change.
The first step was to make the City safer. No one was going to invest in a City where you could buy sex, drugs, or get murdered in the same block; no one.

The second step was to improve its schools. And in conjunction with the partnership of the New Jersey Education Association, we advocated for the passage of the Urban Hope Act. That Act allowed for Camden and two other municipalities in the state to reorganize their public school system and provide opportunities, and choice, and innovation for the students of Camden.

The former Superintendent who just spoke to you was a leader in that effort. And I’m proud to say today that parents in Camden have choice. Whereas, seven years ago they had little choice and little opportunity, we now have competing public school districts, whether they be Renaissance schools, charter schools, traditional public schools, or the religious schools in the City. Amazingly, each of those school districts, if you will, are now competing for students to attend their school because parents now have a choice. The program we put in place, with the partnership with the Teachers Association, has worked in Camden. We have longer school days, longer school years, innovative programs. Next year, Camden High, newly constructed -- which was authorized under the Christie Administration -- will open and be restored to its former greatness.

The record is clear that our collective actions over the past several years are working. We have a long way to go; the job is nowhere near being finished. Amazingly, Camden is the safest it has been in 50 years; 50 years. New state-of-the-art schools are being opened; hundreds of millions of dollars have been spent on new schools. Several of the public schools, which the
former Superintendent alluded to, that were built prior to 1928, did not have proper bathroom facilities in working order for the children in the City of Camden -- a disgraceful condition.

Importantly, now more residents have jobs than just five years ago. The Department of Labor recently reported Camden’s unemployment was at a 30-year low. More than 1,200 residents who weren’t working two years ago are today, and there are literally thousands of job openings on a public website, listing the companies that have moved to Camden for anyone to look at, at any time.

And earlier this month, as I previously mentioned, the City announced the Camden Works program; and I mentioned those that were sponsoring the program. The importance of this program is to have those who best can, best train the residents of the City; and be engaged with them and be comforting to those from the City. Because each of these organizations has its origin in the City of Camden.

Additionally and very proudly, thousands of men and women in the building trades have constructed over $3 billion worth of new or substantially renovated construction in the City of Camden, putting people back to work again, something we are all very proud of.

Across the country this progress has been applauded. As President Obama said when he visited the City, he said Camden should be held up “as a symbol of promise for our entire nation for what they have achieved, and will continue with hard work and focus.”

President Obama chose to come to the City of Camden to visit and to see what community policing had been put in place that had produced
such amazing results, and the manner in which the school system -- public school system, I might add -- had been reorganized.

We’ve heard from many critics that the residents of Camden have not benefited in any way, shape, or form from the changes going on in Camden. This is clearly not correct. When schools are materially better, when public safety is improving at a rapid pace, certainly every resident of the City is being touched. Much, much more work to do.

So where did the tax incentives -- that received so much unwarranted negative attention in recent months -- fit into the story of rebuilding Camden and other struggling New Jersey cities? The answer is simple. Rebuilding Camden’s economic base was always the third step in the overall plan. First, public safety; second, improved education; and then economic development. While the first two were largely functions of government nonprofits, it was always clear that to bring jobs back to Camden companies would need specific incentives to entice them to tie their future to what has been named as “America’s most dangerous and poorest city.”

Prior to these programs being put in place, no company of any material nature had moved and located to the City of Camden. There had been nothing but an exodus, for years and decades, from the City.

That was what the 2013 Economic Opportunity Act has done. It has provided companies that wanted to be in Camden, were willing to take that risk, and had the ability to do so. That legislation was the product of the work of dozens of people, dozens and dozens over seven months, including legislative and administrative staff, like Eugene Lepore, Colin Newman, Tim Lizura, Kevin Donahue, Catherine Brennan; outside experts like Ted Zangari, Paul St. Onge, Bill Caruso, Bill Castner, John Sheridan,
Kevin Sheehan, and Jay Biggins. And of course, Senators Lesniak and Kyrillos were the ultimate authors of the Act.

But let me give you some context and background, if I may, as to the details of the program which have been difficult for many to understand.

The Grow New Jersey program -- which was reauthorized the State Incentive Award program -- was originally enacted in 2012. In order to be eligible for Grow New Jersey tax credits, a business relocating or expanding had to make a qualifying capital investment. This is upfront. Most people who read about the incentive program are under the false impression that the State of New Jersey writes a check from the General Treasury for the amount of the award and hands it to you on day one.

That is completely false. The company relocating and receiving a grant award in general puts up 100 percent of the money until, perhaps, year four, where they first qualify -- if they met the requirements of the EDA in job retention and creation -- to receive their first 10 percent award in a tax credit. Which, by way of an example: If you are investing $200 million in any city in New Jersey, you put that $200 million up. The State of New Jersey has no obligation whatsoever to assist, fund, or guarantee that investment or its debt. The obligation, written under the statue, is the applicant’s, the company moving to the City of Camden.

The second: Retain or create a minimum number of jobs for over 15 years; 15 years is the requirement. If you receive your tax credits over 10 years, the Legislature and, perhaps, the authors in their wisdom, required these companies to guarantee for five more years a clawback provision -- that, if after your 10 years, you decided, “I don’t need these employees anymore
or require retention,” the State has the ability to clawback any or all part of your tax credit award.

Now, for those of you who have borrowed money from banks, there are a lot of covenants in loan documents. This is far more aggressive and stringent in protection of the taxpayers than any banking institution would ever require.

One of the most important aspects of these rules is the requirement of the upfront capital investment. It requires making a long-term commitment in the way of capital -- building buildings, renovating buildings. And as we all know, you can’t pick up a building and move it. Once you’re there -- particularly in the City of Camden -- you are committed to the renaissance of that City and its success.

Let me give you an example why that’s important. Consider Philadelphia -- Camden is in Philadelphia’s shadow. That city has a 10-year property tax abatement program for new construction and investment. It’s done wonders to spur new development in Philadelphia. Except, after the abatement expires in 10 years, the owners, the tenants, and others are free to move on with no clawback provisions, no nothing.

The State of New Jersey correctly wrote a statute that had people bound to the investment that taxpayers made in their City.

Under the Grow New Jersey program, for each of the 10 years after the firm makes a qualified investment -- usually three to four years after the initial capital investment -- the CEO must certify, under oath, that the firm has met its job creation and retention obligations; and the State annually reviews that requirement. If the firm does meet the obligation, it receives a 10 percent tax credit, and so on and so forth, in the following years.
But a point that’s important to be made here: When the State issues $100 million of tax credit to Prudential, or JPMorgan Chase, or any large company that’s received them in our state -- after they pay Federal income taxes on the grant -- yes, it’s taxable -- and after you pay the other cost and fees associated with the tax credits, you’re left with less than 50 cents on a dollar as a subsidy.

Now, perhaps that should be given some consideration. Because the public, as I said, believes that the State Treasury wrote a check to a company for the full amount of the award, without detailing the requirements of the tax credit legislation and annual certification requirements.

In 2013, the Grow New Jersey program was amended to, among other things, create the Garden State Growth Zone, which provided specific incentives for five of the poorest cities in New Jersey: Camden, Passaic, Trenton, Atlantic City, and Paterson. Companies seeking incentives under this program, to move to Camden and Atlantic City, did not have to certify their jobs were at risk of leaving the state; but rather, that the award of incentives was a material factor in their decision to locate to Camden or Atlantic City.

Unfortunately, there are those who either have misread the statute and regulations, don’t comprehend the statutes or regulations, or it doesn’t meet the narrative they’re wishing to speak about.

I have a copy, and you’ve been provided with the 2013 statute and regulations that state what I just mentioned. Because later in my remarks, you’re going to understand the difference between the 2013 statute and regulations for Camden and Atlantic City, and the new regulations in 2017. But if you try to apply the 2017 regulations to prior applications --
meaning those made in 2013, 2014, 2015 -- you’re going to see the confusion that exists as a result of the changes that were made, which I will allude to in a moment.

When the regulations were changed in 2017, it required the company to demonstrate that they could leave the State of New Jersey. They had the means, jobs were at risk if the State or the EDA, in its wisdom, did not see fit to grant the application and the award. That’s an important difference. Because back in 2012, 2013, and 2014, Camden was not Brooklyn, it was not Jersey City -- where, when you build a building for $200 million, the day you open the building it’s worth $300 million or $400 million. When you build a building in Camden -- like American Water, Subaru, and other companies did -- early on that building was worth less than the construction cost. Why? Because it was Camden, New Jersey. It was a City that had lost its way, America’s most dangerous and poorest City, and no one had any level of confidence in that investment that was being made there.

The creation of the Garden State Growth Zone program was important to refocus on the State incentive programs, away from helping some of the richest companies in our country. Let me read you a list of some of the companies that received incentives, in some cases, hundreds of millions: JP Morgan, Merrill Lynch, Pfizer, Goldman Sachs, New York Life, UPS Siemens, Forbes, Panasonic, Verizon, Ernst & Young, Barclays, Quest Diagnostics, Ralph Lauren, and Gucci all received tax incentives

Now, let me address two of those incentive programs.

Prudential was awarded a significant award in our state. Does anyone sitting here actually think that Prudential was ever leaving the State
of New Jersey? And why wasn’t that application scrutinized publicly as a result of the discussions going on involving companies in Camden, New Jersey, America’s most dangerous city?

And let me now turn to a recently authorized incentive program. Teva Pharmaceutical Company -- they received, I believe, $40 million. When they were awarded by the EDA that $40 million, a simple Google search would have determined that they were involved in bribing foreign governments in order to manufacture and distribute opioids outside the United States. There are some that believe that the Foreign Corruption Act might apply here in America to a company that settled by paying hundreds of millions of dollars for allegedly bribing foreign governments.

But let’s make matters worse, if you’re already not offended. Counties in New Jersey were already suing Teva for manufacturing and distributing opioids in the State of New Jersey, addicting our children and our families. And then the Attorney General of our State later sues Teva; but yet, they were awarded $40 million. Now, a simple Google search and any ample research by the Administration of the State or the EDA would have discovered this.

I’m leading up to a point at the conclusion of my remarks that I hope you’ll learn to appreciate, going forward.

To this day, the New Jersey Grow program does not require jobs for a project in Camden to be at risk of leaving the state in order to receive tax credits. And until they were changed in 2017, the regulations also did not require jobs in Camden and Atlantic City to be at risk of leaving the state to be counted in the net benefit test used to determine the incentive.
My firm, Conner Strong, Cooper University Health Care, and many other firms applied for and were approved for incentives under the Garden State Growth Zone program to relocate to Camden. As you know, my interest in Camden is long-standing; but my involvement as a leader in the renaissance is directly related to my role as Chair of Cooper University Health Care and the MD Anderson Cancer Center at Cooper. So I’d like to address some of the mischaracterizations about its application to relocate more than 350 workers into the city.

A copy of that application has been provided to you.

I might add, back in 2013 and 2014, the Cooper employees who moved to the City of Camden represented the largest influx of employees to the City of Camden in decades; decades. Nobody was moving to Camden, and Cooper was the first, as a 135-year corporate citizen moving to the City of Camden.

First, so there’s no confusion: Cooper University Health Care is a not-for-profit institution. No one owns any portion of the health system, nor does anyone receive any profit or dividends from its operations. I volunteered my services for over 30 years as Chairman and member of the Board of Trustees.

Some have raised questions about why a nonprofit received a tax incentive; and it was, of course, to incentivize a move to Camden. But other nonprofits also received awards, including Rutgers University, where Professor Chen, the Chairman of the Task Force, is on the faculty. They received tax credits out of a housing program -- a housing program -- to construct an athletic complex. One may wonder how an athletic complex qualifies as a housing complex. I don’t recall any mention of examination of
this tax credit that was awarded; not one. I have been a big advocate, of many, many years -- and members of this Committee are aware -- in the reorganization of Rutgers University, which, successfully completed several years ago, has elevated Rutgers in New Brunswick, Newark, and Camden. But when the Chairman of the Task Force, who works for Rutgers University, fails to examine his University’s own tax credit, I think it’s fair to call that award, pretending to be a housing award, into question.

But for Cooper’s project, the following facts are not in dispute.

November 7, 2014: Cooper filed and certified an application for tax incentives to move 353 employees to the City of Camden. We wanted to consolidate our business operations closer to the hospital, as well as expand our commitment to the City of Camden. The application was prepared by Cooper staff; and Adrian Kirby, our Chief Executive Officer at the time; signed by the CEO in its certification. The application specifically stated that no jobs were at risk of leaving the State of New Jersey. No jobs would ever leave the State of New Jersey; not one.

The Board, which I Chair, authorized the filing of the application. To date, Cooper has not only moved 353 employees to the City of Camden, I’m proud to say that we are in excess of 550 today; and have invested over $17 million in that complex, far more -- far more than we ever represented to the EDA.

At the request of the EDA, Cooper submitted a cost-benefit analysis which compared a potential Camden location to its existing New Jersey leases. On November 13, 2014, the EDA contacted Cooper by telephone. The next day, a Cooper employee sent an e-mail to his supervisor stating the EDA had asked for an out-of-state comp to support its application.
Only after the contact did Cooper begin to review out-of-state property in order to comply with the EDA’s request to submit a second cost-benefit analysis, comparing an out-of-state location to Camden. That was not required under this statute and regulations.

Cooper has been clear from the start. Its jobs were never at risk of leaving the state, which was confirmed by e-mails between Cooper and the EDA a few days before the EDA’s approval of its application. In those e-mails, Cooper explained its representatives had not even visited the out-of-state locations. Cooper was merely providing comp data as requested by the EDA and documented accordingly.

In December of 2014, the EDA unanimously approved the Cooper award.

More than two years later, in January of 2017, regulators and regulations were issued, requiring all jobs in New Jersey Growth Zones to be certified at risk of leaving the state in order to include those jobs in the next net benefit test.

This is the point I made earlier. There was one set of rules in 2013 that were changed in 2017. That has been missed by virtually everyone who’s written on the subject; the Task Force, which incorrectly, inaccurately misstated this set of facts which are well-documented.

Cooper, in the words of the Task Force, was being asked to be compared to regulations in 2017 to their 2013 application. The rules of the game changed. And by the way, they changed for Conner Strong, the Michaels Organization, NFI, and virtually every company that located during that time period or sought awards from EDA. And all of those companies complied with the new rules.
My commitment to Camden is far broader than just my role at Cooper. With my partners at NFI and the Michaels Organization, we have invested upfront capital of more than $300 million in Camden’s future. We invested in an office building that was left partially vacant in order to provide opportunity for other companies. Together our three companies pledged $1 million for a not-for-profit foundation, to be administered by the Cooper Foundation, in order for not-for-profits in the City of Camden to have opportunities for grants to advance the interest of their programs. This is not required by a Community Benefit Agreement.

AmeriHealth Insurance Company, the Cooper Foundation, and the Norcross Foundation founded the Camden Health and Athletic Association; funded it with $1 million to provide an athletic association with paid staff -- similar to the one that I enjoyed growing up, that all of you probably participated in as young kids, where boys and girls had the opportunity to play sports in a volunteer nature -- Camden had no such organization citywide. It was funded with $1 million. We continue to operate that today, and I am extraordinarily proud at how successful that has become. It is integrated into, on a daily basis, the staff and players from the Philadelphia 76ers, who volunteer their time. Camden’s great athletes, who have served in the professional leagues of the NFL, the NBA, Major League Baseball and others; and great prominent residents of South Jersey, like Ron Jaworski and Mike Quick from the Philadelphia Eagles, have spearheaded this organization.

And probably, most importantly, Cooper University Health Care provides health screening tests, for free, for every child who enrolls in
this program. Mom and dad are not required to pay for health screening; Cooper does it as part of its community mission.

And in 2016, more than three years after we applied to move our national headquarters -- which is known as TRIAD1828 Centre -- it has brought more than a thousand new employees to the City of Camden.

Conner Strong still has two other offices, which it has had for 25 years, in Central and North Jersey. There were some who, early on, said, “Conner Strong would never leave New Jersey,” thinking we only had one office. Of course we’d never leave New Jersey. This is where we work, we live, we pay our taxes. And we always had two other major offices in Central and North Jersey.

The reason we were forced -- Conner Strong -- to make a decision is because our leases in Cherry Hill, Marlton, New Jersey; and Center City, Philadelphia, which formed the basis for our dual national headquarters, were coming to expiration. We then had to make a decision. We were continually facing increasing difficult times to recruit high-level talent, particularly young talent, in a suburban office park. For that reason, we knew we needed to be closer to a major city.

While many in my firm wanted to consolidate in Philadelphia -- most especially, the 100 people who had worked there for 15 years, one of our dual national headquarters -- our partners decided that we would consider becoming part of the Camden renaissance program. Part of that decision became when our former president at Cooper, John Sheridan, came to me and said, “You’re out there recruiting, begging, selling the City of Camden. If you move your company to Camden, and consider doing that, that would make a very big statement.”
That had a profound impact. Obviously, no one was moving to the City of Camden, including us, without the award of tax credits. So we decided to consider that, if awarded those tax credits; and that material decision to receive the tax credits was the reason that we would consider coming to Camden.

But the decision, ultimately, was Philadelphia or Camden. And for those of you who are familiar with Philadelphia, there is ample large office space availability. The Commonwealth of Pennsylvania has very aggressive tax incentive programs -- abatements of corporate income taxes, individual, real estate taxes and others. Any one of our companies could easily have located at the Philadelphia Naval Yard, which Liberty Property Trust was the master developer, and some very significant companies had relocated there.

There were many acres available for construction, with extraordinarily generous tax incentives. I can see the Naval Yard from Camden; I can see Center City Philadelphia. Any one of our companies -- American Water, Subaru -- any one of the companies -- EMR -- could have gone right over that bridge, paid 3 percent corporate and individual income tax, abated real estate taxes, and other incentives that the Commonwealth was providing people with. My partners and I made a decision, subject to the tax credits, to take the risk, be part of where our families had begun their businesses; in the case of NFI, third-generation family operating one of the largest logistics and trucking companies in the country.

All of this becomes extraordinarily important when determining the net benefit required to be approved. I’ll use my words.
Conner Strong, NFI, Michaels Organization, American Water, Subaru had to have the means, the ability, to move out of the state of New Jersey. Hence, the term *at risk*.

As you can tell, any and all of these companies could have moved to Eastern Pennsylvania, and would have been embraced and welcomed by the Commonwealth with ease. Every one of them chose to stay. Now, there were many companies that we solicited and asked that turned us down.

One of the changes that occurred in the Conner Strong application -- which was probably an oversight in the legislation that was drafted -- was an important and significant matter. The Archer & Greiner law firm -- that originated in Camden many years ago, had grown to be South Jersey’s largest law firm and among the largest in the state -- had contemplated moving from Haddonfield to Camden with 250 lawyers and staff. It was discovered that because their lawyers are licensed, the at-risk provision applied. Therefore, they couldn’t leave the State of New Jersey, because they’re practicing law. Now, unfortunately, that was a flaw in the legislation; because if not for that, Archer would have been awarded tax credits, moved a major law firm to Camden.

Imagine, for the moment, if Gateway in Newark didn’t have professionals who had licenses -- legal, engineering, professional. If one is to consider the enactment of new legislation, that’s something that should be considered. One would want to incentivize companies like that to move to urban areas that matter.

Likewise, Conner Strong had so many employees -- 69, I believe is the number -- who had licenses in the Department of Community Affairs
for safety inspections, engineering, and otherwise. They were deemed ineligible to be counted in the application for Conner Strong.

To be clear -- and no matter which way one looks at the criteria for Conner Strong & Buckelew, and the questionable reading that the Task Force applied -- Conner Strong’s incentive would not have changed one penny. Why? Because we moved so many people from Philadelphia to Camden. And for that, as an avid tennis player, I say game, set, match. We met and exceeded, by far, the criteria.

After five months of extensive due diligence, providing additional info in response to the questions and requests by the EDA staff, and a review by the Attorney General’s Office of New Jersey, it was approved unanimously by the EDA Board.

As you know, the Task Force’s review isn’t the first time our application has been reviewed. In 2017 and 2018, the United States Attorney’s Office in New Jersey reviewed the entire Conner Strong tax credit application and file. Our team met with them for hours; we provided them with thousands of pages of documents. And after a review of the applicable law and, most important, the facts, the U.S. Attorney’s Office concluded that no further action was warranted, and the matter was closed.

There isn’t enough time for me to go through all the errors and misstatements that have been made related to the Camden tax awards. I do, however, want to speak to several.

Not just sloppy errors, like the claim that Cooper staff was moving into a gleaming office tower along the Camden Waterfront, when they’re actually in a three-story brick building blocks away.
Any discussion about false claims being made against projects in Camden has to begin with the work of the Task Force, which has made a series of selective, misleading, and often outright incorrect statements. One can only wonder why, out of approximately 913 incentive awards during the past several gubernatorial administrations, why has Camden been the focus? Why have only five to seven companies, all located in Camden, been the principal focus and received the largest amount of media attention? That must strike some people as odd. Compliance, regulation, review is a proper role of government; and I strenuously support all of it. The Task Force never provided us, NFI, Michaels, Conner Strong, Cooper an opportunity -- as you would receive from the New Jersey Attorney General’s Office, or the Controller’s Office, or even a United States Attorney’s Office -- to come in and discuss, defend, and review its applications.

One of our notices from them came at a late hour and said -- and these are my words; you have copies of their letters -- tomorrow we’re going to be holding a public event. Your company may or may not be subject to claims, assertions, accusations, etc., etc. And if you care to comment, we’ll be happy to accept a written document from you, after you’re smeared publicly; and the very kind invitation to limit our comments publicly at a future hearing to five minutes. Five minutes we were afforded; this is all documented.

The Task Force had as its mission to review the Camden applications; and that is precisely what it has largely done. Now, you may hear from them that they spoke about a few other companies; but not many, and hardly any got the kind of publicity that these applications got. If there’s any place in the State of New Jersey, maybe even our country, that tax
incentives have worked, it was to take America’s most dangerous and poorest city and begin a process of turning it around -- that President Obama came and applauded; came and applauded in our city.

On Friday, we received from the media -- not the Task Force -- a letter from Mr. Walden, who is the Counsel to the Task Force; a letter that had questions he thought you folks should ask. Let me be clear. He has never, to this day, asked me these questions. We learned about them from the media. He did not invite me to testify three times, but rather once, as I said, for five minutes. I’m submitting those letters to you for your review, and you can make your own conclusion.

Throughout the process, he has exhibited a fundamental misunderstanding of the law, its requirements, and our applications. He is referring to 2017 statutes and regulations, as they apply to applicants in 2013 and 2014. This body, and the EDA, changed the rules; they changed the rules. But he conveniently ignores it, going forward. These have all been pointed out to him in letters that have been sent to the EDA and to the Task Force.

The most critical error the Task Force has made is that my firm and my partners’ had committed to move to Camden years before we filed our application, much less when they were approved. This is not true. The claim is based on an incorrect reading of a single newspaper article and a press release issued by the City of Camden, neither of which say that we were committed to moving our firms. In fact, both state explicitly that we would consider relocating our national headquarters to Camden if the tax credits were approved.
More to the point, there’s ample evidence that each firm seriously considered moving out of state, and took affirmative steps to find additional space. We didn’t do this because we were required to, but because we seriously considered locating our national headquarters in Pennsylvania, where half my staff already was located. It’s a fact that our proposed development was not certain to happen; and, in fact, on a number of occasions, almost never happened.

In recent days, we have found that, in late October 2016, my partners and I determined that we were unable to come to terms with the developer of the Camden Waterfront and declared our project dead; declared it done. We were only coming to Camden if we were able to achieve the tax credit award and suitable arrangements to build a $255 million building.

It is no secret that during this period, Liberty Property Trust and our partners had disagreements over the construction of our project and its cost. The cost of construction in Camden is no different than the cost of construction in the city of Philadelphia; extraordinarily expensive. We couldn’t reach an agreement, and our deal almost collapsed. I’m submitting today copies of the e-mails among the three partners and Liberty Property Trust, which declared -- I declared the deal dead; it was not happening. The Task Force falsely claimed that we had made a decision three years before to move to Camden. We didn’t commit to move there, because we couldn’t commit until we had a building.

Fundamental misunderstandings like this have led to some seriously flawed reporting; reporting like the outrageous claim that a proposed supermarket failed to qualify for tax credits under a 2013 amendment of the EOA. Somehow, the story failed to note that the same
supermarket that was claimed to have been deprived the move to Camden
had been, just a year before, awarded tax incentives under the Urban
program. Let me repeat that. The company was already awarded tax
incentives a year before.

So it does beg the question of how a $50 million award, made a
year before, and changes to legislation would have prevented that company
from building. In fact, when they received the award they were required to
immediately begin building their supermarket. Not only didn’t they begin
building, they didn’t move a shovel of dirt; it never happened. Because they
had no tenant, they were unable to move forward for that full year. And
therefore, this change somehow blocked someone else? Complete falsehood,
phony assertion. Someone didn’t do their homework when they reported the
story that the tax credits were previously granted to that alleged harmed real
estate company.

Another false claim is that $1.6 billion of the incentives awarded
to Camden-based firms went to entities that I am somehow affiliated with it;
one of the firms, a tenant in the building that I’m a passive investor in. I’ve
never met the owners; I have no idea who they are.

Another firm, my brother’s law firm did some work for; work
unrelated to the tax incentives. This firm, by the way, is Subaru -- a firm I
don’t own any stock in -- which invested $120 million in their new
headquarters in Camden. I believe the CEO testified here last month, and
spoke about locating in Indiana, not just Eastern Pennsylvania. They were
moving their national headquarters, but not for these.

Others are firms or organizations in which I have no interest and
from which I have no compensation; none whatsoever.
But while the $1.1 billion is false, let me be clear. I did everything I could to entice firms to come to Camden. I asked friends, I asked business partners, I asked strangers. I made personal visits to companies. Some said “yes,” most said “no.” And prior to the passage of the 2013 program, all said “no.” Those who said “yes” believe in a better Camden. They took great risks, personal and business, to help support the City. They do not deserve to be smeared and attacked by uninformed critics and dark money-funded groups. Like others -- because we are committed to Camden, my firm and our partners, NFI and the Michaels Organization -- decided to move to Camden. Each could have moved anywhere, including the Philadelphia Navy Yard, as I mentioned, or the Philadelphia suburbs. But we decided to invest in Camden.

Despite all the false allegations that have been made against us, it was the right decision, and we are proud of it.

In closing, let me thank you for the opportunity to provide additional information about why the New Jersey Growth Zone program has been such a success and imperative in Camden; and to clear up some of the many misstatements, mischaracterizations, and mistruths that have been made.

I am happy to answer any and all questions.

Thank you.

SENATOR SMITH: Mr. Norcross -- on the prime directive of the Committee -- should the State of New Jersey reauthorize these programs, what should we do differently?

MR. NORCROSS: Well, there were several things I alluded to. Community Benefit Agreements are a must for any awardee. That should
require them to provide financial support to the community that they are locating to, or maintaining their corporate residence in.

Number two, a job training program in some of our most challenged cities is imperative. A program like that needs to be funded; and the only place money like that is coming from is from these companies that I have asked and received virtually unanimous support from, and were kind enough, with the NAACP and others, to lead that program. We’re financing the program, we’re not running the program, we’re not qualified to run the program. We’re there to support the millions of dollars necessary.

Lastly -- and some of the prior speakers probably would not agree with me on this -- I think an incentive program in the State of New Jersey ought to be exclusively focused on the most challenged municipalities in our state. If you want people to come to this city, Trenton, New Jersey, you are going to need to incentivize them; or Camden, or parts of Newark. I don’t think incentives are needed in Jersey City, because that’s a profit platform. That’s where the major corporations have located, built buildings, made hundreds of millions of dollars in profits. Jersey City entered a resurrection a number of years ago, particularly with its proximity to Manhattan. Undoubtedly, there are incidents where a governor may need to advocate for or consider. Example: The case of Amazon considering to come to the State of New Jersey. I supported that; Governor Murphy supported it; many did.

SENATOR SMITH: I appreciate your comments.

Senator Lagana.

SENATOR LAGANA: Thank you, Chairman.

Good afternoon, Mr. Norcross. Thank you for your testimony.
There have been suggestions, allegations that you were personally involved in the drafting of the Economic Opportunity Act; and that in doing so, we were left with a product that would specifically benefit yourself, Conner Strong, Cooper, and those who would be connected to you, of course.

Can you please respond to those allegations?

MR. NORCROSS: Sure.

I was a huge advocate of an incentive program for Camden, Newark, Trenton, Paterson, Atlantic City, because I felt that was what was needed to induce a company to take the risk to move to any or all of these cities. And I think you’ll find that companies that have moved to any or all of the cities I mentioned have received some form of inducement.

This Act was written in 2013. Our companies -- Conner Strong, NFI, Michaels; American Water, I believe a year before; Subaru, approximately at that time -- some three to four years later contemplated moving to Camden. A suggestion that legislation was merely written for four or five companies is absurd. There were scores of people involved, all over the state, who had interests in wanting to see incentive programs benefit their community; rightfully so. There were those who represented companies that wanted to see provisions included in there.

The Act was not designed for any one municipality; it was designed to incentivize, induce, encourage, embrace, and love companies that were prepared to take a risk to move to some of our most challenged municipalities in our state. In our case, it was all about Camden. And as I said at the beginning of my remarks, former Attorney General Anne Milgram and Governor Corzine first took the initiative -- and first assembled the
leadership in Camden, the religious community, the community leaders, the governmental leaders, and grassroots activists -- of what was going to become of Camden. And that was continued during the Christie Administration, extraordinarily aggressively.

We are all proud of the Act that was written. It was written in the case that a decision would be made, by each and every company, in a material manner as to the award of the tax incentive program; and most importantly, the strict compliance with the Act by the companies, like my own.

SENATOR SMITH: Senator Addiego.

Oh, sorry; Senator Lagana.

SENATOR LAGANA: Would you consider your involvement more of an advocate, an influencer, someone who was -- just had the knowledge and experience of the City? How would you describe your input into the actual drafting?

MR. NORCROSS: Well, I wasn't involved in the actual drafting of the statute. But I was an advocate, as I said; and I pointed out in the beginning -- my advocacy comes from as Chair of Cooper University Health Care. We’re the largest employer in the County, the largest employer in the City. And we employ more Camden residents than any company in the City.

Cooper had existed in Camden for 135 years. If the City were to fail or to continue failing as it had for the last 50 years, the decisions made by prior Trustees of the institution -- including my father in the 1980s, who resisted Cooper moving to the suburbs when other healthcare organizations were abandoning the City; and in the late 1990s, the decision that our Board made, and I advocated for strongly -- never to leave the City of Camden--
We are a pillar of this City. My advocacy comes from that role, that interaction, in the manner in which Cooper is the largest institution in the City.

SENATOR SMITH: Senator Addiego.

SENATOR ADDIEGO: Thank you, Chairman, and thank you for testifying, Mr. Norcross.

Along the lines of allegations that happen to be out there right now -- and I think you touched on this a little bit, but I would like you to be a little clearer.

Can you address the notion, advanced by some, that you profited directly from the Economic Opportunity Act of 2013?

MR. NORCROSS: Sure.

My partners and I have put out over $300 million, as I sit here today. We built the first market-rate apartment housing in the City of Camden in 20 years, in a building that I actually reside in, my brother Donald resides in, and many others who I've tried to recruit to live in that building.

We have also spent $255 million in our office building, where three companies' national headquarters are located. And we purchased the Ferry Terminal Building, which was built some 20 years ago, in Camden.

We have paid millions and millions of dollars already to the City of Camden and to the EDA in fees, as part of this program. So I think many would characterize this as, we’re way underwater at the moment; we’re all in for the City of Camden and Camden Rising.

SENATOR SMITH: Senator O'Scanlon.

SENATOR O'SCANLON: First, Mr. Norcross, thank you very much for being here.
You were pretty comprehensive in your remarks. But let me say this. I have no dog in this fight, other than being concerned about getting to the truth. Because this has been a long, a better-part-of-a-year process of attacks, counter-attacks, contentions, counter-contentions.

And if what you’re saying here today is true, this has been a witch hunt purported by -- and gone down a path for reasons why -- you wonder why, which I will get to in a second.

But I buy, upfront, that you genuinely care about Camden. And I know firsthand; we have Long Branch and Asbury Park in Monmouth County. I love those cities like I think you love Camden. I get that; I’ve heard you speak about Camden for years.

On the flip side, I think it’s offensive -- the representations of the Governor regarding the cost of tax incentive programs. In order for his contention to be accurate -- that we’ve wasted $11 billion -- every single incentive ever granted would have to be realized -- which we know is not true -- and every single incentive would have to result in zero benefit to the State of New Jersey. We know that’s completely false.

So either there’s a complete lack of understanding on the part of numerous layers of this Administration, or there’s purposeful misrepresentation about how these programs work. I’m offended by that.

On the flip side, we have read extensively the attacks on you -- and your family, by extension; but we realize you’re the target here -- that the process of drafting this legislation was hijacked somehow, purportedly by you, with inference and directive; that’s been stated. And then once the program was passed, it was exploited so that you and companies you control could get benefits for which they were not entitled.
You say -- you stated-- And I'll give you another opportunity to pull no punches, and unequivocally state that you consider all that to be bogus.

MR. NORCROSS: Well, thank you.

First of all, there’s no disputing the facts that many, many, many scores of people were involved in drafting and engaged in the intent of the legislation; there’s no dispute. Democrats, Republicans, real estate interests that have nothing to do with Camden; that had something to do with Jersey City, or Newark, or Trenton. There were many, many parties involved.

The focus of attention became that my brother -- my youngest brother’s law firm-- And by the way, I failed to inform you, my brother Philip is the Chairman of the Cooper Foundation. All of his work done with regard to this, in Camden, is done on a volunteer basis, just as mine is as Chair of Cooper University Health Care. But there have been dozens and dozens of people; I named some of the names, many of whom are very familiar to all of you up here.

It was comprehensive, complicated legislation. How do you make Camden, Trenton, Newark, and other challenged cities better? How do you induce big companies to pick up -- like Subaru; American Water, the largest water utility in the country -- to move to Camden from suburban Camden County? How do you do that? And the only way you do it is to incentivize companies -- that if they’ll come to Camden and be part of a comprehensive plan, some companies that have a corporate attitude of engagement and involvement with their brethren -- like the Campbell Soup Company, who’s been in Camden for 150 years and our leading corporate entity who, for decades, has been engaged in this. The reality of all of this is,
there has been a material change in Camden for the better. The job is far from being finished; far. Cooper Foundation sent a letter, in English and in Spanish, to 35,000 households in Camden, offering anyone interested in a building trades apprenticeship to learn how to be a carpenter, an electrician, a plumber, whatever— I negotiated, along with my brother Donald at the time, in agreement with the Building Trades Council of Camden County and vicinity, that they would help train Camden residents to move into building trades jobs.

We have walked, and talked, and engaged virtually every constituency group in the City. Now, as one previous speaker pointed out, there are always going to be those who are opposed. Some are against everything and for nothing, except mom, apple pie, and the American flag. They will counter and criticize anything and everything.

The facts in Camden speak for themselves. Unemployment rate, crime rate at a 50-year low. Schools’ graduation rates -- things are getting better; competition. There will always be those who may think a different way is better. But if I was representing the taxpayers of the State of New Jersey, and every year get appropriated -- to places like Newark, and Camden, and I’m sure Trenton -- hundreds and hundreds of millions of dollars in State aid, I’d be interested in how I can lessen the reliance on State taxpayer money for a place like Camden. How do you do it? You create taxpaying ratables -- companies that will help grow businesses.

In the downtown Camden area, there are over 14,000 employees -- between Rutgers University, Subaru, American Water, Conner Strong, NFI, Michaels, the Philadelphia 76ers -- I can go down a litany -- students -- there are very few suitable restaurants that exist today. People have to leave
the City to dine. My partners and I invested $8 million in attracting a renowned chef from Philadelphia to come and put in place two spectacular restaurants for the community. And now what you’re seeing is the community, small businesses are starting to build restaurants; suppliers of goods and services for the masses of people that are there today, that have no ability to receive those services. Camden is not Cherry Hill.

So what’s happening is, all these things -- the expansion of Rutgers University, as I mentioned, under the Rutgers Reorganization Act; the School of Nursing in Camden, which now has over 1,000 nursing students -- people need a place to eat, people need a place to live. The Cooper Medical School, which has 400 medical students at a given time -- we want them to live in Camden, not live in the suburbs.

So all of this is work in progress. We regularly meet with the leaders of the religious and community -- individuals in the City. People like Richard Smith, people like the leaders of LAEDA, of the United Way, of Hopeworks, of every social service organization. What can we be doing better; how can we provide? The current initiative that we’re working on now is a homeless facility. Drive through any city in New Jersey that’s challenged, you’re going to see people sleeping on the sidewalk. We have a responsibility to care for those individuals and provide them shelter, not just move them off of where they’re sleeping. That’s unacceptable.

And that is another initiative. We are moving forward on a demolition initiative. There are so many abandoned properties in the City of Camden, there are so many neglected properties in the City of Camden owned by out-of-state landlords who don’t care for their properties. They need proper code enforcement. The people who live in the City who own
their residences, rent their residence, they’re the ones we need to provide care and help for on an immediate basis.

SENATOR O’SCANLON: Thank you.

You represented, in your testimony, a clear contradiction of a contention of the Chen committee, the Governor’s panel, that benefits you received -- that the EDA-- I see a quote over your right shoulder on one of your panels over there (indicates) -- that there has been a reassessment of the benefits that you’ve received. And that contrary to a contention of the Chen committee, in a letter we received from their attorney, that you didn’t get tens of millions of dollars of benefits, or companies that you control, by virtue of misrepresenting the fact that jobs were going to leave here. And I think you said that if you do the math. the jobs you brought were completely offset; I think you said “game, set, match.”

Is that accurate?

MR. NORCROSS: One hundred percent.

The Task Force’s own report indicated that because we moved so many people from Philadelphia to Camden-- Which, by the way, when you look at the incentive program and awards throughout our state, you’re not going to find many companies that brought people into New Jersey. Many of them received awards to retain employees in the state.

Conner Strong left its corporate headquarters -- national headquarters at 1600 Market Street, and moved to Camden, New Jersey, and consolidated our dual national headquarters, subject to the tax credits. Therefore, any assertion about Conner Strong & Buckelew is completely unfounded; and the Task Force report, in and of itself, admitted that. Hence, I termed it “game, set, match.”
What’s the point? We brought all these people, we invested the money. And by the way, Conner Strong & Buckelew has already exceeded, by 25 percent, the number of employees we promised to bring to Camden -- and growing. Our company is growing dramatically, and we are putting those jobs in Camden, New Jersey.

SENATOR O’SCANLON: The public, though, and the press, I guess -- if you’re looking at some of the e-mails, etc., talking about jobs that may go to Philadelphia, there seemed to be some smoke there. You can see that; but now that you’ve put it in perspective, maybe there should be a better understanding. But it did look like it.

And I’ll pivot right now -- let’s talk about the supermarket you mentioned. When I first heard about that, I made a public statement that there seemed to be a real concern there -- that it seemed as if the Economic Opportunity Act went beyond promoting bringing a supermarket to Camden; but also wanted to dissuade competition from a particular project by limiting the lower end of square footage that could be permitted. You mentioned the particular project in question had already gotten some tax incentives, and it didn’t perform.

But overall, that seemed to me to be a mistake. Why would we want to thread that needle? Why not -- in a food desert like everyone agrees is Camden -- why have the minimum number of square feet, particularly today when we have supermarket square footage going down below that minimum number now, and even back then?

Would you say that was a mistake to include that narrow -- and have a minimum amount of square footage required?

MR. NORCROSS: Well, let me address--
SENATOR O’SCANLON: We’re talking about redoing this legislation; would you include the same restriction, or no?

MR. NORCROSS: Let me address that, and I’m glad you asked the question.

I was a huge advocate of attempting to have ShopRite build a brand new supermarket in Camden; as was former Mayor Dana Redd; the Council President, now-Mayor Frank Moran; virtually every elected official in Camden and Camden County.

The question became -- which was never reported -- the organization that complained about getting shut out had previously been awarded, according to public records, a $50 million incentive plan a year before any of this was ever discussed. And they pledged to begin construction immediately.

Why would any change in anything matter when somebody held in their hand a $50 million grant to build a supermarket? And I’ll tell you why -- because they didn’t have a tenant. They had a grant, but they had no tenant. And in our neck of the woods, ShopRite is the most prominent supermarket chain that exists. And unfortunately, the manner in which they’re organized -- their partners throughout the state all must consent and agree to new facilities. The local owner, the Ravitz family in Cherry Hill, had agreed to build this facility. They owned another facility in Pennsauken a couple of miles away.

We were thrilled; Mayor Dana Redd announced the first supermarket coming to Camden after many, many, many years.

And in the end, the decision was made by the parent company of ShopRite in New Jersey -- I think it’s called Wakefern -- not to develop
that project. And the one that had $50 million award a year in advance of that never moved a shovel of dirt. So how could that have been impaired? No way, shape, or form. That developer, regretfully, was unable to perform. He was probably seeking ShopRite as a tenant and couldn’t get ShopRite, because ShopRite wanted the Admiral Wilson Boulevard location.

Now, we were very dismayed that Wakefern-ShopRite reneged on what was a public announcement that they made to locate at this site. To this day, I still don’t know why they pulled out of the deal, other than I was told that the parent company rejected the Ravitz family’s application.

SENATOR O’SCANLON: Okay, thank you.

A topic that we have not yet touched on today -- Holtec, one of the largest entities that has received tax incentives; they have received, I think, the lion’s share. I think you sit on that Board.

It has come to light that Holtec didn’t disclose that they were debarred, at one point; and that disclosure -- I believe, and you can correct me if you disagree with this -- would have disqualified them from receiving these tax incentives, or certainly could have.

When did you become aware of that? And when you did, what was the reaction to that?

MR. NORCROSS: Sure.

I serve on the Board as an uncompensated member of their Board of Directors. It’s a privately held firm; Holtec is one of two companies in the world that manufacture canisters to store spent nuclear fuel for 200 years. So as you can imagine, it’s a pretty big concern.

Dr. Kris Singh, the owner of that company, who started from scratch, was contemplating what to do with his Pittsburgh and, I believe,
Ohio facilities that help to manufacture some of these. I spent several years trying to persuade him to move to Camden, because to move these canisters -- which are huge and, as you can imagine, weigh an enormous amount -- you need waterway, you need rail transportation, because these are shipped all over the world; all over the world. As they decommission nuclear plants, they have to protect, obviously, the spent nuclear fuel.

There was a company that I predicted -- and I still will predict -- in a decade will be the largest single employer of Camden residents in the City, for this reason. It’s a huge manufacturing company. And in our country, manufacturing companies aren’t tending to stay here. They’ve either left the country, or they’re contemplating other countries in which to manufacturer. Dr. Singh agreed to move to Camden, subject to the credits. Dr. Singh spent over $400 million of his own money, and I believe his award was $240 million; it might have been $260 million. But he spent far more money than he received in awards.

I know that he was being wooed by many other states. As a matter of fact, he could have moved his business to any country in the world that had waterways, rail transportation, and otherwise.

He’s an American success story: A poor boy who came here from India and created this company, and has been the author of over a hundred patents; and is probably among the most celebrated individuals in the nuclear field in the country.

That application, obviously, misstated an important point that needed to be disclosed. I don’t believe that even if they had stated it, as a matter of law, an attorney would suggest that they would have not received the incentive awards for this reason. They were prevented from doing
business at this Authority, I think, in Tennessee, for a very limited period of time, and that very Authority awarded them hundreds of millions of dollars in new contracts. But let me make my point even clearer. If that had disqualified Holtec, what should Teva Pharmaceuticals have been disqualified on? Bribing foreign governments? Manufacturing opioids that are killing members of our families? Our Attorney General -- our own Attorney General is suing that company. That, to me, might be the basis in a review of tax incentive awards.

SENATOR O’SCANLON: Thank you.

So last question -- and you kind of brought us right back around to it, and you said you wonder why -- there’s been an enormous amount of investment in time, in public money in investigating our tax incentive programs. And it has all, kind of, come down mainly to focus on the Camden region, on you, on your concerns, when there are other entities that have, perhaps, committed far worse infractions. So you wonder why. What’s your theory? Why have we wasted all this time and ended up here? What’s your theory?

MR. NORCROSS: I think that’s what they call a loaded question. (laughter)

SENATOR O’SCANLON: And admittedly so.

MR. NORCROSS: Let me state this. I am here, peace on Earth, good will towards men. I am here voluntarily today to answer any question anyone has.

I believe in the City of Camden; I’ve spent my entire life -- as did my parents and grandparents, my brothers, extended members of our family,
and those who are part of the renaissance -- in rebuilding of the City. For the first time in 50 years, it’s actually happening.

We have gone through some difficult times in the last six or seven months. I pointed out how few companies are receiving the material publicity that has happened to those companies in Camden, and companies that I admittedly and enthusiastically recruited to come to Camden.

Mayor Redd and Mayor Moran regularly refer to me as Camden’s cheerleader, which is exactly what I am, because I am there to try and encourage and sell people on coming. We’ve gotten some major enterprises, and I’ve mentioned some of their names. The Campbell Soup Company, during the latter part of the Corzine Administration, contemplated leaving Camden. Fortunately, that Administration, the County of Camden, and others pitched in to work with the Campbell Soup Company to retain it in Camden, its home for 150 years.

MD Anderson Cancer Center, which I’ve always described as the greatest cancer center in the galaxy, chose -- as one of its first satellite partnership facilities outside of Houston-- the City of Camden, America’s most dangerous and poorest City. They did it because they had confidence in the collective leadership, the Governor, the leadership of the Legislature, and others to be part of something with its medical school, its medical research; and to provide badly need a comprehensive cancer care in the seven southern counties which lacked not a single comprehensive cancer center.

SENATOR O’SCANLON: Thank you very much for being here. I appreciate your candor and your comprehensive responses.

Thank you.

SENATOR SMITH: Thank you, Senator.
Any other questions? (no response)
If not, let me thank you very much for coming in today. We appreciate the information you provided.

MR. NORCROSS: Thank you.
SENATOR SMITH: Our next witness is Rabbi Zlotowitz.
Rabbi, as I understand it, you are the President of Mesorah Publications.

RABBI GEDALIAH ZLOTOWITZ: Yes.

SENATOR SMITH: And you have some information for us? We’d love to hear it.

RABBI ZLOTOWITZ: Yes, I do.

Good afternoon, Mr. Chairman, members of the Committee.

My name is Gedaliah Zlotowitz; I’m the owner and President of Mesorah Publications, the largest publisher of Jewish books in the world. Mesorah Publications is currently in the process of relocating from Brooklyn, New York to Rahway, New Jersey, as a result of receiving the Grow New Jersey tax incentive.

My father founded Mesorah Publications in 1976, and it has grown over the past 40-plus years from a small publishing company to a business that has published over 2,500 titles, and has printed tens of millions of books to date. Our books are found in hundreds of thousands of Jewish homes and institutions around the world.

For the past 43 years, Mesorah Publications’ headquarters, including our office, warehouse, and bindery, has been located in Brooklyn, New York. Due to the rising cost of doing business in the five boroughs, among other reasons, we decided to leave Brooklyn and began researching
potential sites outside of the five boroughs. After extensive searching, we narrowed down our options to a site in Westchester, New York, and a site in Rahway, New Jersey. The building in Rahway, New Jersey, was more expensive than the alternative; and although it was a desirable location, the cost was outside of our budget.

A friend and fellow business owner told us about the Grow New Jersey program, sponsored by Senator Ray Lesniak. We began researching the program and we applied for the grant, because without the grant there was no way we could make that move.

In November of 2018, we were approved for a Grow New Jersey tax incentive; and as a result, we chose to relocate our business to Rahway, New Jersey, to a 256,000-square-foot building that we are investing millions of dollars into renovations and improvements, as well as millions of dollars into new manufacturing machinery.

We will be hiring many New Jersey residents, as will the numerous other businesses that have rented space in the building. Many of our employees are already considering moving; some have already relocated from New York to New Jersey.

When fully operational we expect to have over 150 jobs at the site. These employees will be paying New Jersey taxes, and our own corporation will be paying a corporate tax to the State of New Jersey.

We are grateful to be recipients of the Grow New Jersey incentive, as it is an integral component in our plans to both increase our capacity to print our thousands of titles, and also to expand our reach into entirely new product lines.
Assemblyman Jim Kennedy has been extremely helpful during this process; and the Mayor and Administration of Rahway have been extremely welcoming and supportive.

We are looking forward to bringing many jobs, and having a positive impact on the local economy when we complete our transition to New Jersey.

Thank you very much for allowing me to speak before this Committee.

SENATOR SMITH: Rabbi, we appreciate your patience; thank you so much.

Any questions from members of the Committee? (no response)

Thank you for sharing your experience.

RABBI ZLOTOWITZ: Thank you.

SENATOR SMITH: Our next witnesses are Michael Goldstein and David Anderson, Principals of HHG Development.

W. DAVID HENDERSON: Thank you.

We wanted to share with you our experience with the multi-family ERG and the Grow New Jersey program; what we thought worked, didn’t work, and what could make the next generation of the program even more successful.

We received an allocation of $16.2 million under the multi-family ERG program to fund the Roebling Lofts project in Trenton, the first phase of a 500,000-foot mixed-use development right at the Hamilton Avenue River Line Station. This was an absolutely critical piece of gap funding to allow that 138-unit project to go forward, and led to $42 million being invested in the Trenton housing market.
And Michael will speak, in greater detail, as to the critical role that that incentive played in the housing market, in general, in an emerging market such as Trenton.

That building, by the way, is fully leased; an incredibly vibrant diverse community by every metric. It’s a success.

Our success with Grow New Jersey was not as good. We have about 110,000 feet of Class A office space to market on the site; as I mentioned, it’s a mixed-use project. We got close with two corporate headquarters -- one based in Philadelphia -- but fell short, I think, in two particular areas. Even though the Grow New Jersey incentive -- for an employer, bringing in hundreds of jobs to a Garden State Growth Zone city -- even though those incentives are robust, they weren’t when you factored in the cost of structured parking. The level of commercial -- the commercial rent rates were so above market that it just didn’t make sense.

Now, there was a program under this last round of incentives -- the multi-family parking incentive -- that would have handled that. But by the time we sourced prospects, that funding had all been used in more robust markets.

Another issue that showed up was a concern on the part of our prospective tenants that the State wasn’t fully committed to Trenton; that it wasn’t going to-- They were being asked to commit to 15 years to move hundreds of employees here, and they had the concern, like, “Is there an institution with the financial heft to really make Trenton turn around, like the State? They’re in the game 100 percent. “If we move here, if we take this risk, we’ll be the first large-scale corporation to move here. Will it turn out?”
So I think those two things are what stood between us and hundreds of high-paying jobs.

Looking forward, we have another 100 residential lofts slated to build, that office space to lease, and about 40,000 feet of amenity retail -- largely hospitality, restaurant, and the like. To move those projects forward, we’ll need a program similar to the multi-family ERG, a 40 percent credit, to move the additional housing forward. We’ll need another strong jobs incentive to move that commercial piece forward, but with available parking funding.

SENATOR SMITH: What’s your ratio of “office space” to commercial, to residential?

MR. HENDERSON: In square footage, I would say the office component-- Let’s say, we’ll have about 250,000 square feet of residential at full build-out; so about half the development.

SENATOR SMITH: Half is office?

MR. HENDERSON: Actually, I’m sorry; about 275,000. And the office is somewhere in the 110,000 range.

SENATOR SMITH: You know what? Not to tell you how to do your business, but I happen to be a land use lawyer, and around the State of New Jersey office is just not being built. Even commercial is on the down trend because of the change in the way in which people do the retail markets.

So you might want to reconsider. And I think you said in your testimony you’re having -- the hardest problem was on the office side, in terms of getting it rented.

MR. HENDERSON: Yes, that has been the toughest part.
SENATOR SMITH: You might be better with small offices for professionals, doctors, lawyers, that kind of thing, as opposed to a big office complex. That doesn’t seem to be the way that corporate America is going these days; but I could be wrong.

MR. HENDERSON: We’re certainly looking at that; we’ve looked at lots of different possibilities.

These two cases that I mentioned were kind of in the middle of the -- within a couple of years of the Grow New Jersey legislation coming on board.

For the retail amenities, what is going to be quite key -- because those are slated to go into the most historic building on the site -- is to get the New Jersey Historic Tax Credit incentive in place.

I mean, a couple of, sort of, specifics on what worked and what didn’t work-- We would strongly recommend that you avoid caps and tough competition. When a project that needs an incentive goes to a bank to look to be vetted, if a financial institution isn’t confident of the incentive, they’re not willing to seriously consider it. So in other words, the projects that you want to grant incentives to need them; they don’t pencil out, otherwise. If they don’t pencil out, but you’re asking a bank to commit serious resources to vet them, that doesn’t happen if the incentive is a highly competitive, not entirely likely allocation. So what tends to happen in those cases is, projects that would have happened anyway enhance their balance sheets by grabbing incentives because they can get vetted.

It’s sort of counterintuitive. You get more tax dollar realization if you have either generous caps and a less competitive process.
The emerging markets, like Trenton, operate much more slowly. I mean, you’ve certainly seen the boom that’s occurred in places around New York City, and in some of the more robust small cities around the state. It’s really critical to carve out dollars for the emerging -- for Trenton--

SENATOR SMITH: Right.

MR. HENDERSON: --or at least the emerging markets. Because by the time we get to the finish line with a deal, all the money will have been allocated by places that work much more quickly.

Also, it’s critical that incentive programs account for the costs associated with the program -- the other policy objectives. So the multi-family ERG, at 40 percent -- with the prevailing wage requirements, and EDA fees, and administrative costs -- that worked well; that worked for Roebling Lofts. But if, say, you were to greatly reduce that percentage, yet have all these other objectives, you can end up with negative incentives if you’re not careful. So it is critical to make sure that the other objectives that are included are covered by the level of incentive that you’re proposing.

And then lastly, on the specifics -- to get jobs, at this point, you need to fund residential, which is very different from the 1980s. You know, you were funding office park infrastructure, perhaps (indiscernible) infrastructure. But at this point, the generation entering the job market is looking to live, work, and play in diverse, walkable communities. We couldn’t even get a commercial broker with strong credibility to market the office space until we broke ground on Roebling Lofts. So that’s, perhaps, counterintuitive, but it’s critical to pair those two functions.

Lastly, at this point in this new economy, this isn’t just about how to revitalize Trenton; which, in my mind, loving the city -- having been
here a long time -- would be enough. But it’s actually -- you know, the jobs are going to flow to places like Trenton; they’re going to flow to walkable communities. You see cities all over the country gathering jobs. They’re not flowing to the suburban office parks, to the kind of single-purpose districts that they did in the past. And as such, if New Jersey wants to grow jobs in this new economy, it’s really critical that we reinvest in the communities that have the right bones to garner them. And that, in New Jersey, are established town centers, historic town centers, and small cities.

SENATOR SMITH: Thank you.

MICHAEL GOLDSMITH: So building on David’s testimony, I’d like to talk a bit more about the multi-family ERG program and why this robust program is so critical to us moving forward.

As David mentioned, we opened Roebling Lofts with 138 units. We would like to build at least another 100 units on the site, but there is no multi-family -- funded multi-family ERG program around, and we couldn’t possibly fill the gap in our balance sheet without it.

I’d like to emphasize that, by any metric, Roebling Lofts is a success, and it is delivering on what the Legislature wanted to accomplish when it first funded the multi-family ERG. We have everyone from serving soldiers, and airmen and women through McGuire Air Force Base and Fort Dix living in our complex. We have several dozen artists. We have people who work here, at the Capitol, walking to work, achieving exactly what you want.

So it’s a fantastic, diverse community, of all colors, all ethnicities, who get along and have a choice about where they live -- and they’ve chosen to move to Trenton.
SENATOR SMITH: So let me interrupt for one second.

MR. GOLDSTEIN: Sure.

SENATOR SMITH: Would you categorize the rentals as being workforce housing? Is there Mount Laurel housing as a component; or would you characterize it as luxury apartments?

MR. GOLDSTEIN: Oh, well, we market it as luxury, but it is, in fact, workforce housing by the local standard. We are the priciest building in Trenton, but still we have -- we’re 80 percent market rate, 20 percent moderate-income. Our moderate-income units rent for about $1,100; our market rates start at about $1,400, and then go up. Our most expensive unit, for a deluxe two-bedroom, two-bath unit, is $2,399.

But to show why we need the kinds of subsidies we’re talking about, I’d like to tell a tale of two cities, if you will.

I’d like to compare our building to a building complex that opened in Princeton about a year-- And we’re comparing two legal projects, one that opened its doors in July of 2016 in Princeton, and ours which opened its doors in August of 2017 in Trenton. And lest you think that’s kind of a funny comparison, keep in mind Trenton and Princeton are the two most urbane, kind of, City Center places where you can live close to public transit and live, play, and work in one place. And I will also say that about--

SENATOR SMITH: Don’t forget New Brunswick.

MR. GOLDSTEIN: Well, okay. But I’m talking about in Mercer County.

SENATOR SMITH: Okay.

MR. GOLDSTEIN: Okay. And I love New Brunswick, and we looked at it for some models.
And it turns out that about 20 percent of the first 100 people who moved into Roebling Lofts actually came from a Princeton zip code. So it’s not kind of a crazy thing. We’ve had a Princeton athletic coach who lived there; we have, right now, a post-doc in the Cosmology Department who lives with us. We have a couple that are empty nesters, Baby Boomers, who sold a house in Princeton and moved into our facility. So we have an extremely diverse-- We’re, like, 60 percent millennials, 20 percent Gen-Xers, 20 percent Boomers. It’s really an amazing community.

But if we do this tale of two cities, we had these two LEED Gold projects, one opening in Princeton, one opening in Trenton. The least expensive unit in this Princeton LEED Gold new construction was $2,350 for a 540-square-foot studio. The most expensive unit in our project is $2,399; and by the way, you could get 540 square feet -- in our $2,399 two-bedroom, two-bath loft -- you get 540 square feet of window exposure. Because this has six windows wrapping around a corner, each about 90 square feet -- each window is about 90 square feet. So on the fourth floor of our building -- which is at the height of a typical seven-story building, because the lowest ceiling height in our building is 16 feet -- with the spectacular view of the city. It’s really an astonishing thing.

If you look at a typical two-bedroom, two-bath unit in our building, it’s about $1,700, $1,750. In the same Princeton development, it’s just about twice as much; it’s like $3,550.

So if you look at those two buildings, and you say, “Okay, it costs us both about $400 to pay real estate tax and operate it a month.” What you end up with -- you can support the Princeton building on that monthly rent. For that kind of typical two-bedroom for them -- can support $400,000
of debt, okay? And we can support $180,000. And by the way, we also have one bedrooms, and they support about $135,000 in debt.

And to build at the quality that we are delivering -- in order to attract the kind of people we all want to live in Trenton right now -- hopefully, that’s going to change in the future -- but we’re talking about north of $300,000 of all-in construction costs. Not just hard costs, but when you talk about construction debt and everything else. So we have a big gap to fill.

In the original Roebling Lofts, we filled that from a number of sources, including Federal Historic Tax Credits. Of course, that’s not available to us in new construction.

Debt was about 40 percent of our balance sheet, which is the most any bank would have touched, given the uncertainties about rent realization in Trenton.

So whatever happens, we’re going to need a big change, or a continuing support to build the kind of scale that will make a huge difference to central Trenton.

Let me say one thing. If I had to suggest one big change, we need to monetize those credits. So the multi-family ERG -- you earn over 10 years. So you’re getting one-tenth, one-tenth, one-tenth, one-tenth. Well, how do you monetize it? Well, you have to find somebody who’s willing to-- We need to borrow from a bank, basically, against that future cash flow stream. You’ve got to find someone willing to sign a 10-year obligation, which drives your price down some, because it limits who you can go to. And, of course, you have to amortize that over 10 years.

So the result is, if 100 percent of-- If you have 40 percent credit, you’re only monetizing -- when you’re monetizing it on your balance sheet,
it’s only worth about 70 cents on a dollar. If those credits -- and I would restrict it narrowly, because I understand it creates a burden for the State -- but if on transitional markets like Trenton, you could monetize those when the building is completed, similar to the way the old Historic Tax Credits worked, it would take that 70 percent and make it more like 90, 93, 94 cents on the dollar.

SENATOR SMITH: So what is your specific suggestion on monetizing?

MR. GOLDSTEIN: The specific suggestion is for multi-family ERG credits, allow the -- essentially issue the tax credits for 100 percent of the face value when the building is completed, instead of stretching it out over 10 years. And that’s--

SENATOR SMITH: Do you have any idea what the reason was, in the original legislation, to stretch it out for 10 years?

MR. GOLDSTEIN: I would only be speculating; but I imagine it was to reduce the short-term impact on the State’s liquidity.

SENATOR SMITH: Okay; thank you.

MR. HENDERSON: And the last iteration of the program was statewide. If you focused more on the emerging markets, the dollars would be much smaller and the impact would be much less on the budget.

SENATOR SMITH: Thank you.

Any questions from the Senators?

SENATOR CRUZ-PEREZ: Just one thing.

SENATOR SMITH: Yes, Senator
SENATOR CRUZ-PEREZ: I know you mentioned how many are affordable, how many are market rate. Of the market rate units that you have, how many are occupied?

MR. GOLDSTEIN: I’m sorry; how many are--

SENATOR CRUZ-PEREZ: Your market rate units -- how many of them are occupied right now?

MR. GOLDSTEIN: Oh, over 90 percent.

SENATOR CRUZ-PEREZ: Ninety percent?

MR. GOLDSTEIN: Yes.

SENATOR CRUZ-PEREZ: That’s all.

SENATOR SMITH: Any other questions? (no response)

Gentlemen, thank you very much for coming in.

MR. GOLDSTEIN: Thank you.

SENATOR SMITH: For the record, two of our witnesses, Joe Balzano, CEO of EMR Eastern, has provided written testimony; and Donald Katz, Founder and CEO of Audible, has provided written testimony.

I believe our last witness is Ron Beit, Founder and CEO of RBH Group.

Mr. Beit.

RON BEIT: Good afternoon.

Thank you for the opportunity to speak before this Committee.

My name is Ron Beit, and I am the President and CEO of RBH Group, located in Newark, New Jersey.

I’m here to testify as to the importance of the ERG grants to support two catalytic projects that we completed, and a third one we’re
working on in Newark: the Teachers Village project, and the Makers Village project, and the Four Corners Millennium Project.

In each case, RBH would not have been able to complete these projects but for the financial contributions provided by the State ERG program; and more importantly, the leadership in the State’s movement towards allocating these resources to the project. And what I mean by that is, in each case the State approval of these public investments was a key indicator for the rest of the private and public sectors to come into the projects.

Teachers Village represented the first ground-up residential buildings in downtown Newark in over 40 years. There has been over $1 billion in additional investment in the downtown since breaking ground on this project. The Teachers Village project is a $150 million project, with 400,000 square feet of mixed-use development designed to attract and retain educators to live affordably close to where they work; and to create a community of like-minded people to activate multiple streetscapes where, previously, there was 92 percent surface parking lot.

Teachers Village now occupies six buildings along Halsey Street, one block from City Hall. The project includes 203 apartments that are fully leased, with a waiting list; 70 percent occupied by educators; and the rest by what we call lifelong learners and other professionals.

The project also includes 18 retail stores operated by local entrepreneurs, three schools for 1,000 children, and an early childhood learning center.

Teachers Village not only catalyzed downtown Newark and created a playbook for the development that’s occurring today; but it has also
become a model nationally. When we talk about Opportunity Zones across the country now, cities and municipalities are calling on us to show them how to do it; calling on us to do exactly what EDA did, and the State did, back when we started this project.

Beyond Teachers Village, Makers Village, in addition, also -- we secured a VC-funded startup to put their corporate headquarters in Newark, New Jersey. They are now talked about nationally, looking at locations nationally and around the world. They’ve become a model for innovative vertical farming around the world, and we were able to secure their corporate headquarters in Newark, New Jersey, through this program. We were able to exceed the jobs we anticipated in creating; and we also created an amazing dynamic with the company and the local community, in creating a job training program that way exceeded even their expectations with local hiring.

For each of these projects, EDA required RBH to complete a comprehensive application to provide significant financial data, projected market and job analyses to demonstrate our site control, and to provide ongoing compliance reports in order to secure and maintain the State financing.

In addition, the ERG program required that RBH comply with prevailing wage requirements, green building and renewable energy standards; and we had to do this incredible analysis around what local businesses were generating, and sales tax, and so forth, which was part of their underwriting process and, sort of, data they needed from us.

And we’ve -- NJEDA staff arranged meetings and conference calls to track our progress; we had to provide written updates, on, I believe, a
quarterly or six-month basis -- on, sort of, our status and our progress towards our stated goals.

We’ve witnessed unbelievable leadership, we’ve witnessed unbelievable professionalism in NJEDA. And their support was absolutely necessary for these projects. The public investments that were invested in these projects have done exactly what they’ve done; and, quite frankly, I think probably on almost every analysis, probably exceeded it. We could never have imagined the amount of growth we would have had in Newark after the Teachers Village project, simply by creating a model to move these projects forward.

And the continuation of these programs is still necessary. When we think about these programs, when we think about public investments -- public investments are there to catalyze public-private partnerships to instigate private investment. When we think about emerging markets, these emerging markets have a trend, and a trend towards growth. And eventually, they get to a place where public investments are no longer needed.

We’re not there yet in Newark. We’ve had tremendous success in Newark, and it’s been unbelievable to see the progress. We need to do -- we need another round, we need to-- While rents have increased in Newark, so have construction costs. While we now have comparables beyond-- When we were building these buildings, we were looking at buildings built in the 1950s, and marking our rents to them. Now we have market-rate comparables and new product. We have lease-up and absorption -- all stuff that private capital needs to come into the market. And that’s why private capital has been coming into the market.

We still have a cost dynamic--
SENATOR ADDIEGO: I'm sorry; did you say *has* or *hasn’t*?

MR. BEIT: I’m sorry -- *has*.

SENATOR ADDIEGO: Has; okay.

MR. BEIT: There’s been significant private capital that *has* come into the market because of this playbook that was created. But still, it’s not fully-- The gaps, when we first started this project, were much larger than they are today. But there are are still gaps. And when you think about these emerging markets, you think about, sort of, a pendulum from, sort of, the amount of public investment versus the amount of private capital. And certainly that pendulum has swung in the right direction. We’re not at the point yet where private capital will just take over, but we’re getting close.

And to just demonstrate the amount of private capital that has come in -- when we first started Teachers Village, in the pre-development phase, we received an $8 million investment from the Goldman Sachs Urban Investment Group; it was their investment in Newark, New Jersey. They’ve since invested -- I think the stated numbers are approximately $700 million, to date in Newark.

And so this stuff works. You know, if you make these public investments, the private capital will come in. And this, quite frankly -- what we’ve done here in New Jersey is a model now for municipalities across the country that have been forced to focus on this stuff now, with the Opportunity Zone project. But it’s a model also in terms of all infrastructure projects, and in the way public and private partnerships are formed.

And so I thank you for the opportunity to testify on behalf of this program, and I’m happy to answer any questions.
SENATOR SMITH: So beyond what I clearly heard was that we should do more of this.

Were there any specific improvements that you would like to see in New Jersey’s program?

MR. BEIT: The program’s worked, from our experience, perfectly. Thorough competition, thorough process in underwriting, instigated the private capital. We were able to execute in the way we wanted to.

What it did for Newark and New Jersey is create hundreds of construction jobs, hundreds of local construction jobs, hundreds of permanent jobs, new schools, new buildings. It created new neighborhoods, where neighborhood—Again, we built on what was 92 percent surface parking lot.

I think, you know, the programs did have requirements for green building, did have requirements for prevailing wage, did have requirements for affordable housing—each of which was created. We did, as a process, by—You know, the process does, and the EDA requires it—there is a natural process between the State and the city when you’re applying for these types of projects. EDA does care that this is a priority project for the municipality, and there’s a dynamic there. And so there is an understanding of what the city wants.

I do think community development agreements are not a bad idea to formalize what otherwise were requirements anyway. But perhaps there are additional requirements that can be negotiated at that table for job training and so forth. Again, we did that because the nature of the
community sort of demanded it, wanted it, required it; and we are developers of the community.

SENATOR SMITH: Right.

MR. BEIT: But maybe the community development piece might be a nice addition.

SENATOR SMITH: So if you have any ideas about how the program should be changed, send in your cards and letters.

MR. BEIT: I’m sorry?

SENATOR SMITH: Send in your cards and letters.

MR. BEIT: Absolutely.

SENATOR SMITH: All right? We’d love to see what a person on the ground thinks we can do to improve.

MR. BEIT: Sure, absolutely.

SENATOR SMITH: Great; thank you very much for coming.

MR. BEIT: Thank you.

SENATOR SMITH: And there were no Senators who indicated they had questions.

Just for the record, those two witnesses who gave us written testimony -- that should be entered into the record, into the transcript, all right?

And that being said, anything anybody wants to say? (no response)

SENATOR CRUZ-PEREZ: Thank you.

SENATOR SMITH: If not, it was a pleasure having a wonderful morning and afternoon with you. (laughter)
MR. BEIT: Thank you.

(MEETING CONCLUDED)